

*Parliament*  
*Le...*  
**PARLIAMENT OF KENYA LIBRARY**  
*Hon. Duale*

# SUGAR DEVELOPMENT FUND

*Financial Statements - Year Ended 30th June 2006*

SUKARI PLAZA  
P. O. Box 51500-00200  
NAIROBI  
Tel: 631642/631880  
Fax: 630853  
Email: [ksb@africaonline.co.ke](mailto:ksb@africaonline.co.ke)

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT  
OF  
THE CONTROLLER  
AND AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF SUGAR  
DEVELOPMENT FUND FOR THE YEAR  
ENDED 30 JUNE 2006**

**KENYA SUGAR BOARD**  
**SUGAR DEVELOPMENT FUND**  
**TABLE OF CONTENTS**

	<b>PAGE</b>
1. Corporate Information.....	1
2. Report of the Directors.....	2
3. Statement of Directors' Responsibilities.....	3
4. Report of the Auditors.....	4 - 6
5. Income Statement.....	7
6. Balance Sheet.....	8
7. Cash Flow Statement.....	9
8. Statement of Changes in Reserves.....	10
10. Notes to the Financial Statements.....	11 - 18

## CORPORATE INFORMATION

### DIRECTORS

The Directors who served during the year were:

- |                         |   |
|-------------------------|---|
| 1. Mr. J. A. Mbai       | Chairman  |
| 2. Mr. J. O. Nyarotho   | Director  |
| 3. Mr. A. O. Otieno     | CEO   |
| 4. Mr. H. Patel         | Director (Millers)                                  |
| 5. Dr. E. Kidero        | Director (Millers)                                  |
| 6. Mr. J. M. Akoyo      | Director (Millers)                                  |
| 7. Mr. S. W. Busolo     | Director (Growers)                                  |
| 8. Dr. F. Owako         | Director (Growers)                                  |
| 9. Mr. S. A. Omonge     | Director (Growers)                                  |
| 10. Mr. S. O. Bonyo     | Director (Growers)                                  |
| 11. Mr. J. E. O. Ongwae | PS, Min of Agriculture<br>Alt. E. Gatuguta/P. Koech |
| 12. Mr. J. Kinyua       | PS, Treasury<br>Alt. T. Gathara/Sigei P.C.          |
| 13. Dr. Wilson Songa    | Director of Agriculture<br>Alt. Mr. Ondaje          |
| 14. Mr. B. S. Imbogo    | Director  |

### SDF BOARD COMMITTEE

- |                          |            |
|--------------------------|------------|
| 2. Mr. S. A. Omonge      | - Chairman |
| 1. Dr. F. N. Owako       | - Member   |
| 3. Mr. A. O. Otieno      | - Member   |
| 4. Mr. S. W. Busolo      | - Member   |
| 5. Mrs. T. N. Gathara    | - Member   |
| 6. Mr. H. Patel          | - Member   |
| 7. Dr. E. Kidero         | - Member   |
| 8. Dr. W. Songa/Gatuguta | - Member   |

### COMPANY SECRETARY

Rosemary Mkok

### REGISTERED OFFICE

Sukari Plaza  
Off. Waiyaki Way  
P. O. Box 51500  
0200 City Square  
**NAIROBI**

### BANKERS

Standard Chartered Bank	- Westlands
Barclays Bank	- Westlands
Co-operative Bank	- Co-operative House

### LAWYERS

Various

### AUDITORS

The Controller & Audit General  
Kenya National Audit Office  
Anniversary Towers  
University Way  
P. O. Box 30084 - 00100  
**NAIROBI**

## **REPORT OF THE DIRECTORS**

The Directors have the pleasure in presenting their report together with audited Financial Statement for the Sugar Development Fund for the year ended 30<sup>th</sup> June 2006.

## **PRINCIPAL ACTIVITIES**

The Principal activities of the Fund which was established in 1992 is to create a revolving fund for financing the activities of the Sugar Industry in Kenya.

## **RESULTS**

Gross Income: Kshs.2,218,723,748

Net Surplus after Expenses & Appropriations: Kshs.373,471 ,866

## **DIRECTORS**

The Directors who served during the year are shown on page 1.

## **AUDITORS**

The Controller and Audit General is responsible for the Statutory Audit of the Funds books and accounts in accordance with the provisions of Section 14 of the Public Audit Act, 2003.

By Order of the Board



**Rosemary Mkok**  
**Company-Secretary**

**FINANCIAL STATEMENT FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2006**

**SUGAR DEVELOPMENT FUND**

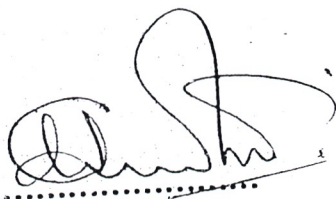
**STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL  
STATEMENTS**

The Companies Act requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Board as at the end of the financial year, and of the operating results of the Group for that year. It also requires the Directors to ensure the Board keep proper accounting records, which disclose with reasonable accuracy, the financial position of the Board. They are also responsible for safeguarding the assets of the Board.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards and in the manner required by the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board and of the operating results of the Group. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequacy of internal financial controls.

Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

**A. O. Otieno**

Signed.....

**S. Busolo**

Signed.....



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF SUGAR DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE 2006

I have audited the financial statements of Sugar Development Fund for the year ended 30 June 2006 in accordance with the provisions of Section 14 of Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

#### Respective Responsibilities of the Directors and Controller and Auditor General

As set out in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Board's state of affairs and of its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

#### Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

#### Comments

##### 1. Debtors

As disclosed in note 11 to the financial statements, the debtors and prepayments figure of Kshs.1,959,042,189 includes an amount of Kshs.1,394,288,521 being Sugar Development Fund Levy arrears due from institutions. According to the accounting policy 1(b), Sugar Development Funds are collected by Kenya Revenue Authority as an Agent of the Fund. However, the schedule produced

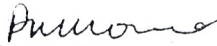
during the audit indicated that out of Kshs.1,394,288,521 outstanding levy arrears as at 30 June 2006, KRA subsequently paid Kshs.334,596,625 in the month of September, 2006 reducing the levy arrears to Kshs.1,059,928,896 which has been in arrears for over three years. Consequently, I am unable to confirm whether or if so, when the Fund will be able to recover the sugar levy in arrears of Kshs.1,059,928,896.

## **2. Loans and Grants to Sugar Companies Kshs.5,820,843,895**

According to note 10 to the financial statements the total outstanding principal loans and grants to sugar companies amount to Kshs.6,558,287,929 while provision for bad debts allowed is indicated as Kshs.737,444,034 leaving a balance of Kshs.5,820,843,895 as at 30 June 2006. The same note however shows loans which have fallen overdue totalled Kshs.4,340,507,120. In the circumstances, the provision of bad debts in the amount of Kshs.737,444,034 is not considered adequate especially when the management has not indicated how the Fund intends to recover the outstanding loans from Muhoroni and Miwani Sugar Companies which are under receivership.

### **Opinion**

In my opinion, except for the matters referred to in the preceding paragraphs, proper books of accounts have been kept and the financial statements give a true and fair view of the state of financial affairs of the Fund as at 30 June 2006 and of its surplus and cash flows for the year then ended and comply with Sugar Act, 2001.

  
**P. N. KOMORA**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

29 December 2006

**KENYA SUGAR BOARD**  
**SUGAR DEVELOPMENT FUND**

**STATEMENT OF INCOME & EXPENDITURE**

**FOR PERIOD ENDED 30TH JUNE 2006**

	<u>Note</u>	<u>30.06.06</u> <u>KSHS</u>	<u>30.06.05</u> <u>KSHS</u>
<b>A INCOME</b>			
Levy Income	1	1,762,746,686	1,583,573,690
Other Income			
Interest income	2	455,218,061	349,308,369
Miscellaneous income	3	<u>759,000</u>	<u>111,411</u>
<b>Total Income</b>		<b>2,218,723,748</b>	<b>1,932,993,470</b>
<b>B APPROPRIATIONS</b>			
Grants to KSB & Research	4	539,339,822	254,502,914
Agency fees (KRA)	5	<u>24,872,935</u>	<u>23,427,388</u>
		<b>564,212,757</b>	<b>277,930,303</b>
Factory & Outgrower Supervision	6 a	5,340,875	0
Audit Fees	6 b	520,000	0
Depreciation	7	<u>646,365</u>	<u>1,817,092</u>
<b>C Total Administrative Expenses</b>		<b>6,507,240</b>	<b>1,817,092</b>
<b>TOTAL EXPENSES</b>		<b><u>570,719,997</u></b>	<b><u>279,747,395</u></b>
<b>Operating Surplus / (loss)</b>		<b><u>1,648,003,750</u></b>	<b><u>1,653,246,075</u></b>
Finance Costs	8	425,988	510,829
Provision for Bad & Doubtful Debts	10	<u>61,174,653</u>	<u>53,790,453</u>
<b>SURPLUS /(DEFICIT) BEFORE RESERVES</b>		<b><u>1,586,403,110</u></b>	<b><u>1,598,944,793</u></b>
Prior Period Adjustment	8b	985,246	7,619,106
<b>SURPLUS /(DEFICIT) BEFORE RESERVES</b>		<b><u>1,585,417,864</u></b>	<b><u>1,591,325,687</u></b>
Less Prescribed Reserves		248,730,844	390,456,504
<b>NET SURPLUS /(DEFICIT) FOR THE PERIOD</b>		<b><u>1,336,687,020</u></b>	<b><u>1,200,869,183</u></b>
<b>APPROPRIATIONS OF LEVY NET OF RESERVES</b>			
Factory Rehabilitation = $2/7 * 0.85 * \text{levy}$ (2.5/7 * .75 * Levy for 2004/05)		428,095,624	424,171,524
Cane Development = $1.75/7 * 0.85 * \text{levy}$ (2/7 * .75 * Levy for 2004/05)		374,583,671	339,337,219
Roads Grants = $0.75/7 * 0.85 * \text{levy}$ (1/7 * .75 * Levy for 2004/05)		<u>160,535,859</u>	<u>169,668,610</u>
		<b><u>963,215,154</u></b>	<b><u>933,177,353</u></b>
<b>NET SURPLUS /(DEFICIT) AFTER APPROPRIATIONS</b>		<b><u>373,471,866</u></b>	<b><u>267,691,830</u></b>



**KENYA SUGAR BOARD**  
**SUGAR DEVELOPMENT FUND**

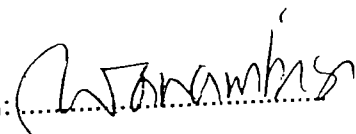
**BALANCE SHEET AS AT 30TH JUNE 2006**

	<u>Note</u>	30.06.06 <u>KSHS</u>	30.06.05 <u>KSHS</u>
<b>LONG TERM ASSETS</b>			
Fixed Assets	9	6,287,568	6,933,933
Loans and Grants to Companies	10	5,820,843,895	5,325,312,358
<b>CURRENT ASSETS</b>			
Debtors and Prepayments	11	1,959,042,189	1,852,743,415
Short term Deposits	12	2,680,370,602	2,128,765,500
Cash and Bank	13	360,373,406	164,883,877
Interest on Loans to Companies	10	<u>2,839,876,545</u>	<u>2,583,523,701</u>
<b>Total Current Assets</b>		<b>7,839,662,742</b>	<b>6,729,916,493</b>
<b>CURRENT LIABILITIES</b>			
Creditors and Accruals	14	60,568,922	41,355,365
<b>NET CURRENT ASSETS</b>		<b>7,779,093,820</b>	<b>6,688,561,128</b>
<b>NET ASSETS</b>		<b><u>13,606,225,283</u></b>	<b><u>12,020,807,419</u></b>
<b>FINANCED BY :</b>			
Accumulated Reserves		11,167,570,109	9,966,700,926
Revaluation Reserves		1,310,000	1,310,000
Prescribed Reserves		1,100,658,154	851,927,310
Surplus / (Deficit ) for the Period		<u>1,336,687,020</u>	<u>1,200,869,183</u>
		<b><u>13,606,225,283</u></b>	<b><u>12,020,807,419</u></b>

The Accounts were noted and approved by the Board of Directors  
of the Board on ..... 31/07/2006 and signed on their behalf by:

Sign: 

Andrew O. Otieno  
CHIEF EXECUTIVE OFFICER

Sign: 

Saulo W. Busolo  
CHAIRMAN

**KENYA SUGAR BOARD**  
**SUGAR DEVELOPMENT FUND**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2006**

	30.06.06 <u>KSHS</u>	30.06.05 <u>KSHS</u>
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b><u>1,242,626,168</u></b>	<b><u>1,176,465,092</u></b>
<b>INVESTING ACTIVITIES</b>		
Purchase/Realisation of Securities	-551,605,102	-1,299,006,245
Loans to Companies	<u>-495,531,537</u>	<u>189,930,711</u>
<b>Net cash used in Investing activities</b>	<b><u>-1,047,136,639</u></b>	<b><u>-1,109,075,534</u></b>
<b>FINANCING ACTIVITIES</b>		
Net Cash flows from Financing Activities	0	0
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>195,489,529</b>	<b>67,389,558</b>
<b>CASH AND CASH EQUIVALENTS B/F</b>	<b><u>164,883,877</u></b>	<b><u>97,494,319</u></b>
<b>CASH AND CASH EQUIVALENTS C/F</b>	<b><u>360,373,406</u></b>	<b><u>164,883,877</u></b>

**RECONCILIATION OF CASH FROM/(USED IN) OPERATING ACTIVITIES BEFORE TAX**

Operating Surplus	1,585,417,864	1,591,325,687
Add back Depreciation for the period	646,365	1,817,092
Changes in Working capital:		
Decrease/((Increase) in Debtors	-106,298,775	519,449,062
Decrease/((Increase) in Loan interest	-256,352,844	-276,147,370
(Decrease)/Increase in Creditors	<u>19,213,557</u>	<u>-659,979,379</u>
	<b><u>1,242,626,168</u></b>	<b><u>1,176,465,092</u></b>

**KENYA SUGAR BOARD**  
**SUGAR DEVELOPMENT FUND**

**RESERVES MOVEMENT SCHEDULE**

	ACCUMULATED RESERVES KSHS	REVALUATION RESERVES KSHS	PRESCRIBED RESERVES KSHS	REVENUE RESERVES KSHS	TOTAL RESERVES KSHS
Balance B/F July 2005	9,966,700,926	1,310,000	851,927,310	1,200,869,183	12,020,807,419
Transfers to Accumulated Reserves	1,200,869,183	0	0	-1,200,869,183	0
Additions during the Period	0	0	248,730,844	1,336,687,020	1,585,417,864
Balance C/F 30.06. 2006	<u>11,167,570,109</u>	<u>1,310,000</u>	<u>1,100,658,154</u>	<u>1,336,687,020</u>	<u>13,606,225,283</u>

The prescribed reserves refer to the share of the Sugar Development Levy as provided for in the sharing ratios meant for building up a reserve for the future benefit of the industry. These reserves grew by Kshs.248,730,844 during the year.

Revenue reserves is the net surplus after expenditures of the Fund, grants and prescribed reserves as in the income statement. It is from these reserves that accumulated reserves are built.

Accumulated reserves is a built-up of revenue reserves over the years.

Revaluation reserves are as a result of new values given to the vehicles of the fund as listed below.

ANALYSIS OF REVALUATION RESERVE	30.06.06
Revaluation of KAH 110F in 2001/02	610,000.00
Revaluation of KAH 272F in 2001/02	700,000.00

**KENYA SUGAR BOARD  
SUGAR DEVELOPMENT FUND**

Note 10

**TOTAL LOANS AND GRANTS ANALYSIS AS AT 30TH JUNE 2006**

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
	<u>30.06.06</u>	<u>30.06.06</u>	<u>30.06.06</u>	<u>30.06.05</u>	<u>30.06.05</u>	<u>30.06.05</u>
	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>
CHEMELIL SUGAR COMPANY	443,656,028	214,695,509	658,351,538	443,656,028	193,093,631	636,749,659
MUHORONI SUGAR COMPANY	1,352,168,932	910,102,074	2,262,271,006	1,237,330,977	839,472,875	2,076,803,851
MUHORONI OUTGROWERS COMPANY	233,857,527	70,918,550	304,776,077	201,247,038	63,968,245	265,215,283
MUMIAS OUTGROWERS	73,634,459	31,930,856	105,565,315	73,634,459	30,940,474	104,574,933
NZOIA SUGAR COMPANY	1,192,523,649	676,009,665	1,868,533,314	1,109,275,830	641,532,085	1,750,807,915
NZOIA OUTGROWERS COMPANY	281,901,079	191,791,119	473,692,198	281,901,079	178,212,429	460,113,508
SOUTH NYANZA SUGAR COMPANY	473,850,967	198,124,765	671,975,732	516,978,395	187,123,761	704,102,156
SOUTH NYANZA OUTGROWERS COMPANY	359,411,208	257,383,368	616,794,576	359,411,208	237,924,502	597,335,710
WEST KENYA SUGAR COMPANY	63,558,330	3,030,785	66,589,115	38,353,271	4,977,150	43,330,420
BUSIA SUGAR COMPANY	301,605,111	199,657,896	501,263,007	301,605,111	183,284,161	484,889,272
MIWANI SUGAR COMPANY	479,173,121	280,160,861	759,333,982	431,207,881	256,033,500	687,241,381
MUMIAS SUGAR COMPANY	394,000,000	2,883,904	396,883,904	94,000,000	0	94,000,000
GOVERNMENT OF KENYA GUARANTEED LOANS	262,816,823	38,414,459	301,231,282	262,816,823	25,273,618	288,090,441
CHEMELIL OUTGROWERS	100,843,080	30,383,718	131,226,798	104,473,034	25,475,261	129,948,296
SOIN OUTGROWERS	126,510,007	69,261,628	195,771,635	126,510,007	62,947,743	189,457,750
BUSIA OUTGROWERS	65,895,511	8,685,842	74,581,353	65,895,511	5,214,847	71,110,358
WEST KENYA OUTGROWERS	38,917,179	14,392,480	53,309,659	38,917,179	12,833,489	51,750,668
NANDI ESCP. OUTGROWERS	114,614,801	27,641,435	142,256,236	114,614,801	21,469,588	136,084,389
MIWANI OUTGROWERS	11,111,557	4,746,361	15,857,918	11,111,557	4,144,206	15,255,763
LUBAO JAGGERY	2,292,107	399,254	2,691,361	2,695,097	340,122	3,035,220
Receivership Costs - Muhoroni	172,275,334	0	172,275,334	172,275,334	0	172,275,334
Receivership Costs - Miwani	13,671,119	0	13,671,119	13,671,119	0	13,671,119
	<b>6,558,287,929</b>	<b>3,230,614,529</b>	<b>9,788,902,458</b>	<b>6,001,581,739</b>	<b>2,974,261,685</b>	<b>8,975,843,425</b>
LESS PROVISION FOR BAD & DOUBTFUL DEBTS B/F	676,269,381	390,737,984	1,067,007,366	622,478,928	390,737,984	1,013,216,912
PROVISION FOR THE YEAR- General (1%on loans)	61,174,653	0	61,174,653	53,790,453	0	53,790,453
TOTAL PROVISION C/F	<u>737,444,034</u>	<u>390,737,984</u>	<u>1,128,182,018</u>	<u>676,269,381</u>	<u>390,737,984</u>	<u>1,067,007,366</u>
Total Outstanding Loans	<b>5,820,843,895</b>	<b>2,839,876,545</b>	<b>8,660,720,440</b>	<b>5,325,312,358</b>	<b>2,583,523,701</b>	<b>7,908,836,059</b>
Loans which have fallen Overdue	<u>4,340,567,120</u>	<u>652,518,545</u>	<u>4,993,085,665</u>			

Note: Suspended loan interest has not been removed from books.

The above analysis includes Roads Grants of Ksh. 254,876,226 to Sugar Companies.

Detailed analysis of the loans by type is as per Note 10 (k)

**KENYA SUGAR BOARD  
SUGAR DEVELOPMENT FUND**

Note 10 b

**LOANS SCHEDULE AS AT 30TH JUNE 2006**

<u>REHABILITATION</u>	<u>PRINCIPAL KSHS</u>	<u>INTEREST OUTSTANDING</u>	<u>TOTAL KSHS</u>
CHEMELIL SUGAR COMPANY	230,315,856	125,531,932	355,847,788
MUHORONI SUGAR COMPANY	1,115,910,099	778,097,669	1,894,007,768
NZOIA SUGAR COMPANY	381,617,670	298,242,620	679,860,290
SOUTH NYANZA SUGAR COMPANY	55,346,898	26,961,405	82,308,303
WEST KENYA SUGAR COMPANY	2,464,420	2,369,078	4,833,498
BUSIA SUGAR COMPANY	5,030,226	4,232,691	9,262,917
MIWANI SUGAR COMPANY	352,287,523	224,199,525	576,487,049
MUMIAS SUGAR COMPANY	150,000,000	1,198,973	151,198,973
LUBAO JAGGERY	2,292,107	399,254	2,691,361
GOVERNMENT OF KENYA GUARANTEED LOANS	262,816,823	38,414,459	301,231,282
	<b>2,558,081,622</b>	<b>1,499,647,606</b>	<b>4,057,729,228</b>

*The loans are charged interest at 5% for the first 36 months and 6% thereafter.*

<u>CANE DEVELOPMENT</u>	<u>PRINCIPAL</u>	<u>INTEREST OUTSTANDING</u>	<u>TOTAL</u>
CHEMELIL SUGAR COMPANY	185,340,172	83,727,961	269,068,134
MUHORONI SUGAR COMPANY	226,258,833	126,998,926	353,257,759
MUHORONI OUTGROWERS COMPANY	233,857,527	70,918,550	304,776,077
MUMIAS OUTGROWERS	73,634,459	31,930,856	105,565,315
NZOIA SUGAR COMPANY	700,384,121	372,761,566	1,073,145,687
NZOIA OUTGROWERS COMPANY	281,901,079	191,791,119	473,692,198
SOUTH NYANZA SUGAR COMPANY	367,504,069	171,163,360	538,667,429
SOUTH NYANZA OUTGROWERS COMPANY	359,411,208	257,383,368	616,794,576
WEST KENYA SUGAR COMPANY	739,541	661,707	1,401,248
BUSIA SUGAR COMPANY	296,574,885	195,425,205	492,000,089
MIWANI SUGAR COMPANY	115,233,194	53,458,596	168,691,790
MUMIAS SUGAR COMPANY	150,000,000	1,684,932	151,684,932
CHEMELIL OUTGROWERS	100,843,080	30,383,718	131,226,798
SOIN OUTGROWERS	126,510,007	69,261,628	195,771,635
BUSIA OUTGROWERS	65,895,511	8,685,842	74,581,353
WEST KENYA OUTGROWERS	38,917,179	14,392,480	53,309,659
NANDI ESCP. OUTGROWERS	114,614,801	27,641,435	142,256,236
MIWANI OUTGROWERS	11,111,557	4,746,361	15,857,918
	<b>3,448,731,224</b>	<b>1,713,017,608</b>	<b>5,161,748,832</b>

*The loans are charged interest at 5% for the first 12 months and 6% thereafter.*

*Included in this analysis are loans for farmers arrears which are at interest rate of 3%.*

<u>ROADS LOANS</u>	<u>PRINCIPAL</u>	<u>INTEREST OUTSTANDING</u>	<u>TOTAL</u>
CHEMELIL SUGAR COMPANY	28,000,000	5,435,616	33,435,616
MUHORONI SUGAR COMPANY	10,000,000	5,005,479	15,005,479
NZOIA SUGAR COMPANY	10,000,000	5,005,479	15,005,479
SOUTH NYANZA SUGAR COMPANY	51,000,000	0	51,000,000
MIWANI SUGAR COMPANY	11,652,404	2,502,740	14,155,144
	<b>110,652,404</b>	<b>17,949,315</b>	<b>128,601,719</b>

*The Road and Infrastructure loans were issued before 2003/04 and are repayable.*

**ROADS GRANTS**

MUMIAS SUGAR COMPANY	94,000,000	0	94,000,000
NZOIA SUGAR COMPANY	100,521,858	0	100,521,858
WEST KENYA SUGAR COMPANY	60,354,369	0	60,354,369
	<b>254,876,227</b>	<b>0</b>	<b>254,876,227</b>

*The Grants were issued after as from 2003/04 and are not repayable.*

Receivership Costs - Muhoroni	172,275,334	0	172,275,334
Receivership Costs - Miwani	13,671,119	0	13,671,119
<b>Grand Total</b>	<b>6,558,287,929</b>	<b>3,230,514,522</b>	<b>9,788,802,452</b>

**KENYA SUGAR BOARD**  
**SUGAR DEVELOPMENT FUND**

**Note 11**

**DEBTORS AND PREPAYMENTS AS AT 30TH JUNE 2006**

**i) LEVY ARREARS**

	<u>30.06.06</u>	<u>30.06.05</u>
<u>INSTITUTIONS</u>	<u>KSHS</u>	<u>KSHS</u>
Sundry Importers	41,815,559	21,874,833
South Nyanza Sugar Company	280,613,798	294,471,926
Miwani Sugar Company	121,057,793	121,057,793
Mumias Sugar Company	134,343,673	72,324,275
West Kenya Sugar Company	19,309,225	13,845,522
Nzoia Sugar Company	440,322,636	421,059,672
Muhoroni Sugar Company	155,193,705	142,089,414
Chemelil Sugar Company	190,693,729	191,805,190
Jaggeries	2,179,603	2,460,038
Kenya National Trading Corporation	<u>8,758,800</u>	<u>8,758,800</u>

**1,394,288,521**      **1,289,747,463**

**ii) SUNDRY DEBTORS**

Nzoia Sugar Co. 1996 OOC Tech. Committee Exps.	844,458	844,458
Nzoia Sugar Co. Inter - Ministerial Committee	1,486,840	1,486,840
Kenya Sugar Industry Party		
- Nzoia Sugar Company	157,115	157,115
- West Kenya Sugar Company	157,115	157,115
Kenya Sugar Marketing	34,000	34,000
KSB Inter - Company Account ( Hqs. project )	118,635,557	118,635,557
KSB Inter - Company Account	406,016,670	404,362,189
KESREF	5,103,936	5,103,936
Miwani Sugar Company	160,000	160,000
Nzoia Outgrowers Company	52,161	52,161
Receivership Costs		
- Muhoroni(Receiver's fees)	6,675,691	6,675,691
- Miwani(KPMG)	1,180,000	1,180,000
Coveka Outgrowers Company	1,938,970	1,938,970
Busia Sugar Co. ( Inter - Ministerial )	667,000	667,000
South Nyanza Sugar Co.	2,217,340	2,217,340
Other Debtors ( Sugar Industry Ploughing Contr. )	50,000	50,000
Staff Debts & Others	4,792,072	5,442,837
Insurance Claim on money lost intransit	684,051	684,051
Sugar Import(Trumps Freighters)	19,000,000	19,000,000
Mumias Sugar Company	391,506	391,506
Chemelil Sugar Company	842,577	842,577
Muhoroni Sugar Company	8,896,800	8,896,800
Nzoia Sugar Co. (GM Vacancy )	420,794	420,794
SDL rebate on 2003/04 sugar exports	28,462,604	28,462,604
VAT Refunds on Export sugar (Mumias 2003/4)	66,263,199	66,263,199
Nzoia Sugar Co. ( Reimbursement )	5,416,036	5,416,036
Robert O. Ooko- Sale of Pajero KAL 651U	<u>754,000</u>	<u>0</u>

**681,300,491**      **679,542,775**

Less Provision for Bad Debts      -116,546,823      -116,546,823

**1,959,042,189**      **1,852,743,415**

**KENYA SUGAR BOARD**  
**SUGAR DEVELOPMENT FUND**

**Note 12**

**INVESTMENT SCHEDULE AS AT 30TH JUNE 2006**

	<u>30.06.06</u> KSHS	<u>30.06.05</u> KSHS
NBK Hill Branch	1,124,225,669	572,718,493
Co-operative Bank	704,179,763	821,275,411
Euro Bank	55,987,375	55,987,375
Standard Chartered	315,595,250	200,558,904
Barclays Bank	536,369,920	533,227,446
KCB Milimani	0	985,246
	<u>2,736,357,977</u>	<u>2,184,752,875</u>
Less Provision for Bad Debts (Euro Bank)	55,987,375	55,987,375
<b>Net Investments</b>	<u>2,680,370,602</u>	<u>2,128,765,500</u>

**Note 13**

**CASH AND BANK BALANCES AS AT 30TH JUNE 2006**

	<u>30.06.06</u> KSHS	<u>30.06.05</u> KSHS
N.B.K. Mombasa Branch	0	1,357,671
STD CHARTERED Westlands	201,413,613	105,015,643
Cooperative Bank, Coop. Hse.	18,361,154	1,959,343
Barclays Bank Westlands	140,598,639	56,551,220
	<u>360,373,406</u>	<u>164,883,877</u>

**Note 14**

**CREDITORS AND ACCRUALS SCHEDULE AS AT 30TH JUNE 2006**

	<u>30.06.06</u> KSHS	<u>30.06.05</u> KSHS
Sugar Research Levy	59,642,729	40,589,172
Audit Fees	400,000	240,000
Money in transit	4,985	4,985
Mitchell Cotts (for sugar exports)	463,468	463,468
Legal Fees	57,740	57,740
	<u>60,568,922</u>	<u>41,355,365</u>

