

NATIONAL ASSEMBLY LIBRARY
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PARLIAMENT
OF KENYA
LIBRARY



agricultural development corporation

**annual report
and statement
and accounts for
the year ended**

31st March, 1997.

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DC



ADC..... Pedigree Aryshire Dairy Herd

NATIONAL ASSEMBLY LIBRARY

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AGRICULTURAL DEVELOPMENT CORPORATION

**REPORT OF THE AUDITOR-GENERAL
(CORPORATIONS)
ON THE ACCOUNTS OF AGRICULTURAL
DEVELOPMENT CORPORATION
AND ITS SUBSIDIARY FOR
THE YEAR ENDED**

31 MARCH, 1997

KENYA NATIONAL ASSEMBLY
Accession: 10012687

Call No: 657-3 ADC



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CHAIRMAN'S REPORT

THE MINISTER OF STATE
OFFICE OF THE PRESIDENT
HARAMBEE HOUSE
NAIROBI

Dear Sir,

RE: ADC'S 1996 - 1997 ANNUAL REPORTS & ACCOUNTS

On behalf of the members of the Board, I present the report and audited accounts for the year ended 31st March, 1997. During the year the Corporation did not perform well due to a multiplicity of factors ranging from lack of adequate working capital and huge finance charges due to inability to service its loans and overdraft facilities. The corporation thus made a loss of Shs. 134.9m from farming operations compared to a loss of Shs. 78.5m in the previous year.

Against a background of uncertain weather and global economic hazards, the matching of costs and revenue was controllably applied where administration expenses reduced from Shs. 107m to Shs. 71m. The level of depreciation at Shs. 32.7m matched the level of depreciable Assets for the year while interest payable increased from Shs. 26.3m to Shs 36.7million

Taken together the Corporation registered a net loss for the year amounting to Shs. 228.1m compared to Shs. 233.4m the previous year.

The Corporation's net current assets dropped to <Shs. 128.3m.> compared <Shs.8.5m> the previous year

.The results for the year were achieved under very difficult financial constraints which my board hopes will not persist.

To curb against a recurrence of the same and in anticipation of maintaining its core business, a recommendation to the Government for creation of a revolving fund of Shs. 431m was made.

My Board is confident that with the release of the sought for fund and with continued commitment and devotion to work as has been ably demonstrated by the staff, the Corporation will keep its reputable service in promoting agriculture through provision of certified seed.

Yours faithfully,

DAVID MWANDIA
CHAIRMAN

REPORT OF THE DIRECTORS

The Directors submit their report and audited accounts for the year ended 31st March 1997, which show the state of the Corporation's affairs.

1. PRINCIPAL ACTIVITY

The Corporation's principal activity is the development of agriculture in Kenya.

2. LEGAL STATUS

The Corporation was formed through an act of parliament, referred to as the Agricultural Development Corporation Act, N. 7 of 1965.

3. EQUITY

The Corporation has been financed through various grants from year to year. During the year the Corporation received grants as follows:

Kenya Government

KShs. '000
35,000

4. RESULTS

The loss for the year amounted to KShs. 214,190,000 which comprises:-

Profit Loss attribute to Lands Ltd.
Loss attribute to A.D.C.

KShs. '000
(1,744)
(212,446)

5. DIRECTORS

The Board of Directors comprises:-

- | | | |
|---------------------------|---|---|
| Mr. M.D. Mwandia | - | Chairman |
| Dr. W.K. Kilele | - | Managing Director |
| Dr. Mtana Lewa | | |
| Mr. F.K. Thuku | | |
| Mr. J.L. Lijoodi | | |
| Mr. Ibrahim Haji Mohammed | | |
| Mr. H.M. Kirorei | | |
| Prof. H. Maritim | | |
| Prof. R. S. Odingo | | |
| Permanent Secretary | - | Office of the President |
| Permanet Secretary | - | Treasury |
| Permanet Secretary | - | Ministry of Agriculture
&
Livestock Development |

6. AUDITORS

The Auditor General (Corporations) will continue in the office under the powers vested in him by the Exchequer and Audit (Amendment) Act (Cap 412).

By Order of the Board
J.D. OTIENO (Miss)

CORPORATION SECRETARY

REPORT OF THE AUDITOR-GENERAL

As at 31st March 1997

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
AGRICULTURAL DEVELOPMENT CORPORATION AND ITS SUBSIDIARY LANDS LIMITED
FOR THE YEAR ENDED 31 MARCH, 1997.**

I have examined the Consolidated Accounts of the Agricultural Development Corporation for the year ended 31 March, 1997 in accordance with the Provisions of Section 29 (2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations required for the purpose of the Audit. Proper books of account have been kept and the Accounts, which have been prepared under the historical cost convention, are in agreement therewith and comply with Agricultural Corporation Act (Cap 444).

In my opinion, and subject to the matters referred to here below, the Accounts, when read together with the notes thereon, give a true and fair view of the state of financial affairs of the Corporation and its wholly owned subsidiary Lands Limited as at 31 March 1997 and of the loss and changes in financial position of the group for the year ended on that date.

1. LATE SUBMISSION OF ACCOUNTS

Under Section 31 of the Exchequer and Audit Act (Cap 412), the Accounts of the Corporation for the year ended 31 March 1997 were required to have been submitted for audit on or before 31 July 1997. The Accounts were, however, only submitted on 10 July 1998 or about twelve months after the statutory due date. As far as it has been possible to ascertain, the Corporation did not seek and obtain approval to extend the date of submission of the Accounts as required by the Law.

2. GOING CONCERN

The Consolidated Balance Sheet of the Corporation as at 31 March 1997 reflects negative working capital of KShs. 128,311,000 as well as a bank overdraft KShs. 103,888,000 which had cost the Corporation KShs. 36,714,000 in overdraft charges. The Accounts also reflect creditors totalling KShs. 524,976,000 which the Corporation was apparently unable to service when due. In addition cumulative operating losses increased from KShs. 214,004,000 as at 31st March 1996 to KShs. 441,979,000 as at 31st March 1997. Evidently, therefore, the Corporation was technically insolvent and its continued operations as a going concern is dependent on the support from its creditors, bankers and Government.

3. DEBTORS

The Debtors figure of KShs. 268,945,000 includes payments totalling KShs. 4,597,663 made to a South Africa Company to supply a 6 point Tandem Milkriфт milking machine at the Kiswani Farm.

Report of the Auditor-GeneralCont'd.....

Although the term of the contract as reflected on the Proforma Invoice number 2407A of September 1996 indicate that the plant was to be delivered within a period of thirty days after confirmation of receipt of payment, there was no evidence that the plant was ever delivered and received by the Corporation despite payment for the equipment having been made on 10 June 1996. It is not understood therefore, why the Corporation paid for the plant in advance of delivery. The Corporation has not also indicated how the supplier of the machine was identified in the absence of any evidence of competitive tendering before procurement. Of more serious concern is the fact that this costly investment was being made when the Kiswani Farm is reportedly due for disposal. The timing of the procurement of the milking machine, therefore, appears rather odd. The Corporation has also not explained how the prepayment of KShs. 4, 597, 663 would be recovered as the delivery of the equipment is apparently not presently being pursued by the Corporation.

4. FIXED ASSETS

The Fixed Assets balance of KShs. 285,680,000 as at 31 March 1997 includes the value of non movable assets such as buildings, farm inputs, water supply systems etc. valued at KShs. 7,675,927 at Zea Complex and KShs. 1,728,368 at Milimani Farms. Although the two farms were subdivided and allocated to outsiders, the Corporation has not indicated how the above assets were disposed off, following the disposal of the farms.

5. ADVANCES TO GARISSA PROJECT KSHS. 20,342,000

As indicated in previous year the financing of the Garissa Farm Project by ADC using funds borrowed commercially did not appear to be prudent. During the year under review, the Government did not extend any grants to the project and as a result the Project operations were affected quite adversely. The Corporation is yet to justify the viability of this project.

6. LOAN REPAYMENTS

In 1990, the Corporation borrowed KShs. 75,000,000 from Kenya Commercial Finance Company to purchase cattle for the Galana Ranch. Records show that the loan has not been serviced as per the original loan agreement while the amount outstanding as at 31 March 1997 had risen to KShs. 84,231,000. Apart from apparent difficulties faced by the Corporation in servicing the above loan, the Corporation's overdraft with its bankers increased from KShs. 75,000,000 in 1996 to KShs. 103,888,000 in March 1997 which is a further indication that the Corporation is technically insolvent.

S.M. MALUKI
AUDITOR GENERAL (CORPORATIONS)

18 January 2000

CONSOLIDATED BALANCE SHEET

As at 31st March 1997

	NOTES	1997 KShs. '000	1996 KShs. '000
Grants	7	788,316	753,317
Reserves	8	12,775	12,775
Profit & Loss		<u>(441,979)</u>	<u>(214,004)</u>
		<u>359,112</u>	<u>552,088</u>
LOANS	12	<u>135,535</u>	<u>68,773</u>
		494,647	620,861
Fixed Assets	2(a)	285,680	299,186
Investments-per schedule (page18)	5	276,667	269,093
Loans (secured) Lands Ltd.		5,688	5,989
Advances to Kulalu Ranch		28,154	29,829
Loan to non-consolidated subsidiary	3	6,427	6,427
Advances to Garissa Project	9	<u>20,342</u>	<u>18,853</u>
		<u>622,958</u>	<u>629,377</u>
CURRENT ASSETS			
Debtors		268,945	280,353
Livestock		217,267	150,069
Crops & Cultivation		59,024	65,869
Store		77,471	90,863
Cash & bank balance		<u>1,669</u>	<u>10,900</u>
		<u>624,376</u>	<u>598,054</u>
CURRENT LIABILITIES			
Creditors		524,976	374,498
Provisions for bad debts		14,275	14,275
Deposits refundable		109,548	94,913
Loans payable within one year		-	17,838
Bank overdraft	(13)	<u>103,888</u>	<u>105,046</u>
		<u>752,687</u>	<u>606,570</u>
Net Current Assets		<u>(128,311)</u>	<u>(8,516)</u>
		494,647	620,861

These accounts were approved by the Directors.

David Mwandia)
W.K. Kilele) Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT

As at 31st March 1997

	NOTES	1997 KShs. '000	1996 KShs. '000
Profit/loss on farming operation (exclusive of depreciation, rent, interest payable and provision for bad debts)		(134,892)	(78,487)
RENT RECEIVABLE			
Tenant farmers		98	98
Other properties		<u>10,714</u>	<u>10,594</u>
		10,812	10,692
Interest & dividends receivable		35,669	15,612
Miscellaneous income		285	88
Management fees		<u>240</u>	<u>240</u>
		36,194	15,940
		(87,886)	(51,855)
Board Members Allowances		128	174
Administration Expenses		70,624	106,986
Depreciation	2a	32,716	36,719
Provision for Bad Debts		<u>-</u>	<u>11,264</u>
		103,468	155,143
INTEREST PAYABLE			
Loan		-	-
Bank overdraft		<u>36,714</u>	<u>26,377</u>
		36,714	26,377
		<u>140,182</u>	<u>181,520</u>
NET OPERATING PROFIT/(LOSS) FOR THE YEAR		(228,068)	(233,375)
Profit on sale of Fixed Assets		93	22,653
Extraordinary item	14	-	-
Taxation		-	-
NET (LOSS) PROFIT FOR THE YEAR		<u>(227,975)</u>	<u>(210,722)</u>
Net (loss)/Profit for the year		(227,975)	(3,282)
Retained profit brought forward		<u>(214,004)</u>	<u>(210,722)</u>
Retained loss carried forward		<u>(441,979)</u>	<u>(214,004)</u>

CONSOLIDATED CASH FLOWS STATEMENT

As at 31st March 1997

	1997	1996
	KShs. '000	KShs. '000
Cash Flows From Operating Activities:		
Net profit for the year	(227,875)	(210,722)
Adjustments for:-		
Depreciation	32,716	36,719
Interest	36,714	26,377
Profit on sale of Fixed Assets	(93)	(22 653)
Provision for bad debts	-	11,264
Investment income	<u>(33, 120)</u>	<u>(13, 219)</u>
Operating Profit before Working Capital changes	(191, 658)	(172, 234)
Increase/decrease in debtors	11, 408	7, 499
Increase/decrease in stores	13,389	8, 560
Increase/decrease in crops & cultivation	6,845	25, 794
Increase/decrease in livestock	(67, 198)	35, 644
Increase/decrease in creditors	150, 478	55, 039
Increase/decrease in Loan payable	48,924	-
Increase/decrease in deposit refundable	<u>14, 635</u>	<u>40, 790</u>
	<u>178,481</u>	<u>173,326</u>
Cash Generated From Operations	(13, 177)	1, 092
Returns on Investments and servicing of finance		
Dividend received	33,120	13,219
Interest received	2,549	2,393
Interest element of finance:-		
Interest paid on overdraft	<u>(36,714)</u>	<u>(26, 377)</u>
	(1,045)	(10, 765)
Cash flows from investing Activities:		
Purchase of fixed assets	(21,906)	(14, 134)
Investment	(7, 574)	(14, 485)
Advances to Garissa	(1, 489)	(i, 578)
Advances to Kulalu	1,675	1,768
Loans settled	-	-
Proceeds from sales of assets	142	33, 451
Sale of investment	-	-
Grants	<u>35,000</u>	<u>8,000</u>
	5,848	13,022
Cash flows from financing Activities:		
Loan repayments	<u>301</u>	<u>441</u>
Net Increase in Cash and Cash equivalents	<u>(8,073)</u>	<u>3,790</u>
Cash and Cash equivalents at-		
beginning of period	<u>(94, 146)</u>	<u>(97, 936)</u>
end of period	<u>(102,219)</u>	<u>(94, 146)</u>

As at 31st March 1997

BALANCE SHEET

	NOTES	1997 KShs. '000	1996 KShs. '000
Grants	7	764,036	729,037
Profit & Loss (pg 13)		(453,421)	(227,186)
Loans	12	<u>135,535</u>	<u>68,773</u>
		<u>446,150</u>	<u>570,624</u>
FIXED ASSETS			
Investments - per schedule (pg. 18)	5	276,667	269,093
Advances to Kulalu Ranch		28,154	29,829
Loan to non - consolidated subsidiary	3	6,427	6,427
Advances to Garissa Project	9	<u>20,342</u>	<u>18,853</u>
		<u>567,045</u>	<u>571,678</u>
SUBSIDIARY COMPANY - LANDS LTD.			
1,000 Ordinary Shares of Kshs. 20 each		20	20
Grant to subsidiary		<u>31,414</u>	<u>31,414</u>
		31,434	31,434
CURRENT ASSETS			
Debtors		243,339	254,376
Livestock		217,267	150,069
Crops & Cultivation		59,024	65,869
Stores		77,471	90,863
Current account - Lands Ltd.		(111,140)	(94,633)
Deposits		187	187
Cash and Bank balances		<u>3,987</u>	<u>11,555</u>
		<u>490,135</u>	<u>478,286</u>
CURRENT LIABILITIES			
Creditors and accruals		524,518	374,004
Provisions for bad debts		13,886	13,886
Loans payable within one year		-	17,838
Bank overdraft	13	<u>104,060</u>	<u>105,046</u>
		<u>642,464</u>	<u>510,774</u>
NET CURRENT ASSETS			
		<u>(152,329)</u>	<u>32,488</u>
		<u>446,150</u>	<u>570,624</u>

These accounts were approved by the Board of Directors.

David Mwandia)
W.K. Kilele)

NOTES TO THE ACCOUNTS

As at 31st March 1997

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

DEPRECIATION

Depreciation has been charged on the book value of fixed assets at the following rates:-

Land	Nil
Building	5% p.a
Fencing and water supply	10% p.a.
Furniture and equipment	20% p.a
Motor vehicles and tractors	25% p.a
Permanent improvements in subsidiary company	2.5% p.a
Farm equipment and machinery	20% p.a
Small tools	50% p.a
Land reclamation and drainage	20% p.a

DIVIDENDS RECEIVABLE

Dividends receivable from investments are accounted for when received or declared within 30 days of the year end.

STOCKS

Livestock has been inspected and valued by the Corporation's officials on the basis of the lower of cost and net realisable value.

Standing crops and cultivation have been valued on the basis of cost incurred, with the exception of growing sugar - cane which has been included at an average cost of KShs. 15, 586 (1996 - KShs. 16, 693) per hectare dependent upon the age and condition of the crop. Cost included direct expenses plus a proportion of overheads.

Stores are stated at cost which comprises the direct cost of purchase.

NOTES TO THE ACCOUNTSCont'd....

2. (a) FIXED ASSETS:

FIXED ASSETS - AGRICULTURAL DEV. CORPORATION & ITS SUBSIDIARY

COST	1.4.1996 Kshs. '000	ADDITIONS KShs. '000	DISPOSALS Kshs. '000	31.3.1997 KShs. '000
ADC Farms	85,404			85,404
Land Ltd. Farms leased	1,907			1,907
Lands Ltd. Farms Managed by ADC	44,144			44,144
Buildings	67,455	1,465		68,920
Fencing and Water Supply	55,038	50		55,088
Farm Equipment and Machinery	88,011	8,269	5,185	91,095
Furniture and Equipment	15,303	37	224	15,116
Motor Vehicles and Tractors	201,759	30,099	34,195	197,663
Small Tools	2,108	82	5	2,185
Land Reclamation and Drainage	7,004	156		7,160
	<u>568,133</u>	<u>40,158</u>	<u>39,609</u>	<u>568,682</u>
DEPRECIATION	1.4.1996	YR CHARGE	DISPOSALS	31.3.1997
	KShs. '000	KShs. '000	KShs. '000	KShs. '000
Farms leased	253	6		259
Buildings	26,581	2,109		28,690
Fencing and Water Supply	32,961	2,185		35,146
Farm Equipment and Machinery	62,336	6,423	3,606	65,153
Furniture and Equipment	10,260	1,006	216	11,050
Motor Vehicles and Tractors	130,625	20,304	15,440	135,489
Small Tools	1,729	226	5	1,950
Land Reclamation and Drainage	4,808	457		5,265
	<u>269,553</u>	<u>32,716</u>	<u>19,267</u>	<u>283,002</u>
NET BOOK VALUE	1.4.1996			31.3.1997
	KShs. '000			KShs. '000
ADC Farms	85,404			85,404
Lands Ltd. - Farms leased	1,654			1,648
Lands Ltd. Farms Managed by ADC	44,144			44,144
Buildings	40,874			40,230
Fencing and Water Supply	22,077			19,942
Farm Equipment and Machinery	26,292			25,942
Furniture and Equipment	5,043			4,066
Motor Vehicles and Tractors	71,123			62,174
Small Tools	379			235
Land Reclamation and Drainage	2,196			1,895
	<u>299,186</u>			<u>285,680</u>

NOTES TO THE ACCOUNTS.....cont.....

2. (b) FIXED ASSETS - AGRICULTURAL DEVELOPMENT CORPORATION

COST	1.4.1996	ADDITIONS	DISPOSALS	31.3.1997
	KShs. '000	KShs. '000	KShs. '000	KShs. '000
Land	85,404			85,404
Buildings	67,455	1,465		68,920
Fencing and Water Supply	55,038	50		55,088
Farm Equipment and Machinery	88,628	8,269	5,185	91,712
Furniture and Equipment	15,303	37	224	15,116
Motor vehicles and Tractors	190,950	30,099	34,195	186,854
Small Tools	2,108	82	5	2,185
Land Reclamation and Drainage	6,636	156		6,792
	<u>511,522</u>	<u>40,158</u>	<u>39,609</u>	<u>512,071</u>
DEPRECIATION	1.4.1996	YR CHARGE	DISPOSALS	31.3.1997
	KShs. '000	KShs. '000	KShs. '000	KShs. '000
Buildings	26,581	2,109		28,690
Fencing and Water Supply	32,962	2,185		35,147
Farm Equipment and Machinery	62,336	6,423	3,606	65,153
Furniture and Equipment	10,259	1,006	216	11,049
Motor Vehicles and Tractors	125,976	18,826	15,440	129,362
Small Tools	1,729	226	5	1,950
Land Reclamation and Drainage	4,808	457		5,265
	264,651	31,232	19,267	276,616
NET BOOK VALUE	1.4.1996			31.3.1997
	KShs. '000			KShs. '000
Land	85,404			85,404
Buildings	40,874			40,230
Fencing and Water supply	22,077			19,941
Farm Equipment and Machinery	26,292			26,559
Furniture and Equipment	5,043			4,067
Motor Vehicles and Tractors	65,466			57,492
Small Tools	379			235
Land Reclamation and Drainage	1,828			1,527
	<u>247,363</u>			<u>235,455</u>

NOTES TO THE ACCOUNTS ...Cont'd....

3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated accounts comprise the accounts of the Agricultural Development Corporation and its wholly owned subsidiary Lands Limited. They do not include the accounts of Chemelil Sugar Company, Muhoroni Sugar Industries Limited and Kenya Seed Company Limited which are subsidiaries of the Corporation. The Corporation has no control in the managements of the non-consolidated subsidiaries. The loan of Kshs. 6,427,000 is to Chemelil Sugar Company Limited.

4. TAXATION

There is no tax liability arising because the Corporation has been exempted from taxation according to Kenya Gazette Supplement Number 25 Legal Notice Number 59 of 21st April, 1986.

5. INVESTMENTS

Investments are stated at cost. No provision has been made in this accounts against the cost of the following investments in companies which have accumulated losses.

Investment	Date of most recent audited Accounts	Equity Erosion	Potential in Value Equity	Diminution in of A.D.C Investment
			1997 KShs.'000	1996 KShs.'000
Muhoroni Company Ltd	30.06.93	100%	19,500	19,500
Agro-Chemical Food Corporation	30.03.93	100%	16,900	16,900

Investments in Muhoroni Sugar Co. Ltd. Kshs. 13,750,000 in Agro-Chemical Food Corporation were made from funds granted to the Corporation by the Kenya Government.

6. INTER-GROUP ITEM

Rents:

The wholly owned subsidiary Lands Limited did not charge the Corporation rent for farms occupied during the year results of farms as disclosed in the financial statements do not therefore include any charge for rent.

Notes to the Accounts Cont'd.....

7. GRANTS

	1997	1996
	KShs. '000	KShs. '000
Government of Kenya	680,322	669,603
Dutch Government	16,132	16,132
British Government	<u>67,582</u>	<u>67,582</u>
ADC and Subsidiary	788,316	753,317
Grants attributable to subsidiary	<u>(24,280)</u>	<u>(24,280)</u>
	<u>764,036</u>	<u>729,037</u>

8. RESERVES

Reserves comprise the General Reserves Fund taken over from Agricultural Settlement Fund -1976 not of Government Trust Fund on farms taken over from Agricultural Settlement Trust.

9. ADVANCES TO GARISSA PROJECT

	1997	1996
	KShs. '000	KShs. '000
Total expenditure by ADC on the project	86,140	84,651
Total grants received from the Government	<u>(65,798)</u>	<u>(65,798)</u>
	<u>20,342</u>	<u>18,853</u>

10. THE NET PROFIT FOR THE YEAR IS STATED AFTER CHARGING:

	GROUP		ADC	
	1996	1997	1996	1997
	KShs. '000	KShs. '000	KShs. '000	KShs. '000
Depreciation	45738	32716	43,104	31232
Auditors' Remuneration	849	849	729	729
Loans	-	-	-	-
Bank Overdraft	<u>105,701</u>	<u>104,060</u>	<u>105,046</u>	<u>104,060</u>
And Crediting:				
Profit on sale of fixed assets	<u>7,442</u>	<u>93</u>	<u>7,442</u>	<u>93</u>

11. CONTINGENT LIABILITIES

The Standard Bank PLC has issued guarantees in favour of the Corporation following Parties:

	KShs. '000
Kenya Railways	100
Immigration Department	6

Notes to the AccountsCont.....

12. LOANS

KENYA COMMERCIAL FINANCE CO. LTD

The purpose of this loan was to purchase cattle on Galana Ranch and is repayable over five years by the Corporation.

KENYA COMMERCIAL BANK LTD.

The loan was acquired for inputs for seed production.

	1997 KShs. '000	1996 KShs. '000
KCFC	84,231	86,611 (17,838)
KCB	<u>51,304</u>	<u>-</u>
	<u>135,535</u>	<u>68,773</u>

13. BANK OVERDRAFTS

Secured:

Kenya Commercial Bank

74,623

66,203

Standard Bank of Kenya

29,265

38,843

103,888

105,046

The Kenya Commercial and Standard Banks overdrafts are secured by land owned by the subsidiary company - Lands Limited.

14. EXTRA ORDINARY GAIN

	1997 KShs. '000	1996 KShs. '000
Sale of Investments	-	-
Profit on sale of Updown Farm	-	-

15. The Corporation has acquired assets on Hire Purchase basis to the tune of KShs. 47,000,000.00.

**SUMMARY OF PROFIT
& LOSS ACCOUNTS**

As at 31st March 1997

	1995/96	Balance at	1996/97	Balance
	Result	01.04.96	Result	31.03.97
	P/(L)	P/(L)	P/(L)	P/(L)
ADC Farms (page 19)	(104,652)	467,329	(123,397)	343,932
Machinery Pool	(6,403)	(43,333)	(21,220)	(64,553)
Potato Project	(6,266)	(25,032)	(10,679)	(35,711)
Feedmill & Drier	(3,655)	(14,206)	(7,628)	(21,834)
A.I. Centre	<u>(599)</u>	<u>929</u>	<u>920</u>	<u>9</u>
	(121,575)	385,687	(163,844)	221,843
HEAD OFFICE	<u>(102,579)</u>	<u>(612,873)</u>	<u>(62,391)</u>	<u>(675,264)</u>
	<u>(224,154)</u>	<u>(227,186)</u>	<u>(226,235)</u>	<u>(453,421)</u>

AGRICULTURAL DEVELOPMENT CORPORATION

Summary of Profit & Loss Account Cont...

	1995/96	Balance at	1996/97	Balance
	Result	1.4.96	Result	31.3.97
	P/(L)	P/(L)	P/(L)	P(L)
ADC FARMS				
Chepchoina	3,844	46,546	(865)	45,681
Chorlim	(2,412)	51,231	(5,320)	45,911
Jabali	(2,225)	(8,584)	(87)	(8,671)
Japata	(3,814)	66,090	(3,196)	62,894
Katuke	579	19,086	(5,644)	13,442
Kimwani	(4,611)	117,956	2,711	120,667
Kiswani	(2,290)	(9,187)	(3,938)	(13,125)
Mutara	3,899	72,190	3,899	76,089
Nai	(5,828)	15,670	(7,245)	8,425
Namandala	7,563	21,625	(6,480)	15,145
Ol Ngantongo	(1,329)	77,774	(2,179)	75,595
Ol Jorrai	-	2,701	-	2,701
Sabwani	(5,544)	81,049	(13,707)	67,342
Sirikwa	(3,330)	(13,962)	(2,145)	(16,107)
Tall Trees	58	(8,705)	-	(8,705)
Zea	(4,857)	41,569	(3,225)	38,344
Suam Orchards	(5,452)	(20,931)	(3,056)	(23,987)
Ndabibi	(16,239)	32,151	(23,147)	9,004
Lanet Feedlot	(6,880)	(23,942)	(7,445)	(31,387)
Galana	(37,217)	(91,461)	(38,854)	(130,315)
Milimani	(3,441)	(1,537)	(3,474)	(5,011)
TOTALS	<u>(104,652)</u>	<u>467,329</u>	<u>(123,397)</u>	<u>343,932</u>

Summary of Profit & Loss Account Cont'd.....

	NOTES	1997 KShs. '000	1996 KShs. '000
Management Fees Receivable		838	838
Director's Fees		80	52
INTEREST & DIVIDENDS RECEIVABLE			
Other interest and dividends		33,138	13,219
Rent receivable		10,714	10,594
Miscellaneous Income		<u>205</u>	<u>36</u>
		44,975	24,739
STAFF EXPENSES (pg 21)		15,569	37,669
OFFICE EXPENSES (pg 21)		21,742	29,977
BOARD MEMBERS			
Mileage and sitting allowances		128	174
REGIONAL OFFICE EXPENSES BEFORE DEP'N			
Kitale		18,457	17,298
Malindi		5,652	6,469
Nakuru		6,913	13,876
INTEREST PAYABLE			
Bank overdraft		36,714	26,377
Depreciation		<u>2,284</u>	<u>2,920</u>
		<u>107,459</u>	<u>134,760</u>
Net operating loss for the year		(62,484)	(110,021)
NON - RECURRING ITEMS			
Profit on sale of fixed assets		93	7,442
Extra ordinary item		-	-
NET LOSS FOR THE YEAR		<u>(62,391)</u>	<u>(102,579)</u>
STATEMENT OF ACCUMULATED LOSSES			
Accumulated losses brought forward		(524,811)	(422,232)
NET LOSS FOR THE YEAR		<u>(62,391)</u>	<u>(102,579)</u>
ACCUMULATED LOSSES CARRIED FORWARD		<u>(587,202)</u>	<u>(524,811)</u>

PROFIT & LOSS ACCOUNT (HEAD OFFICE)

As at 31st March 1996

	NOTES	1997 KShs. '000	1996 KShs. '000
ADMINISTRATION EXPENSES			
Gratuities		1034	1397
Medical		527	949
Pension Scheme		1,953	372
Salaries & N.S.S.F		9,933	32,718
Training		-	43
Travelling & Subsistence		2,019	2,167
Wages & Uniforms		<u>103</u>	<u>23</u>
		<u>15,569</u>	<u>37,669</u>
OFFICE EXPENSES			
Advertising & Agricultural shows		665	1,210
Auditor's remuneration		729	852
Bank charges		3,476	3,716
Electricity & Water		174	115
Entertainment		332	270
Incidental Expenses		1,289	668
Insurance		201	3,657
Legal Expenses		4,639	2,240
Motor Vehicles		3,290	4,976
Newspapers & Periodicals		82	336
Postage & Telephone		2,562	1,776
Rent & Rates		716	2,509
Repairs & Maintenance of equipment		239	275
Stationery & Printing		1,132	2,142
Subscriptions & Donations		1,116	3,285
Transport		-	14
Security		615	570
Computer cost		485	1,262
Losses & Write offs		-	104
L.A.S.C.		-	-
		<u>21,742</u>	<u>29,977</u>

SCHEDULE OF INVESTMENTS

INVESTMENT & NATURE OF INVESTMENT	SOURCE OF FINANCE	1997 KShs. '000	1996 KShs. '000
CHEMELIL SUGAR CO. LTD.			
4,043,825 shares of KShs. 20	grant MoA	68,488	68,488
1,250,000 6% Cum Pref Shares of KShs. 20 each	grant MoA	25,000	25,000
Loan notes (carrying interest at 3% formerly DM 4.6M)	grant MoA	14,362	14,362
Loan notes (carrying interest at 3%)	grant MoA	14,419	14,419
2,966,955 Ordinary shares of KShs. 20 each (purchased from G.H.H.)	grant MoA grant MoA	1,100 48,239	1,100 48,239
		<u>171,608</u>	<u>171,608</u>
DEVELOPMENT HOUSE PHASE I & II			
Half ownership of office block	Corp. fund	3,871	3,871
Half ownership of block II	Corp. fund	32,205	32,205
Capital Development 1 & 2		<u>22,039</u>	<u>14,465</u>
		<u>58,115</u>	<u>50,541</u>
MUHORONI SUGAR CO.			
2,067,096 Ordinary shares of KShs. 20 each	grant MoA	<u>19,500</u>	<u>19,500</u>
KENYA CO-OP. CREAMERIES			
10 Ordinary shares of Shs. 20	Corp. fund	-	-
130,038 Ordinary levy shares of KShs. 20 each	Corp. fund	3,096	3,096
42,414 5% "D" Cum Red Pref. Shares of Shs. 20 each	Corp. fund	848	848
4,194 5% "C" Cum Red. Pref. of shares KShs. 20 each	Corp. fund	84	84
256 deferred shares of KShs. 20	Corp. fund	5	5
5,891 "A" deffered shares of KShs. 20 each	Corp. fund	<u>118</u>	<u>118</u>
		<u>4,151</u>	<u>4,151</u>

Schedule of Investments ...Cont'd

INVESTMENT & NATURE OF INVESTMENT	SOURCE OF FINANCE	1997 KShs. '000	1996 KShs. '000
KENYA GRAIN GROWERS CO-OP. UNION			
70,214 Ordinary shares of KShs. 20	Corp. fund	<u>1,404</u>	<u>1,404</u>
KENYA SEED COMPANY LTD.			
465,874, Ordinary shares of KShs. 20 each	Corp. funds	4,465	4,465
8,586 Ordinary shares of KShs. 50 each	Corp. funds	429	429
600 Ordinary shares of KShs. 70 each	Corp.fund	42	42
1,425,180 Ordinary shares of KShs. 20 each	Corp.funds	-	-
1,900,240 Ordinary shares of KShs. 20 each	Bonus issue	-	-
1,900,240 Ordinary shares of KShs: 20 each	Bonus issue	-	-
		<u>4,936</u>	<u>4,936</u>
PYRETHRUM BOARD OF KENYA			
1782 Ordinary shares of KShs. 20 each	Corp.funds	36	36
KENYA PLANTERS CO-OP. UNION			
1691 Red. Ordinary shares of KShs. 10 each (Conversion of stock)	Corp.funds	17	17
AGRO-CHEMICAL & FOOD CORP. LTD.			
157,500 shares of KShs. 20 each	Corp.funds	3,150	3,150
687,500 shares of KShs. 20 each	grant MoA	<u>13,750</u>	<u>13,750</u>
		<u>16,900</u>	<u>16,900</u>
TOTAL COST OF INVESTMENTS		<u>276,667</u>	<u>269,093</u>



ADC..... Hybrid Seedmaize

