

“Securing community livelihoods”

June 28, 2019



ANNUAL REPORT

2018/2019



PROGRAM

10:00am- 11:00am	Arrivals/ Registration/ Entertainment
11:00am - 12:00pm	Lunch
12:00pm -12:30pm	Preliminaries <ul style="list-style-type: none">• Opening Prayers• Notice Convening AGM• Introduction of Delegates
12:30pm - 12:45pm	Welcome Remarks by the BOT Chairman
12:45pm - 01:15pm	Sermon
01:15pm – 02:00pm	Presentation and Adoption of 2018/2019 Annual Reports & Budget Proposals 2019/2020
02:00pm - 03:00pm	Presentation & Adoption of the Proposed 2019 Trust Deed
03:00pm - 04:30pm	Patron's Message
05:00pm	Closing Prayer and Departure

Message from the Patron Hon. Moitalel Ole Kenta - M.P Narok North.



It is with much pride and joy I welcome leaders and members of the Trust to this our maiden newsletter. As I welcome you to our meeting, I would urge you to set your eyes on how to infuse effective management of our resources for the benefit of our people.

One of the main objectives of Purko Development Trust is the economic welfare of our people. To this end I would urge the board of trustees to start tapping our communities potential by constructing abattoirs where we could easily have our animals slaughtered for market without having to trek long distances with animals.

With abattoirs our community will have channels of expanding their meat and meat products market and conversely expanding their income net.

One thing we can boast of is land and what matters for us now is how best we put it into use. If prudently managed the land and the animals we have could be a great source or impetus of wealth for our members. Purko Development Trust was established for various reasons mundane to the economic welfare of our community. Objectives of the Trust are well spell out for our people. Though the terrain has not always been smooth along the journey to securing and achieving our goals, Purko Development Trust is now a force to reckon with owing to its relevance and heavy presence in Narok. For this we say hecko to the trustees.

The Trust should now focus on aiding farmers in their farming endeavors whether in livestock or food crop production, which could lead to exponential growth from our current earnings. It is our wish and prayer to ensure that our farmers are not merely encouraged with the word of mouth but are backed in areas of pests and disease control by trained personnel. This should also extend to veterinary services.

I believe due to the diligence and presence of the Trust, when it comes to the general welfare of our people, our community and whatever it stands for in matters cultural stands tall in the world map.

The Trust should also be at the forefront in advocating for growth of the education sector and in this regard it should start extending bursaries to needy but bright students at all levels of study right from primary to university. This will essentially have the effect of empowering our sons and daughters to compete effectively with children from other areas that are better endowed in infrastructure and essential equipment in matters education.

Besides advocating for the development of education, the Trust should also think of creating employment as well as securing employment positions for our sons and daughters even without the borders of our community.

Lastly I would wish to commend the management of the Trust but still ask them to aim higher and look at what value addition could be added to our initial and current objectives. This should be done with a view to improving the lives of our people in a multipronged approach whereby we get the best development ideas and utilize them effectively.

I look forward to a great future for the community through the efforts of this Trust.

THANK YOU.

Message From the Chairman

Bishop Dr. Peter S. Ole Nakola (MA Leadership Studies, BA Theology)



On behalf of Purko Development Trust Board of Trustees, I feel humbled to most sincerely thank God for this far He has brought us as Purko Community. The patron Purko General Assembly, our Guest Speaker CAs, Mps, Hon Speaker Narok County, MCAs, Clergy, all anointed traditional leaders, all protocol observed, ladies and gentlemen. (Entasupa) Meisisi Olaitoriani).

First, I would like to thank our political leaders, especially for the support given to us on protecting the three parcels of land around Narok town by meeting the Cabinet Secretary, Lands. Others are traditional anointed leaders, church, opinion leaders and Ilkiremisho Community for giving us good will and an enabling environment last year 2018. I also want to comment the work done by the select committee of experts who were mandated by the general assembly to work out the Purko Trust Deed draft constitution. Job well done.

I want to sincerely thank, Kenya Breweries Company ltd, Kenya Seed Company, Barclays Bank of Kenya for helping us to raise the capital; by giving us fertilizers, seeds and funds to carry on the work. We are very grateful for their support in our time of need.

It's an honor and privilege to be part of this occasion to reflect both challenges and achievements in 2018/2019 in the Purko General Assembly as well has forge for greater development. Again I acknowledge the role of the founding Purko forefathers, the dream they had in setting aside some land, **that is to say:-**

1. **Purko sheep Ranch (about 3200 acres)**
2. **Naroosura farm (2300 acres)**
3. **Olale loonkishu naanyokie (499 acres)**
4. **Sheep and goats farm (132 acres)**
5. **Limanet holding ground, among others**

As Purko community lands are intended to benefit generations to come.

As a board of Trustees we have been in Trust since 6th January 2018 to date.

We are very grateful for the Purko community for giving us a chance to revive and carry on the above dream of transforming Purko Development Trust into a reality. We inherited the Trust while it was lowly performing with only Sh 21000 available in the account and a debt of Sh 30 Million. All the machineries that is to say tractors were not in working condition. The community, especially that around Entiani farm had conflict with Purko Trust. It was a hard beginning. But by the grace of God, we have managed to work with the little available resources with the help of other partners to realize over 84 Million Kenya Shillings through barley and wheat farming. One Japanese proverb said and I quote, "if you have a dream for one (1) year, grow rice or wheat. But if you have a dream for a decade (10 years), grow trees and get timber; but if you have a lasting vision for a hundred years, grow men and women". My humble plea to Purko General Assembly Community is to let us move together.

I want to put this points across: -

- Remain united and retain our identity as Purko community. The Bible says and I quote "How good and pleasant it is for brethren to be in unity" (Psalms 133:1-3)
- That the assembly should help us on how to come out of debt inherited of about Sh 30 Million from previous leadership (12-17) of Purko Development Trust.
- Also help the trust become fully compliant to the government policies.
- Defend the three parcels of land around Narok Township i.e. Limanet holding ground, olokeri loonkishu naanyokie and sheep and goat from land grabbers. The case is in court.
- Approve our proposals for the year 2019/2020 income and expenditure budget.
- The Purko draft deed can be ratified after going through several leaders Review and Scrutiny for the last three (3) years.
- We are holding our current PGA under the old constitution of 1999. That can give transition for the next 2-3 years for the new one to be in full force.
- Finally consider a wider network for collaborations with other partners, government agencies in building our economy.

As a board of Trustees we are formulating Purko Development Trust strategic plan for the next 5-10 years since it has never been in place as a blue print for our future expectations. **GOD BLESS YOU ALL**

Message from the Chief Executive Officer



I take this opportunity to welcome all of you to the 2018/2019 Purko General Assembly, at the Purko Sheep Ranch. I welcome you to this ranch with excitement, knowing very well where we have come from. When I took over the management of the Trust on 6th January 2019, I knew that the task ahead was not easy, but I trusted in God that all will be well. I wish to recognize the role of all our leaders from the political, administrative and social spheres in the restructuring of this trust.

Ladies and Gentlemen, the task of restructuring Purko Trust wasn't easy. Hard decisions had to be made. Tough choices had to be made. It was a delicate balancing act, that required a multiplicity of approaches and strategies. What worked for us was FOCUS ON THE PRIZE. I and the Board of Trustees did not focus on the problems or challenges, but we focused on the opportunities that laid ahead of us. We did not allow feelings of emptiness to engulf our spirits, but we always saw ourselves as rich and full of energy to move forward. We trusted in God. That spirit is what we celebrate here today.

In the 2018/2019 financial year, we managed to plant a record 1,450 acres of wheat and Barley, that has fetched us an average productivity of 25,000 Bags of wheat and Barley. This level of productivity has never been witnessed in this ranch before. This was made possible by a combination of factors including supportive partners, focused board and management and sound leadership. All of us were tired of our past and had decided to draw a new path for the Purko Community. Let us not look back,

but forge ahead.

Ladies and gentlemen, I took over the management of the Trust when all the partners and friends of Purko had given up on us. EABL had moved on, Kenya Seed the same, banking institutions had shut the doors on us, you could hardly get anyone who could trust your word. Worse off, our cophers were dry, livestock numbers dwindling, and credit levels up the roof. Many of us here today would still be wondering about the magic bullet that was employed by the board of trustees and management to realize the results that we are celebrating today. We employed faith, good corporate governance, negotiation skills, and more importantly good public relations to redeem the lost glory and image of the Purko Community. We succeeded through self-less effort, encouragement, determination, support and prayer of all of you and many others who aren't here today. Many of you encouraged us, prayed for us, supported us materially and morally, consoled us in difficult times, and gave company to us during and through-out the year 2018/2019. We sincerely thank all of you for your commitment and cooperation.

Let me address some few key fundamental issues that will encourage all of us today, and help us focus on the future;

- That there is no single individual who is bigger than the society.
- That our jointly owned resources are our identity and our future. We shall never be defined as a people by our individual successes.
- That our future is determined by our unity
- That the fear of God, our culture, respect for each other is the foundation of our prosperity
- That education remains a tool and means to take dominion over the world.
- That Purko Trust has the capacity to help us meet all the stated fundamental issues above.

As Purko Trust, we are endowed with resources that if well developed and utilized, have the potential of making a turn-around on the lives of our beloved Purko Community in all spheres of life. The Board of Trustees has been in consultation with a number of Key Partners, who are supporting us in the quest to achieve our objectives.

I wish to give special mention to a number of key partners who have come in handy to support us this year, and going forward. They include; the East Africa Malting, Kenya Seed Company, Ministry of Devolution and ASAL, Family Bank, Barclays Bank, Agro-solution, Grebbe Enterprises, Botachem Enterprises, NOVIXA International, Agribase, and just to mention some outstanding individuals including Mr/s; Gitau Muhoro of Mid-Tip fuel, Tonke ole Narankaik, Tiampati ole Kool and Felix Ole Kimorgo. Many of you have made a significant contribution in a number of ways. Kindly accept my appreciation.

Let me in a special way recognize the effort of my staff. These ladies and gentlemen worked tirelessly towards the success of the trust.

My Board of Trustees also did a wonderful job. I received a lot of support and encouragement from the BOT, and have walked with me throughout this journey, led by the Chairman, Bishop Peter Ole Nakola. Ahsanteni sana.

To conclude, I wish to notify the Purko General assembly of some important up-coming activities in the FY 2019/2020. They Include;

- i. The Creation of the Mau-Region Special Economic Zone supported by the Ministry of Devolution and ASAL,
- ii. The development of a 5-year Strategic plan
- iii. Possible Partnerships with ENSDA on the Potato Value Chain,
- iv. Upcoming partnership with Maasai Mara University on the livestock sector and Traditional Medicine processing sector
- v. Upcoming Collaboration with SNV on Capacity development in the potato value chain

I wish you all the best in your day to day endeavors.

Joseph K. Nkaiwatei
Chief Executive Officer
Purko Development Trust

PURKO DEVELOPMENT TRUST

Annual Report for the year 2018/19

WHEN WE TOOK OVER – January 2018

- o Took over the Trust in January 2018, when all operations had stalled
- o Farm operations had been scaled down
 - 130 acres of Wheat planted in 2017/2018 season
 - All farm tractors were in poor working conditions
 - One Tractor had been repossessed
 - Vehicle stalled
 - Contracting Companies (EABL and others had taken off)
- o Livestock numbers reduced;
 - 730 Sheep
 - 122 cattle
- o Debt Portfolio stood at over Ksh. 26 Million
- o Bank balances stood at Ksh. 21,000=
- o Staff morale had gone down due to unpaid salaries for 6 months (August 2017 to January 2018)
- o Legal petitions for and against the Trust had piled up without clear directions on either closure or continuity
- o Narok based parcels of land had been subdivided for allocation through a the Narok Town Zoning Plan by the Narok County Government
- o Conflicts with the neighbouring community had escalated due to various reasons
- o Mau Narok Based contractors owed over Ksh. 5 Million for lands leased and not ploughed in 2016 and 2017
- o The image of the Trust had been badly damaged

WHAT WE DID- March 2018-March 2019

- o Relationship Building across the board
- o Contracts negotiations and signing (Service Providers and financial Institutions)
- o Planted 730 acres of Seed and Commercial Barley
- o Planted 720 acres of Seed and Commercial Wheat

HOW WE FINANCED OUR OPERATIONS 2018

- o Our Total operating costs for 2018 was;
- o Sale of cattle
- o Sale of sheep
- o Sale of Trees
- o Input supplies
 - Seed financing from Kenya Seed-Ksh. 2.8 Million
 - Seed from EABL- Ksh. 2.55 Million
 - Agrochemical Financing from various Companies (Grebbe Enterprises, Agrosolutions, Agribase Bioscience, NOVIXA International, Botachem Enterprises. (Ksh. 11 Million)
 - Fuel supply (Gitau Muhoro)- Ksh. 2.5 Million
- o Leasing of Marshy Lands within the Trust
- o Other service Providers
 - Transporters of Produce to Markets
 - Harvesting Contractors-
 - Wheat and Barley Straws Ballers
 - Insurance service Providers
 - Others services

“Our Journey towards Recovery”

- o Commercial Banks Borrowing
 - Family Bank- Ksh. 2.4 Million
 - Barclays Bank- Ksh. 6.5 Million
- o Credit from Individuals
 - Tonke Narankaik- Ksh. 0.3 Million
 - Tiampati Kool-Ksh. 0.5 Million
- o Donations and bequeaths
 - M.Ps and MCAs support
 - Other Well-wishers
 - Words of encouragement from friends of Purko

WHAT WE ACHIEVED

WHEAT

- 11,141 Bags of wheat delivered to Kenya Seed- Approx. Ksh. 30 Million (Yet to be Paid)
- 1,281 Bags of commercial wheat sold to Cargill- Ksh. 4.09 Million
- Over 500 bags of wheat sold to farmers for seed-Ksh. 1.74 Million

BARLEY

- 2,212 bags delivered to EABL Molo -Seed
- 8,592 bags delivered to EABL LESIOLO in Nakuru
- 550 bags been stored for planting in the 2019/2020 season
- Over 200 Bags of arley Seed sold to Farmers within the Region
- Total productivity from Barley stands at Approx. Ksh.40 Million- fully Paid

CHALLENGES OF THE YEAR 2018

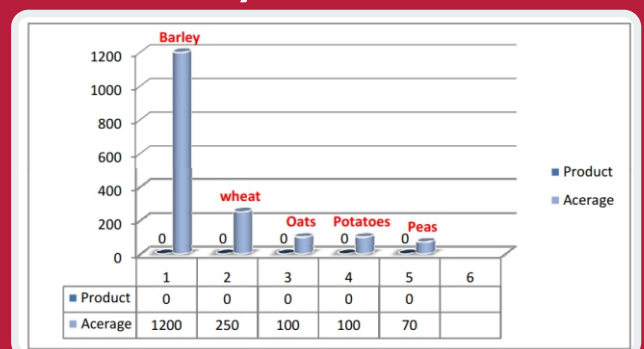
- o High level of indeptness- over Ksh. 26 Million
- o Limited operating Capital- Ksh. 21,000 is all we found in all the Bank Accounts handed over to the new team
- o All tractors were not functional- One Tractor had been repossessed
- o Tractor and Truck accidents in April 2018 and February 2019 respectively
- o Delayed planting due to lack of fertilizer
- o Staff salary arrears yet to be cleared
- o Pressure from creditors
- o Fire
- o Loss of livestock due to poor health condition

OUR PLANS & BUDGETS 2019/2020

- o 2019/2020 Annual Plans and Budget amounting to Ksh. 85 Million
- o 2019/2020 plans/Budget include fencing of Naroosura Ranch
- o Purchase of 200 (Heifers and steers) livestock for fattening and breeding at the ranch- Ksh. 10 Million
- o Staff costs- Ksh.12 Million
- o Acquisition of truck and farm vehicle- Ksh. 15 Million(Hire Purchase)
- o Fencing of Narok Based Parcels of land- Ksh. 10 Million
- o Setting up of slaughter House at Ole Tipis– Ksh. 10 Million
- o 1,450 acres' operations costs- Ksh. 30Million
- o Livestock Budget- Ksh. 5Million
- o Environment Budget- Ksh. 2 Million
- o Community Support Program 5Million
- o Budget deficit Ksh. 25Million

OUR TARGET FOR 2019/2020

- o 100 acres of potatoes
- o 70 acres of Peas
- o 1,200 acres of Barley- Commercial Markets
- o 250 acres of wheat – Commercial Markets
- o 100 acres of Oats for Livestock



AUDITORS REPORT

Auditors: **Mwisywa Beth & Associates**
Certified Public Accountants
P.O.Box 30236-00100, NAIROBI.

STATEMENT OF THE TRUSTEES RESPONSIBILITIES **For the Fourteen month period ended 30th April 2019**

The Trust Act requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the trust as at the end of the financial period and of its operating results for that year. It also requires the Board of Trustees to ensure the Trust maintains proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust. The Board of Trustees are also responsible for safeguarding the assets of the Trust.

The Trustees accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for;

- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgments that are reasonable in the circumstances.

The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Trust as at 30th April 2019 and of its deficit and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

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

Approved by the Trustees and signed on its behalf by:-

Joseph K. Nkaiwatei
Chief Executive Officer

Bishop Peter Nakola
Chairman

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT **For the Fourteen month period ended 30th April 2019**

	<u>2019</u>
	Kshs
INCOME	
Sales	84,130,981

	84,130,981

EXPENDITURE	
Administrative expenses	12,453,700
Meetings expenses	7,529,255
Agriculture expenses	31,817,402
Financing Costs	3,348,698

Total Expenditure	55,149,055

Surplus for the period	28,981,926
	=====

STATEMENT OF FINANCIAL POSITION AS AT 30TH APRIL 2019

	<u>2019</u> K shs
NON-CURRENT ASSETS	
Property & Equipment	502,534,325
Biological assets	38,084,000
	540,618,325
CURRENT ASSETS	
Inventories	2,594,430
Receivables	20,457,892
Cash and cash equivalents	12,956,377
	36,008,699
CURRENT LIABILITIES	
Payables	28,049,450
	7,959,249
NET CURRENT ASSETS	7,959,249
NET ASSETS	548,577,574
Financed by:	
PROPERTY & EQUIPMENT FUND	540,618,331
ACCUMULATED FUND	7,959,243
	548,577,574
	548,577,574

STATEMENT OF CHANGES IN FUND BALANCES For the Fourteen month period ended 30th April 2019

	Property & Equipment Fund	Accumulated Fund	Total
	Kshs	Kshs	Kshs
At 1 st February 2018	503,362,000	(20,550,348)	482,811,652
Additions	-	(1,300,000)	(1,300,000)
Depreciation	(827,675)	827,675	-
Surplus for the period	-	28,981,926	28,981,926
At 30th April 2019	502,534,325	7,959,243	510,493,578

- a) The Property and equipment fund represents funds invested in the value of property and equipment and are therefore not available for other uses
- b) The Accumulated fund represents cumulative results realized from general operations.
- c) Prior year item relates to differences in opening balances of Equity

PROPERTY AND EQUIPMENT

	<u>Land</u>	<u>Building</u>	<u>Impliments</u>	<u>Computers</u>	<u>Furniture & Equipment</u>	<u>Total</u>
COST				Kshs	Kshs	Kshs
At 1 st January 2018	492,000,000	6,400,000	4,575,000	271,000	116,000	503,362,000
Additions	-	-	-	-	-	-
At 31 st December 2018	492,000,000	6,400,000	4,575,000	271,000	116,000	503,362,000
Depreciation						
At 1 st January 2018	-	-	-	-	-	-
Charge for the period	-	160,000	571,875	81,300	14,500	827,675
At 31 st December 2018	-	160,000	571,875	81,300	14,500	827,675
Net book value						
At 31 st December 2018	492,000,000	6,240,000	4,003,125	189,700	101,500	502,534,325

AUDITORS REPORT

BIOLOGICAL ASSETS

	<u>2019</u> Kshs
Cattle	3,320,000
Addition of Cattle(44*29,545.45)	1,300,000
Sheep (433*8,000)	3,464,000
Trees(3,000*10,000)	30,000,000

	38,084,000
	=====

RECEIVABLES

	<u>2019</u> Kshs
Kenya seed Company(5,310 Bags wheat seed Chui)	18,054,000
Kenya seed Company(576 Bags of seed Kanga)	1,958,400
Kipila Naitutae(Wheat & Barey seed)	142,610
Ole Togom(Barley seed)	145,933
Tom Nkaiwuatei (Wheat seed)	156,950

	20,457,893
	=====

CASH AND CASH EQUIVALENTS

	<u>2019</u> Kshs
Family Bank Kshs A/C	1,485,452
Equity Bank Ksh A/C	314,802
Barclays Bank Ksh A/C	11,156,123

	12,956,377
	=====

ACCOUNTS PAYABLE

	<u>2019</u> Kshs
Lachlan Kenya limited	2,150,000
Generation Tyres	1,400,000
Puan Sacco	650,000
NIC Bank	3,500,000
Juanco SPS	41,000
Ole Loolturot	280,000
David Lenjirr	1,799,750
George Gitau Muhoro	1,200,000
Tonke Narankaik	300,000
Tiampati Kool	500,000
Agro-chemicals	3,800,000
Legal Petitions	3,500,000
Pending Staff Salaries 2017/18	7,100,000
Retirement scheme	1,828,700

	28,049,450
	=====

BIOLOGICAL ASSETS

	<u>2019</u>
	Kshs
Sale of Sheep	1,846,420
Sale of Cattle	2,083,200
Sales of Trees	2,240,000
Sale of Wheat /Barley	75,233,726
Sale of Milk	5,430
Hire income	1,523,636
Sale of Hay	550,000
Donation	273,500
Fines	36,000
Other incomes	288,069
Tender application	51,000

	84,130,981
	=====

FINANCIAL COSTS

	<u>2019</u>
	Kshs
Legal fees	2,029,490
Loan processing fee	407,652
Bank charges	59,881
Interest on Overdraft	24,000
Depreciation	827,675

	3,348,698
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PURKO DEVELOPMENT TRUST 2018/2019 ANNUAL REPORT

“Our Journey towards Recovery”

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Our Partners

