NATIONAL CEREALS AND PRODUCE BOARD

BALANCE SHEET AND ACCOUNTS WITH THE REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) FOR THE YEAR ENDED 30TH JUNE 1992

NCPB, P.O. BOX 30586
NYUMBA YA NAFAKA
MACHAKOS ROAD
INDUSTRIAL AREA
NAIROBI

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30 JUNE 1992

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30 JUNE 1992

I have audited the accounts of the National Cereals and Produce Board for the year ended 30 June 1992 in accordance with 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 as modified by the revaluation of certain fixed assets are in agreement therewith and comply with the provisions of the National Cereals and Produce Board Act, (Cap. 338).

Subject to the reservations set out herebelow, the accounts, when read together with the notes thereon, present a true and fair view of the Board's position as at 30 June 1992 and of its surplus and source and application of funds for the year then ended.

1. STRATEGIC RESERVE STOCK

In order to promote food security, National Cereals and Produce Board, according to a directive by the Government, is supposed to maintain a minimum reserve stock of maize and beans. However, during the year under review, National Cereals and Produce Board was unable to maintain the optimal level of the reserve stock. As indicated in Note 5 to the accounts, there was shortfall of 5,715,993 bags of maize and 374,004 bags of beans. The Board has explained that it was unable to maintain the minimum stock level because of the unfavourable weather conditions which resulted into severe food shortages and also the subsidized price structure and liberalization process on maize marketing also accelerated decline in the stocks. The Board was in breach of Government directives.

2. GUNNY BAGS

Operating stock balance of Kshs.1,004,646,049.00 includes Kshs.117,899,030.00 being value of 7,162,760.00 gunny bags (1991 - Kshs.81,449,786.00 value of 5,469,831 gunny bags). The huge increase of Kshs.36,399,244.00 or 45% over the previous year's figure was due to importation and local purchase of 7 million and 402,159 gunny bags at a cost of Kshs.116,283,313.00 and Kshs.11,323,566.00 respectively during the year under review. The importation of gunny bags was done in spite of a huge balance in stock of over 5 million bags brought forward from the previous year and the fact that there existed a local supplier who would have perhaps kept the Board sufficiently supplied. Although the Board has maintained that the importation was necessary due to anticipated large importation of maize and wheat, in my view, the importation was excessive as evidenced by the large stock of bags remaining unutilized at the end of the year.

Further, the related expenditure of scarce foreign exchange could have been avoided. It was also observed that the importation contracts were awarded to three local firms which were not identified through advertised tender procedures. Although the

...../2

Board has explained that competitive quotations were invited from all who had participated in the past or expressed interest in supply, no evidence has been availed to me to support the explanation. The Board has also pointed out that most prospective suppliers were disqualified by the difficulty they encountered in obtaining import licences and exemption from duty and VAT, an explanation I find difficult to accept because in the case on one firm the Board went out of its way to apply to the Central Bank for exemption from duty and VAT and even paid Kshs.672,000 being 2% foreign exchange allocation fee.

Further, the three firms did not comply with the terms of contracts in that none of them delivered the bags within the specified periods. Two of the firms shortlanded and delivered substandard gunny bags totalling 92,178 valued at Kshs.1,693,486.00. The amount has not been recovered from the two firms to-date, although I understand the Board intends to take the defective gunny bags at a reduced price to off-set part of unrealized value. However, the Board has not indicated how it intends to use the substandard gunny bags. Under the circumstances, I am unable to satisfy myself that the Board obtained the gunny bags from the most competitive source.

3.0 DEBTORS

The situation with regard to the debtors analysed in Note 7 to the accounts remained as reported in previous year. The recoverability of debts amounting to Kshs.311,206,282.00 (1991 - Kshs.224,940,571.00) owed to NCPB by various Government Ministries and Departments continued to be uncertain due to inadequate budgetary provisions while there was no evidence to confirm whether the debt of Kshs.98,286,382.00 from Associated Companies would ever be recovered due to their unfavourable financial positions. Further, out of the Trade debtors for imported wheat amounting to Kshs.117,907,020.00 as at 30 June 1991, only a total of Kshs.11,509,153.00 was recovered leaving a balance of Kshs.106,397,867.00 as at 30 June 1992. A substantial part of these debts have been in dispute and in the absence of adequate supporting documents by the Board, the recoverability of the same is in doubt.

3.1 STAFF DEBTORS

Included other debtors as at 30 June 1992 are staff debtors totalling Kshs.52,034,033.90 (1991 - Kshs.43,132,404.00) an increase of Kshs.8,901,629.90 or 20%. This increase was mainly due to the reported stock and cash losses attributed to staff at various depots of the Board. Further, the car loans balance of Kshs.3,694,656.20 included in the above total in turn included an amount of Kshs.1,758,675.95 owed by former employees who have either been dismissed, suspended or interdicted. Similary, cash loans and advances amounting to Kshs.86,345.70 and Kshs.246,801.00 respectively are due from ex-employees of the Board. Although the Board has explained that it would make recovery from either terminal benefits or through litigation and insurance, only a total of Kshs.1,331,128.20 was recovered during the year and apparently, most of the debts are unrecoverable due to lack of sufficient evidence in support of the debts.

3.2 KENYA GRAIN GROWERS CO-OPERATIVE UNION LIMITED

As reported previously, KGGCU Limited owes the Board substantial amount in respect of unremitted operating surpluses under the then local Wheat Industry Agency Account as well as handling fees for the last four fiscal years. The amount stood at Kshs.604,817,170.00 as at 30 June 1992. The realization of this material amount is in doubt and although the Board has made a provision for bad and doubtful debts of Kshs.378,507,905.00 in these accounts leaving a balance of Kshs.226,309,265.00, in my view, the whole debt is not recoverable in foreseable future.

4. MISUSE OF MOTOR VEHICLE

In my report on the NCPB accounts for the year ended 30 June 1991, reference was made to the misuse of a vehicle registration No. KYY 096 attached to the Chief Security Officer Adviser. A review of the position during the year revealed no noticeable improvement in that the same vehicle was noted to have made seemingly unofficial journeys to Njoro in Nakuru on weekends. As far as I could ascertain, such journeys on weekends totalled 12,791 kilometers at approximate cost of Kshs.169,074.00. It is not clear the nature of investigative duties carried out at Njoro on weekends.

5.0 LEASED WAREHOUSES

During the year under review, the Board incurred a total expenditure of Kshs.13,409,124.00 as rent for leased warehouses and stores most of which were located in Mombasa. However, a part from the ware-houses owned by one firm, there was no valid contracts defining responsibilities of each party. Consequently, we could not ascertain the extent to which the owners of the warehouses could be held responsible for the stock losses which, according to the stock taking report as at 30 June 1992, amounted to Kshs.3,245,674.25. Apart from the stock losses in the leased warehouses which were mainly due to theft and milking of bags of wheat, cases were noted during the annual stock-taking exercise where commodities held therein had deteriorated in quality due to prolonged storage and had become unfit for human consumption. In view of the apparent failure by the Board to adhere to its First in First out of stock valuation policy, the owners of the warehouses were being paid storage charges for stock with minimal or no value, an indication that the prolonged storage benefitted the owners of the warehouses at the expense of the Board. Consequently, I am not satisfied that the Board received total value for the expenditure of Kshs.13,409,124.00 incurred on rent or warehouses and stores.

6. INSURANCE EXPENSES

During the year under review, the Board paid premiums totalling Kshs.16,402,515.00 to its appointed Insurance Broker for its various Insurance cover. This expenditure represented an increase of 16% over the previous year's premiums. However, in spite of the increase, there was undue delay in settlement of claims by the insurers which attributed to lack of supporting documents. The outstanding claims which stood at Kshs.153,505,952.05 at 30 June 1992 are substantially made up

of two major gunny bag losses of Kshs.33,725,646.00 at Mombasa and Kshs.92,748,748.00 at East Africa Bag and Cordage and its sister company KENSACK during 1988/89 financial year. There is still inordinate delay in settling insurance claims and recoverability of the two major losses referred to above remains uncertain.

7. CONTRACT FOR REBAGGING IMPORTED MAIZE AND WHEAT

On 10 March 1992, the Board entered into a contract with a private firm for the purpose of rebagging imported bulk maize and wheat at Mombasa Port. As at 30 June 1992, several payments totalling Kshs.21,162,158.00 had been made out of which a total of Kshs.5,836,628.00 was made to the firm prior to the signing of the contract on 10 March 1992. The payments totalling Kshs.5,836,628.00 were based on the rate of Kshs.132.00 per metric ton while the contract provided for a lower rate of Kshs.105.00 per ton. Although the Board has explained that the rate of Kshs.132.00 was negotiated with the private firm for unspecified experimental period, it is not clear how the experimenting firm was identified or even why the Board found it necessary to carry out the experiment. In my view, out of the total payments of Kshs.5,836,628.00 paid to the firm during the experimental period, Kshs.1,173,855.70 was an overpayment that could be avoided. Further, the Board also made several payments totalling Kshs.3,062,209.00 in respect of bonus said to have been paid to private gangs involved in the rebagging exercise. No receipted list of the payees who may have received the bonus was produced for audit verification and the propriety of the payment could not, therefore, be confirmed.

8. ELDORET DEPOT

Included in the staff debtors figure of Kshs.52,034,033.90 referred to in paragraph 3.1 are stock and cash losses amounting to Kshs.12,289,722.60 which occurred at Eldoret Depot during three years between 1988/89 and 1990/91. Although the employees responsible have either been dismissed or suspended from employment and their personal accounts debited with the value of the losses, indications are that the Board may be unable to enforce recovery through court action due to lack of sufficient supporting evidence which appear to have been interferred with by some of the Board's employees involved in the initial investigations. Evidence available also indicated that the claims lodged with Insurers were rejected due to lack of proceedings.

8.1 In addition, Sundry Debtors figure of Kshs.88,520,164.00 included Kshs.10,616,908.00 owing from three debtors in relation to stock losses at Eldoret Depot. Audit investigation carried out revealed that 2 debtors were as a result of irregular sale of off colour maize. According to the Board's policy, all sales must be either by cash or bankers cheque but through collusion between the staff at the Depot, one of the debtors was issued with 5,000 bags of off colour maize against a personal cheque of Kshs.1,000,000.00 which was referred to the drawer on presentation but which subsequently disappeared while in the possession of then Depot Cashier. The debt of Kshs.510,600.00 owed to the Board by another debtor represents the balance of sale of 5,250 bags of maize

valued at Kshs.995,600.00. The maize had been removed from the store without the staff raising an accountable document or receiving the payment. I am not aware of the action taken to recover the losses.

8.2 Included in the Kshs.10,616,908.00 mentioned above is Kshs.2,449,620.00 relating to 11,600 new gunny bags which were loaned out to individuals and co-operative societies. These gunny bags are still outstanding despite several attempts to recover them from the loanees. Although the Board has recently reported recovery of some Kshs.79,416.10 from co-operative and individuals, it is evident that the Board is experiencing difficulties due to lack of supporting records such as registers which contained loanee's particulars.

9. OUTSTANDING LOANS

The Balance Sheet at 30 June 1992 reflects an amount of Kshs.10,350,750.00 as long term loan which has been brought forward over the last five years. According to the agreement dated 21 July 1992 between Government of Kenya and International Development Association of the World Bank, the money was part of the funds loaned to the Government for agricultural technical assistance projects. However, no accrued interest has been brought into account and according to Note 12 (b) to these accounts, the amount has been described as a grant pending further advise by the Treasury. In the absence of an appropriate confirmation from Government of Kenya, I have been unable to establish the present status of the loan balance.

A. J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

14th October, 1993

NATIONAL CEREALS AND PRODUCE BOARD
BALANCE SHEET AND ACCOUNTS
30TH JUNE, 1992

CONTENTS

NATIONAL CEREALS AND PRODUCE BOARD

CONTENTS (Continued) PAGE

NATIONAL CEREALS AND PRODUCE BOARD

BALANCE AT 30TH JUNE 1992

	Note	1992 Kshs.	1991 Kshs.
FIXED ASSETS	3	1,855,070,749	1,748,712,765
INVESTMENTS AND LOANS	4	16,621,160	16,621,160
STRATEGIC RESERVE STOCK	5	201,798,552	1,730,136,245
		2,073,660,461	3,495,470,170
CURRENT ASSETS			
Operating stocks	6	1,004,646,049	742,126,104
Debtors	7	634,495,230	770,085,868
Government Agency	13	51,896,619	25,210,373
Cash at Bank -EC-CPRF	8	418,224,466	419,571,363
Cash at Bank and in hand	9	1,222,407,012	224,168,130
		3,331,669,376	2,181,161,838
CURRENT LIABILITIES			
Creditors and provisions	10	1,354,268,720	581,176,127
Bank loans	12	260,000,000	200,000,000
		1,614,268,720	781,176,127
NET CURRENT ASSETS		1,717,400,656	1,399,985,711
		3,791,061,117	4,895,455,881
CAPITAL FUND		229,283,233	229,283,233
INTEREST FREE IRREDEEMABLE LOAN	14	1,841,735,854	1,482,173,878
		2,071,019,087	1,711,457,111
GRANTS FOR SPECIFIC PROJECTS	15	198,868,802	1,084,730,285
GRANTS -EC-CPRF	16	950,072,436	0
INTEREST FREE IRREDEEMABLE LOAN FOR STRATEGIC RESERVE STOCK	17	201,968,552	1,730,136,245
LONG TERM LOANS	11	10,350,750	10,350,750
ACCUMULATED SURPLUS		358,781,490	358,781,490
		3,791,061,117	4,895,455,881

The notes on pages 7 to 60 form an integral part of these accounts.

CHAIRMAN
NATIONAL CEREALS AND PRODUCE BOARD
) Directors
.....)

NATIONAL CEREALS AND PRODUCE BOARD

INCOME AND EXPENDITURE ACCOUNT FOR FOR THE YEAR ENDED 30TH JUNE 1992

		1992 Kshs.	1991 Kshs.
SURPLUS/(DEFICIT) TRANSFERRED FROM OPERATING ACCOUNTS			
MAIZE	: Internal	(151,215,544)	(289,937,424)
	: Commercial exports	0	(5,194,116)
	: Imported	(65,875,778)	0
WHEAT	: Internal	(6,721,278)	0
	: Imported commercial	1,394,013	(74,767,025)
BEANS	: Internal	(2,412,726)	(7,131,076)
	: Export	(80,876)	(1,341,455)
RICE	: Locally milled	1,149,064	(837,012)
	: Imported	(175,727)	(204)
WIMBI	: Internal	(605,102)	(736,514)
	: Export	(161,708)	(989,582)
BIXA ANNATO	: Internal	(107,745)	(173,709)
GRAMS	: Internal	(40,607)	(156,172)
GOUNDNUTS	: Internal	(10)	0
SIMSIM	: Internal	(7)	(31)
SORGHUM	: Internal	(18,611)	(96,927)
	: Export	0	(391,098)
CASTOR SEEDS	: Internal	(2,271)	(2,194)
PADDY	: Internal	(95)	(253)
MILLET	: Internal	(1,619,993)	(1,581,207)
	: Export	(2,159,259)	(1,836,190)
PEAS	: Internal	(21,083)	(95,964)
	: Export	0	(1,179,610)
CAPSICUMS	: Internal	(13)	(93)
SUNFLOWER SEEDS	: Internal	(87)	(63)
NJAHI	: Internal	(590)	(4,931)
GUNNY BAGS		(287,049)	(7,880,159)
INSECTICIDES		(15,278)	(6,396)
Surplus/(Deficit) before other income		(228,978,360)	(394,339,406)
OTHER INCOME			
Dividends		765,000	1,020,000
Rents		1,534,038	913,883
Gain on disposal of fixed assets		240,000	117,185
Government Agency Commission		17,225,287	18,695,594
Administration and agency fees		46,491,610	65,399,447
Sundries		14,866,396	14,918,648
		81,122,331	101,064,757
SURPLUS/(DEFICIT) BEFORE GOK SUBVENTION FOR COMMERCIAL LOSSES		(147,856,029)	(293,274,649)
GOK Subvention for year		147,856,029	(293,274,649)
NET SURPLUS/(DEFICIT) FOR THE YEAR		0	(0)

NATIONAL CEREALS AND PRODUCE BOARD

INCOME AND EXPENDITURE ACCOUNT FOR
FOR THE YEAR ENDED 30TH JUNE 1992

STATEMENT OF ACCUMULATED SURPLUS/(DEFICIT)	1992 Kshs.	1991 Kshs.
Accumulated surplus at beginning of the year	358,781,490	358,781,490
Prior year adjustments	0	0
Net surplus/(deficit) for the year	0	0
Accumulated surplus at end of the year	358,781,490	358,781,490

NATIONAL CEREALS AND PRODUCE BOARD

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH JUNE 1992

	1992	1991
	Kshs.	Kshs.
SOURCE OF FUNDS:		
Sales of Fixed Assets	240,000	117,185
Grants- Specific Project/Programme	64,210,953	213,541,495
Transfer from Strategic Reserve Stock	1,528,167,693	212,403,255
	1,592,618,646	426,061,935
APPLICATION OF FUNDS:		
(Surplus)/Deficit for the year	0	0
Less:Items requiring no movement of funds		
Depreciation	(65,882,769)	(78,544,510)
Gain on disposal of fixed assets	240,000	117,185
Provision for stock shrinkage	(21,631,404)	7,347,611
Provision for doubtful debts	(240,293,264)	(340,504,507)
Used to finance operational losses	(327,567,437)	(411,584,221)
Additions to Fixed assets	172,240,753	209,214,135
Reduction in Irredeemable Loan	1,168,605,717	757,053,321
	1,013,279,033	554,683,235
NET INCREASE/(DECREASE) IN WORKING CAPITAL	579,339,613	(128,621,300)
ANALYSIS OF CHANGES IN WORKING CAPITAL:		
Increase/(decrease) in stocks	284,151,349	(1,180,473,955)
Increase/(decrease) in debtors	104,702,626	184,390,596
(Increase)/decrease in creditors	(773,092,593)	(103,897,761)
(Increase)/decrease in Government Agency Account	26,686,246	78,959,497
Increase/(decrease) EC-CPRF	(1,346,897)	417,956,895
(Increase)/decrease in bank Overdrafts and Loans	(60,000,000)	253,036,217
Increase/(decrease) in cash and bank	998,238,882	221,407,211
	579,339,613	(128,621,300)

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992

(These notes form an integral part of the accounts)

1. ACCOUNTING POLICIES

(a) Accounting Basis

The accounts of the Board are prepared under the historical cost convention as modified by revaluation of certain fixed assets.

(b) Income Recognition

Income on all produce is recognised at the date of delivery or sale and income on services rendered is recognised at the time of rendering such services.

(c) Depreciation

Depreciation on fixed assets is provided on a straight line basis and is calculated on cost or valuation at the following rates which are consistent with prior years:

Land	-	Nil
Buildings, Roads	-	2.5%
Silos	-	6%
Plant, machinery, computer equipment	-	12.5%
Fumigation equipment	-	20%
Motor vehicles, wheat handling and drying equipment	-	25%
Furniture and equipment	-	12.5%
Railway sidings	-	10%

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

1. ACCOUNTING POLICIES (Cont'd)

(d) Valuation of Closing Stocks

(i) Commercial Closing Stocks have been valued applying the first-in first-out (FIFO) principle, and reserves for shrinkage computed at the rate of 2.2% of the year's purchases.

(ii) Strategic Reserve Stocks are valued at the current into depot purchase prices consistent with the previous years.

(iii) Closing Stock quantities have been stated in terms of standard bags unless otherwise stated.

(e) Investments

Equity investments in subsidiary and associated companies have been stated at cost. No account of the operating results of these concerns has been included in these accounts.

(f) Funds from Government

Subvention and Irredeemable Loan from the Government of Kenya have been, where applicable, incorporated on accrual basis to bring it into account in the same fiscal year provided by GOK.

(g) Allocation of Overhead Expenses

Expenses which are not specifically and directly attributable to particular operations have been charged against all relevant operating accounts of commodities on the basis of number of bags sold and purchased. This procedure has further been refined by application of a Cost Allocation Model developed and accepted by the Government during the previous fiscal year.

(h) Provision for Bad and Doubtful Debts

Provision for doubtful debts has been made on the basis of specific debts together with a general provision against other outstanding trade debts at the balance sheet date.

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 1992

(i) Strategic Reserve Stock/Market Stabilisation

The costs of maintenance of Strategic Reserve Stocks and Market Stabilisation functions have been apportioned from the direct and indirect costs applying the Cost Allocation Model mentioned under 1 (g) above. The costs apportioned to the two functions have been off-set against Interest free Irredeemable Loan consistent with the previous years.

The export losses and gains arising from fulfillment of Market Stabilisation function have also been charged to Market Stabilisation account.

(j) Loss on Commercial Operations

The loss incurred on Commercial Operations of KShs. 147,856,029 as shown in page 4 is added to subsidies receivable from the Government of Kenya, as agreed to in the Performance Contract between GOK and the Board.

(k) Exchange Rates

Creditors and debtors arising out of import and export swap contracts, expressed in US$ were converted into local currency at the exchange rate ruling as at 30th June 1992. Losses and gains arising out of fluctuations in exchange rates have been charged to (Gain)/Loss on Exchange Rate Account.

2. GOING CONCERN CONCEPT

The accounts have been prepared on going concern basis

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

3. FIXED ASSETS

	Land, Roads and Buildings	Equipment and Vehicles	Construction in Progress	Total
	KShs.	KShs.	KShs.	KShs.
Cost or valuation:				
At 30th June '91	1,509,751,048	173,056,395	289,522,104	1,972,329,547
Additions	1,159,940	2,328,984	168,751,829	172,240,753
Disposals	0	(495,196)	0	(495,196)
Transfers	227,766,100	54,395,685	(282,161,785)	0
Adjust. (Note 1)	(4,090,000)	0	4,090,000	0
At 30th June 1992	1,734,587,088	229,285,868	180,202,148	2,144,075,104
Depreciation				
At 30th June 1991	129,165,830	94,450,952	0	223,616,782
Charge for the year	47,182,435	18,700,334	0	65,882,769
On disposals	0	(495,196)	0	(495,196)
Note 1 Depreciation Adjustment	737,197	(737,197)	0	0
At 30th June 1992	177,085,462	111,918,893	0	289,004,355
Net Book Value:				
At 30th June 1992	1,557,501,626	117,366,975	180,202,148	1,855,070,749
At 30th June, 1991	1,380,585,218	78,605,443	289,522,104	1,748,712,765

Note 1: The figure relates to amounts erroneously transferred to Land, roads and Buildings account in 1990/91 financial year, now reinstated to construction works in progress at the beginning of 1991/92 financial year.

Note 2: Transfers from Construction in Progress amounting to KShs. 282,161,785 comprise:

Buildings	KShs.	204,741,688
Roads	KShs.	23,024,413
Dryers	KShs.	48,720,334
Weigh Bridges	KShs.	5,675,350
	KShs.	282,161,785

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

	1992 KShs.	1991 KShs.
4. INVESTMENTS AND LOANS		
(a) Kenya Cashewnuts Limited:		
(i) 268404 Ordinary shares of KShs. 20/= each	5,368,080	5,368,080
(ii) Loan	10,000,000	10,000,000
(b) Kenya Cashews Limited:		
400 Ordinary shares of KShs. 5/= each	2,000	2,000
Loan	231,080	231,080
(c) Milling Corportion of Kenya Ltd:		
425000 Shares of KShs. 20/= each	8,500,000	8,500,000
Loan	11,971,340	11,971,340
(d) Kenya Bixa Limited:		
51,000 shares of KShs. 20/= each	1,020,000	1,020,000
(e) Kenya Peanuts Company Ltd:		
48917 shares of KShs. 100		
625 shares of KShs. 1000 - Revalued at 40%	2,168,740	2,168,740
	39,261,240	39,261,240
Less: Provisions for possible losses on loan and equity investments in Milling Corporation of Kenya Limited and Kenya Peanuts Company Limited	(22,640,080)	(22,640,080)
	16,621,160	16,621,160

(a) Kenya Cashewnuts Limited

The Board owns 31.58% of the issued share capital of the Company. The original investment was financed by a grant from the Government of Kenya of KShs 6,400,000. During 1989/90 financial year, the Board advanced a short-term loan of KShs.10,000,000 to the Company at the request of Government of Kenya for the purpose of revival and re-structuring of the company. The business operations of the company have gradually improved and past losses are being reduced.

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

4. INVESTMENTS AND LOANS (Cont'd)

(b) Kenya Cashews Limited

The Company is a wholly owned subsidiary of the Board. It is at present dormant. It was intended that the Company would eventually construct a new cashewnut processing factory in Kwale District. However, with limited Raw-Nuts this possibility appears remote. The outstanding loan represents expenditures met by the Board on behalf of the Company in past years, and there are no prospects of recovery of this investment.

(c) Milling Corporation of Kenya Limited

The Corporation is 50% owned by the Board. The Corporation's trading operations have significantly improved in the last few years and consequently past large accumulated trading losses have been drastically reduced to KShs. 1.7 million as at 30th June 1992. The previous provision of KShs. 20,471,340 made against the Board's loan and equity investment in the corporation is planned for review.

(d) Kenya Bixa Limited

The Company is 51% owned by the Board. The dividend of KShs. 765,000 received during the year relates to 1990/91.

(e) Kenya Peanuts Company Limited

The Board owns 46% of the issued share capital of the company. In view of the prevailing uncertainty over the future viability of peanuts industry a provision of KShs. 2,168,740 has been made against the Board's investment in the company.

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

5. STRATEGIC RESERVE STOCK

	1992 90 Kgs Bag	Value KShs.	1991 90 Kgs Bag	Value KShs.
Maize-internal	152,303	64,979,245	4,841,405	1,603,511,245
Maize-imported	131,704	73,991,307	0	0
Beans	125,996	62,998,000	253,325	126,625,000
		201,968,552		1,730,136,245

5.1 The Strategic Stocks value is stated without provision for shrinkage loss.

5.2 The stocks of strategic reserves depleted drastically below targeted quantities of respectively 6,000,000 bags of maize and 500,000 bags of beans, due to two consecutive years of continous severe bad weather conditions leading to poor harvest.

5.3 Details of stock valuation for maize which consisted of local and imported were as follows:-

Maize	Qty	Unit Price KShs.	Value KShs.
Maize FAQ Bulk	70,126	436.50	30,609,999
White Maize FAQ	56,543	465.95	26,346,211
Local Yellow Maize	2,425	465.95	1,129,929
White Maize, Rejected	3,328	280.00	931,840
Broken White Maize	17	280.00	4,760
Yellow Maize Reject	28	280.00	7,840
White Maize Sweepings	1,999	465.95	931,434
Off Colour Maize	17,709	280.00	4,958,520
Imported Bulk	68,125	561.80	38,272,625
White Maize Import, 87kg	63,579	561.80	35,718,682
Yellow Maize Import	2	280.00	560
Yellow Maize FAQ	123	465.95	57,312
Chinese Corn Import.	3	280.00	840
	284,007		138,970,552

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 1992
(Continued)

		1992 KShs.	1991 KShs.
6.	CLOSING STOCKS		
	Wheat - Internal	252,131,815	0
	Wheat - Imported	393,468,404	345,586,646
	Local milled rice	52,584,971	78,173,059
	Imported Rice	20,569,419	0
	Internal Wimbi	175,948,777	138,124,200
	Cashewnuts	650	0
	Bixa Annato	417,828	1,259,819
	Grams	24,490	4,649,680
	Simsim	10,560	10,560
	Sorghum	679,252	1,277,160
	Castor Seeds	85,920	145,280
	Paddy non irrigated	6,158	1,397
	Millet	26,074,324	102,328,200
	Peas	82,125	1,924,740
	Groundnuts	3,600	6,000
	Capsicums	3,520	6,380
	Sunflower seeds	21,825	21,890
	Njahi	30,926	31,460
	Gunny bags	117,899,030	81,449,786
	Insecticides	5,004,700	5,496,330
		1,045,048,294	760,492,587
	Less: Provision for Shrinkage	(40,402,245)	(18,366,483)
	Valuation end of year	1,004,646,049	742,126,104

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 1992
(Continued)

7. DEBTORS	1992 KShs.	1991 KShs.
KGGCU Ltd.	604,817,170	558,652,603
Government debtors	311,206,282	224,940,571
Associated companies	98,286,382	98,286,382
Trade Debtors for imported Wheat	106,397,867	117,907,020
Other Trade Debtors	444,855,008	416,760,940
Staff debtors	52,034,034	43,132,404
Sundry debtors	88,520,164	141,734,578
Deposits	5,753,141	5,753,141
	1,711,870,048	1,607,167,639
Less: Provision for doubtful debts	(1,077,374,818)	(837,081,771)
	634,495,230	770,085,868

Notes on Debtors:

(a) Associated companies' indebtedness consists of the following:-

	1992 KShs.	1991 KShs.
Milling Corporation of Kenya Limited	49,941,462	49,941,462
Kenya Cashewnuts Limited	46,631,779	46,631,779
Kenya Bixa Limited	478,721	478,721
Kenya Peanuts Company Ltd.	1,234,420	1,234,420
	98,286,382	98,286,382

7. DEBTORS (Cont'd)

Notes on debtors

(b) Government Debtors includes a balance of KShs.58,317,931 which is part of the amount originally transferred to District Commissioners for the purpose of paying farmers. The balance represents an amount yet to be accounted for by the District Commissioners.

(c) The provision for bad and doubtful debts comprises the following:

	1992	1991
	KShs.	KShs.
Government debtors	155,886,431	145,802,497
Associated companies	57,507,244	57,507,244
Debtors for imported wheat	93,652,962	88,994,254
Other trade debtors	674,541,765	418,300,128
Staff debtors	49,374,640	45,307,247
Sundry debtors	46,411,776	81,170,401
	1,077,374,818	837,081,771

d) KENYA GRAIN GROWERS COOPERATIVE UNION LTD.

The amount of KShs. 604,817,170 as per the above schedule includes the old debt KShs. 363,652,603 owed to the Board by Kenya Grain Growers Cooperative Union Limited in respect of past unremitted operating surpluses up to 1987/88 financial year under the then Local Wheat Industry Agency Account. This debt went into arbitration and it was mutually agreed to be settled at 232,200,000 leaving a balance of KShs. 131,452,603 to be written off, and full provision has been made in the bad and doubtful debts account. The balance of KShs. 241,164,566 represents the amount due on facilities and services provided for local wheat handling during the last four fiscal years ended 30th June 1992, and are under negotiation with the Union.

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 1992

8. CASH AT BANK-EC-CPRF

The balance in this account, KShs. 418,224,466, represents the amount that has been reinstated into the fund, including interest earned, and credited in accordance with the Protocol on the use of counterpart funds for Crop Purchase, dated July 1988.

9. CASH AT BANK AND IN HAND

The amount of KShs. 1,222,407,012 represents bank balances, cash-in-hand and imprest funds held in the Board's cash offices at Head Office and Depots as of 30th June 1992.
Of this amount KShs. 425,984,940/= is retained in a restricted account for maize imports.

10. CREDITORS AND PROVISIONS

	1992 KShs.	1991 KShs.
Trade creditors	1,014,867,150	363,767,209
Sundry creditors and provisions	339,401,570	217,408,918
	1,354,268,720	581,176,127

The significant increase in Trade Creditors during 1992 is mainly due to credit terms on imported maize.

11. BANK OVERDRAFT

The Board has a standby overdraft facility of KShs. 150 million with the Kenya Commercial Bank Limited.

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

12. OTHER LOANS

	1992 KShs.	1991 KShs.
a) Due within one year:		
(i) Consortium loan from Commercial Banks in Kenya	260,000,000	200,000,000
Loans - Current portion	260,000,000	200,000,000
b) Long-term loans due after one year:		
ii) World Bank soft loan	10,350,750	10,350,750

(i) The consortium loans of KShs. 260 million represents bridging loan finance for maize purchases. This has become a common financing feature since 1982/83 financial year and during 1991/92 a bridging facility of KShs. 500 million was secured through a syndication of local commercial banks with Kenya Commercial Bank acting as the lead bank. The loans bear interest rate of 19.5% per annum and is payable over a period of six months commencing April 1992.

(ii) The World Bank soft loan represents reimbursement in respect of computer maintenance, costs of the procedures manuals, training expenses, and part of the cost of the computer centre building. The status of this funding is yet to be clarified, and pending advise of the Government the loan may be reclassified to a Grant.

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

13. GOVERNMENT AGENCY ACCOUNT

The Board receives cereals from overseas under either Food Aid or Loan Programmes on behalf of the Government of Kenya. A formal Agency Agreement has been entered into between the GOK and the Board. The agreement stipulates terms and conditions as well as the accountability by the Board for these commodities. An Agency Commission of 8% of the sales value is charged to meet the Board's management and overhead costs. The amounts of surplus to be paid to Government as at 30th June 1992 were as follows:

	1992 KShs.	1991 KShs.
Balance due to/(from) Government at 30th June	(25,210,373)	53,749,124
Transferred from operating accounts:		
PL 480 Wheat	61,668,489	118,699,591
PL 480 Rice	0	18,406
Food Aid Wheat - EEC	14,233,459	24,738,730
Food Aid Rice - EEC	0	0
	50,691,575	197,205,851
Less: Payment to Government during the year	(102,588,194)	(222,416,224)
Balance from Government end of year	(51,896,619)	(25,210,373)

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

14. INTEREST FREE IRREDEEMABLE LOAN

a) The movements on the Interest Free Irredeemable Loan during the year were as follows:

	1992 KShs	1991 KShs
Balance at 30th June	1,482,173,878	2,026,823,944
Received from GOK during the year for maintenance of Strategic Reserve Stocks/Market Stabilisation	388,678,000	390,506,100
Received from Narok Wheat Project debtors	0	34,417
Transfer from Strategic Reserve Stock of Maize and Beans	1,545,084,705	419,373,728
	3,415,936,583	2,836,738,189
Less:		
Strategic Reserve Stock and Market Stabilisation costs for the year (see note. 19)	(1,426,344,698)	(1,061,289,622)
GOK Subvention towards Commercial losses	(147,856,029)	(293,274,649)
Balance at 30th June 1992	1,841,735,855	1,482,173,878

b) Subvention Due from Government of Kenya

In compliance with the provisions of the Performance Contract signed between the Kenya Government and the Board there is an obligation on the part of Government to pay a total of KSh. 1,426,344,698 in respect of 1991/92 costs related to maintenance of Strategic Reserve Stock and Market Stabilisation function as analysed here under and increased by commercial loss for the year, KShs. 147,306,718.

	1992 KShs	1991 KShs
Unpaid balance 1st July	1,408,932,060	444,873,849
Add: Costs of Strategic --- Reserve Stock/Market Stabilisation for the year	1,426,344698	1,061,289,662
Commercial operating loss/(profit) for year	147,856,029	293,274,649
	2,983,132,787	1,799,438,160
Deduct: GOK Subvention received during year	(388,678,000)	(390,506,100
Cumulative shortfall receiveable from GOK	2,594,454,787	1,408,932,060

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE, 1992
(Continued)

15. GRANTS FOR SPECIFIC PROJECTS

	1992	1991
	KShs.	KShs.
EEC Crop Purchase Grant	117,382,839	117,382,839
British Government Grant	20,228,100	20,228,100
Danish Government Grant	39,045,363	39,045,363
IBRD Grant for Computer Enhancement	20,800,000	20,800,000
Japanese Motor Vehicle Grant	1,412,500	1,412,500
	198,868,802	198,868,802

16. GRANTS-EC-CPRF

Of this amount KShs. 874,843,984 represents grants received from the European Communities, while KShs. 75,228,452 is derived from interest earned less bank charges.

17. INTEREST FREE IRREDEEMABLE LOAN FOR STRATEGIC RESERVE STOCKS

The reduction of KShs. 1,528,167,693 represents the fall in quantity of Strategic Reserve Stock of Maize by 4,557,398 bags, and 127,329 bags of beans transferred from strategic reserve to operating stocks during the year

18. CONTINGENT LIABILITIES

The Board had contingent liabilities amounting to KShs. 17.8 million as at 30th June 1992 due to pending disputes with suppliers of goods and services.

19. COST OF MANAGING AND REVOLVING STRATEGIC RESERVE STOCKS AND FULFILLING MARKET STABILIZATION FUNCTION

19.1 The costs of managing, handling and revolving Strategic Reserve Stocks of maize and beans as well as for fulfilling market stabilisation function produce have been set against the Interest Free Irredeemable Loan as indicated in the Strategic Reserve Stock/Market Stabilization operating account below:

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 1992

19.2 STRATEGIC RESERVE STOCKS/MARKET STABILISATION ACCOUNT /SUBSIDIES AGAINST COMMERCIAL LOSSES:

	1992 KShs	1991 KShs
19.2.1. Cost of maintenance of:		
Strategic Reserve Stocks of		
1) Internal Maize	88,002,550	101,290,450
2) Imported Maize	19,496,786	0
3) Internal Beans	2,979,900	5,000,550
4) Insecticides	109,224	(273,954)
Sub-Total	110,588,460	106,564,955
19.2.2. Cost of Market Stabilisation:		
1) Internal Maize loss/(gain)	708,301,730	408,839,173
2) Maize export loss	0	134,117,343
3) Imported Maize loss	412,310,714	0
4) Internal Wheat loss	44,927,890	0
5) Wheat Imp.Comm.loss/(gain)	(45,693,111)	67,974,265
6) Internal beans loss/(gain)	3,272,143	11,277,630
7) Beans export loss/(gain)	(10,336,294)	(14,675,930)
8) Internal rice gain	(18,857,943)	(1,768,656)
9) Imported rice loss	728,959	0
10) Rice export loss	0	3,725
11) Internal wimbi loss/(gain)	11,094,345	7,195,627
12) Wimbi export loss/(gain)	11,889,725	84,854,673
13) Internal Cashewnut loss	64,350	0
14) Internal Bixa loss/(gain)	1,686,621	3,345,660
15) Internal gram loss/(gain)	(93,170)	548,247
16) Internal Simsim loss/(gain)	(722)	167,232
17) Internal Sorghum loss/(gain)	(60,684)	3,494,640
18) Sorghum export loss	0	8,902,889
19) Internal castor seeds loss/(gain)	(587)	667,955
20) Paddy loss/(gain)	2,048	6,154
21) Internal millet loss/(gain)	34,855,938	24,493,924
22) Millet export loss/(gain)	165,444,906	148,068,392
23) Internal peas loss/(gain)	(1,824)	(1,545,716)
24) Peas export loss	0	57,464,428
25) Internal Cupsicum loss/(gain)	2,302	1,728
26) Internal sunflower loss/(gain)	1,196	1,470
27) Internal Njahi loss/(gain)	(11,134)	26,618
28) Gunny bags loss/(gain)	(3,900,779)	10,938,126
29) Insecticides (gain)/loss	129,620	325,110
Sub total	1,315,756,239	954,724,707

STRATEGIC RESERVE STOCKS/MARKET STABILISATION ACCOUNT
(conti

Subsidies for commercial losses/(gain)	147,856,029	293,274,649
Total transferred to interest irredeemable loan account	1,574,200,728	1,354,564,311

19.2.3 The cost of indirect overhead costs has been apportioned on the basis of the cost allocation model introduced in the 1990/91 fiscal year.

19.2.4. The export losses arising from the fullfilment of Market Stabilisation function have been charged to the Market Stabilisation Account.

20. PURCHASES OF GUNNY BAGS

During the year under review, the Board imported wheat and maize in bulk. When the imported commodities were received at the port, they were bagged in new gunny bags. The accounting treatment of the bagging exercise were as follows:-

a) Debit the commodity with the value of the gunny bag therefore, enhancing the value of the commodity.
b) Credit the sale of gunny bags account.

The stocks used for bagging were adjusted out of physical stock

The bagged commodities were later transfered up country silos and depots. In cases where the commodities were transfered to a silo, where there is bulk storage facilities, they were emptied. This resulted into gunny bags being separated from the commodity and later downgraded to No.1 second hand gunnies. This was accounted for by a stock adjustment in which in effect increased the figure of gunny bag purchases to 8,329,587 as follows:-

External purchases	7,239,345
Internal "purchases"/Adjustment	1,090,242
	8,329,587

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL MAIZE

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	8,087,422	2,640,862,174	7,365,282	2,228,479,981
STORAGE LOSS/(GAIN)	109,748	0	283,476	0
	8,197,170	2,640,862,174	7,648,758	2,228,479,981
COST OF SALES				
Opening stock	0	0	4,742,605	1,153,692,649
Purchases	3,508,068	1,113,349,852	2,588,147	714,224,569
Transfer from/(to) strategic reserve	4,689,102	1,555,414,146	1,158,595	334,196,728
Transfer to Maize Export account	0	0		
Provision for shrinkage	0	0	(840,589)	(217,216,891)
Closing stock	0	0	0	0
	0	0	0	0
	8,197,170	2,668,763,998	7,648,758	1,984,897,055
GROSS MARGIN GAIN/(LOSS)		(27,901,824)		243,582,926
LESS:				
Railage and transport cost		292,780,440		343,545,594
Operation and administration expenses		626,837,560		700,104,405
		919,618,000		1,043,649,999
Transfer to Strategic Reserve Stock Account (note 19)		(88,002,550)		(101,290,450)
Transfer to Market Stabilisation Account		(708,301,730)		(408,839,173)
		123,313,720		533,520,376
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(151,215,544)		(289,937,450)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

COMMERCIAL MAIZE EXPORT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	0	0	840,589	204,504,238
STORAGE LOSS/(GAIN)	0	0	0	0
	0	0	840,589	204,504,238
COST OF SALES				
Opening stock	0	0	0	0
Transfer in for export	0	0	840,589	217,216,891
Export price differential	0	0	0	0
Closing stock	0	0	0	0
	0	0	840,589	217,216,891
GROSS MARGIN GAIN/(LOSS)		0		(12,712,653)
LESS:				
Railage and transport cost		0		39,208,362
Direct export costs		0		28,265,086
Operation and administration expenses		(0)		59,125,358
		(0)		126,598,806
Transfer to Market Stabilisation Account		0		(134,117,343)
		(0)		(7,518,537)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		0		(5,194,116)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

IMPORTED MAIZE

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	1,218,713	556,378,067	0	0
STORAGE LOSS/(GAIN)	0	0	0	0
	1,218,713	556,378,067	0	0
COST OF SALES				
Opening stock	0	0	0	0
Purchases	1,350,417	758,691,249	0	0
Transfer from/(to) strategic reserve	(131,704)	(73,993,941)	0	0
Provision for shrinkage	0	16,691,207	0	0
Closing stock	0	0	0	0
	1,218,713	701,388,515	0	0
GROSS MARGIN GAIN/(LOSS)		(145,010,448)		0
LESS:				
Railage and transport cost		101,757,827		0
Direct import costs		112,051,943		
Operation and administration expenses		138,863,060		0
		352,672,830		0
Transfer to Strategic Reserve Stock Account (note 19)		(19,496,786)		0
Transfer to Market Stabilisation Account		(412,310,714)		0
		(79,134,670)		0
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(65,875,778)		0

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL WHEAT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	552,090	367,952,899	0	0
STORAGE LOSS/(GAIN)	0	0	0	
	552,090	367,952,899	0	0
COST OF SALES				
Opening stock	0	0	0	0
Purchases	998,341	564,124,431	0	0
Add: Prior year adjustment	0	0	0	0
Provision for Shrinkage	0	12,410,738	0	0
Closing stock	(446,251)	(252,131,815)	0	0
	552,090	324,403,354	0	0
GROSS MARGIN GAIN/(LOSS)		43,549,545		0
LESS:				
Railage and transport costs		11,386,653		0
Direct import costs		0		0
Operation and administration expenses		83,812,060		0
		95,198,713		0
Transfer to Market Stabilisation Account		(44,927,890)		0
		50,270,823		0
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(6,721,278)		0

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

IMPORTED COMMERCIAL WHEAT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	517,857	337,185,464	1,373,868	761,736,224
STORAGE LOSS/(GAIN)	(7,482)	0	(50,521)	
	510,375	337,185,464	1,323,347	761,736,224
COST OF SALES				
Opening stock	1,068,241	332,390,008	537,421	222,814,348
Purchases	496,755	212,993,174	1,854,167	599,847,160
Add: Prior year adjustment	0	0	0	0
Provision for Shrinkage	0	4,685,850	0	13,196,638
Closing stock	(1,054,621)	(393,468,404)	(1,068,241)	(345,586,646)
	510,375	156,600,628	1,323,347	490,271,500
GROSS MARGIN GAIN/(LOSS)		180,584,834		271,464,724
LESS:				
Railage and transport costs		37,431,926		74,693,037
Direct import costs		41,218,648		112,459,383
Operation and administration expenses		54,847,136		227,053,594
		133,497,710		414,206,014
Transfer to Market Stabilisation Account		45,693,111		(67,974,265)
		179,190,821		346,231,749
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		1,394,013		(74,767,026)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL BEANS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	240,893	141,015,849	219,083	130,457,634
STORAGE LOSS/(GAIN)	618	0	6,480	0
	241,511	141,015,849	225,563	130,457,634
COST OF SALES				
Opening stock	0	0	0	0
Purchases	132,838	65,969,310	272,302	135,873,014
Transfer from strategic reserve	127,329	63,664,500	170,354	85,177,000
Transfer to export account	(18,656)	(9,285,399)	(217,093)	(108,546,500)
Closing stock	0	0	0	0
	241,511	120,348,411	225,563	112,503,514
GROSS MARGIN GAIN/(LOSS)		20,667,438		17,954,120
LESS:				
Railage and transport cost		9,129,332		6,800,334
Operation and administration expenses		20,202,875		34,563,043
		29,332,207		41,363,377
Transfer to Strategic Reserve Stock Account (note 19)		(2,979,900)		(5,000,551)
Transfer to Market Stabilisation Account		(3,272,143)		(11,277,630)
		23,080,165		25,085,196
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(2,412,726)		(7,131,076)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

BEANS EXPORT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	18,656	21,946,828	217,093	151,189,255
STORAGE LOSS/(GAIN)	0	0	0	0
	18,656	21,946,828	217,093	151,189,255
COST OF SALES				
Opening stock	0	0	0	0
Transfer in for export	18,656	9,285,399	217,093	108,546,500
Closing stock	0	0	0	0
	18,656	9,285,399	217,093	108,546,500
GROSS MARGIN GAIN/(LOSS)		12,661,429		42,642,755
LESS:				
Railage and transport cost		788,625		6,738,565
Direct export costs		608,893		7,299,825
Operation and administration expenses		1,008,493		15,269,890
		2,406,011		29,308,280
Transfer to Strategic Reserve Stock Account (note 18)		0		0
Transfer to Market Stabilisation Account		10,336,294		14,675,930
		12,742,305		43,984,210
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(80,876)		(1,341,455)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

LOCAL MILLED RICE

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	158,672	240,262,859	177,460	246,290,927
STORAGE LOSS/(GAIN)	5,239	0	(12,633)	0
	163,911	240,262,859	164,827	246,290,927
COST OF SALES				
Opening stock	73,170	78,173,059	49,193	54,988,057
Purchases	127,719	173,412,260	188,837	230,690,412
Less: Prior year adjustment	0	0	0	0
Transfer to export account cost	0	0	(33)	(31,845)
Closing stock	(36,978)	(52,584,971)	(73,170)	(78,173,059)
	163,911	199,000,348	164,827	207,473,565
GROSS MARGIN GAIN/(LOSS)		41,262,511		38,817,362
LESS:				
Railage and transport cost		5,773,990		12,121,115
Operation and administration expenses		15,481,514		25,764,603
		21,255,504		37,885,718
Transfer to Market Stabilisation Account		18,857,943		1,768,656
		40,113,447		39,654,374
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		1,149,064		(837,012)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

IMPORTED RICE

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	10,615	14,360,627	0	0
STORAGE LOSS/(GAIN)	800	0	0	0
	11,415	14,360,627	0	0
COST OF SALES				
Opening stock	0	0	0	0
Purchases	29,921	33,257,192	0	0
Less: Prior year adjustment	0	0	0	0
Closing stock	(18,506)	(20,569,419)	0	0
	11,415	12,687,773	0	0
GROSS MARGIN GAIN/(LOSS)		1,672,854		0
LESS:				
Railage and transport cost		386,274		0
Direct import costs		0		
Operation and administration expenses		2,191,266		0
		2,577,540		0
Transfer to Market Stabilisation Account		(728,959)		0
		1,848,581		0
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(175,727)		0

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

RICE EXPORT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	0	0	33	33,600
	0	0	33	33,600
COST OF SALES				
Opening stock	0	0	0	0
Transfer in for export	0	0	33	31,845
Closing stock	0	0	0	0
	0	0	33	31,845
GROSS MARGIN GAIN/(LOSS)		0		1,755
LESS:				
Railage and transport cost		0		2,254
Direct export costs		0		1,110
Operation and administration expenses		0		2,321
		0		5,685
Transfer to Market stabilisation Account		0		(3,725)
		0		1,959
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		0		(204)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL WIMBI

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	19,257	13,208,100	4,576	3,143,920
STORAGE LOSS/(GAIN)	675	0	(6,768)	0
	19,932	13,208,100	(2,192)	3,143,920
COST OF SALES				
Opening stock	230,207	136,557,279	269,346	161,607,600
Purchases	120,325	72,164,977	118,817	71,223,696
Transfer to export account	(37,302)	(22,381,200)	(160,148)	(99,282,600)
Provision for shrinkage	0	1,587,629	0	1,566,921
Closing stock	(293,298)	(175,948,777)	(230,207)	(138,124,200)
	19,932	11,979,908	(2,192)	(3,008,583)
GROSS MARGIN GAIN/(LOSS)		1,228,192		6,152,503
LESS:				
Railage and transport cost		5,382,220		5,700,846
Operation and administration expenses		7,545,421		8,383,798
		12,927,641		14,084,644
Transfer to Market Stabilisation Account		(11,094,345)		(7,195,627)
		1,833,294		6,889,017
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(605,102)		(736,514)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

WIMBI EXPORT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	37,302	15,165,180	160,148	37,486,820
STORAGE LOSS/(GAIN)	0	0	0	0
	37,302	15,165,180	160,148	37,486,820
COST OF SALES				
Opening stock	0	0	0	0
Transfer in for export	37,302	22,381,200	160,148	99,282,600
Closing stock	0	0	0	0
	37,302	22,381,200	160,148	99,282,600
GROSS MARGIN GAIN/(LOSS)		(7,216,020)		(61,795,780)
LESS:				
Railage and transport cost		1,601,510		7,398,953
Direct export costs		1,217,459		5,385,030
Operation and administration expenses		2,016,444		11,264,492
		4,835,413		24,048,475
Transfer to Market Stabilisation Account		(11,889,725)		(84,854,673)
		(7,054,312)		(60,806,198)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(161,708)		(989,582)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL CASHEWNUTS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	(100)	(65,000)	0	0
STORAGE LOSS/(GAIN)	99	0	0	0
	(1)	(65,000)	0	0
COST OF SALES				
Opening stock	0	0	0	0
Purchases	0	0	0	0
Provision for shrinkage		0		0
Closing stock	(1)	(650)	0	0
	(1)	(650)	0	0
GROSS MARGIN GAIN/(LOSS)		(64,350)		0
LESS:				
Railage and transport cost		0		0
Operation and administration expenses		0		0
		0		0
Transfer to Market Stabilisation Account		(64,350)		0
		(64,350)		0
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		0		0

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL BIXA ANNATO

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	13,383	6,156,180	12,910	7,164,680
STORAGE LOSS/(GAIN)	221	0	3,919	0
	13,604	6,156,180	16,829	7,164,680
COST OF SALES				
Opening stock	3,123	1,118,595	4,750	2,106,150
Purchases	11,471	4,841,369	15,202	6,420,333
Provision for shrinkage		106,510		141,247
Closing stock	(990)	(417,828)	(3,123)	(1,259,819)
	13,604	5,648,646	16,829	7,407,911
GROSS MARGIN GAIN/(LOSS)		507,534		(243,231)
LESS:				
Railage and transport cost		958,361		1,298,796
Operation and administration expenses		1,343,539		1,977,342
		2,301,900		3,276,138
Transfer to Market Stabilisation Account		(1,686,621)		(3,345,660)
		615,279		(69,522)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(107,745)		(173,709)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL GRAINS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	9,367	5,514,962	22,505	13,266,340
STORAGE LOSS/(GAIN)	(113)	0	(484)	0
	9,254	5,514,962	22,021	13,266,340
COST OF SALES				
Opening stock	9,303	4,619,347	28,555	14,265,930
Purchases	0	0	2,769	1,378,776
Transfer to export account	0	0	0	0
Provision for shrinkage		0		30,333
Closing stock	(49)	(24,490)	(9,303)	(4,649,680)
	9,254	4,594,857	22,021	11,025,359
GROSS MARGIN GAIN/(LOSS)		920,105		2,240,981
LESS:				
Railage and transport cost		361,187		1,167,677
Operation and administration expenses		506,355		1,777,723
		867,542		2,945,400
Transfer to Market Stabilisation Account		93,170		(548,247)
		960,712		2,397,153
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(40,607)		(156,172)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL SIMSIM

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	2	880	3	(164,459)
STORAGE LOSS/(GAIN)	(2)	0	2	0
	0	880	5	(164,459)
COST OF SALES				
Opening stock	24	10,542	27	11,880
Purchases	0	0	2	881
Provision for shrinkage		0		18
Closing stock	(24)	(10,560)	(24)	(10,560)
	0	(18)	5	2,219
GROSS MARGIN GAIN/(LOSS)		898		(166,680)
LESS:				
Railage and transport cost		77		231
Operation and administration expenses		106		352
		183		583
Transfer to Market Stabilisation Account		722		(167,232)
		905		(166,649)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(7)		(31)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL SORGHUM

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	3,818	1,126,300	13,570	4,001,198
STORAGE LOSS/(GAIN)	(416)	0	(7)	0
	3,402	1,126,299	13,563	4,001,198
COST OF SALES				
Opening stock	6,261	1,267,688	81,001	16,887,728
Purchases	475	96,072	2,116	430,552
Transfer to export account	0	0	(63,293)	(10,285,854)
Provision for shrinkage		2,114		9,472
Closing stock	(3,334)	(679,251)	(6,261)	(1,277,160)
	3,402	686,622	13,563	5,764,738
GROSS MARGIN GAIN/(LOSS)		439,677		(1,763,540)
LESS:				
Railage and transport cost		165,536		724,705
Operation and administration expenses		232,068		1,103,322
		397,604		1,828,027
Transfer to Market Stabilisation Account		60,684		(3,494,640)
		458,288		(1,666,613)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(18,611)		(96,927)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

SORGHUM EXPORT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	0	0	63,293	10,496,200
	0	0	63,293	10,496,200
COST OF SALES				
Opening stock	0	0	0	0
Transfer in for export	0	0	63,293	10,285,854
Closing stock	0	0	0	0
	0	0	63,293	10,285,854
GROSS MARGIN GAIN/(LOSS)		0		210,346
LESS:				
Railage and transport cost		0		2,924,182
Direct export costs		0		2,128,248
Operation and administration expenses		0		4,451,903
		0		9,504,333
Transfer to Market Stabilisation Account		0		(8,902,889)
		0		601,444
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		0		(391,098)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL CASTOR SEEDS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	461	115,330	20	4,800
STORAGE LOSS/(GAIN)	(27)	0	20	0
	434	115,330	40	4,800
COST OF SALES				
Opening stock	908	144,101	613	98,080
Purchases	63	10,080	335	53,580
Provision for shrinkage		222		1,179
Closing stock	(537)	(85,920)	(908)	(145,280)
	434	68,483	40	7,559
GROSS MARGIN GAIN/(LOSS)		46,847		(2,759)
LESS:				
Railage and transport cost		20,205		642,421
Operation and administration expenses		28,326		24,969
		48,531		667,390
Transfer to Market Stabilisation Account		587		(667,955)
		49,118		(565)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(2,271)		(2,194)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL NON-IRRIGATED PADDY

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	0	0	36	9,000
STORAGE LOSS/(GAIN)	0	0	0	0
	0	0	36	9,000
COST OF SALES				
Opening stock	5	1,373	36	10,054
Purchases	22	4,785	5	1,088
Shrinkage		105		24
Closing stock	(27)	(6,158)	(5)	(1,397)
	0	105	36	9,769
GROSS MARGIN GAIN/(LOSS)		(105)		(769)
LESS:				
Railage and transport cost		849		2,754
Operation and administration expenses		1,189		2,884
		2,038		5,638
Transfer to Market Stabilisation Account		(2,048)		(6,154)
		(10)		(516)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(95)		(253)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL MILLET

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	884	601,414	647	444,090
STORAGE LOSS/(GAIN)	892	0	(11,172)	0
	1,776	601,414	(10,525)	444,090
COST OF SALES				
Opening stock	170,547	98,970,592	201,934	121,160,400
Purchases	372,808	223,505,980	255,246	152,618,529
Transfer to export account	(498,087)	(298,852,200)	(297,158)	(178,110,562)
Provision for shrinkage		4,917,132		3,357,608
Closing stock	(43,492)	(26,074,324)	(170,547)	(102,328,200)
	1,776	2,467,180	(10,525)	(3,302,225)
GROSS MARGIN GAIN/(LOSS)		(1,865,766)		3,746,315
LESS:				
Railage and transport cost		14,409,398		11,822,441
Operation and administration expenses		20,200,767		17,999,005
		34,610,165		29,821,446
Transfer to Market Stabilisation Account		(34,855,938)		(24,493,924)
		(245,773)		5,327,522
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(1,619,993)		(1,581,207)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

OPERATING ACCOUNT

MILLET EXPORT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	498,087	195,814,452	297,158	72,828,435
	498,087	195,814,452	297,158	72,828,435
COST OF SALES				
Opening stock	0	0	0	0
Transfer in for export	498,087	298,852,200	297,158	178,110,562
Closing stock	0	0	0	0
	498,087	298,852,200	297,158	178,110,562
GROSS MARGIN GAIN/(LOSS)		(103,037,748)		(105,282,127)
LESS:				
Railage and transport cost		21,384,678		13,728,914
Direct export costs		16,256,518		9,992,037
Operation and administration expenses		26,925,221		20,901,504
		64,566,417		44,622,455
Transfer to Market Stabilisation Account		(165,444,906)		(148,068,392)
		(100,878,489)		(103,445,937)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(2,159,259)		(1,836,190)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL PEAS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	4,835	2,224,100	8,251	4,950,291
STORAGE LOSS/(GAIN)	173	0	(2,302)	0
	5,008	2,224,100	5,949	4,950,291
COST OF SALES				
Opening stock	5,202	1,864,516	194,773	72,066,010
Purchases	28	10,345	7,279	2,737,436
Transfer to export account cost	0	0	(190,901)	(71,248,237)
		228		60,224
Provision for shrinkage	(222)	(82,125)	(5,202)	(1,924,740)
Closing stock	5,008	1,792,964	5,949	1,690,693
GROSS MARGIN GAIN/(LOSS)		431,136		3,259,598
LESS:				
Railage and transport cost		187,515		717,497
Operation and administration expenses		262,880		1,092,349
		450,395		1,809,846
Transfer to Market Stabilisation Account		1,824		1,545,716
		452,219		3,355,562
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(21,083)		(95,964)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

PEAS EXPORT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	0	0	190,901	41,270,670
STORAGE LOSS/(GAIN)	0	0	0	0
	0	0	190,901	41,270,670
COST OF SALES				
Opening stock	0	0	0	0
Transfer in for export	0	0	190,901	71,248,237
Closing stock	0	0	0	0
	0	0	190,901	71,248,237
GROSS MARGIN GAIN/(LOSS)		0		(29,977,567)
LESS:				
Railage and transport cost		0		8,819,764
Direct export costs		0		6,419,110
Operation and administration expenses		0		13,427,597
		0		28,666,471
Transfer to Market Stabilisation Account		0		(57,464,428)
		0		(28,797,957)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		0		(1,179,610)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL GROUNDNUTS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	4	2,760	0	0
STORAGE LOSS/(GAIN)	0	0	0	0
	4	2,760	0	0
COST OF SALES				
Opening stock	10	6,000	6	3,600
Purchases	0	0	0	0
Add/Less: Prior year adjustment	0	0	4	2,400
Closing stock	(6)	(3,600)	(10)	(6,000)
	4	2,400	0	0
GROSS MARGIN GAIN/(LOSS)		360		0
LESS:				
Railage and transport cost		154		0
Operation and administration expenses		216		0
		370		0
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(10)		0

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL CAPSICUMS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	3	750	0	0
STORAGE LOSS/(GAIN)	10	0	0	0
	13	750	0	0
COST OF SALES				
Opening stock	29	6,307	14	3,080
Purchases	0	0	15	3,300
Provision for shrinkage		0		73
Closing stock	(16)	(3,520)	(29)	(6,380)
	13	2,787	0	73
GROSS MARGIN GAIN/(LOSS)		(2,037)		(73)
LESS:				
Railage and transport cost		116		693
Operation and administration expenses		162		1,055
		278		1,748
Transfer to Market Stabilisation Account		(2,302)		(1,728)
		(2,024)		20
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(13)		(93)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL SUNFLOWER SEEDS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	12	1,430	0	0
STORAGE LOSS/(GAIN)	(1)	0	0	0
	11	1,430	0	0
COST OF SALES				
Opening stock	279	21,867	269	21,205
Purchases	8	800	10	1,030
Provision for shrinkage		18		23
Closing stock	(276)	(21,825)	(279)	(21,890)
	11	860	0	368
GROSS MARGIN GAIN/(LOSS)		570		(368)
LESS:				
Railage and transport cost		772		462
Operation and administration expenses		1,081		703
		1,853		1,165
Transfer to Market Stabilisation Account		(1,196)		(1,470)
		657		(305)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(87)		(63)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INTERNAL NJAHI

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	80	43,820	485	257,080
STORAGE LOSS/(GAIN)	(2)	0	(3)	0
	78	43,820	482	257,080
COST OF SALES				
Opening stock	107	28,713	276	99,480
Purchases	56	22,400	313	124,864
Provision for shrinkage		493		2,747
Closing stock	(85)	(30,926)	(107)	(31,460)
	78	20,680	482	195,631
GROSS MARGIN GAIN/(LOSS)		23,140		61,449
LESS:				
Railage and transport cost		5,244		36,868
Operation and administration expenses		7,352		56,130
		12,596		92,998
Transfer to Market Stabilisation Account		11,134		(26,618)
		23,730		66,380
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(590)		(4,931)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

GUNNY BAGS

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	6,758,276	122,785,610	4,088,901	68,813,645
STORAGE LOSS/(GAIN)	(121,618)	0	(196,862)	0
	6,636,658	122,785,610	3,892,039	68,813,645
COST OF SALES				
Opening stock	5,469,831	81,449,786	5,764,554	90,782,901
Purchases (note 20)	8,329,587	137,138,468	3,597,316	65,046,458
Issued for internal use	0	0		
Closing stock	(7,162,760)	(117,899,030)	(5,469,831)	(81,449,786)
	6,636,658	100,689,224	3,892,039	74,379,573
GROSS MARGIN GAIN/(LOSS)		22,096,386		(5,565,928)
LESS:				
Railage and transport cost		2,109,905		3,037,225
Direct import costs		7,310,433		4,208,096
Operation and administration expenses		9,062,318		6,007,036
		18,482,656		13,252,357
Transfer to Strategic Reserve Stock Account (note 19)		0		
Transfer to Market Stabilisation Account		3,900,779		(10,938,126)
		22,383,435		2,314,231
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(287,049)		(7,880,159)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

INSECTICIDES

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	9,430	3,013,826	8,704	2,669,753
STORAGE LOSS/(GAIN)	2,748	0	(227)	0
	12,178	3,013,826	8,477	2,669,753
COST OF SALES				
Opening stock	22,434	5,496,330	18,911	4,633,195
Purchases	6,429	2,491,980	12,000	4,006,800
Issued for internal use	0	0		
Closing stock	(16,685)	(5,004,700)	(22,434)	(5,496,330)
	12,178	2,983,610	8,477	3,143,665
GROSS MARGIN GAIN/(LOSS)		30,216		(473,912)
LESS:				
Railage and transport cost		93,828		58,734
Operation and administration expenses		190,510		72,814
		284,338		131,548
Transfer to Strategic Reserve Stock Account (note 19)		(109,224)		(273,954)
Transfer to Market Stabilisation Account		(129,620)		(325,110)
		45,494		(467,516)
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		(15,278)		(6,396)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

PL480 - WHEAT

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	261,087	170,491,229	367,375	201,718,392
STORAGE LOSS/(GAIN)	(0)	0	0	0
	261,087	170,491,229	367,375	201,718,392
COST OF SALES				
Opening stock	272,140	0	20,871	0
Received	516,882	0	618,644	0
Less: Prior year adjustment	0	0	0	0
Provision for shrinkage	0	3,750,807	0	4,437,805
Closing stock	(527,935)	0	(272,140)	0
	261,087	3,750,807	367,375	4,437,805
GROSS MARGIN GAIN/(LOSS)		166,740,421		197,280,587
LESS:				
Railage and transport cost		38,948,555		24,921,380
Direct import costs		42,888,702		37,522,145
Other Direct costs		0		
Legal fees		9,595,377		
Government agency commission at 8%		13,639,298		16,137,471
		105,071,932		78,580,996
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		61,668,489		118,699,591

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

FOOD AID - WHEAT - EEC

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	68,644	44,824,859	58,196	31,954,030
STORAGE LOSS/(GAIN)	0	0	0	0
	68,644	44,824,859	58,196	31,954,030
COST OF SALES				
Opening stock	43,109	0	62,112	0
Received	164,337	0	39,193	0
Provision for shrinkage	0	986,147	0	702,989
Closing stock	(138,802)	0	(43,109)	0
	68,644	986,147	58,196	702,989
GROSS MARGIN GAIN/(LOSS)		43,838,711		31,251,041
LESS:				
Railage and transport cost		12,383,268		1,578,846
Direct import costs		13,635,995		2,377,143
Operation and administration expenses		0		0
Government agency commission at 8%		3,585,989		2,556,322
		29,605,252		6,512,311
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		14,233,459		24,738,730

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

OPERATING ACCOUNT

PL480 - RICE

	1992		1991	
	Bags	Kshs.	Bags	Kshs.
SALES	0	0	39	22,504
STORAGE LOSS/(GAIN)	0	0	0	0
	0	0	39	22,504
COST OF SALES				
Opening stock	34	0	73	0
Provision for shrinkage	0	0	0	495
Closing stock	(34)	0	(34)	0
	0	0	39	495
GROSS MARGIN GAIN/(LOSS)		0		22,009
LESS:				
Railage and transport cost		0		1,803
Direct import costs		0		0
Government agency commission at 8%		0		1,800
		0		3,603
SURPLUS/(DEFICIT) TRANSFERRED TO INCOME AND EXPENDITURE ACCOUNT		0		18,406

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 1992

SUMMARY OF OPREATING ACCOUNTS
(Excludes Gov't Agency accounts)

	1992	1991
	Kshs.	Kshs.
SALES	4,685,674,861	3,989,334,322
	4,685,674,861	3,989,334,322
COST OF SALES		
Opening stock	742,126,104	1,915,252,448
Purchases	3,362,084,724	1,984,682,776
Transfer to strategic reserve	1,545,084,705	419,373,728
Provision for shrinkage	40,402,245	18,366,483
Closing stock	(1,045,048,293)	(760,492,587)
	4,644,649,484	3,577,184,848
GROSS MARGIN GAIN/(LOSS)	41,025,377	412,149,474
LESS:		
Railage and transport cost	506,116,622	541,192,423
Direct import costs	160,581,024	116,667,479
Direct export costs	18,082,870	59,490,446
Operation and administration expenses	1,011,567,920	1,150,428,194
	1,696,348,436	1,867,778,542
Sub-Total	(1,655,323,059)	(1,455,627,068)
	81,122,331	101,064,757
SURPLUS/(DEFICIT)BEFORE SUBSIDY	(1,574,200,728)	(1,354,562,311)

NATIONAL CEREALS AND PRODUCE BOARD

OPERATING AND ADMINISTRATION EXPENSES FOR THE YEAR ENDED 30TH JUNE 1992

	1992 Kshs.	1991 Kshs.
GENERAL ADMINISTRATION		
Allowance Board Members	96,252	95,174
Advertising	1,412,250	1,409,873
Conservancy, light and water	15,557,883	10,515,985
Consumable stores	1,530,799	2,072,910
Entertainment	127,817	213,560
General expenses	3,500,378	6,547,485
Insurance	16,402,515	13,822,929
Land and siding rent and rates	8,959,228	3,686,633
Maintenance of machinery, furniture	0	
and equipment	30,538,210	19,453,407
Maintenance of buildings	10,924,320	11,243,158
Postage, telegram & telephone	13,207,356	13,631,666
Printing and stationary	26,077,187	18,020,233
Rent for offices, staff houses	0	0
and stores	13,409,124	31,148,380
Security expenses	21,487,130	16,987,797
Subscriptions	152,434	441,258
Uniforms	3,579,646	2,047,513
Depreciation	65,882,769	78,544,510
Donations	1,121,668	3,539,192
	233,966,966	233,421,663
GENERAL OPERATING EXPENSES		
Fumigation expenses	11,157,853	14,316,102
Grain dryers operating costs	20,409,799	13,177,210
Handling and agency fees	7,802,991	9,236,704
Hired transport	6,000,042	1,471,372
Shows and exhibitions	3,438,339	3,524,950
Traveling and subsistence	30,109,675	27,111,985
Vehicle running costs	12,333,172	10,774,025
Provision for bad and doubtful accounts	240,293,265	340,504,507
Tarpaulins	0	8,811,914
Dunnages	284,227	341,518
	331,829,362	429,270,287

NATIONAL CEREALS AND PRODUCE BOARD

OPERATING AND ADMINISTRATION EXPENSES FOR THE YEAR ENDED 30TH JUNE 1992

(continued)

	1992	1991
	Kshs.	Kshs.
STAFF COSTS		
Salaries and wages	307,510,380	322,642,142
Board's contribution to pension scheme, provident fund and savings schemes	10,155,005	10,760,786
Medical expenses	4,220,195	5,860,105
National Social Security Fund	3,659,648	4,453,096
Leave pay, passages and gratuities	5,093,015	4,823,596
Welfare and training	5,314,504	4,668,688
	335,952,746	353,208,413
PROFESSIONAL EXPENSES		
Accountancy fees and expenses	0	91,775
Audit fees	2,500,000	2,500,000
Audit fees under provided in previous years	0	250,000
Legal and other fees	877,159	4,022,873
	3,377,159	6,864,648
TOTAL EXPENDITURE BEFORE FINANCE COSTS	905,126,234	1,022,765,011
FINANCE COSTS		
Loss/(gain) on exchange unrealized	0	44,848,366
Loss/(gain) on exchange	29,244,134	(3,122,196)
Bank charges and bank loan interest	77,698,829	87,962,138
Bank overdraft interest	1,524,349	9,093,600
Less: Interest earned	(2,025,623)	(11,118,725)
	106,441,689	127,663,183
TOTAL EXPENDITURE TO BE APPORTIONED	1,011,567,922	1,150,428,194

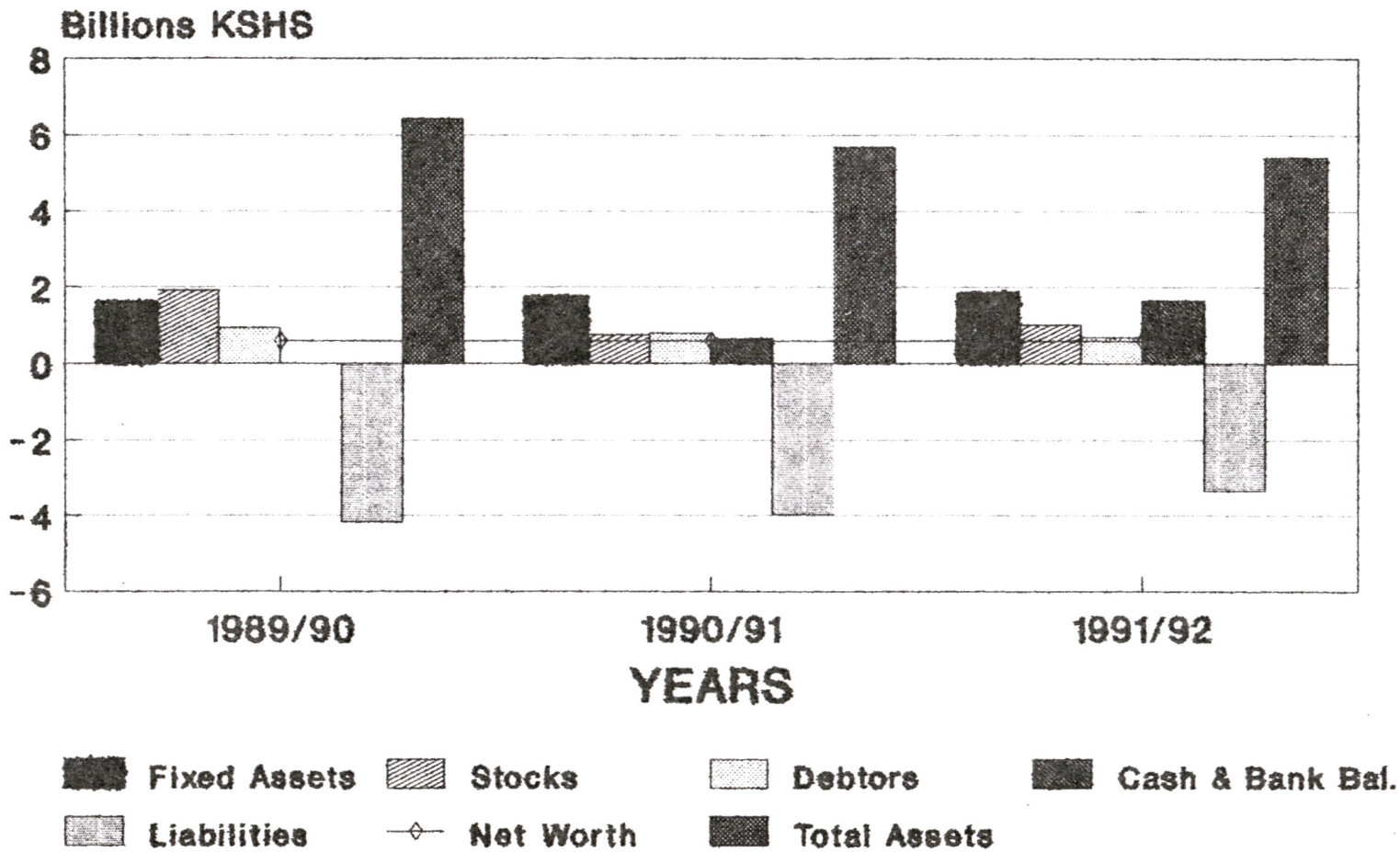
OPERATING AND ADMINISTRATION EXPENSES
FOR THE YEAR ENDED 30TH JUNE 1992

(continued)

		1992	1991
		Kshs.	Kshs.
(a) APPORTIONED AS FOLLOWS:			
MAIZE	: Internal	626,837,560	700,104,405
	: Commercial exports	0	59,125,358
	: Imported	138,863,060	0
WHEAT	: Internal	83,812,060	0
	: Imported	54,847,136	227,053,594
BEANS	: Internal	20,202,876	34,563,043
	: Export	1,008,492	15,269,890
RICE	: Locally milled	15,481,515	25,764,603
	: Imported	2,191,265	0
	: Export	0	2,321
WIMBI	: Internal	7,545,421	8,383,798
	: Export	2,016,444	11,264,492
BIXA ANNATO	: Internal	1,343,539	1,977,342
CASHEWNUTS	: Internal	0	0
GRAMS	: Internal	506,354	1,777,723
	: Export	0	0
SIMSIM	: Internal	106	352
SORGHUM	: Internal	232,068	1,103,322
	: Export	0	4,451,903
CASTOR SEEDS	: Internal	28,326	24,969
PADDY	: Internal	1,189	2,884
MILLET	: Internal	20,200,768	17,999,005
	: Export	26,925,222	20,901,504
PEAS	: Interrnal	262,880	1,092,349
	: Export	0	13,427,597
GROUNDNUTS	: Internal	217	0
CAPSICUMS	: Internal	162	1,185
SUNFLOWER SEEDS	: Internal	1,082	703
NJAHI	: Internal	7,352	56,130
GUNNY BAGS		9,062,318	6,007,036
INSECTICIDES		190,510	72,814
		1,011,567,922	1,150,428,322
EXPENSES DIRECTLY ALLOCATED		792,637,035	783,751,663
(b) TOTAL EXPENSES		1,813,800,334	1,934,179,857
GOVERNMENT AGENCY OPERATING EXPENSES INCLUDED (b) ABOVE		117,451,897	66,401,315

See note 1 g to the accounts for the basis of allocation of overhead expenses.

NATIONAL CEREALS AND PRODUCE BOARD
BALANCE SHEET 1989/90 - 1991/92

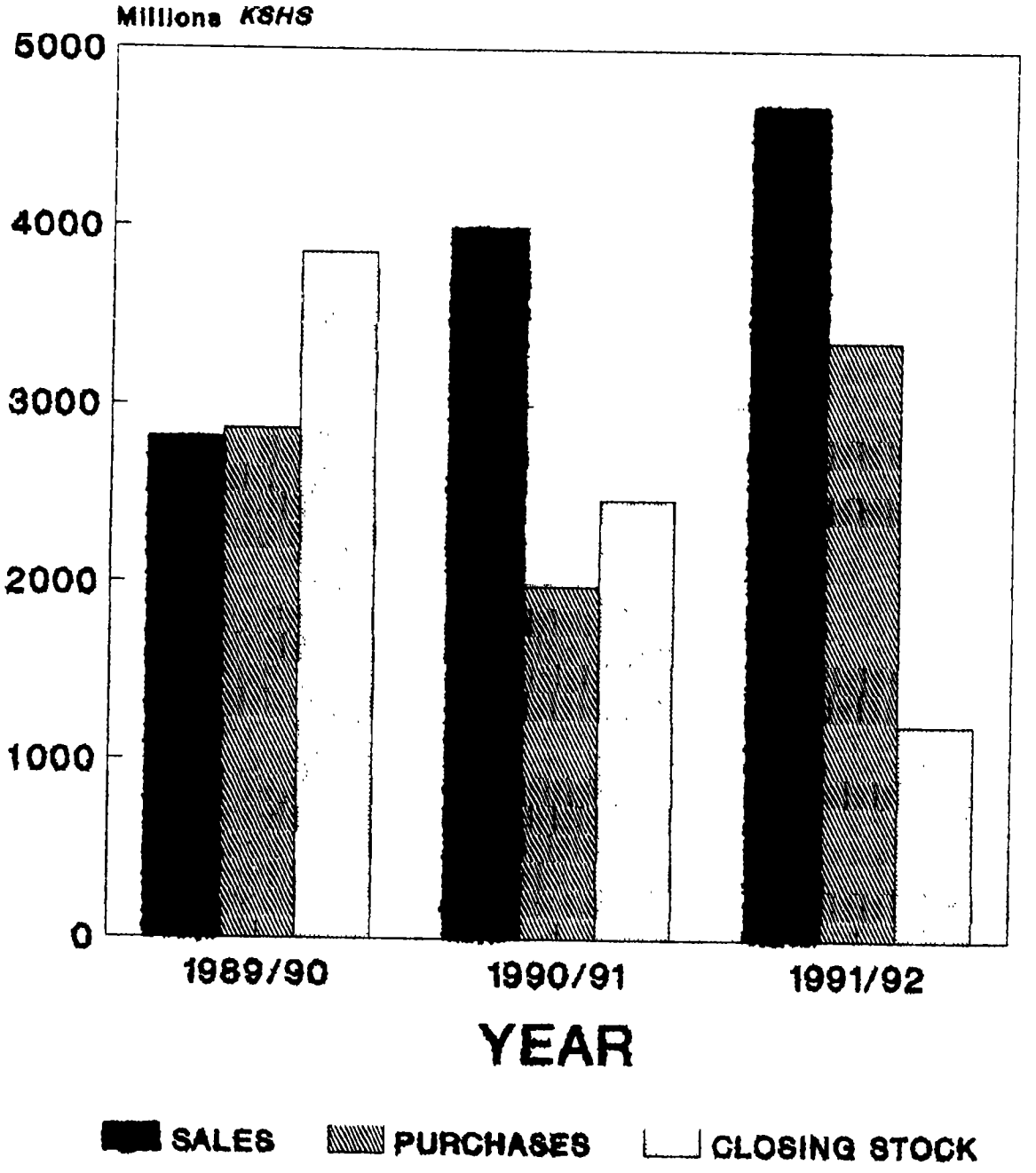


NATIONAL CEREALS AND PRODUCE BOARD

BALANCE SHEETS 1989/90 TO 1991/92

	1989/90	1990/91	1991/92
	KSHS	KSHS	KSHS
FIXED ASSETS	1,618,043,140	1,748,712,765	1,855,070,749
INVESTMENT AND LOANS	16,621,160	16,621,160	16,621,160
STRATEGIC RESERVE STOCK	1,942,539,500	1,730,136,245	201,968,552
	3,577,203,800	3,495,470,170	2,073,660,461
CURRENT ASSETS			
Operating Stocks	1,915,252,448	742,126,104	1,004,646,049
Debtors	926,199,779	795,296,241	686,391,849
Cash at bank and in hand	4,375,387	643,739,493	1,640,631,478
	2,845,827,614	2,181,161,838	3,331,669,376
CURRENT LIABILITIES			
Creditors and provisions	477,278,366	581,176,127	1,354,268,720
Bank overdraft	83,036,217	0	0
Other loans - current portion	370,000,000	200,000,000	260,000,000
Government agency	53,749,124	0	0
	984,063,707	781,176,127	1,614,268,720
NET CURRENT ASSETS	1,861,763,907	1,399,985,711	1,717,400,656
	5,438,967,707	4,895,455,881	3,791,061,117
CAPITAL FUND	229,283,233	229,283,233	229,283,233
INTEREST FREE IRREDEEMABLE LOAN	2,026,823,944	1,482,173,878	1,841,735,854
	2,256,107,177	1,711,457,111	2,071,019,087
GRANTS FOR SPECIFIC PROJECTS	871,188,790	1,084,730,285	198,868,802
GRANTS - EC- CPRF	0		950,072,436
INTEREST FREE IRREDEEMABLE LOAN FOR STRATEGIC RESERVE STOCK	1,942,539,500	1,730,136,245	201,968,552
LONG TERM LOANS	10,350,750	10,350,750	10,350,750
ACCUMULATED SURPLUS	358,781,490	358,781,490	358,781,490
	5,438,967,707	4,895,455,881	3,791,061,117

NATIONAL CEREALS AND PRODUCE BOAR
SALES, PURCHASES AND STOCK
1989/90 TO 1991/92



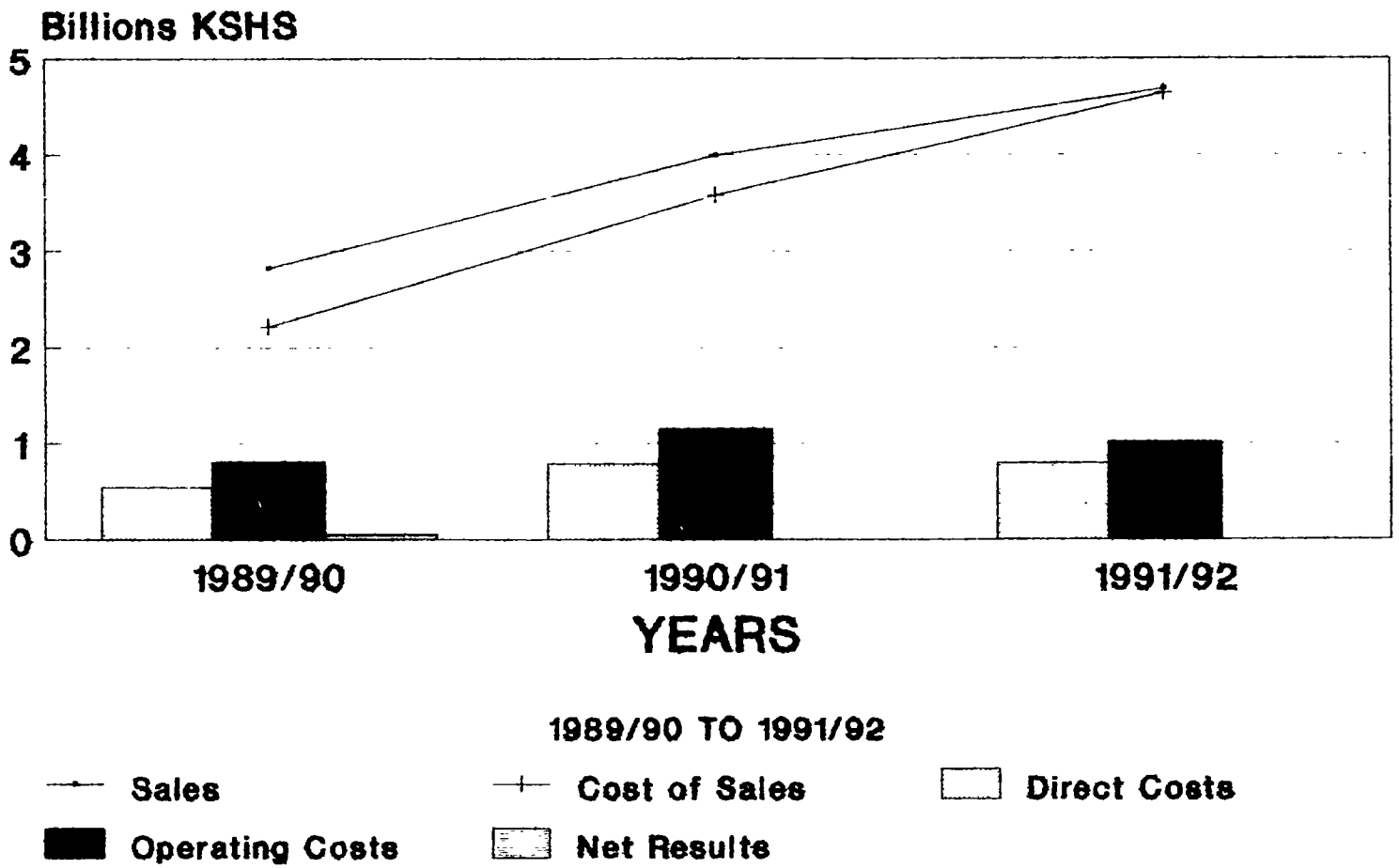
1989/90 TO 1991/92

NATIONAL CEREALS AND PRODUCE BOARD

SALES, PURCHASES AND STOCKS - 1989/90 TO 1991/92

	1989/90 KSHS	1990/91 KSHS	1991/92 KSHS
SALES:			
DOMESTIC			
Maize	1,049,246,750	2,228,479,981	3,197,240,242
Wheat	645,931,785	761,736,224	705,138,363
Beans	82,200,410	130,457,634	141,015,849
Rice	253,701,026	246,290,927	254,623,486
Other	15,726,871	143,392,195	28,931,026
Sub-Total	2,046,806,842	3,510,356,961	4,326,948,966
Exports			
Maize	0	0	0
Beans	196,741,696	151,189,255	21,946,828
Rice	0	33,600	0
Other	87,698,705	162,082,125	210,979,632
Sub-Total	284,440,401	313,304,980	232,926,460
Sub-Total	2,331,247,243	3,823,661,941	4,559,875,426
Gunny Bags	105,752,328	68,813,645	122,785,610
Insecticides	4,083,232	2,669,753	3,013,826
TOTAL SALES	2,441,082,803	3,895,145,339	4,685,674,862
PURCHASES:			
DOMESTIC			
Maize	1,571,010,898	714,224,569	1,113,349,852
Wheat	0	0	564,124,431
Beans	265,654,304	135,873,014	65,969,310
Rice	228,335,737	230,690,412	173,412,260
Other	379,094,288	234,994,065	300,656,808
Sub-Total	2,444,095,227	1,315,782,060	2,217,512,661
Imports			
Maize	0	0	758,691,249
Wheat	398,280,577	599,847,160	212,993,174
Rice	0	0	33,257,192
TOTAL PURCHASES	2,842,375,804	1,915,629,220	3,222,454,276
CLOSING STOCK			
Strategic Reserve	1,942,539,500	1,730,136,245	201,968,552
Operating Stock	1,915,252,448	742,126,104	1,004,646,049
TOTAL STOCK	3,857,791,948	2,472,262,349	1,206,614,601

NATIONAL CEREALS AND PRODUCE BOARD
SUMMARY OF OPERATING RESULTS



NATIONAL CEREALS AND PRODUCE BOARD

SUMMARY OF OPERATING RESULTS

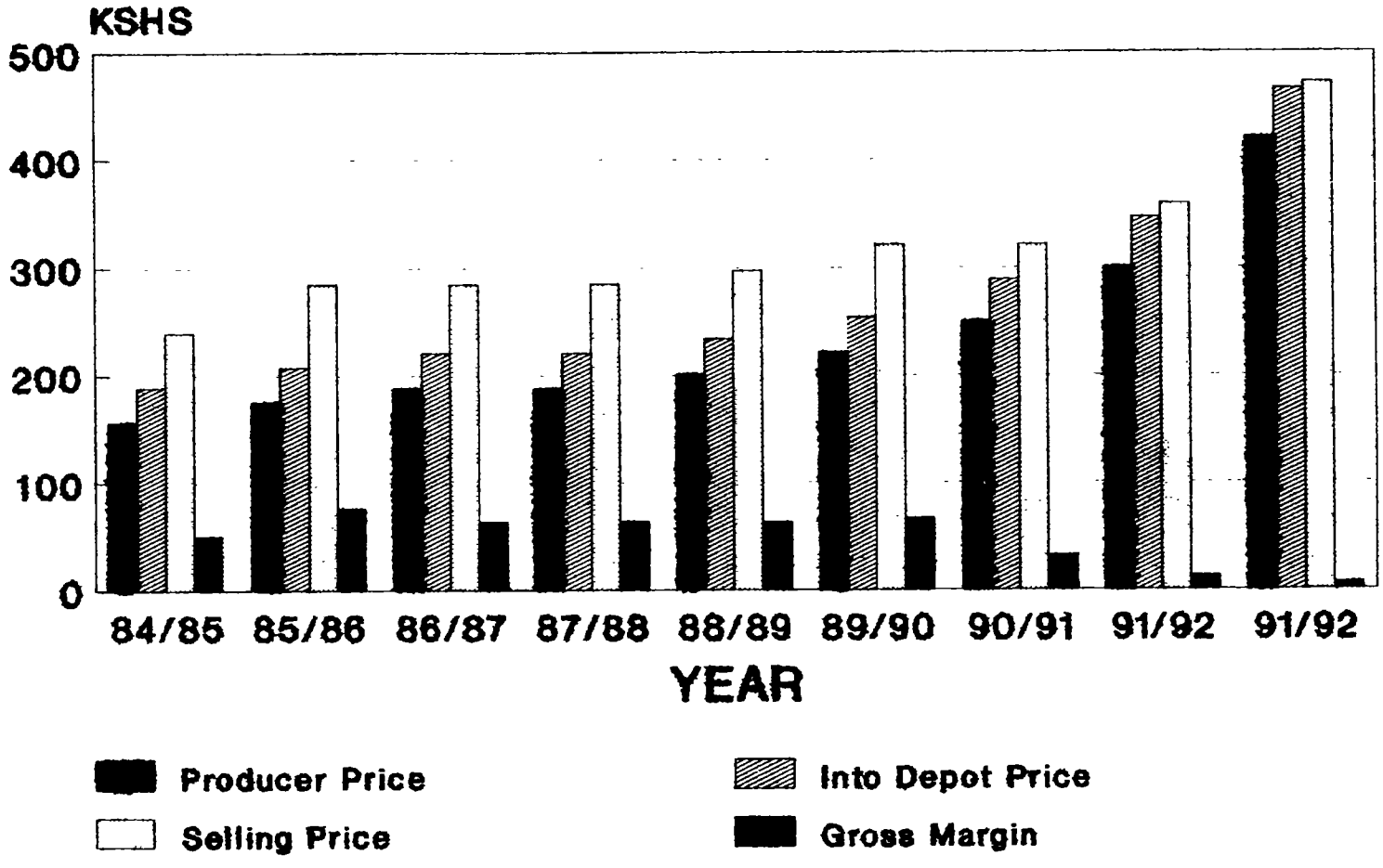
1989/90 TO 1991/92

	1989/90	1990/91	1991/92
	KSHS	KSHS	KSHS
SALES	2,816,613,227	3,989,334,322	4,685,674,861
COST OF SALES	2,212,042,056	3,577,184,848	4,644,649,484
GROSS MARGIN	604,571,171	412,149,474	41,025,377
% OF SALES	21	10	1
OTHER INCOME	90,533,681	101,064,757	81,122,331
	695,104,852	513,214,231	122,147,708
OPERATING EXPENSES			
Road and Railage	362,410,611	541,192,423	506,116,622
Export costs	8,165,712	59,490,446	18,082,870
Import costs	89,805,715	116,667,479	160,581,024
Total Direct Costs	460,382,038	717,350,348	684,780,516
Staff costs	338,522,287	353,208,413	335,952,747
Finance costs	52,665,326	127,663,183	106,441,688
Other operational costs	413,078,137	669,556,598	569,173,485
TOTAL COSTS	1,264,647,788	1,867,778,542	1,696,348,436
SURPLUS/(DEFICIT) BEFORE SUBVENTION	(569,542,936)	(1,354,564,311)	(1,574,200,728)
GOK SUBVENTION	622,011,963	1,354,564,311	1,574,200,728
NET SURPLUS/(DEFICIT) FOR THE YEAR	52,469,027	0	0

NATIONAL CEREALS AND PRODUCE BOARD

PROGRESSION OF MAIZE PRICES

(1984/85 TO 1991/92)



NATIONAL CEREALS AND PRODUCE BOARD

PROGRESSION OF MAIZE PRICE MARGIN 1984/85 - 1991/92

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	FISCAL YEAR	PRODUCER PRICE (NAKED)	OTHER DIRECT COSTS	INTO-DEPOT PRICE	SELLING PRICE	GROSS MARGIN	% TO COST (f)-(d)
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
1	1984/85	156.00	32.90	188.90	239.60	50.70	26.8 %
2	1985/86	175.00	32.90	207.90	284.65	76.75	36.9 %
3	1986/87	188.00	32.90	220.90	284.65	63.75	28.9 %
4	1987/88	188.00	32.90	220.90	284.65	63.75	28.9 %
5	1988/89	201.00	32.90	233.90	297.15	63.25	27.0 %
6	1989/90	221.00	32.90	253.90	320.80	66.90	26.3 %
7	1990/91	250.00	38.45	288.45	320.80	32.35	11.2 %
8	1991/92	300.00	45.95	345.95	358.57	12.62	3.6 %
9	1991/92	420.00	45.95	465.95	472.00	6.05	1.3 %

NATIONAL CEREALS AND PRODUCE BOARD
EXPENSES 1989/90 TO 1991/92