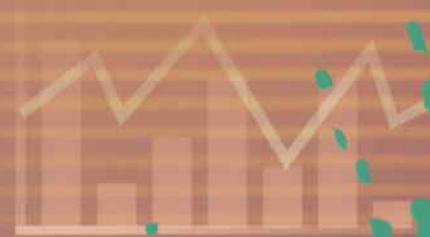




THE AGRICULTURAL CREDIT GUARANTEE SCHEME FUND **ACGSF**



2005
Annual Report
& Statement of Accounts



Inside this Report

ACGSF ANNUAL REPORT & STATEMENT OF ACCOUNTS

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ACGSF ANNUAL REPORT & STATEMENT
OF ACCOUNTS

2005

Part A - Financial

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

The Fund In Brief

ENABLING INSTRUMENT:

The Fund was established by the Agricultural Credit Guarantee Scheme Fund Decree (No 20) of 1977

NATURE OF BUSINESS:

The Fund was established for the purpose of "providing guarantees in respect of loans granted for agricultural purposes by any bank with a view to encouraging banks to make advances to the agricultural sub-sector of the economy.

BOARD:

The Fund is managed by the Agricultural Credit Guarantee Scheme Fund Board. The "Board" was constituted in accordance with S.2 of Decree No. 20 of 1977. The current composition of the Board is as follows:



ALHAJI UMARU BABA
Chairman



PROF. FEMI KAYODE
Member



ALHAJI BABA GONI
Member



ALHAJI ABDU IBRAHIM
Member



MRS. J. A. ANIE-ANIMASHAUN
Member



ALHAJI BUBA M. GAMAWA
Member



MR. DANIEL T. BANGO
Member



DR. FEMI POMARY
Secretary

MANAGING AGENT:

CENTRAL BANK OF NIGERIA
CORPORATE HEAD QUARTERS
GARKI, ABUJA.

SECRETARIAT:

DEVELOPMENT FINANCE DEPARTMENT
CENTRAL BANK OF NIGERIA
CORPORATE HEADQUARTERS
GARKI, ABUJA.

AUDITORS:

A. B. AGBAJE & CO
(CHARTERED ACCOUNTANTS)
72 ADEKUNLE FAJUYI ROAD
IBADAN, OYO STATE
TEL: 02 -2414688, 2414842
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AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

ANNUAL REPORT & STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2005

Statement By Chairman

It is my pleasure to present the Annual Report and Statement of Accounts of the Agricultural Credit Guarantee Scheme Fund (ACGSF) for the year ended 31st December, 2005.

I will now proceed to review briefly the operating results of the Fund in the light of the environment under which the Fund operated during that year and the prospects facing the Fund in the near future. In doing this I am obliged to look at the performance of the economy with particular emphasis on the agricultural sector and the contribution of the ACGSF to the results obtained in that sector.

The Income of the Fund declined substantially from N643.327m in 2004 to N388.815m in 2005. This decline has long been anticipated. The Honourable Minister and members will recall that in my year 2003 Statement, I expressed concern about a possible decline in the revenue of the Fund implied by a policy drive towards a single digit interest rate regime since the Fund's revenue is derived in whole from its investment in Treasury Bills. In my 2004 Statement, I reminded members about this concern and added that the fortuitous but temporary halt in the decline of the Minimum Rediscount Rate (MRR) at 15% for year 2004 which maintained the earnings capacity of the Fund at the year 2003 level should not be interpreted to mean that the threat of a substantial decline in income has been averted. As was expected, the MRR declined from 15.75% in 2003 to 13% in 2005 through 15% in 2004. More significantly, the Treasury Bill Rate declined by more than half to 7% in 2005 through 14.21% in 2004 from 15.02% in 2003; resulting in approximately 50% decline in revenue suffered by the fund in 2005.

The Income of the Fund would have declined by more than 50% from the 2004 level but for the slight growth in investment base from N4.554b in 2004 to N4.707b in 2005 and the shift to a more efficient use of the available funds for investment from the lower yielding 91-day Treasury Bills to a combination of both 91day Treasury Bills and higher yielding 182-day Treasury Certificates that was effected during the year. I must note here the co-operation of my colleagues

on the Board and particularly the contributions of the Managing Agent in articulating measures that enabled the Board to react vigorously to the anticipated decline in income. Ordinarily, a decline of 50% in the income of any organization is a major threat. I am proud to say that under this Board the Fund managed that threat proactively and effectively. Other proposed measures designed to increase income have been articulated but cannot be taken as the approval of the Honourable Minister is being awaited. These additional measures, once put in place will ameliorate the effect of the decline in the yield of Treasury Bills even more. Equally, the Board has been very audible in its appeal to the Shareholders to pay the outstanding capital contributions to the Fund. Not only were measures put in place to increase income, the expenditure was tightly controlled in the light of the current realities. Aggregate revenue expenditure excluding depreciation declined to N205m in 2005 from N242m in 2004.

The efficient and prudent use of resources ensured that the total assets of the Fund grew by over N100m from N4.562b in 2004 to N4.697b in 2005 even in the face of a 50% decline in revenue and also that the Fund was positioned to meet the objectives for which it was established and contribute significantly to the improved performance of the economy and the agricultural sector in particular. The Gross Domestic Product (GDP) measured in 1990 constant prices rose by 6.2% in 2005 compared with a growth rate of 6.5% recorded in 2004. This remarkable growth was driven by the non-oil sector (agriculture, general commerce and services in particular) which recorded a growth of 8.2%. The oil GDP grew by a modest 0.5%. The contributions of the agricultural sector to the economy continue to be significant accounting for 41.2% of the GDP almost the same as 2004. The aggregate index of agricultural production for 2005 stood at 186.9 (1990 = 100). This is a growth of 6.5% over the 2004 figure of 175.5. The growth rate recorded in 2004 was 6.1%. This performance is above the target of 6.0% set for the sector in the National Economic Empowerment and Development Strategy (NEEDS).

The contribution of the Fund to the performance of the agricultural sector is substantial. Besides the loans granted by the Nigeria Agricultural Cooperative & Rural Development Bank, the Fund is the principal conduit for channeling credit from the deposit money banks to the agricultural sector. Statistics on the distribution of commercial bank's loans and advances to different sectors of the economy provided by the Central Bank of Nigeria (CBN) reveal that the aggregate credit channeled to agriculture, forestry and fishery grew from N261.559b in 2004 to N262.006b in 2005. The marginal growth in commercial bank's credit correlates with the marginal growth in the number of loans guaranteed for the same purposes by the ACGSF, which grew from 35,035 in 2004 to 37,733 in 2005. Table 1 shows the growth trend between 2001 and 2005 for loans guaranteed under the scheme and the growth trend for advances to the agricultural sector by the commercial banks. The tables reveal a positive correlation between the two.

TABLE 1: LOANS GUARANTEED UNDER ACGSF & VALUE OF COMMERCIAL BANKS LOANS & ADVANCES TO AGRICULTURE, FORESTRY & FISHERY 2001 TO 2005

YEAR	LOANS & ADVANCES BY COMMERCIAL BANKS FOR AGRIC, FORESTRY & FISHERY ₦ MILLIONS	NUMBER OF LOANS GUARRANTEED UNDER THE AGICULTURAL CREDIT GUARANTEE SCHEME
2001	200,856.2	20,298
2002	227,617.6	23,681
2003	242,185.7	24,304
2004	261,558.6	35,035
2005	262,005.5	37,733

Source: Central Bank of Nigeria

Table 2 gives the Index of Agricultural production by type of activity between 2001 and 2005. It reveals that the areas of above-average growth are the areas for which the Fund is the main credit drive engine. The indices for these reveal growths from 2004 to 2005 of 169.9 to 181.5 for crops, 186.9 to 199.5 for staples and 238.0 to 250.0 for livestock compared with the all-agric aggregate growth of 175.5 to 186.9 for the same period.

The marginal growth in the numbers of guarantees issued under the scheme and the loans and advances channeled to the agricultural sector is indicative of certain economic difficulties facing the sector rather than the effectiveness of the Scheme or of the Board and Management of the Fund. The prices of the major agricultural commodities continued their downward trend in the world market. The all-commodities world price index computed in US dollars stood at 86.9 (1985 = 100) representing a decline of 1.8% from the preceding year's figure. The fall was attributable to weak international demand and excess supply.

TABLE 2: INDEX OF AGRICULTURAL PRODUCTION BY TYPE OF OUTPUT 2001 TO 2005 (1990 = 100)

AGRICULTURAL OUTPUT	2001	2002	2003	2004	2005
Crops	143.4	149.3	159.8	169.9	181.5
(a) Staples	157.5	164.1	175.9	186.9	199.5
(b) Other Crops	69.9	72.8	76.5	82.2	88.6
Livestock	199.5	208.9	225.5	238.0	250.0
Fishing	157.0	158.1	160.5	172.1	182.1
Forestry	120.4	121.3	123.1	125.7	132.6
Aggregate	148.9	154.9	165.4	175.6	186.9

Source: Derived by CBN from data compiled by NBS

The domestic producer prices of agricultural commodities recorded a mixed trend. Of the thirteen cash crops monitored by the Agricultural Projects Monitoring & Evaluation Unit, ten items registered price increases ranging from 1.6 to 19.0% whilst the fall in the prices of the other three ranged from 2.5% to 13%. Statistics of the Urban Consumer Price Index provided by the National Bureau of Statistics indicate a 24.5% general increase in prices of food items in the basket of consumers from an index figure of 120.7 in 2004 to 150.3 in 2005 (2003 = 100). These increases in prices were attributed to increased post-production costs particularly transportation resulting from the upward adjustments in petroleum products prices. The increased prices therefore did not benefit the farmer. Indeed the position of the farmer during the year was made more difficult by the same causative factor since the costs of inputs and operations rose in line with the prices of petroleum products.

Other difficulties experienced during the year, included outbreaks of livestock diseases and the quarantine measures to control them which dampened the enthusiasm of the farmer to make recourse to short-term borrowing to fund production. Farmers were discouraged further by the consequential decline in the demand for certain livestock items particularly poultry. Production was equally dampened by the invasion of quela birds in Kebbi, Sokoto, Zamfara, Jigawa, Bauchi, Gombe, Borno, Taraba, Yobe and Adamawa states as well as temporary adverse ecological problems in certain southern and northern states. In spite of government efforts in the direction, the supply of fertilizers was still reported as inadequate. Indeed agricultural output

would have declined significantly during the year but for the encouraging measures taken by the government such as subsidy on the supply of fertilizers procured and distributed to the thirty-six states, increased tempo of activities under the Fadama II project, the presidential initiatives on rice, cassava, vegetable oil, tree crops and livestock. Over N1.0b including the N687.3m proceeds from the 10% surcharge on rice importation was released for both crops-related and livestock initiatives.

This is not however to say that the Board is satisfied with the operation of the scheme. We have continued with efforts to increase the volume of the loans secured under the scheme by intensifying the sensitization and awareness drive as reported in my 2004 report. The Board has also put in place measures to expand the scope and coverage of the scheme and the access of farmers to its benefits. As indicated in my 2004 report, the effectiveness of the scheme will be enhanced if the limits on the value of the loans to be guaranteed under the scheme are revised to be in tune with the realities of the value of the Naira. The proposals and requests of the Board of the Fund in this regard and to improve the effectiveness and efficiency of the Scheme are before the Honourable Minister. Similarly, necessary proposed amendments to the enabling act are being channeled to the National Assembly. I believe that with forward planning, the co-operation of the Honourable Minister, the Government, the Managing Agent and my colleagues on the Board, the Fund will continue to impress with its performance and its contributions to the national well being.

I cannot end this Statement without expressing my gratitude to the Honourable Minister, the Managing Agent and my colleagues on the Board (some of whom left Board through retirements in the course of the year) for the co-operation and support I enjoyed during the year.

I thank you all.

ALHAJI UMARU BABA
Chairman, ACGSF Board

A. B. AGBAJE & Co.

CHARTERED ACCOUNTANTS

72, Adekunle Fajuyi Road, Alafia Complex, Adamasingba, U. I. P. O. Box 22403, Ibadan, Nigeria.
Tel: 02 - 2414688, Fax: 02 - 2414842, E-mail: abagbajeandco@yahoo.co.uk

REPORT OF THE AUDITORS TO THE HONOURABLE MINISTER FOR FINANCE & MEMBERS OF THE AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

We have audited the Financial Statements of the Agricultural Credit Guarantee Scheme Fund ("The Fund") for the year ended 31st December 2005 as set out on pages 9 to 11 and of which the accompanying notes on pages 12 to 19 are integral parts. The statements have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 8.

Respective Responsibilities of the Managing Agent, the Board and Auditors.

By S.18 (1) of the enabling Act (Decree No. 20 of 1977) it is the duty and responsibility of the Managing Agent and the Board of the Fund to prepare the Accounts and Financial Statements of the Fund. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion.

Basis of Opinion

We conducted our audit in accordance with the generally accepted standards on Auditing obtaining in Nigeria as well as the International Standards on Auditing issued by the International Federation of Accountants. An audit includes examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board and Managing Agent in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Fund, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the over all adequacy of the presentation of information in the financial statements.

We have obtained all the information and explanations we require for the purpose of our audit and have received proper returns from all the branches.

Opinion

In our opinion, the Financial Statements are in agreement with the accounting records kept by the Managing Agent. The Financial Statements which have been drawn up in conformity with the relevant Standards issued by the Nigerian Accounting Standards Board and International Accounting Standards issued by the International Accounting Standards Board, give a true and fair view of the State of the affairs of the Fund as at 31st December 2005 and of the Revenue and Expenditure Accounts for the year ended on that date. The Board of the Fund did not make any recourse to the Federal Government of Nigeria under S. 2(9) of the ACGSF Decree No. 20 of 1977 for the expenses of the Board for the year as the Fund bore the administrative expenses of the Board in its entirety. We note that the Managing Agent processed several claims in the effort to comply with a memo dated 2nd March 2005 which the Board considered necessary to issue to address the matter of the backlog of outstanding claims in order to encourage banks to continue to participate in the scheme. We are obliged to report that the majority of the claims settlements thus made were not strictly in compliance with the operating guidelines, the terms of the underlying guarantee and therefore S. 12(2) and S.9 of the ACGSF (Decree now) Act No. 20 of 1977. There was substantial non-compliance by participating banks with S. 14B (1) of the ACGSF (Amendment) Act No. 32 of 1993 without corresponding sanctions or penalties being imposed on these banks in accordance with Section 14B (2) (a) and (b) of the same legislation. In all other respects, the Financial Statements comply with the requirements of the Agricultural Credit Guarantee Scheme Fund Decree No. 20 of 1977 as amended.

A. B. Agbaje & Co.

A. B. Agbaje & Co
(Chartered Accountants)
Ibadan, Nigeria
8th October 2007



Offices at Abuja, Aja, Ibadan, Lagos, Sokoto

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

Statement Of Accounting Policies

a) Basis of Preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention and comply with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board and Financial Reporting Standards issued by the International Accounting Standards Board.

b) Income from Investment & Investments

The income of the Fund for the year is wholly from its investment in Gilts (Treasury Bills and Treasury Certificates). The earnings recognized in the Income Statement have been computed on accruals basis. The value of investments are indicated in conformity with this policy and are stated in the accompanying schedule which shows the costs, accrued interest as well as face or maturity value of each tranche of investment.

c) Depreciation of Fixed Assets

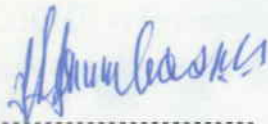
Depreciation charges have been calculated to write off the cost of the relevant Fixed Assets on a straight line basis over the expected useful lives of the assets concerned. From 1st January, 2002 the costs of fixed assets in excess of N10, 000= are taken into the appropriate Fixed Assets account and amortised over the useful life of the assets on the following basis.

Motor Vehicles	---	20% p.a
Office Equipment	---	20% p.a

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND
BALANCE SHEET AS AT 31ST DECEMBER, 2005

	NOTES	2005		2004	
		N	N	N	N
Fixed Assets at cost					
Less Depreciation	1		7,069,620		11,620,885
Investments in Gilts & Accrued Int. thereon	2		4,706,792,735		4,553,618,104
Current Assets					
Bank Balance		3,229,591		564,768	
Current Liabilities	3	<u>20,006,811</u>		<u>3,304,900</u>	
Net Current Assets			(16,777,220)		(2,740,132)
Total Net Assets			<u>4,697,085,135</u>		<u>4,562,498,857</u>
Financed By					
Capital Funds			2,251,340,000		2,251,340,000
Reserves & Accumulated Funds			<u>1,532,802,604</u>		<u>1,359,118,029</u>
			3,784,142,604		3,610,458,029
Long-Term Liabilities					
CBN's Current (ACGSF Recoverable) A/C	4		<u>912,942,531</u>		<u>952,040,828</u>
Capital Funds & Long-Term Liabilities			<u>4,697,085,135</u>		<u>4,562,498,857</u>

The Financial Statements were approved by the Board of the Fund on and signed on its behalf by



.....
ALHAJI UMARU BABA
CHAIRMAN



.....
MR. PAUL N. ELUHAIWE
SECRETARY

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

Income & Expenditure Statement For The Year Ended 31st December 2005

	NOTES	2005		2004	
		₦	₦	₦	₦
Income					
From Investments	2		388,814,906		643,327,176
Less:					
Operating Expenses:					
Claims		18,782,038		11,575,000	
Salaries & Wages		75,197,132		130,481,787	
Other Administrative /Operating Expenses	5	110,756,674		96,185,543	
Directors Emoluments		3,951,000		2,104,332	
Audit Fees		525,000		525,000	
Traveling Expenses For Audit Inspection of Branches		569,000		798,400	
Depreciation		<u>5,324,237</u>		<u>5,393,131</u>	
			<u>215,105,081</u>		<u>247,063,193</u>
Surplus/(Deficit) for the yr.			173,709,825		396,263,983
Reserves/Accumulated Funds b/f Prior Yr. Adjustments		1,359,118,029	(25,250) 1,359,092,779	1,024,466,850	(61,612,804) 962,854,046
Reserves/Accumulated Funds c/f			<u>1,532,802,604</u>		<u>1,359,118,029</u>

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

Cash Flow Statement For The Year Ended 31st December 2005

	NOTES	2005		2004	
		₱	₱	₱	₱
1.	Cash Flow from Operating Activities				
	Surplus (Deficit) for the year	173,709,825	396,263,983		
	Depreciation charges for the year	5,324,237	5,393,131		
	Prior Year Claims	25,250	(61,612,804)		
	Increase (Decrease) In Current Liabilities	16,701,911	22,995,2698		
			179,034,062		401,657,114
	Net Cash Inflow from Operating Activities		16,676,661		(84,568,072)
2.	Cash Flow From Investment Activities		195,710,723		317,089,041
	Purchases of Fixed Assets				
	Increase in Investment in Government Securities		(772,972)		
			(153,174,631)		(341,308,745)
	Net Cash used in Investment Activities		(153,947,603)		(341,308,745)
3.	Cash Flow From Financing Activities				
	Increase (Decrease) in CBN's Current (ACGSF Recoverable) A/C		(39,098,297)		24,200,820
	Net Cash inflow from Financing Activities		(39,098,297)		24,200,820
	Net Increase (Decrease) in Cash and Cash Equivalents [1 + (2) + 3] in year		2,664,823		(18,884)
	Cash & Cash Equivalents as at 1 st January		564,768		583,652
	Closing Cash & Cash Equivalents as at 31st December		3,229,591		564,768

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND
2005 ANNUAL REPORT & FINANCIAL STATEMENTS

NOTE 1
SCHEDULE OF FIXED ASSETS AND DEPRECIATION CHARGES

a) MOTOR VEHICLES

S/NO	MAKE & REGISTRATION NO.	LOCATION	YR OF PURCHASE	COST 1/1/2005	ADDITIONS DURING YR	COST 31/12/05	DEP CHG 01/01/05	DEP CHG FOR YR	CUMM. DEP CHG. 31/12/05	NET BOOK VALUE
1	LANDROVER JEEP (KD6850KD) NEW NO. AP 303 PHC	PH	1991	N/A	NIL	N/A	N/A	NIL	N/A	NIL
2	504 SW AN6880ED	PH	1989	N/A	NIL	N/A	N/A	NIL	N/A	NIL
3	NISSAN PATROL JEEP FC 9106 C (NOW AP 318 PHC)	PH	1994	N/A	NIL	N/A	N/A	NIL	N/A	NIL
4	504 SW LA 2874 AP	PH	1987	N/A	NIL	N/A	N/A	NIL	N/A	NIL
5	2 UNITS 85HP YAMAHA OUTBOARD ENGINE NO 417216 & 417221	PH	1987	251,678	0	251,678	251,678	NIL	251,678	NIL
6	LAND ROVER JEEP LA 8163 SE	PH	1982	N/A	NIL	N/A	N/A	NIL	N/A	NIL
7	504 SW AE 61 MAP	IB	1994	N/A	NIL	N/A	N/A	NIL	N/A	NIL
8	504 SW AE 188DA	IB	1985	N/A	NIL	N/A	N/A	NIL	N/A	NIL
9	504 SW	PH	1982	N/A	NIL	N/A	N/A	NIL	N/A	NIL
10	MITSUBISHI PICK-UP AM 671 BDJ	IB	2001	N/A	NIL	N/A	N/A	NIL	N/A	NIL
11	NISSAN PATROL JEEP AG 609 AKD	ABEOKUTA	1995	N/A	NIL	N/A	N/A	NIL	N/A	NIL
12	504 SW AG 853 YAB	ABEOKUTA	1988	N/A	NIL	N/A	N/A	NIL	N/A	NIL
13	MITSUBISHI PICK-UP AP 634 AAB	ABEOKUTA	2001	N/A	NIL	N/A	N/A	NIL	N/A	NIL
14	LANDROVER JEEP AA 228 GBA	AKURE	1991	N/A	NIL	N/A	N/A	NIL	N/A	NIL
15	LANDROVER DISCOVERY AA 228 GBA FORMERLY LA 5381 SN	AKURE	1993	N/A	NIL	N/A	N/A	NIL	N/A	NIL
18	504 SW OD 7524 AA	AKURE	1987	N/A	NIL	N/A	N/A	NIL	N/A	NIL
17	504 SW AJ 772 AAA	AKURE	1985	N/A	NIL	N/A	N/A	NIL	N/A	NIL
18	504 SW OD 7385 AA C/F	AKURE	1985	N/A	NIL	N/A	N/A	NIL	N/A	NIL
						251,678			251,678	
									251,678	

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND
2005 ANNUAL REPORT & FINANCIAL STATEMENTS

NOTE 1

SCHEDULE OF FIXED ASSETS AND DEPRECIATION CHARGES

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

2005 ANNUAL REPORT & FINANCIAL STATEMENTS

NOTE 1 : SCHEDULE OF FIXED ASSETS AND DEPRECIATION CHARGES

a). MOTOR VEHICLES

S/NO	MAKE & REGISTRATION NO.	LOCATION	YR OF PURCHASE	COST 1/1/2005	ADDITIONS DURING YR	COST 31/12/05	DEP CHG 01/01/05	DEP CHG FOR YR	CUM DEP 31/12/05	NET BK VALUE
19	B/F 504 SW OD 8470 AA	AKURE	1989	251,678	N/A	251,678	N/A	NIL	251,678	NIL
20	LANDROVER 110 AE 907 MNA	MINNA	1983	N/A	NIL	N/A	N/A	NIL	N/A	NIL
21	LANDROVER DISCOVERY AE 789 MNA	MINNA	1983	N/A	NIL	N/A	N/A	NIL	N/A	NIL
22	504 S/W AH 431 YAB	ILORIN	1986	1,972,389	0	1,972,389	1,972,389	0	1,972,389	NIL
23	TOYOTA PICK-UP HILUX AJ 628 LRN	ILORIN	2001	3,410,000	0	3,410,000	2,387,000	682,000	3,069,000	341,000
24	TOYOTA PICK-UP JHILUX AJ 529 LRN	ILORIN	2001	3,410,000	0	3,410,000	2,387,000	682,000	3,069,000	341,000
25	LANDROVER AG 782 WER FORMERLY KD 8574 KD	OWERRI	1990	N/A	NIL	N/A	N/A	NIL	N/A	NIL
26	LANDROVER JEEP CA 183 ABC	OWERRI	29/1/02	4,550,000	0	4,550,000	2,654,187	910,000	3,564,187	985,833
27	TOYOTA HILUX PICK-UP CA 185 ABC	OWERRI	26/1/02	3,567,990	0	3,567,990	2,081,153	713,538	2,794,891	772,999
28	504 S/W AH 138 WER	OWERRI	N/A	1,482,975	0	1,482,975	1,482,975	0	1,482,975	NIL
29	504 S/W AA 358 KUJ	BENIN	1988	N/A	NIL	N/A	N/A	NIL	N/A	NIL
30	504 S/W AE 721 KUJ	BENIN	1989	N/A	NIL	N/A	N/A	NIL	N/A	NIL
31	TOYOTA HILUX AS 887 RBC	UYO	2001	2,970,000	0	2,970,000	2,079,000	694,000	2,673,000	297,000
32	TOYOTA JEEP 4 X 4 AH 521 BAU	BAUCHI	N/A	N/A	NIL	N/A	N/A	NIL	N/A	NIL
33	504 S/W AH 170 BAU	BAUCHI	N/A	N/A	NIL	N/A	N/A	NIL	N/A	NIL
34	TOYOTA LAND CRUISER AE 127 MKD	MAKURDI	1992	696,200	0	696,200	696,200	0	696,200	NIL
35	504 S/W AE 468 YLA	YOLA	1995	N/A	NIL	N/A	N/A	NIL	N/A	NIL
36	PEUGEOT 406 2.0 PRESTIGE		24/01/03	3,989,800	0	3,989,800	1,545,580	797,820	2,343,480	1,646,120
37	PEUGEOT 406 2.0 SW		14/03/03	4,271,500	0	4,271,500	1,540,080	854,300	2,364,380	1,877,120
				30,582,032	0	30,582,032	19,087,202	5,233,758	24,320,960	6,261,072

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND
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NOTE 1
SCHEDULE OF FIXED ASSETS AND DEPRECIATION CHARGES

b. OFFICE EQUIPMENT

S/NO	DESCRIPTION, MAKE & ID NO	LOCATION	YR OF PURCHASE	COST 1/1/2005	ADDITIONS DURING YR	COST 31/12/05	DEP CHG 01/01/05	DEP CHG FOR YR	CUM DEP 31/12/05	NET BK VALUE
1	IBM 130 466 DX2 COLARADO 350 PC	AKURE	1996	N/A	NIL	N/A	N/A	NIL	N/A	NIL
2	RANK ZEROX 1012 PHOTOCOPIER S/N 211 - 433874-5	MINNA	1990	N/A	NIL	N/A	N/A	NIL	N/A	NIL
3	ZINOX PC 2 UNITS	ILORIN	2002	N/A	NIL	N/A	N/A	NIL	N/A	NIL
4	COMPAQ 2000 PC 2 UNITS	ILORIN	2001	N/A	NIL	N/A	N/A	NIL	N/A	NIL
5	PANASONIC FP 7117 PHOTOCOPIER	ILORIN	2001	N/A	NIL	N/A	N/A	NIL	N/A	NIL
6	PANASONIC FP 7135 S/N 462505	OWERRI	1999	753,373	0	753,373	753,373	0	753,373	NIL
7	XEROX 5825 COPIER S/N 290 4733189	BAUCHI	2001	420,185	0	420,185	284,130	84,037	378,167	42,018
8	REXEL T300 SPIRAL BINDER	HO	21/11/05	0	59,719	59,719	0	498	498	59,221
9	LASER PRINTER	HO	21/11/05	0	17,325	17,325	0	144	144	17,181
10	HP SCANJET	HO	21/11/05	0	118,025	118,025	0	967	967	115,058
11	REXEL IM40 SHREDDING MACHINE	HO	21/11/05	0	88,503	88,503	0	738	738	87,765
12	PROJECTOR WITH COMPLETE ACCESSORIES	HO	21/11/05	0	491,400	491,400	0	4,095	4,095	487,305
				1,173,558	772,972	1,946,530	1,047,503	90,479	1,137,982	808,548

**AGRICULTURAL CREDIT GUARANTEE SCHEME FUND
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**NOTE 2
SCHEDULE OF INVESTMENTS IN GOVERNMENT SECURITIES**

TRANCHE	TYPES OF SECURITY	DATE OF ISSUE	MATURITY DATE	MATURITY OR FACE VALUE	AMOUNT INVESTED	YLD TO 31/12/2005	B/S VALUE AS AT 31/12/05
1	TREASURY BILLS	6/10/2005	5/1/2006	2,231,103,000	2,203,290,620	26,284,227	2,229,574,847
2	TREASURY BILLS	13/10/2005	12/1/2006	1,920,411,000	1,898,885,567	18,704,277	1,917,569,844
3	TREASURY BILLS	20/10/2005	19/01/2006	163,596,000	162,176,614	1,123,031	163,299,645
4	TREASURY BILLS	27/10/2005	26/01/2006	7,866,000	7,827,017	27,845	7,854,862
5	TREASURY BILLS	3/11/2005	2/2/2006	145,963,000	144,871,277	707,820	145,579,097
6	TREASURY BILLS	15/12/2005	16/03/2005	248,893,000	241,540,987	1,373,453	242,914,440
				4,717,832,000	4,656,672,082	48,220,653	4,706,792,735

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Note 3:

Current Liabilities: Schedule Of Creditors & Accrued Expenses

	2005 ₦	2004 ₦
a) Audit Fees	1,600,250	1,525,000
Accrued Traveling Expenses for Audit Inspection of Branches	1,367,400	1,729,900
Claims Payable:		
UBN PLC approved 15 th Board Meeting	584,761	
UBA PLC approved 17 th Board Meeting	1,186,764	
UBN PLC approved 3 rd AGM	1,383,405	
UBN PLC approved 18 th Board Meeting	9,864,026	
UBA PLC approved 18 th Board Meeting	2,865,422	
FBN PLC approved 18 th Board Meeting	941,610	
BON LTD. approved 18 th Board Meeting	213,173	Nil
	17,039,161	<u>3,304,900</u>
	<u>20,006,811</u>	

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

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Note 4

CBN's Current (ACGSF Recoverable) Account

The enabling Act (ACGSF Decree No. 20 of 1977) prescribed that the capital of the Fund be subscribed 60% by the Federal Government and 40% by the Central Bank. The capital has been varied over the years to N3BN from the initial N100m set in 1977. Whilst the CBN has paid its share of N1.2BN the FGN has paid only N1.05BN of its share of N1.8BN. The CBN as the Managing Agent has over the years found it necessary to incur various administrative expenses on behalf of the Fund which expenditures are accumulated in the ACGSF Recoverable Account with the CBN. As at 31st December 2005, the balance in this account stood at N912,942,531 (N952,040,828 for 2004). The amount in the Recoverable Account was initially to be recovered by the CBN on the payment of the balance of the amount subscribed by the FGN. It is now expected to be recovered gradually over time. The amount has grown over time and is not in the circumstances in the nature of a current liability i.e. it is not expected to be repaid in its entirety within the next one year.

AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

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Note 5:

Other Administrative/Operating Expenses

	2005 ₱	2004 ₱
Operating Expenses:		
Hotel & Traveling Exp	81,542,451	89,670,790
Stationery Postages & Comm.	9,380,637	272,230
Conference & Seminar Exp	871,392	1,017,376
Newspapers & Periodicals	326,698	524,609
Entertainment	4,099,779	3,075,812
Medical Expenses	56,053	452,230
Repairs, Maintenance. & Motor Running Expenses	485,158	616,416
Training Expenses	40,000	556,080
Advertising & Publicity	13,954,506	-
Total	110,756,674	96,185,543

Five-Year Financial Summary

	2005 N	2004 N	2003 N	2002 N	2001 N
NET ASSETS					
Fixed Assets	7,069,620	11,620,885	17,014,016	14,199,824	-
Investment	4,706,792,735	4,553,618,104	4,212,309,359	3,617,559,387	2,045,446,855
Current Assets	3,229,591	564,768	583,652	1,236	188,330,164
Current Liabilities	(20,006,811)	(3,304,900)	(26,260,169)	(23,888,831)	(607,475,910)
	<u>4,697,085,135</u>	<u>4,562,498,857</u>	<u>4,203,646,858</u>	<u>3,607,871,616</u>	<u>1,626,301,109</u>
FINANCED BY:					
Share Capital	2,251,340,000	2,251,340,000	2,251,340,000	2,251,340,000	1,501,340,000
Reserves	<u>1,532,802,604</u>	<u>1,359,118,029</u>	<u>1,024,466,858</u>	<u>631,073,112</u>	<u>124,961,109</u>
Long-term Liability	3,784,142,604	3,610,458,029	3,275,806,850	2,882,413,112	1,626,301,109
CRN's Current (ACGSF Recoverable) A/C	912,942,531	952,040,828	927,840,008	2	
Capital Funds & Long-term Liabilities	4,697,085,135	4,562,498,957	4,203,646,858	3,607,871,616	1,626,301,109
INCOME					
Income From					
Investments	388,814,906	643,327,176	603,188,114	641,036,300	299,623,166
Others	388,814,906	643,327,176	603,188,114	641,036,300	299,623,166
Surplus/(Deficit) for yr.	173,709,825	396,263,983	393,393,738	507,719,712	141,457,917
Retained Surplus b/fwd	1,359,118,029	1,024,466,850	631,073,112	124,961,109	(16,496,808)
Prior Yr. Adjustments	(25,250)	(61,612,804)	-	(1,607,709)	-
Retained Surplus c/f	<u>1,532,802,604</u>	<u>1,359,118,029</u>	<u>1,024,466,850</u>	<u>631,073,112</u>	<u>124,961,109</u>



We present herewith the report on the performance of Agricultural Credit Guarantee Scheme (ACGS) in 2005:

1.0 PERFORMANCE OF THE ACGS

1.1 Loans Guaranteed

A total of 46,238 loans valued N3.047 billion were guaranteed under the ACGSF between January and December, 2005. The achievement compares favourably with 35,035 loans valued N2.084 billion guaranteed in the corresponding period of 2004 which represents an increase of 31.98% by number and 46.21% by value respectively (Charts 1a, 1b & 1c).

1.2 Analysis of Guaranteed Loans

1.2.1 Spread by Number of Guaranteed Loans

Katsina State registered 9,094 guaranteed loans, the highest in 2005 under the Scheme. Jigawa and Kwara States followed as they registered 4,688 loans and 3,729 loans respectively (Chart 1a).

1.2.2 Spread by Value of Guaranteed Loans

Kwara State which guaranteed 3,729 loans valued N271.41 million recorded the highest value of guaranteed loans in 2005. Katsina and Adamawa States followed as they registered



Cassava for processing to chips for export

guaranteed loans valued N268.45 million and N217.22 million respectively (Chart 1b).

1.2.3 Analysis by Nature of Agri-business

In the year under review, the food crops sub-sector comprising of grains, tubers and roots accounted for 42,622 loans valued N2.62 million (85.9%). This was followed by the livestock sub-sector with 1,945 loans (4.21%) valued N0.251 million (8.24%). Fisheries sub-sector accounted for 448 loans (0.96%) valued at N0.077 million (2.53%). The cash crops sub-sector accounted for 502 loans (1.09%) valued N0.05 million (1.67%) while other agri-businesses and mixed farming (Figure 1) accounted for 509 loans (1.10%) valued N0.039 million and 212 loans (0.46%) valued N14.21 million (0.47%) respectively.

Since inception in 1978, the food crops sub-sector has dominated lending under the ACGS.



Cassava Chips being processed at a cottage industry



Deep bitter Poultry Farm

1.2.4 Loans Guaranteed by Size

In 2005, only 85 loans - valued N0.343 million in the loans valued less than N5,000.00 category were recorded, while Loans that ranged from N5,001.00 to N20,000.00 were 14,045 in number and N233.91 million in value. Loans of sizes between N20,001 to N50,000.00 ranked highest with 16,346 in number N593.57 million in value respectively. However, credit facilities that ranged from N50,001 to N100,000 amounted to 8,749 loans valued N724.76 million in the year. In addition, loans valued N100,001.00 and above were 7,013 in number and N1.494 billion in value.

1.2.5 Analysis by Category of Borrowers

The breakdown of loans by category of borrowers under the Scheme showed that in 2005, credit facilities to individuals dominated lending. Loans to individual were 45,793 (99.04%) valued N2.97 billion (97.5%). Co-operative societies accounted for 145 loans (0.31%) valued at N38.54 million (0.01%) of all the loans guaranteed in 2005. Informal groups accounted for 296 loans (0.64%) valued N20.04 million (0.66%).

However, 4 loans valued N19.07 million (0.67%) went to corporate bodies.

2.0 LOAN REPAYMENT

2.1 Loans Repaid

In the year under review, a total of 32,519 loans valued N1.86 billion were fully repaid (Chart 2a & 2b). This compared favourably with the corresponding period of 2004 when 26,208 loans valued N1.17 billion were repaid.

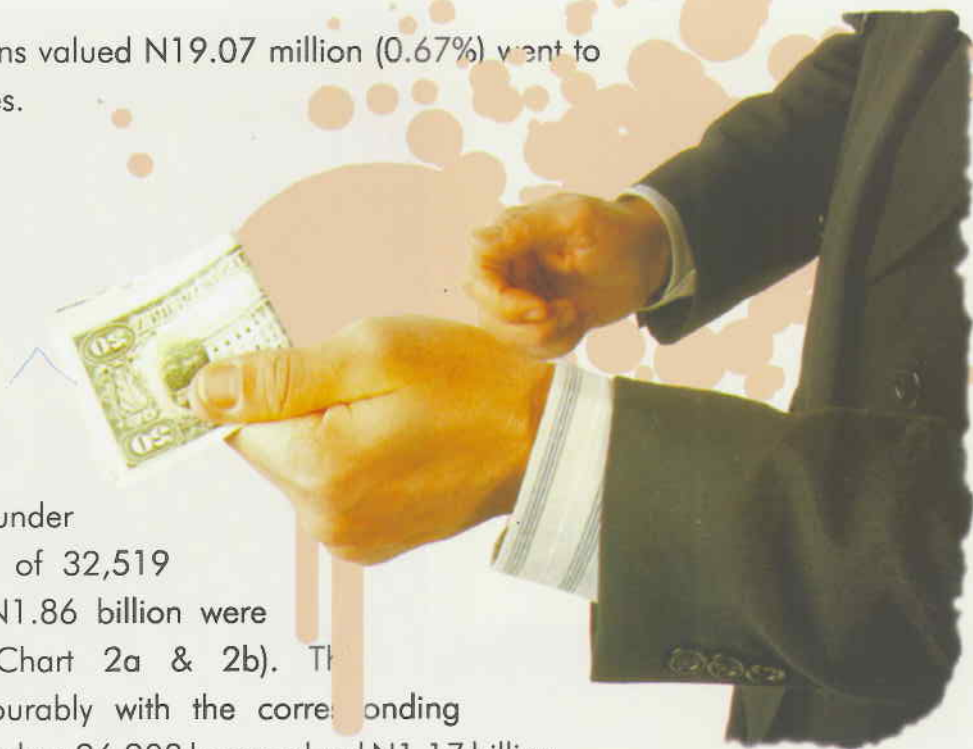
The 2005 performance also showed that the number and value of loans recovered increased by 24.08% and 58.97% respectively over that of the 2004 business year (Charts 3a & 3b, 4a & 4b).

2.2 Repayment by States (1978-2005)

As at December 31, 2005 a total of 310,653 loans valued N6.4 billion have since inception in 1978, been repaid under the ACGS.

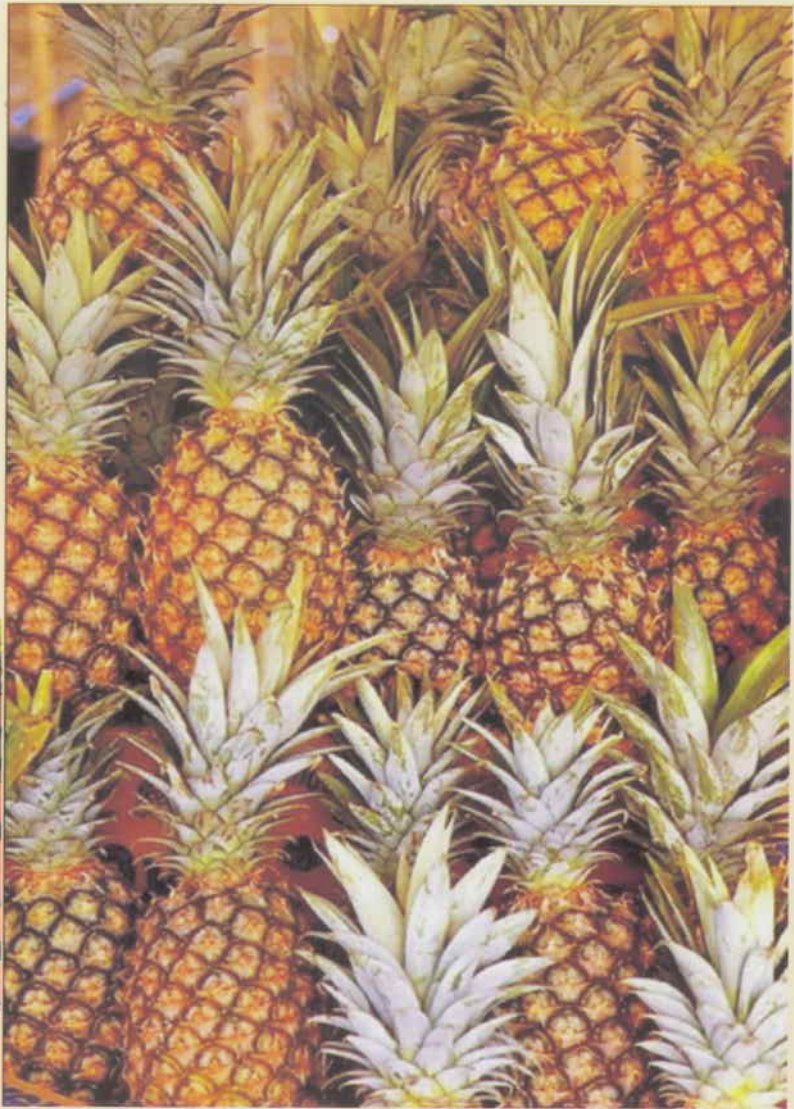
A further analysis of repayment by States since inception, showed that Niger State ranked first in terms of number of loans repaid since the inception as it registered 33,052 loans (10.6%) valued N0.394 billion (6.2%). Sokoto State followed with 29,365 loans (9.5%) valued N0.320 billion (5.0%) while Katsina State ranked third with 27,707 loans (8.9%) valued N0.550 billion (8.6%), Charts 4a & 4b.

However, loan recovery in States like Ekiti (1,147 loans valued N60.4m), Gombe (1,161 loans valued N114.2m) and Delta (902 loans valued N31.2m) were generally low.





Some agricultural fruits for consumption



Collection of harvested Pineapples

3.0 TARGETS & ACHIEVEMENTS

In the year under review, a national target of 45,850 loans was set by the Department as the number of loans to be guaranteed under the Scheme by the DFOs. In real terms, the DFOs surpassed the target by 0.84% as 46,238 loans were guaranteed.

4.0 PERFORMANCE OF DEVELOPMENT FINANCE OFFICES (DFOs)

4.1 Loans Guaranteed

As a tacit way of encouraging competition among Development Finance Officers, in 2005, a new innovation was attempted when a national target of 45,850 loans broken down into zonal targets of loans to be guaranteed was set for Development Finance

ZONE	ACHIEVEMENT			ACHIEVEMENT		
	Guaranteed Loans	Number Guaranteed	% Achievement	Value of Loans Repaid (N'm)	Loans Repaid (N'm)	% Achievement
South East	10,700	7,877	73.61	575.20	256.30	44.56
South West	9,450	8,613	91.14	596.10	283.50	47.56
North east	8,700	8,256	94.89	534.48	435.98	81.57
North West	17,000	21,492	Target was surpassed by 26.42%	603.20	885.52	Target was surpassed by 46.8%
National Total	45,850	46,238	Target was surpassed by 0.84%	2,308.98	1,861.09	80.60

5.0 ACHIEVEMENTS OF THE ACGSF BOARD

The Board of ACGSF achieved the following during in the year:

- (a) Approved the payment of 2,382 long outstanding genuine claims valued at N18.78 million being the liability under ACGSF. This was against 2,061 loans valued N97.965 million approved in 2004 from the backlog of unsettled claims between 1978 and 1998;
- (b) Met with the Governments of Kwara, Niger and Katsina States to enlighten them on the opportunities under the ACGS to assist farmers;
- (c) Held meetings to sensitize some Universities on the products of the Agricultural Credit Guarantee Scheme (ACGS);
- (d) Reviewed upwards the approval limit for guaranteed loans under the Scheme from N0.5 million to N1.0 million;



Banana for consumption

- (d) Approved Zonal Sensitization Workshops on Default and Claims Management under ACGSF for the Desk Officers of participating banks;
- (e) Paid courtesy call on the Governor of CBN, Professor Charles Chukwuma Soludo during which issues on unpaid Federal Government share capital of ACGSF and Interest Drawback Programme (IDP) and the need for an impact assessment of the ACGSF were highlighted;
- (f) Approved the payment of the sum of N231.23 million being Year 2004 Recoverable Expenses under ACGSF that was due to CBN; and
- (g) Approved five large scale projects for guarantee under the ACGSF valued N70.2 million.

Compiled by:

DEVELOPMENT FINANCE DEPARTMENT,
CENTRAL BANK OF NIGERIA,
ABUJA

JANUARY, 2006

Chart 1a: Analysis of Loans Guaranteed by Number under the ACGS (January - December, 2005)

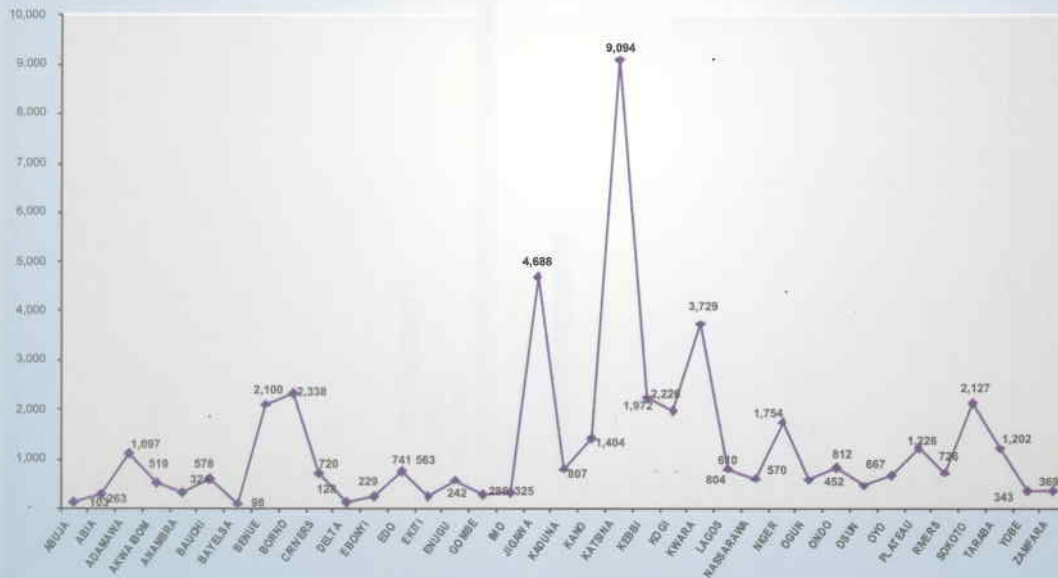


Chart 1b: Guaranteed Loans by Value (N'000) Under the ACGS (Jan. - Dec., 2005)

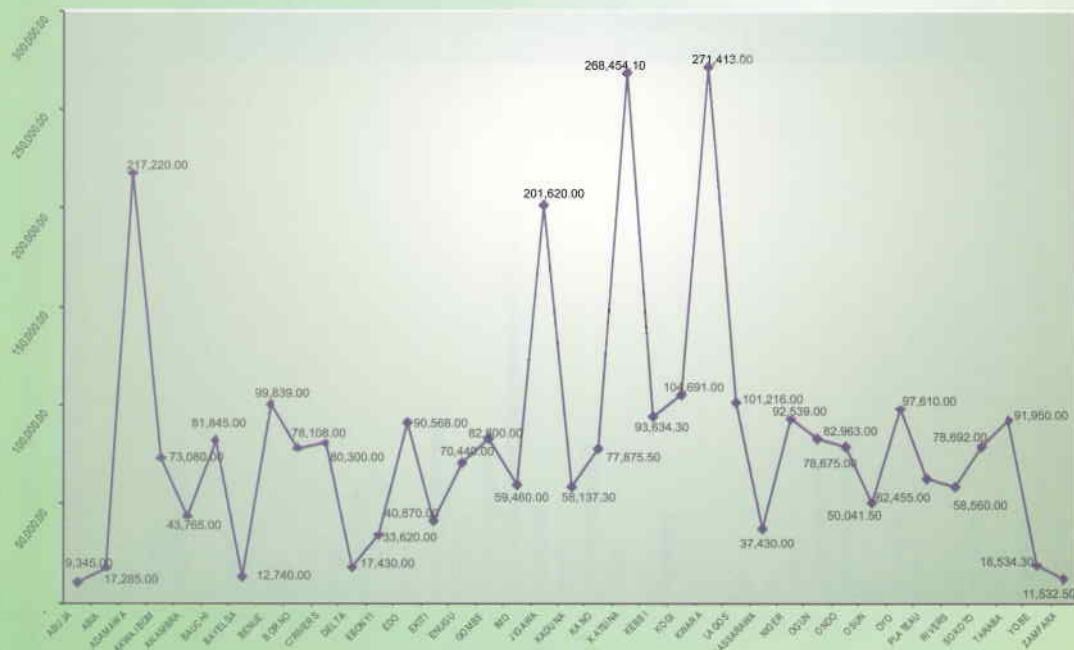


Chart 1c: Loans Guaranteed by Number under the ACGS (Jan. - Dec., 2005)

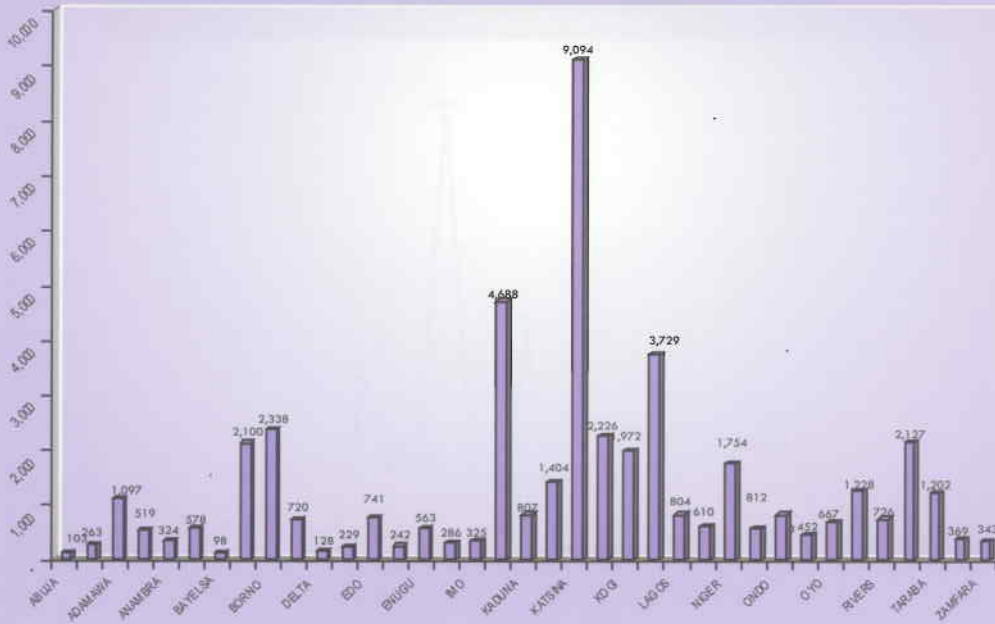


Chart 2a: Number of Fully Repaid Loans under the ACGS (January - December, 2005)

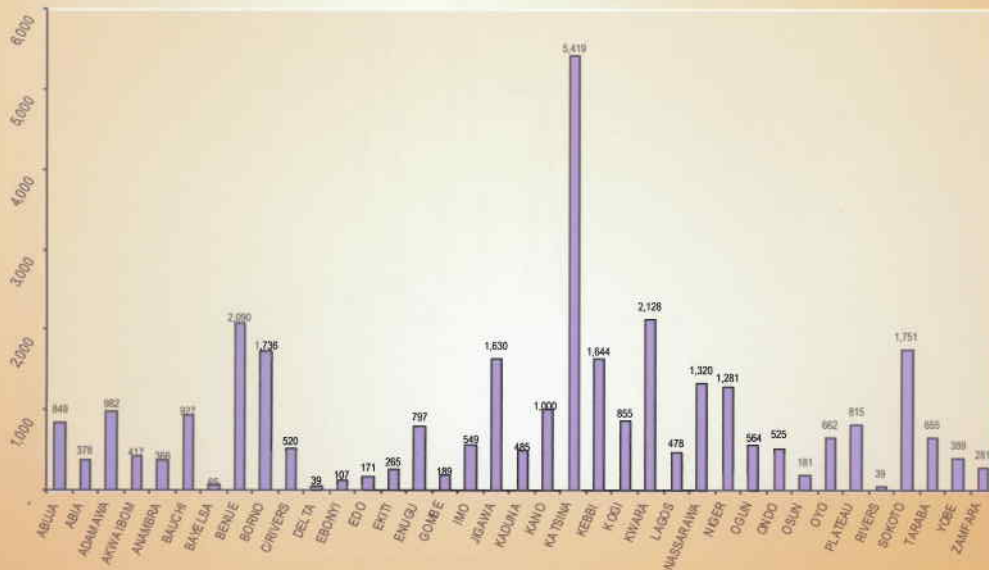


Chart 2b: Value of Loans Fully Repaid (N'000) under the ACGS (2005)

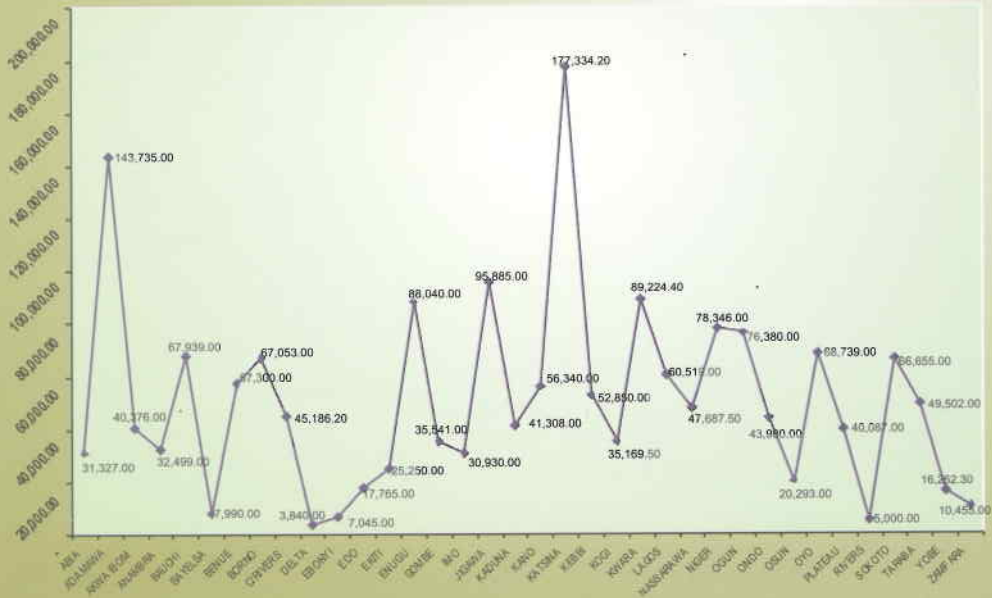


Chart 3a: Number of Loans Guaranteed (1978-2005) under the ACGS

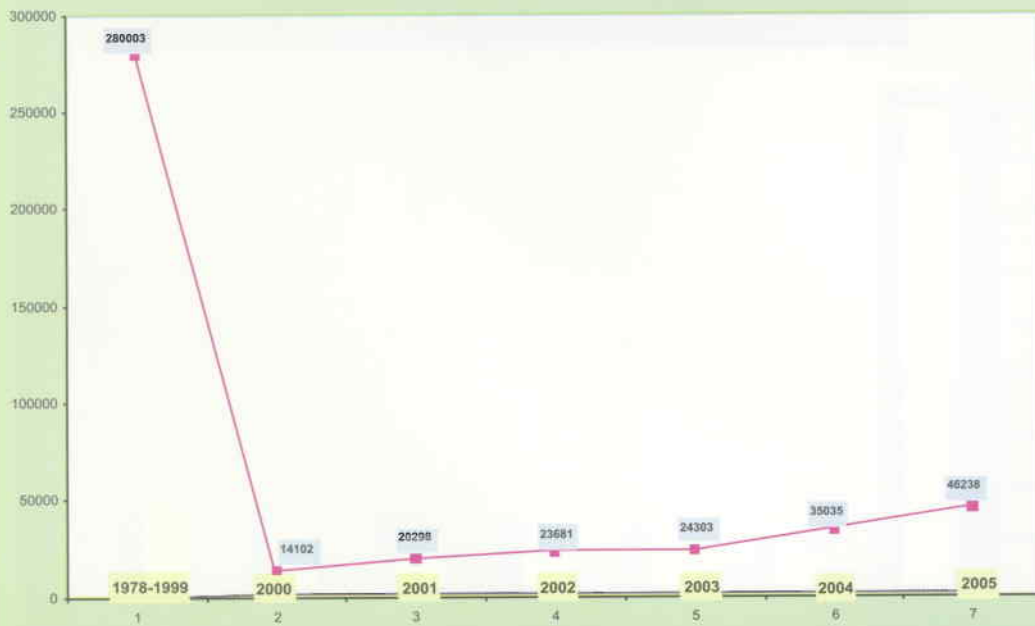


Chart 3b: Value of Guaranteed ACGS Loans (1978-2005)

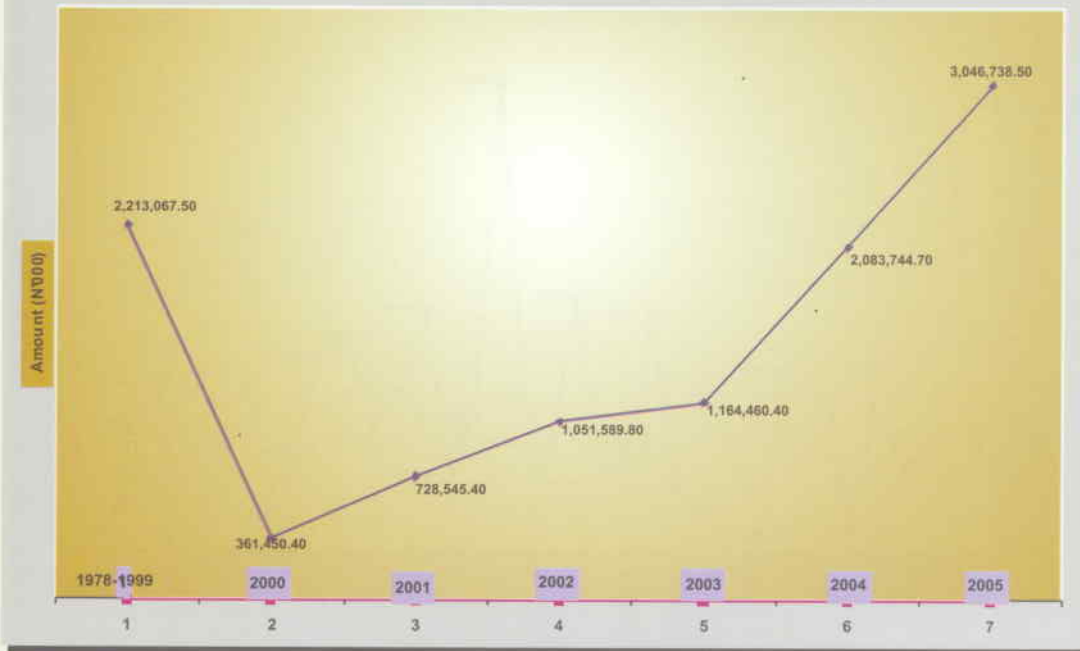


Chart 4a: Number of Fully Repaid Loans (1978-2005) under the ACGS

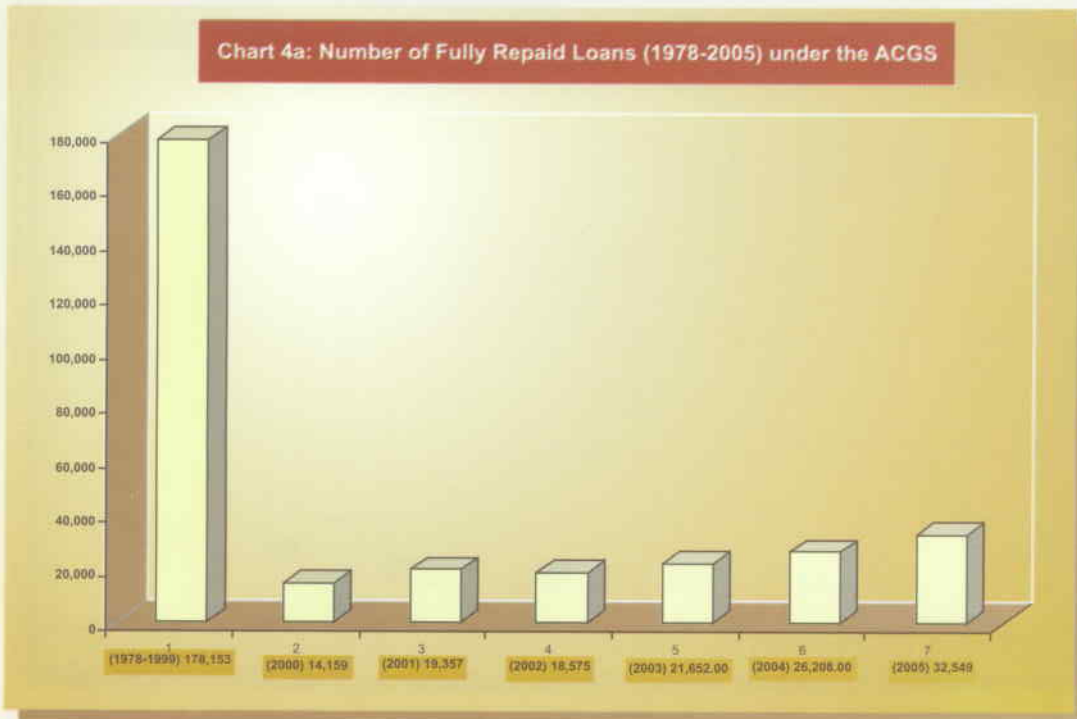


Chart 4b: Value of Fully Loans under the ACGS (1978-2005) in N'000s

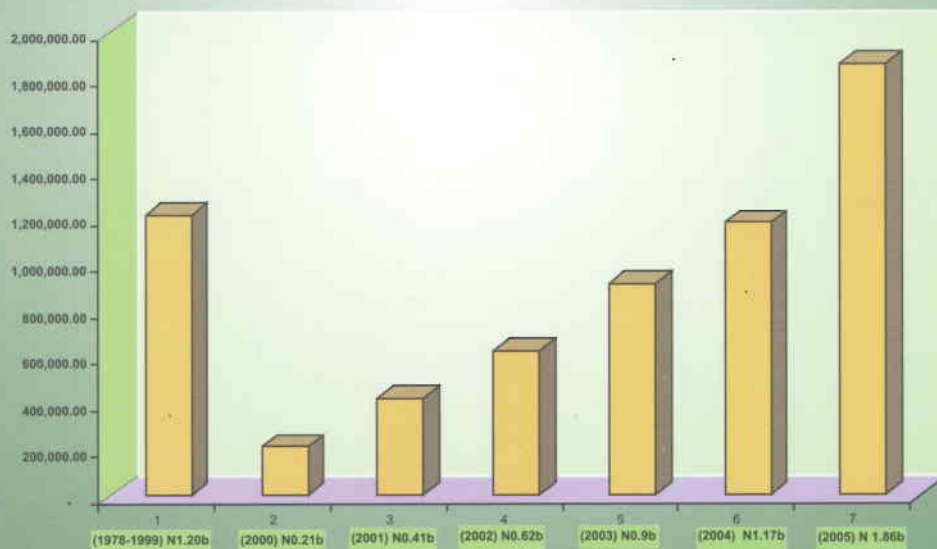


Figure 1: 2005 Guaranteed Loans Analyzed by Purpose & Amount (N'm) under the ACGS

