



ANNUAL ACCOUNTS

30th September

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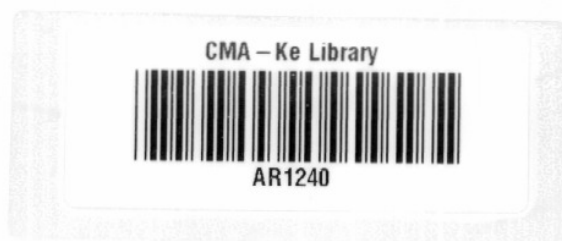
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CONTENTS

Directorate & Administration	2
Notice of Meeting	3
Principal Company	3
Chairman's Statement	4
Report of the Directors	5
Report of the Auditors	6
Consolidated Profit and Loss Account	7
Balance Sheet	8
Cash flow statement	9
Notes to the Accounts	10 - 16



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1. standard Newspaper group --- Periodicals
2. Media group -- Kenya -- Periodicals

DIRECTORATE AND ADMINISTRATION

DIRECTORS

R. Sewell *

R. S. Holt *

D. J. Davies

M. K. Too

J. Kaleli

P. R. Welham *

* 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

2007/1240



NOTICE OF MEETING

The Seventy-Ninth Annual General Meeting of the Standard Newspapers Group Limited will be held at the Norfolk Hotel, Harry Thuku Road, Nairobi on 25th April 1997 at 11:00 a.m. to transact the following business.

AGENDA

1. To confirm the minutes of the last Annual General Meeting held on 19th September 1996
2. Matters Arising Therefrom
3. To receive and consider the Accounts for the year ended 30th September 1996 with the reports of the Directors and the Auditors thereon.
4. To approve payment of a first and final dividend declared by the directors on 31st December 1996 in respect of the year ended 30th September 1996.
5. To re-elect Directors, and approve their remuneration for the year ended 30th September 1996. In accordance with Article 78 of the Company's Articles of Association, Mr. D. J. Davies and Mr. R. S Holt retire by rotation and being eligible offer themselves for re-election.
6. To note that the present auditors, Peat Marwick, will continue in office in accordance with Section 59(2) of the Companies Act, and to authorise the Directors to fix the remuneration of the Auditors.

By Order of the Board

Peter Kemei
P.O. Box 72133

SECRETARY
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 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 COMPANY

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 1996 attributable to the shareholders of Standard Newspapers Group Limited.

Subsidiary	Beneficial interest	Principal activity
The Standard Limited	100%	Publishers of "The East African Standard" and "The Standard on Sunday" Newspapers and distribution of selected local and overseas newspapers, magazines and periodicals

CHAIRMAN'S STATEMENT

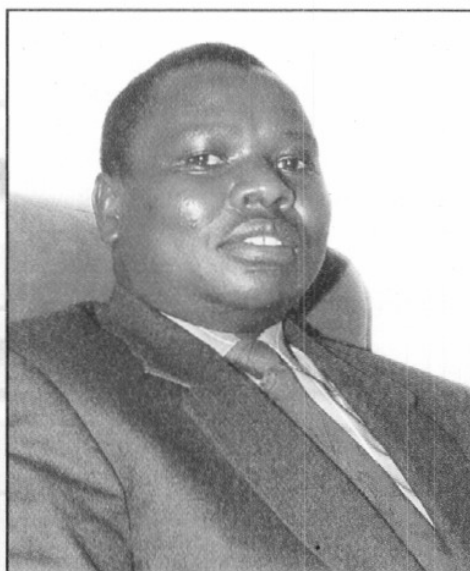
During the past year your company went through the successful process of consolidation and regained financial strength and investor confidence. With your continuing support your company is now heading for a future on solid foundations.

The year ended September 1996 was, in many respects, a watershed for the Company; a year which saw turnover increase substantially, costs well controlled and a return to healthy, and the Board anticipates, sustainable profitability. I agreed to take over the chairmanship because of my faith in the company - this faith is now being repaid.

Turnover increased over 1995 by KShs. 135,400,000 to KShs. 726,520,000 which represents a 22.9% upturn. The trading profit also showed a dramatic turnaround from a loss of KShs. 12,300,000 in 1995 to a profit of KShs. 17,004,000 in the current year, resulting in a dividend of one shilling per ordinary share being the first dividend issued since 1989.

Stability in the international price of newsprint assisted management maximise paginations to satisfy both advertisers and the growing readership.

Although advertising rates and cover prices were increased in the period — for the first time for two years — advertising volumes and revenues continued to grow and newspaper sales increased.



We also saw trading growth in PDS, the subsidiary which is Kenya's largest importer of foreign newspapers, magazines and paperback books.

Although the number of tourists visiting the country dropped, hitting the sale of foreign newspapers, other core areas, including the sale and distribution of the Readers Digest helped negate the effects of the downturn in revenue from tourists.

The year also saw ongoing capital investment in equipment including a new Press with full colour facilities, a high tech pre-press scanning unit, and the further computerisation of key departments.

The investment process is part of the strategy of keeping your company at the leading edge of technological development, thus enabling your company to quickly capitalise on existing and new business opportunities.

In conclusion I would like to thank my Board colleagues for their support and congratulate the employees for their continued contribution and commitment to the Group. I ask for the shareholders' and employees' patience and understanding while the Board, and the Group's Senior Executives, use their utmost endeavours to further shape the policies of the Group.

MARK TOO
Chairman



REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 30 September 1996.

1. **Group results**

The trading profit of the Group before taxation and exceptional items was KShs.17,041,000 (1995 - loss KShs.12,300,000). After accounting for taxation and exceptional items the profit attributable to shareholders amounted to KShs.17,041,000 (1995 - loss KShs.5,700,000).

2. **Dividend**

The directors recommend the payment of a dividend of KShs. 1.00 per share.

3. **Directors**

The directors of the Board since 1 October 1995 have been:-

R. Sewell *

M.K. Too

R.S. Holt *

D.J. Davies

J. Kaleli

P.R. Welham *

*British

5

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 4 February 1997

BY ORDER OF THE BOARD

Date: 4 February 1997

Secretary

REPORT OF THE AUDITORS

TO THE MEMBERS OF THE STANDARD NEWSPAPERS GROUP LIMITED

We have audited the financial statements set out on pages 7 to 16 which have been prepared on the basis of the accounting policies set out in Note 1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The financial statements of the company are in agreement with the books of account.

Under the provisions of the Companies Act, the directors are responsible for the preparation of financial statements which give a true and fair view of the company's state of affairs and its operating results. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

We conducted our audit in accordance with Kenyan Auditing Standards. Those Standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the Company and of the Group at 30 September 1996 and of the cash flows of the Group for the year then ended in accordance with Kenyan Accounting Standards and comply with the Companies Act.

Peat Marwick

CERTIFIED PUBLIC ACCOUNTANTS

**P.O. Box 40612,
NAIROBI.**

Date: 4 February, 1997

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1996

	Note	1996 KShs'000	1995 KShs'000
TURNOVER		<u>726,520</u>	<u>591,120</u>
PROFIT/(LOSS) BEFORE TAXATION	2	17,041	(12,300)
TAXATION	3	<u>-</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION		17,041	(12,300)
EXCEPTIONAL ITEMS	4	<u>-</u>	<u>6,600</u>
PROFIT/(LOSS) FOR THE YEAR		17,041	(5,700)
DIVIDENDS		<u>8,561</u>	<u>-</u>
PROFIT RETAINED FOR THE YEAR		<u>8,480</u>	<u>(5,700)</u>
EARNINGS PER ORDINARY SHARE	5	<u>KShs 1.99</u>	<u>KShs -</u>

The notes on pages 10 to 16 form part of these accounts.



BALANCE SHEET AT 30 SEPTEMBER 1996

	Note	Group		Company	
		1996	1995	1996	1995
		KShs'000	KShs'000	KShs'000	KShs'000
FIXED ASSETS	6	72,010	48,080	-	-
INVESTMENT	7	20	20	20	20
SUBSIDIARIES	8	-	-	59,400	9,620
		<u>72,030</u>	<u>48,100</u>	<u>59,420</u>	<u>9,640</u>
CURRENT ASSETS					
Stocks	9	48,920	31,060	-	-
Debtors		116,317	175,840	12,480	55,840
Call deposit		-	2,580	-	-
Bank balances and cash		11,563	13,920	100	80
		<u>176,800</u>	<u>223,400</u>	<u>12,580</u>	<u>55,920</u>
CURRENT LIABILITIES	10	152,813	205,498	19,919	4,378
NET CURRENT ASSETS/(LIABILITY)		<u>23,987</u>	<u>17,902</u>	<u>(7,339)</u>	<u>51,542</u>
		<u>96,017</u>	<u>66,002</u>	<u>52,081</u>	<u>61,182</u>
CAPITAL AND RESERVES					
Share capital	11	42,802	42,802	42,802	42,802
Share premium account	12	2,380	2,380	2,380	2,380
Profit and loss account	12	24,440	15,960	6,899	16,000
SHAREHOLDERS FUNDS		<u>69,622</u>	<u>61,142</u>	<u>52,081</u>	<u>61,182</u>
UNSECURED LOAN - AIFCO		26,395	-	-	-
LONG TERM LIABILITIES	13	-	4,860	-	-

Directors

96,017

66,002

52,081

61,182

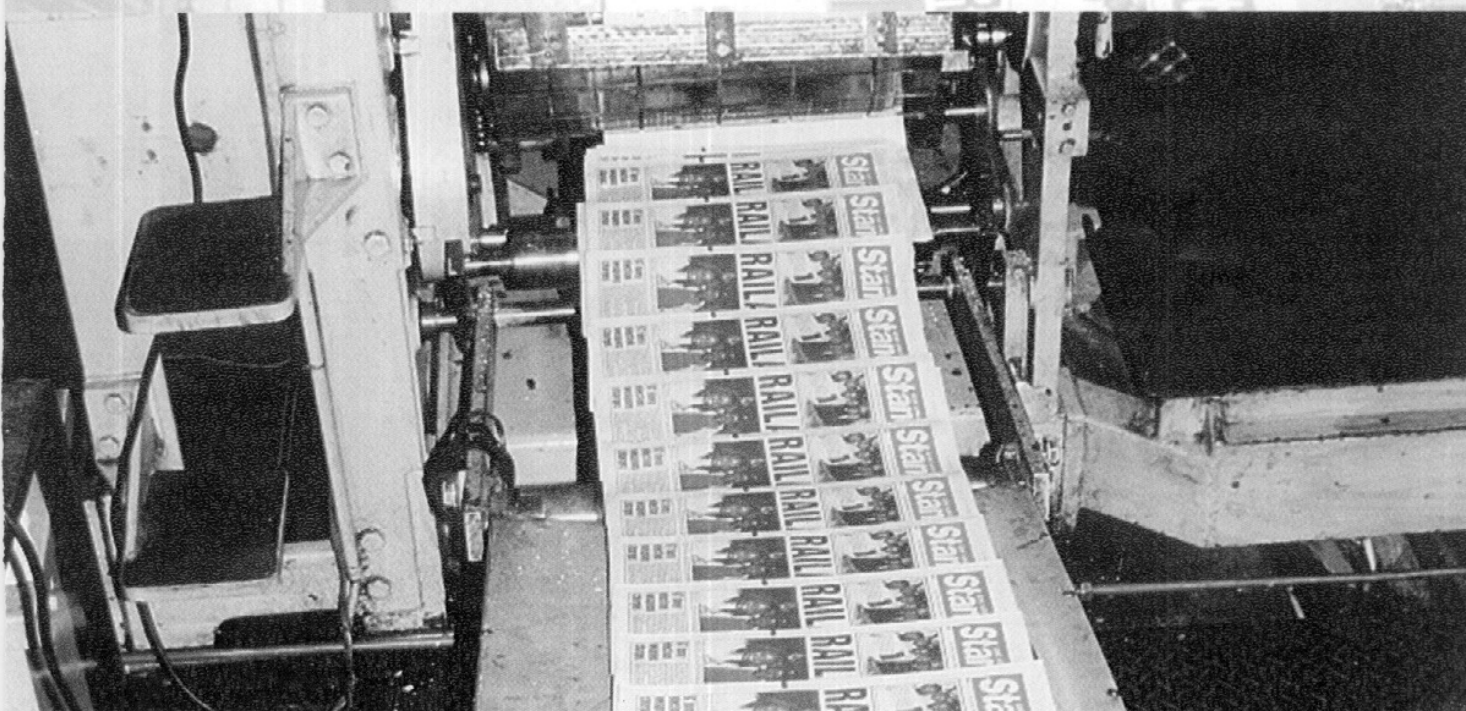
The notes on pages 10 to 16 form part of these accounts.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1996

		1996	1995
	Note	KShs'000	KShs'000
Net cash inflow/(outflow) from operating activities	14	37,805 /	(3,420)
Returns on investment and servicing of finance			
Interest paid		(19,400)	(10,520)
Interest receivable		2,320	1,820
Net cash flows from investments and servicing of finance		(17,080) /	(8,700)
Cash flow from investing activities			
Purchase of fixed assets		(38,284)	(13,020)
Proceeds from sale of fixed assets		1,235	560
Net cash flow from investing activities		(37,049) /	(12,460)
Cash flow from financing activities			
Loan obtained from AIFCO		26,395	-
Secured loan		-	49,420
Secured loan repayment		(43,781)	(240)
Hire purchase payments		-	(12,560)
Net cash (outflow)/inflow from financing activities		(17,386) /	36,620
Net cash (outflow)/inflow in the year		(33,710)	12,040
Net (decrease)/increase in cash in the year	15	(33,710) /	12,040

The notes on pages 10 to 16 form part of these accounts.

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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 as modified by the revaluation of certain assets.

b) Turnover

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

c) Depreciation

Depreciation is calculated on a straight line basis at the following rates per annum estimated to write off carrying values of the assets over their expected useful lives:-

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 rates ruling at that date. 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 made up to 30 September 1996.

The principal subsidiary of the company is shown on Page 3.

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. The provision is determined using the liability method.

NOTES TO THE ACCOUNTS

2. PROFIT/(LOSS) BEFORE TAXATION

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

	1996 KShs'000	1995 KShs'000
Depreciation	14,354	11,840
Directors' emoluments	16,100	10,900
Auditors' remuneration	1,740	1,460
Net interest payable	17,080	8,700
Profit on sale of fixed assets	1,235	480

3. TAXATION

- a) Charge for the year at 35% (1995 - 35%)
based on adjusted taxable 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 1996 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 KShs.12,947,660 (1995 - KShs.5,740,000) and KShs.1,059,460 (1995 - tax liability KShs.2,611,960) respectively.



NOTES TO THE ACCOUNTS

4. EXCEPTIONAL ITEMS

	1996 KShs'000	1995 KShs'000
Profit on sale of The Standard Advertising Limited	-	6,600

5. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on the profit after taxation and exceptional items and the 8,561,639 (1995 - 8,561,639) ordinary shares ranking for dividend at the balance sheet date.

6. FIXED ASSETS - Group

	Equipment and motor vehicles KShs'000	Total KShs'000
Cost:		
At 1st October 1995	103,332	103,332
Additions	38,284	38,284
Disposals	(1,996)	(1,996)
At 30th September 1996	<u>139,620</u>	<u>139,620</u>
Depreciation:		
At 1st October 1995	55,252	55,252
Charge for the year	14,354	14,354
Disposals	(1,996)	(1,996)
At 30th September 1996	<u>67,610</u>	<u>67,610</u>
Net book value:		
At 30th September 1996	<u>72,010</u>	<u>72,010</u>
At 30th September 1995	<u>48,080</u>	<u>48,080</u>

NOTES TO THE ACCOUNTS

7. INVESTMENTS

Group and company:-

At cost - Chancery Security Limited

1996	1995
KShs'000	KShs'000
<u>20</u>	<u>20</u>

8. SUBSIDIARIES

Company:-

Shares at cost or valuation

Amounts due from own subsidiaries

Amounts due to own subsidiaries

1996	1995
KShs'000	KShs'000
3,580	3,580
109,700	59,920
(53,880)	(53,880)
<u>59,400</u>	<u>9,620</u>

9. STOCK

Stock comprises:-

Raw materials

Consumable stores

Goods in transit

1996	1995
KShs'000	KShs'000
20,540	19,500
13,860	10,100
14,520	1,460
<u>48,920</u>	<u>31,060</u>



NOTES TO THE ACCOUNTS

10. CURRENT LIABILITIES

	Group		Company	
	1996 KShs'000	1995 KShs'000	1996 KShs'000	1995 KShs'000
Due within one year:-				
Bank overdraft	28,773	-	-	-
Creditors	97,680	130,298	11,358	4,378
Bills payable	12,380	30,860	-	-
Dividend payable	8,561	-	8,561	-
Term loans	5,419	44,340	-	-
	<u>152,813</u>	<u>205,498</u>	<u>19,919</u>	<u>4,378</u>
Liabilities				
Secured	5,419	44,340	-	-
Unsecured	<u>147,394</u>	<u>161,158</u>	<u>19,919</u>	<u>4,378</u>

11. SHARE CAPITAL

	1996 KShs'000	1995 KShs'000
Authorised		
8,541,239 Ordinary shares of KSh.5 each	42,700	42,700
20,400 Preferred Ordinary shares of KSh.5 each	100	100
1,438,361 Undenominated shares of KSh.5 each	7,200	7,200
	<u>50,000</u>	<u>50,000</u>
Issued and fully paid		
8,541,239 Ordinary shares of KSh.5 each	42,700	42,700
20,400 Preferred Ordinary shares of KSh.5 each	102	102
	<u>42,802</u>	<u>42,802</u>

12. RESERVES

	Share premium KShs'000	Profit and loss account KShs'000	Total KShs'000
Group:-			
At 1 October 1995	2,380	15,960	18,340
Profit retained for the year	-	8,480	8,480
At 30 September 1996	<u>2,380</u>	<u>24,440</u>	<u>26,820</u>
Company:-			
At 1 October 1995	2,380	16,000	18,380
Loss for the year	-	(540)	(540)
Dividends	-	(8,561)	(8,561)
At 30 September 1996	<u>2,380</u>	<u>6,899</u>	<u>9,279</u>

NOTES TO THE ACCOUNTS

13. SECURED LOANS

These relate to borrowings from Kenya Commercial Bank Limited Group.

The loans outstanding are secured by a debenture over all the assets of The Standard Newspapers Group Limited stamped for KShs.75.33 million.

The balances outstanding are as follows:-

	1996 KShs'000	1995 KShs'000
Kenya Commercial Bank Limited	-	40,000
Kenya Commercial Finance Co. Limited	5,419	9,200
	<u>5,419</u>	<u>49,200</u>

Details of the respective maturities are:-

Due within 1 year	5,419	44,340
Due after more than 1 year	-	4,860
	<u>5,419</u>	<u>49,200</u>



NOTES TO THE ACCOUNTS

14. NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1996 KShs'000	1995 KShs'000
Net profit/(loss) before taxation and exceptional item	17,041	(12,300)
Exceptional item	-	6,600
Depreciation	14,354	11,840
Profit on sale of fixed assets	(1,235)	(460)
Interest paid	19,400	10,520
Interest receivable	(2,320)	(1,820)
Operating profit before working capital changes	47,240	14,380
Increase in stocks	(17,860)	(6,760)
Decrease/(Increase) in debtors	59,523	(78,480)
(Decrease)/Increase in creditors	(51,098)	67,440
Net cash flow from operating activities	37,805	(3,420)

15. CASH AND BANK BALANCES

	1996 KShs'000	1995 KShs'000	Change in the year KShs'000
Bank balances and cash	11,563	13,920	(2,357)
Call deposit	-	2,580	(2,580)
Bank overdraft	(28,773)	-	(28,773)
	(17,210)	16,500	(33,710)

16. OTHER LIABILITIES

	Group 1996 KShs'000	Group 1995 KShs'000	Company 1996 KShs'000	Company 1995 KShs'000
Guarantees	40	6,000	40	6,000
Contingent liabilities				

A civil case filed against The Standard Limited in August 1996 in the High Court of Kenya claiming a substantial 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.

17. CAPITAL COMMITMENTS

	Group 1996 KShs'000	Group 1995 KShs'000
Authorised but not contracted for	-	1,260

18. CURRENCY

The accounts are presented in thousands of Kenya Shillings (KShs'000).