# THE STANDARD NEWSPAPERS GROUP LIMITED

(Formerly CONSOLIDATED HOLDINGS LIMITED)

# GROUP ACCOUNTS

## 30TH SEPTEMBER 1995

# Contents

# Directorate and Administration

**DIRECTORS**

| | | |
|---|---|---|
| | Robin Sewell | (Appointed 26 September 1995) |
| | M. W. Harley | (Resigned 22 August 1995) |
| * | R. W. Rowland | (Resigned 15 May 1995) |
| * | M. V. A. Newman | (Resigned 22 August 1995) |
| | P. T. Kanyago | (Resigned 22 August 1995) |
| * | K. M. Atkinson | (Resigned 22 August 1995) |
| * | R. S. Holt | |
| * | D. J. Gudgeon | (Resigned 31 January 1995) |
| | D. J. Davies | |
| | M. K. Too | (Appointed 27 April 1995) |
| | J. Kaleli | (Appointed 27 April 1995) |
| * | P. Welham | (Appointed 5 January 1996) |

* British

**COMPANY SECRETARY**

P. Kemei

**REGISTERED OFFICE**

P.O. Box 11854
Likoni Road
Nairobi

**BANKERS**

Kenya Commercial Bank Ltd
P.O. Box 30081
Moi Avenue
Nairobi.



**AUDITORS**

Peat, Marwick,
P.O. Box 40612
Jubilee Insurance Exchange
Mama Ngina Street
Nairobi

# Notice of Meeting

The Seventy-Eighth Annual General Meeting of The Standard Newspapers Group Limited will be held at the Standard Limited offices, Likoni Road, Nairobi on Thursday, 19th September, 1996 at 11.45 a.m. to transact the following business.

**AGENDA**

1. To receive the Report of the Directors and the Accounts for the year ended 30 September, 1995.

2. In accordance with Article 78 of the Company's Articles of Association Mr R. S. Holt retires and being eligible offers himself for re-election.

   In accordance with Article 83 of the Company's Articles of Association,Mr M. K. Too, Mr J. K. Kaleli, Mr R. Sewell and P. Welham, retire but being eligible offer themselves for re-election.

3. To authorise the Directors to fix the remuneration of the Auditors.

**BY ORDER OF THE BOARD**

P. Kemei
Company Secretary

P.O. Box 11854
Likoni Road
Nairobi

**Note:** Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company. A Form of Proxy is enclosed which, to be valid, must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the holding of the meeting. Members who have completed a Form of Proxy may still attend the meeting and vote in person, should they so wish.

# Principal Companies

During the year, the following company materially contributed to the assets and results of the Group, with its main activities described.
The beneficial interest shown below represents the percentage of net profit or loss for the year ended 30 September 1995 attributable to the shareholders of the Standard Newspapers Group Limited.

| Subsidiary | Beneficial interest | Principal Activity |
|---|---|---|
| The Standard Limited | 100% | Publishers of "East African Standard" and "Sunday Standard" newspapers and distributors of selected local and overseas newspapers, magazines and periodicals. |

# Chairman's Statement

Trading in the year resulted in a loss of K£285,000 after taking account of exceptional profits of K£330,000. The exceptional profits in the year comprise of profits on the sale of the subsidiary Company, The Standard Advertising Limited.

In view of these losses and the need to continue the ongoing investment in new equipment your Board does not recommend the payment of a dividend for the year ended 30th September, 1995.

The Standard Limited, the Group's principal operating subsidiary, made losses of K£570,650 for the year ended 30th September 1995, compared to profits of K£273,968 in the previous year.

The deterioration in the company's performance during the year is attributable principally to high production costs arising from the sharp escalation in newsprint prices on the world market — with the US dollar price per tonne increasing by up to 90% in the period.

The competitiveness of the market, and the economy, prevented us from passing on this increase in costs to either the readers or advertisers.

The Company's Publishers Distribution Services Division, which distributes foreign newspapers and periodicals, continued to perform well, even though there was marked decline in the number of overseas visitors who form the Company's target market.

Additional new technology including Press equipment and advanced computer installations, and the necessary investment therein, will be vital in the current financial year in order for the Group to consolidate on the progress made in the latter half of 1995.

The general levelling out of world newsprint prices, which comprise the Group's largest bought — in expense, and the perceptible strengthening of the national economy gives cause for cautious optimism about the current financial year which should see the Group return to sustainable profitability.

I would, in conclusion, like to thank my predecessor Mr M. W. Harley and my Board colleagues for their efforts and ongoing support.

M. TOO
CHAIRMAN.

# REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 30 September 1995.

## 1. Group results

The trading loss of the Group before taxation and exceptional items was K£615,000 (1994 -profit K£122,000). After accounting for taxation and exceptional items the loss attributable to shareholders amounted to K£285,000 (1994 - profit K£219,000).

Turnover for the year was K£29,556,000 compared to K£25,998,000 for 1994.

## 2. Dividend

The directors do not recommend the payment of a dividend.

## 3. Directors

The present board of the company is set out on page 2:-

## 4. Auditors

The auditors, KPMG Peat Marwick will continue in office in accordance with Section 159(2) of the Companies Act.

## 5. Approval of accounts

The accounts were approved at a meeting of the Directors held on 24 April 1996

**BY ORDER OF THE BOARD**

Secretary

Date: 24 April 1996

# REPORT OF THE AUDITORS

## TO THE MEMBERS OF THE STANDARD NEWSPAPERS GROUP LIMITED

We have audited the accounts as set out on pages 8 to 16 and have obtained all the information and explanations which we considered necessary. Proper books have been kept and the balance sheet is in agreement therewith.

In our opinion, the accounts, which have been prepared on the basis of the accounting policies set out on page 11, give a true and fair view of the state of affairs of the Company and of the Group at 30 September 1995 and of its loss and cash flows for the year to that date and comply with the requirements of the Companies Act.

**PEAT MARWICK**
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 40612,
NAIROBI.
Date 24 APRIL , 1996

# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1995

| | Note | 1995<br>K£000's | 1994<br>K£000's |
|---|---|---|---|
| **TURNOVER** | 1(b) | 29,556 | 25,998 |
| **(LOSS)/PROFIT BEFORE TAXATION** | 2 | ( 615) | 122 |
| **TAXATION** | 3 | - | - |
| **(LOSS)/PROFIT AFTER TAXATION** | | ( 615) | 122 |
| **EXCEPTIONAL ITEMS** | 4 | 330 | 97 |
| **RETAINED (LOSS)/PROFIT FOR THE YEAR** | | ( 285) | 219 |
| **(LOSS)/EARNINGS PER ORDINARY SHARE** | 5 | KShs ( 0.67) | KShs 0.51 |

The notes on pages 11 to 16 form part of these accounts.

# BALANCE SHEET AT 30 SEPTEMBER 1995

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 1995 | 1994 | 1995 | 1994 |
| | Note | K£000's | K£000's | K£000's | K£000's |
| **FIXED ASSETS** | 6 | 2,404 | 2,350 | - | - |
| **INVESTMENT** | 7 | 1 | 1 | 1 | 1 |
| **SUBSIDIARIES** | 8 | - | - | 482 | 1,255 |
| | | 2,405 | 2,351 | 483 | 1,256 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 9 | 1,553 | 1,215 | - | - |
| Debtors | 10 | 8,792 | 4,868 | 2,792 | 2,439 |
| Call deposit | | 129 | - | - | - |
| Bank balances and cash | | 696 | 298 | 4 | 1 |
| | | 11,170 | 6,381 | 2,796 | 2,440 |
| **CURRENT LIABILITIES** | 11 | 10,275 | 4,997 | 219 | 181 |
| **NET CURRENT ASSETS** | | 895 | 1,384 | 2,577 | 2,259 |
| | | **3,300** | **3,735** | **3,060** | **3,515** |
| **CAPITAL AND RESERVES** | | | | | |
| Share capital | 12 | 2,140 | 2,140 | 2,140 | 2,140 |
| Share premium account | 13 | 119 | 119 | 119 | 119 |
| Profit and loss account | 13 | 798 | 1,083 | 801 | 1,256 |
| **SHAREHOLDERS FUNDS** | | 3,057 | 3,342 | 3,060 | 3,515 |
| **LONG TERM LIABILITIES** | 11 | 243 | 393 | - | - |

M.K. Too

R. S. Holt

} Directors

| | | | |
|---|---|---|---|
| **3,300** | **3,735** | **3,060** | **3,515** |

The notes on pages 11 to 16 form part of these accounts.

# CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1995

| | Note | 1995 K£000's | 1994 K£000's |
|---|---|---|---|
| Net cash outflow/(inflow) from operating activities | 15 | ( 57) | 1,275 |
| **Return from investment and servicing of finance** | | | |
| Interest paid | | ( 353) | ( 762) |
| Interest receivable | | 91 | 38 |
| Interest element of hire purchase payments | | ( 173) | ( 161) |
| Foreign exchange fluctuations | | ( 114) | - |
| Net cash flows from investments and servicing of finance | | ( 549) | ( 885) |
| **Cash flow from investing activities** | | | |
| Purchase of fixed assets | | ( 651) | ( 771) |
| Proceeds from sale of fixed assets | | 28 | 165 |
| Net cash flow from investing activities | | ( 623) | ( 606) |
| **Cash flow from financing activities** | | | |
| Secured loan | | 2,471 | - |
| Secured loan repayment | | ( 12) | - |
| Hire purchase payments | | ( 628) | ( 125) |
| Proceeds from hire purchase agreement | | - | 407 |
| Net cash flow from financing activities | | 1,831 | 282 |
| Net increase in cash and cash equivalents | | 602 | 66 |
| Cash and cash equivalents at beginning of period | | 223 | 157 |
| Cash and cash equivalents at end of period | 16 | 825 | 223 |

# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group:-

### a) Basis of accounting

The accounts have been prepared under the historical cost convention adjusted by the revaluation of certain assets.

### b) Turnover

Turnover represents the sale of goods and services outside the Group.

### c) Depreciation

Depreciation on assets at cost or valuation is provided on a straight line basis at the following rates per annum:-

| | |
|---|---|
| Furniture and fittings | 10% |
| Plant and machinery | 10% - 20% |
| Motor vehicles | 16.67% |

### d) Stock

Stock is stated at the lower of cost and net realisable value.

### e) Foreign currencies

Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at the year end rate of exchange. Transactions during the year are translated at the rate ruling when the transactions are recorded. The resulting differences are dealt with in the profit and loss account.

### f) Consolidation

The consolidated accounts include the accounts of the company and its subsidiaries in accordance with (Cap.486) the Companies Act.
The principal subsidiary of the company is shown on Page 13.

### g) Deferred taxation

Provision for deferred tax is made only when the directors consider that a tax benefit or charge is likely to crystallise in the foreseeable future.

# NOTES TO THE ACCOUNTS

## 2. (LOSS)/PROFIT BEFORE TAXATION

The following amounts have been charged/(credited) in arriving at the profit/(loss)before taxation and exceptional items:-

| | 1995 | 1994 |
|---|---|---|
| | **K£000's** | **K£000's** |
| Depreciation | 592 | 513 |
| Directors' emoluments | 545 | 1,004 |
| Auditors' remuneration | 73 | 73 |
| Interest payable | 526 | 923 |
| Interest receivable | (91) | (38) |

## 3. TAXATION

a) Charge for the year on adjusted profit

| | | |
|---|---|---|
| Group | - | - |

b) No credit has been taken in these accounts for tax relief that will accrue in future years from unrelieved tax losses at 30 September 1995 and from the excess of tax written down values at that date over corresponding book values of the assets concerned. At existing rates of tax such future relief amounts to K£647,383 (1994 - K£287,000) and K£52,973 (1994 -tax liability K£130,598) respectively.

## 4. EXCEPTIONAL ITEMS

| | 1995 | 1994 |
|---|---|---|
| | **K£000's** | **K£000's** |
| Profit on sale of The Standard Advertising Limited | 330 | - |
| Profit on disposal of fixed assets | - | 97 |
| | **330** | **97** |

- During the year the group disposed off of its investment in The Standard Advertising Limited a 100% owned subsidiary.

  The effect of this transaction is as follows:-

| | **K£000's** |
|---|---|
| Subsidiary net liabilities | (445) |
| Write down of investment in previous year | 445 |
| Disposal proceeds | 330 |
| Profit on disposal | **330** |

- Profit on disposal of fixed assets:-

In the current year the profit on disposal of fixed assets amounting to K£ 23,000 has not been treated as an excep tional item because it was not considered to be material to justify such treatment.

## 5. (LOSS)/EARNINGS PER ORDINARY SHARE

The calculation of (loss)/earnings per ordinary share is based on the (loss)/profit after taxation and exceptional items and the 8,561,639 (1994 - 8,561,639) ordinary shares ranking for dividend at the balance sheet date.

# NOTES TO THE ACCOUNTS

## 6. FIXED ASSETS - Group

| | Capital work in progress K£000's | Equipment and motor vehicles K£000's | Total K£000's |
|---|---|---|---|
| **Cost:** | | | |
| At 1st October 1994 | 273 | 4,285 | 4,558 |
| Additions | - | 651 | 651 |
| Disposals | - | ( 43) | ( 43) |
| Transfers | ( 273) | 273 | - |
| At 30th September 1995 | - | 5,166 | 5,166 |
| **Depreciation:** | | | |
| At 1st October 1994 | - | 2,208 | 2,208 |
| Disposals | - | ( 38) | ( 38) |
| Charge for the year | - | 592 | 592 |
| At 30th September 1995 | - | 2,762 | 2,762 |
| Net book value: | | | |
| At 30th September 1995 | - | 2,404 | 2,404 |
| At 30th September 1994 | 273 | 2,077 | 2,350 |

## 7. INVESTMENTS

| | 1995 K£000's | 1994 K£000's |
|---|---|---|
| Group and company:- | | |
| At cost - Chancery Security Limited | 1 | 1 |

## 8. SUBSIDIARIES

Company:-

| | 1995 K£000's | 1994 K£000's |
|---|---|---|
| Shares at cost or valuation | 180 | 180 |
| Amounts due from own subsidiaries | 2,996 | 3,472 |
| Amounts due to own subsidiaries | (2,694) | (2,397) |
| | 482 | 1,255 |

## 9. STOCK

Stock comprises:-

| | 1995 K£000's | 1994 K£000's |
|---|---|---|
| Raw materials | 975 | 791 |
| Consumable stores | 505 | 411 |
| Goods in transit | 73 | 13 |
| | **1,553** | **1,215** |

# NOTES TO THE ACCOUNTS

## 10. DEBTORS

| | Group | | Company | |
|---|---|---|---|---|
| | 1995 K£000's | 1994 K£000's | 1995 K£000's | 1994 K£000's |
| **Due within one year:** | | | | |
| Debtors | 8,792 | 4,645 | 2,792 | 28 |
| Amounts due from group companies | - | 223 | - | 2,411 |
| | 8,792 | 4,868 | 2,792 | 2,439 |

## 11. CURRENT LIABILITIES

| | 1995 K£000's | 1994 K£000's | 1995 K£000's | 1994 K£000's |
|---|---|---|---|---|
| Due within one year:- | | | | |
| Bank overdraft | - | 75 | - | - |
| Creditors | 6,516 | 3,938 | 219 | 66 |
| Bills payable | 1,542 | 274 | - | - |
| Amounts due to Group Companies | - | 474 | - | 115 |
| Term loans | 2,217 | 236 | - | - |
| | 10,275 | 4,997 | 219 | 181 |
| **Due after one year:** | | | | |
| Term loans | 243 | 393 | - | - |
| | **243** | **393** | - | - |
| **Liabilities** | | | | |
| Secured | 2,460 | 704 | - | - |
| Unsecured | 8,058 | 4,686 | 219 | 181 |

## 12. SHARE CAPITAL

| | 1995 K£000's | 1994 K£000's |
|---|---|---|
| Authorised | | |
| 8,541,239 Ordinary shares of KSh.5 each | 2,135 | 2,135 |
| 20,400 Preferred Ordinary shares of KSh.5 each | 5 | 5 |
| 1,438,361 Undenominated shares of KSh.5 each | 360 | 360 |
| | **2,500** | **2,500** |
| **Issued and fully paid** | | |
| 8,541,239 Ordinary shares of KSh.5 each | 2,135 | 2,135 |
| 20,400 Preferred Ordinary shares of KSh.5 each | 5 | 5 |
| | **2,140** | **2,140** |

# NOTES TO THE ACCOUNTS

## 13. RESERVES

| | Share premium | Profit and loss account | Total |
|---|---|---|---|
| | K£000's | K£000's | K£000's |
| **Group:-** | | | |
| At 1 October 1994 | 119 | 1,083 | 1,202 |
| Loss for the year | - | ( 285) | ( 285) |
| **At 30 September 1995** | **119** | **798** | **917** |
| **Company:-** | | | |
| At 1 October 1994 | 119 | 1,256 | 1,375 |
| Loss for the year | - | ( 455) | ( 455) |
| **At 30 September 1995** | **119** | **801** | **920** |

## 14. SECURED LOANS

During the year The Standard Newspapers Group Limited negotiated a facility for use by The Standard Newspapers Limited.

The loans outstanding in 1995 are secured by a debenture over all the assets of TheStandard Newspapers Group Limited stamped for KShs.75.33 million.
The balances outstanding are as follows:-

| | 1995 | 1994 |
|---|---|---|
| | K£ | K£ |
| Kenya Commercial Bank Limited | 2,000,000 | - |
| Kenya Commercial Finance Company Limited | 459,640 | - |
| National Industrial Credit Limited | - | 628,733 |
| | **2,459,640** | **628,733** |
| Details of the respective maturities are:- | | |
| Due within 1 year | 2,217,067 | 235,878 |
| Due after more than 1 year | 242,573 | 392,855 |
| | **2,459,640** | **628,733** |

## 15. NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

| | 1995 | 1994 |
|---|---|---|
| | K£000's | K£000's |
| Net (loss)/profit before taxation and exceptional item | (615) | 122 |
| Exceptional item | 330 | 97 |
| Depreciation | 592 | 513 |
| Profit on sale of fixed assets | ( 23) | ( 97) |
| Interest paid | 353 | 762 |
| Interest receivable | ( 91) | ( 38) |
| Interest element of hire purchase payment | 173 | 161 |
| Foreign exchange fluctuations | 114 | - |
| **Operating profit before working capital changes** | **833** | **1,520** |
| Increase) in stocks | ( 338) | ( 14) |
| (Increase)/decrease in debtors | (3,924) | 1,788 |
| Increase (decrease) in creditors | 3,372 | (2,019) |
| Net cash flow from operating activities | ( 57) | 1,275 |

## 16. CASH AND CASH EQUIVALENTS

| | 1995 | 1994 |
|---|---|---|
| | K£000's | K£000's |
| Bank balances and cash | 696 | 298 |
| Call deposit | 129 | - |
| Bank overdraft | - | ( 75) |
| | 825 | 223 |

## 17. OTHER LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 1995 | 1994 | 1995 | 1994 |
| | K£000's | K£000's | K£000's | K£000's |
| Guarantees | 2 | 300 | 2 | 300 |

Contingent liabilities

A civil case filed against The Standard Limited on 24 March 1994 in the High Court of Kenya claiming a sub stantial amount in aggravated damages for defamation, has not yet been listed for hearing and consequently any amount that may be awarded cannot be estimated with reasonable accuracy.

## 18. CAPITAL COMMITMENTS

| | Group | |
|---|---|---|
| | 1995 | 1994 |
| | K£000's | K£000's |
| Authorised but not contracted for | - | 63 |

## 19. CURRENCY

The accounts are presented in thousands of Kenya pounds (K£000's). One K£ is equivalent to twenty Kenya shillings.

# Form of Proxy

I/We ______________________________________________

of ______________________________________ being a Member(s) of the

above-named Company appoint ______________________________

of ______________________________________________ or failing him

__________________________ of ______________________________

to vote for me/us on my/our behalf at the seventy eighth Annual General Meeting of the said Company, to be held at 11.45 a.m. on Thursday, 19th September 1996 and at any adjournment thereof.

Signed ______________________

day of __________________ 1996

Signature ______________________________________________

A Member entitled to attend and vote at this meeting is entitled to appoint a Proxy who need not be a Member.

N.B. - This Form of Proxy must be deposited at the Registered Office, Likoni Road, P.O. Box 11854, Nairobi, not less than 48 hours before the appointment time for the holding of the meeting.