KGGCU in Sh1.6 billion loss

By MICHAEL NJUGUNA
The Kenya Grain Growers' Cooperative Union has accumulated a loss of Sh1.6 billion, members were told yesterday.

The KGGCU's outgoing chairman, Mr Makone Ombese, said during a meeting that in the financial year ending June this year alone, the union's gross turnover dropped by a staggering Sh613 million.

He was addressing the delegates at the Nakuru showground, during which Mr Mark Too was elected the new chairman.

Mr Ombese said the union's turnover was Sh3,566,246,510 compared with Sh1,969,146,780 the previous year.

He attributed the loss to many factors especially the wheat trading business which was being liberalised.

The out-going chairman told the delegates that KGGCU had suffered a drastic reduction of banking facilities leading to the reduction of merchandise availability at its branches.

"The global recession and fall in value of the shilling combined to weaken the purchasing power of our customers and this also led to the withdrawal of credit facilities by our major suppliers," Mr Ombese said.

He said that following the liberalisation of wheat marketing, the KGGCU ceased to be a government agent.

"In the year under review, the union's volume of business in wheat was Sh246 million which ended up being a loss of Sh62 million," Mr Ombese said.

He said the KGGCU and its predecessor, the Kenya Farmers Association (KFA), among other things, handled cereals on behalf of the government and the losses incurred had contributed to the poor financial position of the union. He said the union had asked the government to take over the agency liabilities.

Mr Ombese said the union earned Sh18,123,040 from the sale of wool this year compared to Sh79,565,490 last year.

He called for the recruitment of more members and the increasing of the minimum share holding among the existing members as the KGGCU was far from attaining the authorised share capital target of Sh500,000,000.

At present, Mr Ombese said, the value of issued and fully paid-up shares was only Sh72,203,400.

Grain body in Sh1.6 billion loss

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"An enhanced share capital base would evidently reflect an acceptable financial status compatible with the business volume undertaken by the union as well as expectation of the farming community."

Mr Ombese said that the KGGCU was still chasing defaulters and lawyers had been hired to sue them.

He said the union's management was being restructured and re-organised for efficiency and all vacant top posts had been filled.

Others elected with Mr Too were Mr Benjamin Ogol (vice-chairman) and Mr G.I. Mucheke (hony secretary, treasurer).

Mr Ogol is a former Nakuru District Commissioner.

Mr Too told the union's workers to be dedicated and debt defaulters - said to owe the union Sh900 million - to pay up to help the new team put the union on its feet.

He said the KGGCU was almost collapsing but he was optimistic that its financial situation would improve for the benefit of the farming community.

Prior to yesterday's elections, the union was being run by directors appointed in 1985 by the Commissioner for Co-operative Development. Mr Too, he is the deputy chairman of Lorho East Africa, therefore, becomes the first chairman.

Mr Too promised that the new team of directors will endeavour to see that the KGGCU regained confidence among farmers.

KGGCU has about 1,800 employees, 22 major branches and about 34 sub-branches and depots in various parts of the country.

The Minister for Agriculture, Livestock Development and Marketing, Mr Simon Nyachae, was represented at the meeting by an Assistant Minister, Dr Joseph Misoi, while Mr Bomett, presided over the elections.

Fraud alleged at the KGGCU

By NATION Reporter
A delegate to the annual general meeting of the Kenya Grain Growers Co-operative Union (KGGCU) yesterday objected to the adoption of the balance sheet and accounts for the last three years saying it covered up fraud.

Mr Kinga Onyancha Maina argued that the auditor's report was unacceptable for other reasons.

Mr Maina, said it was illegal for a co-operative union to hold members' contribution in a suspense account for two years.

He challenged the Commissioner of Co-operatives, Mr Raymond Bomett, who was present, to prove him wrong.

Mr Bomett said the KGGCU had encountered certain problems between 1985 and 1987 when the provincial administration was requested to assist the KGGCU in its membership recruitment.

Unfortunately, Mr Bomett said, some of the administration officials who handled the recruitment submitted money but failed to include the details of the contributors. As a result, the union had to deposit the money in a suspense account.

Mr Maina had also taken issue with the KGGCU's investments in subsidiary companies, namely KFA Auctioneers Limited, KGGCU Agricultural Machines Limited and Kenfa Steel Work Limited.

Agriculture Minister Simeon Nyachae said in a speech read by Assistant Minister Joseph Misoi that he was aware that KGGCU had withdrawn from active participation in the wheat business as a result of liberalisation.