



2019/2020 ANNUAL REPORT

MAY 25, 2020



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Message from the Chairman Bishop Peter Nakola

I would like to take this opportunity to welcome all delegates to our special General Assembly (**AGM**)2019/2020 at Africa Hope Centre Narok town .Its extraordinary time to conduct (**AGM**) during the current prevailing situation of Corona Covid-19 pandemic disaster that has threaten and taking lives not only in Kenya but all over the world. Above all else I do pray that you are securely protected by the grace of God as we draw our strength from Him during this Covid-19 worrying situation.



I wish to register my sincere thanks to Purko fraternity for the conducive environment and good will given to the board of trustees in the struggle on the journey of recovery and put the trust on the right track. The year was peaceful with a lot of challenges both positive as well as negative as compared to the previous financial year 2018/2019.We recorded a gross income of Kenya shillings 84 million although started with a deficit of around 30 million inherited from the previous management. Our entry as a new board of management took over the trust with full of hope to turn around on a recovery journey to meet the expected goals and objectives intended by Purko community. We were ambitious with a number of proposals placed on the **AGM** that we could not fulfilled immediately.

Our gross income in 2019/2020 was Kenya shillings 34 million a drop by 50 million Kenya shillings with a total expenditure input of 72 million. This was attributed to excessive rainfall that raised high nitrogen and resulted on the loss of bushel weight of all crops grains. The net deficit stands at over 18 million. Following the sharp drop on this financial year we intend to scale down 2020/2021 proposed projects to manageable targets.

I wish to report to the **AGM** that we need a budget of kshs 65 million borrowing in addition to what we have to attain 75 million Kenya shillings to finance the activities for the year 2020/2021.

The current board of trustees needed an induction orientation, training to improve capacity in assuming responsibility in policy formulation and as custodian of PDT resources. Put structures in place for proper establishment of Purko which has never been since inception.ie all the necessary policies and procedures like financial, human resource, procurement and conflict of interest polies among others. This will enhance transparency and accountability in management of PDT.

The Trust should be at par or beyond other community organizations like keyian and Ilkerin loita just to mention a few. The sole purpose of the trust is to give back to the community on support investment on various projects.

The trust intend to reduce crop farming due to unfavorable ready market as well as unpredictable weather pattern and embraced on diversity by engaging on livestock production which is more promising in improving our economy.

On the upper belt Entiyani farm we focus on diary production on highly improved both freshian and Ayrshire cows. The merino correidell sheep for mutton, wool and quality breeds to the farmers. While on the lower region;

- a) Naroosura kishalduka farm we have done half way fencing the shawl steers and heifers doing very well. That we intend to increase the number of steers and heifers from 50 to 200. The black headed dupe sheep and goats can do well in this farm.
- b) Township land parcels currently the case is still contested in environmental court awaiting ruling challenging county Government with other national Government sectors who are keen to take advantage of the Purko community land set aside without securing tittle deeds. We intend to do fencing Olokerri loonkishu nanyokie in this financial year.
- c) The trust is investing on forestry at the same time networking with Government agencies for any collaboration in value addition to our products. We wish to work close with the Government in the conservation of Maasai Mao forest and restoration as community ecosystem in Narok County. I call upon our able leaders in all sectors to network with the Government and international agencies to improve the available resources to transform our community livelihood.
- d) Finally, restructuring the current establishment of PDT management by putting resourceful personnel depending on the available jobs opportunities in place for high production.

Once again I do seek approval from the AGM our projections for the financial year 2020/2021 proposals.

As it is written in Habakkuk. 2:2 ... "write the vision, make it plain upon tables, that he may run that read it."

May the lord Almighty keep and sustain us as we grow more united politically, socially, spiritually, morally and economically in building Purko Empire. God bless you.

Message from the CEO Mr. Joseph Nkaiwuatei

I am delighted to bring to you the 2nd Annual Report for Purko Development Trust for the period 1st May 2019 to 30th April 2020. This is our 2nd year of recovery and restructuring at the Trust. The year started well with the adoption of the New Trust deed, that has revolutionised the governance and management of the Trust. The New deed strengthened the roles of the General Assembly, The Board of Trustees and the management teams. The General Assembly, led by the Patron and the Deputy Patron was granted the overall responsibility of steering the direction of the Trust by offering strategic hawk-eyed leadership, approval of investment proposals and other strategic choices that the Trust desires to undertake. The oversight role of Board of Trustees was also clarified and strengthened. The Executive role of the Board of Trustees was handed over to management for the day to day operations and management of the Trust.



The report presented to the General assembly is a product of the 12 months of hard work by the Board of Trustees and management teams. Let me congratulate them for their hard work, diligence, dedication and selfless efforts in the FY 2019/2020. Unlike 2018/2019, our story today is different. We present a story of low income earnings. This is usual in any sector that is weather dependent. 2019/2020 FY experienced very heavy rainfall that swept an entire farming season, causing low crop yields, poor produce quality, low produces prices and high costs of production. The Trust registered a low of 6-7 bags of wheat and barley productivity in 2019/2020 compared to an average of 15-20 bags of wheat and barley in 2018/2019. This phenomenon was experienced across the entire Mau region, causing farmers huge losses, heavy debt burdens and loss of income. we were not immune to these losses too. Our income dropped significantly from a high of Ksh. 84.5 Million in 2018/2019 to a low of Ksh 34 Million in 2019/2020. We are determined that the future is bright for us.

The Trust is entirely dependent on farming to raise its income from agriculture based productivity. With the effects of climate change, the Trust is left with no choice but to diversify its revenue bases. In the current financial year, the Trust ventured into dairy farming, and is currently dropping an average of 170-200 Litres of milk to Kenya Co-operative Creameries Nakuru (New- KCC), at a price of ksh. 33 per Kg. this has seen income from milk rise from a low of Ksh. 5,400 in 2018/2019 to a high of Ksh 939,728 in 2019/2020. An additional 20 Ayrshire cattle were added to the flock to increase milk productivity. This is certainly a venture we are determined to develop further due to its high potential and low risk of failure. The Trust has also ventured into beef steers breeding in

Naroosura ranch. the venture, is also low risk and high return especially with increased availability of pasture due to the prolonged rainfall within the County. This is a venture that the Board of Trustees is determined to put in more resources in the 2020/2021 financial year.

The Trust has embarked on developing its 5 year Strategic plan, 2020-2024, supported by the Ministry of Devolution and ASAL. The strategy has clarified the vision, Mission, core values, Goal and objectives of the Trust for the next 5 years. Upon completion and ratification, the strategic plan shall support the aspirations in the Trust deed. Building the Institutional Capacity of the Trust is a key priority of the Strategy, since the Trust is the vehicle that shall deliver projects to the local communities. This calls for the concerted effort of all the organs of the Trust in moving the Trust development agenda forward.

Finally, as indicated in the report, the Board of Trustees identified 40 scholars for support through secondary schools and tertiary and university colleges. The 40 scholars will be nurtured through mentorship programme that will see them offer volunteer time during their holidays and other vacations to support the vision of the Trust. With availability of resources , the dream of giving out more scholarships shall be realized in the future.

Let me end by appealing to all of us to familiarise ourselves with the new Trust deed and its various organs so that we can be in position to defend the aspirations of our fore-fathers. I would like to appreciate all carders of leadership of the Purko Community, the team that spearheaded the development and adoption of the new Trust deed, the Board of Trustees and the management team for according us the support necessary for the management of the great Purko Trust. I shall endeavour to be accountable, transparent and professional in the management of the Trust, defending the new Trust deed for the benefit of the current and future generations.

Thank you and God bless you all.

Board of Trustees



Jacob Kitalu
Vice Chairman



John Sayiaton



Moses Kiok



Turere Tikani



Jackson Lekutit



Isaac Yiaile



Parletuan Koonyo



Justus Pilale



Kanyinke Sururu



Rev. Moses Osono

INTRODUCTION TO THE 2019/2020 ANNUAL REPORT

Welcome to the 2019/2020 financial year report prepared by the Board of Trustees and Management to update the General Assembly of the Purko Community on the progress of the journey towards the 2nd year of restructuring and recovery of Purko Development Trust. The 2nd year of the restructuring process was a rather difficult and challenging year, compared to the year 2018/2019.

• The New Purko Trust Deed-Ratified on 28th June 2019

Purko General assembly ratified the 2019 Trust Deed in their annual general assembly that was held on 28th June 2019, at Purko Trust farm Ole-Tipis Mau Narok. The new deed was a radical shift in the governance and management of the Trust and administration of its assets and finances. The Deed resolved the conflict of roles between the Governance structures and management, clarifying roles, powers and functions each structure. The deed also created the General Assembly, the top decision making organ of the Trust. The New deed emphasised the need for accountability and transparency in the operations of the Trust. The roles of the Board of Trustees has been clarified and its powers clarified. The responsibility of the day to day operations of the Trust was placed in the hands of the Chief Executive and such other competent staff, guided by policies and procedure manuals that are developed and ratified by the Board of Trustees. Capacity Development of the Board and staff is on-going to allow familiarisation with the deed as implementation begins to unfold.



Frank Ngotiek



Joseph Kiok



Antony Ketikai



Gideon Pesi

Status of projects approved by the General Assembly on 28th June 2019		
Project	Current status as at 30th April 2020	Deviation & Rationale for deviation
Fencing of Naroosura Ranch	2 Boundaries of the farm have been fully fenced.	
Purchase of 200 livestock (Heifers and steers) for fattening and Breeding at the ranch	44 sahiwal were purchased at Ilbisil and Mile 46 in Kajjado County. 28 Steers and 16 heifers. 20 dairy cattle have been purchased from Nakuruto boost Milk Production at the Farm	Availability of funds limiting the number of livestock for purchase
Acquisition of truck and farm vehicle	A Ford ranger double cabin has been acquired for the Trust. The purchase of the truck was put on hold	Limited funds availability
Fencing of Narok based Parcels of land	This project has not been undertaken, due to lack of funds	This is limited by funds availability
Setting up of slaughter House at Tipis Trading Centre	This project has not been undertaken, due to lack of funds	This is limited by funds availability
Allocation for tithe of ksh. 1 Million	The Maa Nation prayer conference took place on 14th and 15th November 2019 at Narok Stadium	
The Renovation and opening of Purko Secondary school	Purko Secondary school has received Ksh. 1 Million, renovation has taken place, 48 students reported to form one in 2019	
Purchase of New Tractors	A new holland tractor 125 HP was delivered in February 2020	
Setting up of weigh bridge at Tipis farm	Not achieved due to un-availability of funds	
Education scholarships support	40 scholarships worth Ksh. 50,000 each issued	
Setting up of potato seed multiplication centre	Strategic Plan at development stage to clarify the investment portfolio at the Trust	
Creation of the Mau Special Economic Zone	Strategic Plan at development stage to clarify the investment portfolio at the Trust	

Purko Trust 5 Year Strategy	Strategic Plan at development stage. Will be subjected to validation upon completion post-Corona period.	
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THE Financial Year 2019/2020

o Crop Productivity in the FY 2019/2020

Crop productivity in the farming season 2019/2020 was very low, occasioning reduced earnings for the Trust. The low productivity was attributed to prolonged rainfall during the farming season 2019/2020. Wheat and Barley produce quality was very low, due to interference in the growth process, low bushel weight, loss of grain due to lodging, high moisture and nitrogen content leading to low prices at the Markets.

• Crops and lands revenue streams for the FY 2019/2020

- Barley; Ksh. 20,497,519=
- Wheat; Ksh. 4,158,3030=
- Potatoes; Ksh. 3,547,842=
- Peas; Ksh. 1,637,391=
- Vegetables. Ksh. 4,200=
- Hay Pasture. Ksh. 207,500=
- Land Leasing fees. Ksh. 1,638,000=
- Safaricom Booster. Ksh. 197,543=

In summary, There was a drastic drop in total revenue from Barley (1,230 acres) from Ksh84.5 Million in 2019/2020, compared to Ksh 34, Million in the FY 2018/2019.

The level of productivity and sales output realised in the FY 2019/2020, drastically reduced Trust revenue for the year and thus affected payment of FY 2019/2020 Trust liabilities and other essential services, and more so financing for 2020/2021 financial year projects in totality.

o **Livestock Sector Productivity in the FY 2019/2020**

During the FY 2019, the Trust employed an experienced and seasoned Livestock Production and Extension Officer, boosting the capacity of the Trust livestock sector. This has resulted in an increase in milk production from a low of 40 litres of milk per day to over 230 litres of Milk daily from 24 lactating dairy cows. The Trust is currently supplying 200 litres of Milk to New Kenya Cooperative Creameries in Nakuru, at a price of Ksh. 33 per litre.

Income from Livestock in the FY 2019/2020 is as follows;

- Milk- Ksh. 939, 728=
- Beef Cattle- Ksh. 178,000=
- Cattle breeds Ksh. 20,000=
- Corriedale Rams Ksh. 110,000=
- Corriedale Weathers- Ksh. 813,000=
- Wool Ksh. Ksh. 59,000=
- **Key Achievements of the FY 2019/2020**

The following achievements were realised in the Financial year 2019/2020;

- a) Fencing of the Naroosura ranch (2 major boundaries) at cost of Ksh. 2.3 Million
- b) Purchase of 44 Sahiwal cattle for the Naroosura Ranch
- c) Purchase of 14 lactating Ayrshire dairy Cattle and 6 heifers from Bahati Nakuru
- d) Financing the renovation and subsequent opening of Purko Secondary school, with a current student population of 48 Form 1 students.
- e) Supporting the Mau Forest legal petitions teams with travel and other logistics
- f) Legal Support to the Narok Municipality petition.
- g) Legal support to the on-going Narok based parcels of land in contention with Narok County, and other national Government departments
- h) Financing and Hosting the Maa Community Prayer conference held on 14th and 15th November 2020 at Narok Stadium

Challenges of the FY 2019/2020

- i) Purchase of one New Farm Double Cab Vehicle to support management logistics delivered in July 2019
- j) Purchase of one New Tractor - New Holland delivered in March 2020
- k) Provision of 40 Education scholarships valued at Ksh. 50,000 each to very needy students in Secondary school, colleges and universities. (9 total orphans, 11 students from single parent headed families, 20 students from very needy backgrounds spread across the 5 Purko regions
- l) Sold 70 breeding bulls, rams and weathers to community members for breeding and family functions
- m) Initiated the process of Developing Purko Development Trust 2020-2024 Strategic Plan to guide the investment priorities of the Trust in the next 5 years, a process financed by the Ministry of Devolution and ASAL.
- n) Received Ksh. 1.5 Million grant from East Africa Breweries to support planting of trees and part fencing of Purko Trust Mau Narok farm.
- o) Strengthened partnerships with various stakeholders e.g. Banking institution, EABL, Ministry of devolution, Ministry of Environment,

- **Direct Benefits to the Community through Corporate Social Investment Projects**

- o *Purko Trust financed the refurbishment and finally the opening of Purko Secondary school, at a cost of Ksh. 1 Million. The grant was fully utilized to refurbish the 4 classrooms build over 20 years ago, Toilets and fencing the school compound. The*
- o *Financing the legal support for the Mau Forest reclamation program*
- o *Availability of livestock breeds (Sheep and Cattle) to the local communities- 70 Corriedale breeds were sold to communities and*

- ▶ *Limited financial resources resulting in lack of operational capital*
- ▶ *Heavy debt burden*
- ▶ *Poor condition of farm machinery and implements*
- ▶ *Trespass into the Trust farmlands and grazing fields*
- ▶ *Staff accumulated salary arrears*
- ▶ *High cost of credit*
- ▶ *Lack of adequate livestock production and management tools, equipment and essential infrastructure*
- ▶ *Low crop productivity, quality, and prices of farm produce*
- ▶ *Erratic weather*

THE 2020/2021 PLANS and FINANCING MECHANISMS

- *Investment in the Dairy, Beef and Mutton sector in the FY 2020/2021*
 - o Dairy- Increase the dairy herd by 100 in-calf heifers at a cost of Ksh. 10,000,000=
 - o Beef- Increase the number of steers for fattening by 200 at Naroosura ranch at a cost of Ksh. 6,400,000=
 - o Mutton- Increase the number of Corriedale sheep at Purko Sheep Ranch through intensive breeding to 700 by the end of the Financial Year 2020/2021
 - o Wheat and Barley- Operation of 1,300 acres of wheat and Barley at the farm at a cost of ksh. 32.5 Million

- **Financing the 2020/2021 Financial Year**

The Total proposed Budget for the Financial Year 2020/2021 is Ksh. 75 Million, scaled down from an earlier discussed and approved budget of ksh. 105 Million. The entire budget is not available, thus the need to seek long term financing (Three Year capital injection)

from potential financial institution to actualise the plan. Possible financiers included Family Bank -Nakuru and equity Bank Narok

- ***The effects of COVID-19 on our operations and mitigation factors***

The COVID-19 Pandemic that has hit the World has slowed down business and effective operations across the Country. Business is slow, decision making is also slow. The Trust is keeping a very close focus on the Pandemic through mitigation measures, as well as ensuring that our operations are not drastically affected. The General Assembly shall be notified on any upcoming issues affecting the Trust in the future, noting that future investments can be affected if the pandemic persists.

Auditor's Report

Comprehensive Income and expenditure statement
For the year ended 30th April 2020

Auditor:



		<u>2020</u>	<u>2019</u>
		Kshs	Kshs
Income			
Sales	Note10	32,547,265	84,130,981
		<u>32,547,265</u>	<u>84,130,981</u>
Expenditure			
Administrative expenses	Appendix i	16,409,350	12,453,704
Operational expenses	Appendix i	6,593,561	1,431,925
Meetings expenses	Appendix ii	5,490,693	7,529,255
Agriculture expenses	Appendix ii	31,457,253	31,817,402
Financing Costs	Note 10	10,362,543	3,348,698
Total Expenditure		<u>70,313,400</u>	<u>56,580,984</u>
(Deficit)/Surplus for the Year		<u>(37,766,135)</u>	<u>27,549,997</u>

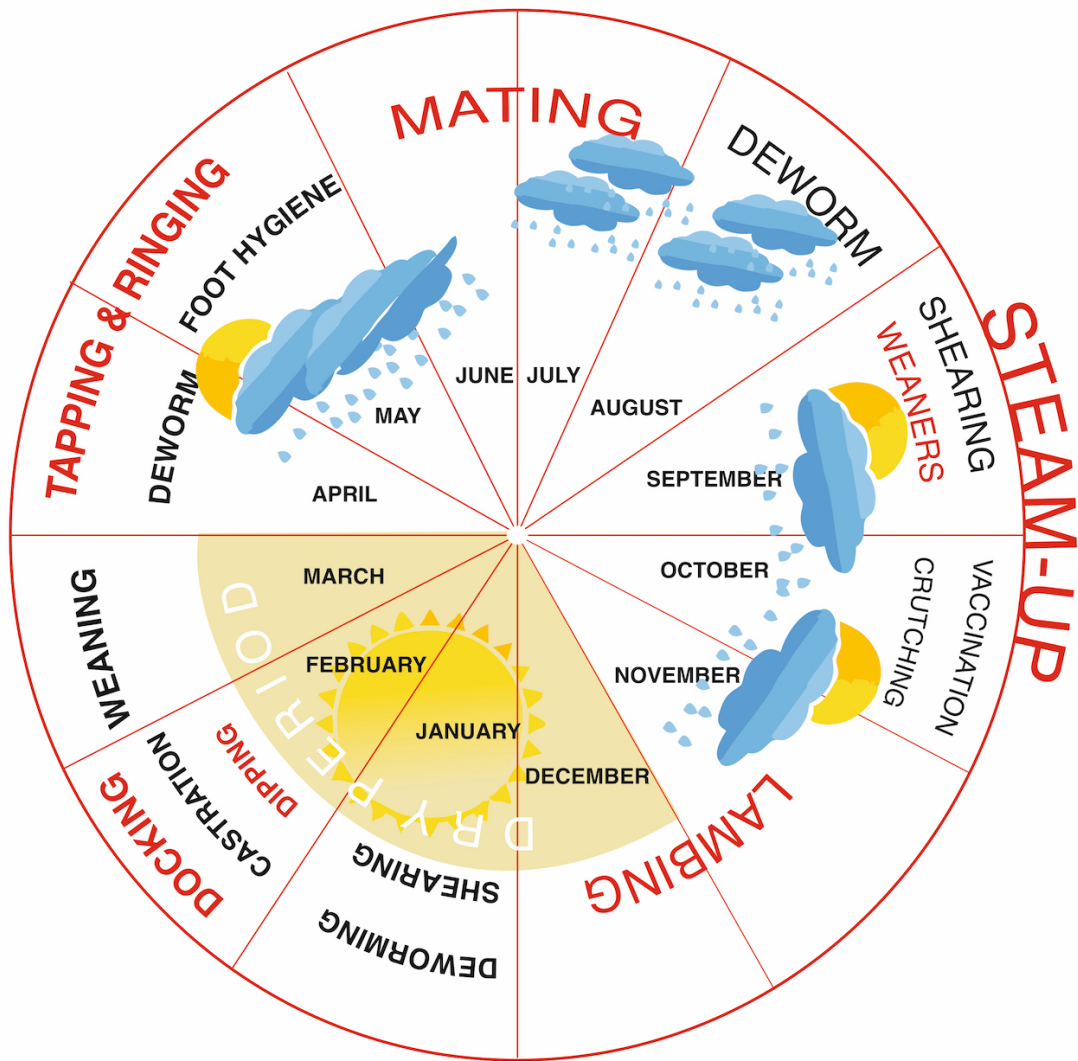
Statement of financial position as at 30th April 2020

	<u>Note</u>	2020 Kshs	2019 Kshs
NON-CURRENT ASSETS			
Property & Equipment	3	514,691,639	502,534,325
Biological assets	4	66,204,000	38,084,000
		<u>580,895,639</u>	<u>540,618,325</u>
CURRENT ASSETS			
Inventories		1,145,524	2,594,430
Receivables	5	719,036	20,457,892
Cash and cash equivalents	6	88,705	12,956,377
		<u>1,953,265</u>	<u>36,008,699</u>
CURRENT LIABILITIES			
Bank overdeft	6	0	-
Payables	7	27,575,348	28,049,450
Loan	8	19,674,890	-
		<u>47,250,238</u>	<u>28,049,450</u>
NET CURRENT ASSETS		(45,296,973)	7,959,249
NET ASSETS		<u>535,598,666</u>	<u>548,577,574</u>
FINANCED BY:			
PROPERTY & EQUIPMENT FUND	(page8)	514,691,639	502,534,325
ACCUMULATED FUND	(page8)	(45,296,973)	7,959,249
BIOLOGICAL FUND	(page8)	66,204,000	38,084,000
		<u>535,598,666</u>	<u>548,577,574</u>




Statement of changes in fund balances
For the year ended 30th April 2020

	Property & Equipment Fund Kshs	Accumulated Fund Kshs	Biological fund Kshs	Total Kshs
At 1 st February 2018	503,362,000	(20,550,348)	36,784,000	519,595,652
Additions	-	(1,300,000)	1,300,000	-
Depreciation	(827,675)	827,675	-	-
Surplus for the period	-	28,981,922	-	28,981,922
At 30 th April 2019	<u>502,534,325</u>	<u>7,959,249</u>	<u>38,084,000</u>	<u>548,577,574</u>
At 30 th April 2019	502,534,325	7,959,249	38,084,000	548,577,574
Additions	15,779,496	(17,419,496)	1,640,000	0
Revaluation	1,600,000	0	0	1,600,000
Depreciation	(5,222,182)	5,222,182	-	0
Surplus for the period	0	(37,766,135)	-	(37,766,135)
Unrealised gain on Biological Assets	0	0	26,480,000	26,480,000
Prior period item	0	(3,292,773)	-	(3,292,773)
At 30 th April 2020	<u>514,691,639</u>	<u>(45,296,973)</u>	<u>66,204,000</u>	<u>535,598,666</u>

© PURKO TRUST ANNUAL SHEEP REARING CALENDAR



KEY:

-  — DRY & SUNNY
-  — WET & LIGHT RAINS
-  — VERY WET & HEAVY RAINS





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Our Partners



Government of Kenya
Ministry of Devolution & ASAL



Government of Kenya
Ministry of Environment & Forestry

