

BAMBURI CEMENT LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1996

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BAMBURI CEMENT LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1996

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BAMBURI CEMENT LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 1996

The directors submit their report together with the audited accounts for the year ended 31 December 1996 which disclose the state of affairs of the group and the company.

PRINCIPAL ACTIVITIES

The group is primarily engaged in the manufacture and sale of cement.

RESULTS AND DIVIDENDS

Net profit attributable to shareholders for the year to 31 December 1996 was Shs 767 million.

An interim dividend of 10% was paid during the year. The directors have resolved to recommend to the shareholders that the issued and fully paid share capital be increased to 362,916,375 ordinary shares of Shs 5 each by issuing bonus shares in the ratio 1:2 from the sum standing to the credit of the revenue reserve and subsequently to declare a final dividend of 15% on the increased share capital.

DIRECTORS

The directors who held office during the year were:

Executive directors

GCD Groom	Managing Director
J Kimanthi	
F Barrow	
JM Shiganga	
RM Thyaka	

Non-executive directors

TCJ Ramtu (EBS)	Chairman
SM Bates	
KW George	Alternate P Overment
JC Hillenmeyer	
SW Karanja	
JC Kulei	
BK Kipkulei (EBS)	Alternate GM Mitine
D Lovett	
SW Muindi	Appointed on 15 February 1996

AUDITORS

Price Waterhouse are willing to continue in office in accordance with Section 159(2) of the Companies Act.

By order of the Board


JK Ngunjiri
Company Secretary

19 February 1997

Price Waterhouse



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BAMBURI CEMENT LIMITED**

- 1 We have audited the financial statements set out on pages 3 to 16 which have been prepared on the basis of the accounting policies set out on pages 7 and 8. 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 its books of account.
- 2 The directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company and the group and of the operating results of the group. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.
- 3 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.
- 4 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 31 December 1996 and of the profit and cash flows of the group for the year then ended in accordance with Kenyan Accounting Standards and comply with the Companies Act.

Price Waterhouse

Certified Public Accountants
NAIROBI

19 February 1997

BAMBURI CEMENT LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 1996**

	<u>Notes</u>	<u>1996</u> Shs million	<u>1995</u> Shs million
TURNOVER		6,261	5,315
PROFIT FOR THE YEAR BEFORE TAX	2	1,453	1,325
Tax	3	686	643
PROFIT AFTER TAX		767	682
Profit attributable to minority shareholders		-	2
Profit attributable to shareholders (of which Shs 755 million (1995: Shs 649 million) has been dealt with in the accounts of the holding company)		767	680
Dividends	4	393	212
PROFIT RETAINED FOR THE YEAR		374	468
		Shs	Shs
Earnings per share	5	3.17	2.81

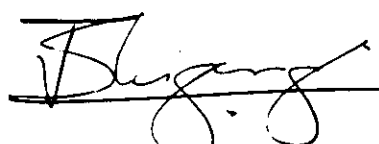
BAMBURI CEMENT LIMITED**CONSOLIDATED BALANCE SHEET**

AT 31 DECEMBER 1996

CAPITAL EMPLOYED	<u>Notes</u>	<u>1996</u> Shs million	<u>1995</u> Shs million
Ordinary share capital	6	1,210	806
Capital redemption reserve fund	7	2	2
Share premium account	7	-	14
Revaluation reserve	7	6,559	8,562
Revenue reserve	7	2,465	496
		<hr/>	<hr/>
SHAREHOLDERS' INTEREST		10,236	9,880
MINORITY INTEREST	8	-	22
		<hr/>	<hr/>
		10,236	9,902
		<hr/>	<hr/>
FIXED ASSETS	9	7,557	7,834
CAPITAL WORK IN PROGRESS	10	162	125
QUOTED INVESTMENTS	11	171	-
UNQUOTED INVESTMENTS	12	6	1
		<hr/>	<hr/>
		7,896	7,960
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories	13	1,094	1,059
Debtors	14	315	312
Due from related parties	15	57	163
Deposits, bank and cash balances		1,597	1,481
		<hr/>	<hr/>
		3,063	3,015
		<hr/>	<hr/>
CURRENT LIABILITIES			
Bank overdraft	16	8	43
Creditors	17	339	511
Due to related parties	15	63	17
Tax		35	346
Dividends		278	156
		<hr/>	<hr/>
		723	1,073
		<hr/>	<hr/>
NET CURRENT ASSETS		2,340	1,942
		<hr/>	<hr/>
		10,236	9,902
		<hr/>	<hr/>

The accounts on pages 3 to 16 were approved by the Board of Directors on 19 February 1997 and signed on its behalf by


GCD GROOM

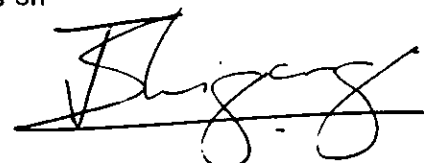

JM SHIGANGA

BAMBURI CEMENT LIMITED
COMPANY BALANCE SHEET
AT 31 DECEMBER 1996

CAPITAL EMPLOYED	<u>Notes</u>	<u>1996</u> Shs million	<u>1995</u> Shs million
Ordinary share capital	6	1,210	806
Capital redemption reserve fund	7	2	2
Share premium account	7	-	14
Revaluation reserve	7	6,559	8,562
Revenue reserve	7	2,451	476
		<hr/>	<hr/>
SHAREHOLDERS' INTEREST		10,222	9,860
		<hr/> <hr/>	<hr/> <hr/>
FIXED ASSETS	9	7,525	7,805
CAPITAL WORK IN PROGRESS	10	162	125
QUOTED INVESTMENTS	11	171	-
UNQUOTED INVESTMENTS	12	59	17
		<hr/>	<hr/>
		7,917	7,947
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories	13	1,053	1,008
Debtors	14	301	284
Due from subsidiaries	15	23	11
Due from related parties	15	57	163
Deposits, bank and cash balances		1,587	1,478
		<hr/>	<hr/>
		3,021	2,944
		<hr/>	<hr/>
CURRENT LIABILITIES			
Bank overdraft	16	8	27
Creditors	17	332	489
Due to subsidiaries	15	7	2
Due to related parties	15	63	17
Tax		31	344
Dividends		275	152
		<hr/>	<hr/>
		716	1,031
		<hr/>	<hr/>
NET CURRENT ASSETS		2,305	1,913
		<hr/>	<hr/>
		10,222	9,860
		<hr/> <hr/>	<hr/> <hr/>

The accounts on pages 3 to 16 were approved by the Board of Directors on 19 February 1997 and signed on its behalf by


GCD GROOM


JM SHIGANGA

BAMBURI CEMENT LIMITED**CONSOLIDATED CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 1996**

CASH FLOWS FROM OPERATING ACTIVITIES	1996	1995
	Shs million	Shs million
Profit before tax	1,453	1,325
Adjustments for:		
Depreciation	597	552
Loss/(gain) on sale of fixed assets	85	(6)
Unrealised foreign exchange loss/(gain) on cash and cash equivalents	55	(54)
Interest income	(97)	(46)
Interest expense	-	3
Realised foreign exchange gain	(94)	(9)
	<hr/>	<hr/>
Operating profit before working capital changes	1,999	1,765
(Increase)/decrease in debtors	(3)	12
(Increase)/decrease in stock	(35)	190
(Decrease)/increase in creditors	(172)	4
Related parties balances	152	-
	<hr/>	<hr/>
Cash generated from operations	1,941	1,971
Income taxes paid	(997)	(310)
	<hr/>	<hr/>
Net cash from operating activities	944	1,661
	<hr/>	<hr/>
RETURN ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	97	39
Interest paid	-	(3)
Dividends paid	(271)	(191)
Realised foreign exchange gain	94	10
	<hr/>	<hr/>
Net cash from investments and servicing of finance	(80)	(145)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(176)	-
Investment in capital work in progress	(162)	(125)
Purchase of fixed assets	(304)	(291)
Proceeds from sale of equipment	24	8
Purchase of minority interest	(40)	-
	<hr/>	<hr/>
Net cash from investing activities	(658)	(408)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	206	1,108
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,438	276
EFFECT OF EXCHANGE RATE CHANGES	(55)	54
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,589	1,438
	<hr/>	<hr/>

BAMBURI CEMENT LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 1996

1 ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets and the computation of related depreciation.

2 TURNOVER

Turnover represents the net ex-factory value of goods supplied to customers and is accounted for when those goods are despatched.

3 TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. 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. The resulting differences are dealt with in the profit and loss account.

4 FIXED ASSETS

Fixed assets other than office equipment and tools are stated at 1995 professional revaluation with subsequent additions at cost, less depreciation. Office equipment and tools are stated at cost, less depreciation.

5 DEPRECIATION

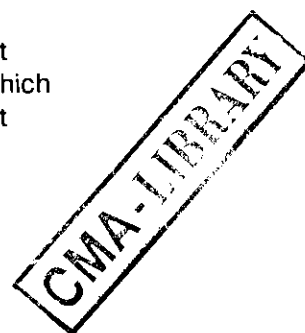
Depreciation is charged from the year of valuation or subsequent purchase in equal annual instalments over the estimated remaining useful lives of the assets at the following rates:

Freehold land	Nil
Leasehold land	Period of lease
Buildings, plant and machinery	2.5% - 12.5%
Equipment and mobile plant	10% - 33.3%

The depreciation charged to the profit and loss account is based on the carrying amounts of the fixed assets. The excess of this charge over that based on the historical cost of the fixed assets is released each year from the revaluation reserve to the revenue reserve. This represents a change of accounting policy from prior years, the effect of which is disclosed in Note 7.

6 INVESTMENTS

Quoted investments are stated at the lower of cost and market value. Unquoted investments are stated at cost less provision for any permanent diminution of their value.



BAMBURI CEMENT LIMITED

ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 DECEMBER 1996

7 INVENTORIES

Inventories of consumables and spare parts are stated at cost less provision for obsolete and slow-moving items. All other inventories are stated at the lower of cost and net realisable value. Cost includes direct costs and appropriate overheads.

8 DEFERRED TAX

Provision is made for deferred tax when the directors consider that tax reductions, resulting principally from the excess of wear and tear allowances over the corresponding charge for depreciation, will reverse in the foreseeable future.

Deferred tax arising on the revaluation of fixed assets is only provided for if, in the opinion of the directors, the assets are likely to be disposed of in the foreseeable future.

9 RETIREMENT BENEFIT COSTS

The company's contributions to the non-union employees retirement benefit scheme are charged to the profit and loss account in the period in which they fall due.

Pension and service gratuity benefits due to unionisable employees are charged to the profit and loss account in the period in which they are paid.

BAMBURI CEMENT LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1996

1 BASIS OF CONSOLIDATION

The consolidated accounts include the accounts of Bamburi Cement Limited and those of its subsidiaries, Simbarite Limited and Baobab Farm Limited. The amounts for the subsidiary companies are based on unaudited management accounts.

2 GROUP PROFIT BEFORE TAX

	<u>1996</u> Shs million	<u>1995</u> Shs million
Profit before tax is arrived at after charging:		
Directors' emoluments:		
Fees	2	2
Remuneration for management services	33	28
Auditors' remuneration	2	2
Depreciation	597	552
Interest payable	-	3
Exchange losses/(gains)	16	(156)
Provision for restructuring costs	81	111
and after crediting:		
Interest receivable	97	46

The company began to restructure certain aspects of its business in 1996. The provision for restructuring costs of Shs 81 million (1995: Shs 111 million) relates to retrenchment costs incurred and expected to be incurred by the company during this restructuring.

3 TAX

The effective tax rate for the year of 47% (1995 - 49%) is higher than the statutory rate of 35% (1995 - 35%) mainly because additional depreciation arising from the revaluation of fixed assets is not tax deductible.

A deferred tax liability as at 31 December 1996 of Shs 40 million (1995 - Shs 2 million) has not been recognised in the accounts because the directors consider that the liability will not crystallise in the foreseeable future. Were the fixed assets to be sold at their revalued amounts, an additional tax liability of Shs 1,677 million (1995: Shs 1,880 million) would arise. This has not been provided for in the accounts.

Instalment returns have been filed up to 31 December 1996 and respective remittances made. The directors are not aware of any income tax liability which has not been adequately provided for.

BAMBURI CEMENT LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****YEAR ENDED 31 DECEMBER 1996****4 DIVIDENDS**

	<u>1996</u> Shs million	<u>1995</u> Shs million
Interim declared on 25 July 1996	121	61
Final proposed	272	151
	<hr/>	<hr/>
	393	212
	<hr/> <hr/>	<hr/> <hr/>

Payment of the dividends is subject to withholding tax at the rate of 5% for resident and 10% for non-resident shareholders.

5 EARNINGS PER SHARE

Earnings per share have been calculated based on the profit after tax attributable to shareholders of Shs 767 million (1995 - Shs 680 million) divided by 241,944,250 being the number of ordinary shares in issue at 31 December 1996.

6 SHARE CAPITAL

	<u>1996</u> Shs million	<u>1995</u> Shs million
Authorised:		
245,600,000 (1995: 164,800,000)		
Ordinary shares of Shs 5 each	1,228	824
100,000 7% Cumulative Redeemable Preference Shares of Shs 20 each	2	2
	<hr/>	<hr/>
	1,230	826
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
241,944,250 (1995: 161,294,300)		
Ordinary shares of Shs 5 each	1,210	806
	<hr/> <hr/>	<hr/> <hr/>

The authorised share capital was increased at the Annual General Meeting held on 12 April 1996 by the creation of a further 80,800,000 ordinary shares of Shs 5 each.

A bonus issue was made in the ratio of 1:2 from the sum standing to the credit of the share premium and profit and loss accounts, thus increasing the issued share capital by 80,649,950 shares.

BAMBURI CEMENT LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1996

RESERVES				
<u>Group</u>	Capital redemption reserve fund	Share premium account	Revaluation reserve	Revenue reserve
	Shs million	Shs million	Shs million	Shs million
At 1 January 1996	2	14	8,562	496
Bonus issue of shares	-	(14)	-	(390)
Profit retained for the year	-	-	-	374
Excess depreciation on fixed assets revaluations:				
Current year	-	-	(509)	509
Prior years	-	-	(1,381)	1,381
Realised on disposal of fixed assets	-	-	(113)	113
Goodwill written off on purchase of minority interest in a subsidiary	-	-	-	(18)
	<u>2</u>	<u>-</u>	<u>6,559</u>	<u>2,465</u>
At 31 December 1996	<u>2</u>	<u>-</u>	<u>6,559</u>	<u>2,465</u>
<u>Company</u>				
At 1 January 1996	2	14	8,562	476
Bonus issue of shares	-	(14)	-	(390)
Retained profit for the year	-	-	-	362
Excess depreciation on fixed assets revaluations:				
Current year	-	-	(509)	509
Prior years	-	-	(1,381)	1,381
Realised on disposal of fixed assets	-	-	(113)	113
	<u>2</u>	<u>-</u>	<u>6,559</u>	<u>2,451</u>
At 31 December 1996	<u>2</u>	<u>-</u>	<u>6,559</u>	<u>2,451</u>

BAMBURI CEMENT LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1996

8 MINORITY INTEREST

	GROUP	
	<u>1996</u>	<u>1995</u>
	Shs million	Shs million
Simbarite Limited:		
Share capital	-	14
Revenue reserve	-	8
	<hr/>	<hr/>
	-	22
	<hr/> <hr/>	<hr/> <hr/>

Simbarite Limited is now a wholly owned subsidiary following acquisition by the company of the equity interest previously held by third parties.

9 FIXED ASSETS

<u>Group</u>	<u>Land and residential buildings</u> Shs million	<u>Plant and machinery</u> Shs million	<u>Office equipment and tools</u> Shs million	<u>Mobile plant</u> Shs million	<u>Total</u> Shs million
Cost or valuation					
1 January 1996	1,090	13,824	194	1,056	16,164
Additions	60	218	56	95	429
Disposals	(21)	(177)	(18)	(14)	(230)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 December 1996	1,129	13,865	232	1,137	16,363
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Comprising					
Cost	66	232	232	95	625
1995 Valuation	1,063	13,633	-	1,042	15,738
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,129	13,865	232	1,137	16,363
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
1 January 1996	11	7,468	115	736	8,330
Charge for the year	19	423	27	128	597
On disposals	-	(98)	(13)	(10)	(121)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 December 1996	30	7,793	129	854	8,806
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net book amount</u>					
31 December 1996	1,099	6,072	103	283	7,557
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BAMBURI CEMENT LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1996

FIXED ASSETS (CONTINUED)

<u>Company</u>	<u>Land and residential buildings</u> Shs million	<u>Plant and machinery</u> Shs million	<u>Office equipment and tools</u> Shs million	<u>Mobile plant</u> Shs million	<u>Total</u> Shs million
Cost or valuation					
1 January 1996	1,084	13,810	137	1,056	16,087
Additions	49	217	48	95	409
Disposals	(22)	(177)	(2)	(14)	(215)
	<u>1,111</u>	<u>13,850</u>	<u>183</u>	<u>1,137</u>	<u>16,281</u>
31 December 1996					
Comprising					
Cost	49	217	183	95	544
1995 Valuation	1,062	13,633	-	1,042	15,737
	<u>1,111</u>	<u>13,850</u>	<u>183</u>	<u>1,137</u>	<u>16,281</u>
Total					
Depreciation					
1 January 1996	11	7,458	77	736	8,282
Charge for the year	11	421	21	129	582
On disposals	-	(95)	(3)	(10)	(108)
	<u>22</u>	<u>7,784</u>	<u>95</u>	<u>855</u>	<u>8,756</u>
31 December 1996					
Net book amount					
31 December 1996	<u>1,089</u>	<u>6,066</u>	<u>88</u>	<u>282</u>	<u>7,525</u>

With the exception of office equipment and tools, the fixed assets were revalued in 1995. Land and residential buildings and civil works (included under plant and machinery) were valued by independent professional valuers, the electrical and mechanical installations were valued by engineers and consultants of a related company, while mobile plant was valued internally by management.

Land and residential buildings were valued on a depreciated reinstatement cost basis. The other valuations were on a replacement cost basis. The accumulated depreciation was adjusted to reflect the depreciated replacement cost, based on the directors' estimate of the age and residual useful lives of the assets.

10 CAPITAL WORK IN PROGRESS

Capital work in progress relates to development of production facilities which are expected to be commissioned in 1998. No depreciation has been charged on these assets.

BAMBURI CEMENT LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1996

11 QUOTED INVESTMENTS

	GROUP		COMPANY	
	<u>1996</u> Shs million	<u>1995</u> Shs million	<u>1996</u> Shs million	<u>1995</u> Shs million
At cost	171	-	171	-

The market value of the quoted investments was Shs 195 million at 31 December 1996.

12 UNQUOTED INVESTMENTS

	<u>1996</u> % of holding	<u>1995</u> % of holding	GROUP		COMPANY	
			<u>1996</u> Shs million	<u>1995</u> Shs million	<u>1996</u> Shs million	<u>1995</u> Shs million
Baobab Farm Ltd	100	100	-	-	5	5
Diani Estate Ltd	100	100	1	1	1	1
Simbarite Ltd	100	37	-	-	53	11
Kenya Cement Marketing Ltd	50	50	-	-	-	-
Portland Mines Ltd	50	50	-	-	-	-
Whistling Pines Ltd	100	-	5	-	-	-
			<u>6</u>	<u>1</u>	<u>59</u>	<u>17</u>

The accounts of Diani Estate Limited, Kenya Cement Marketing Limited, Portland Mines Limited and Whistling Pines Limited have not been consolidated because in the opinion of the directors, consolidation of these subsidiaries would be of no real value to the members in view of the insignificant amounts involved.

13 INVENTORIES

	GROUP		COMPANY	
	<u>1996</u> Shs million	<u>1995</u> Shs million	<u>1996</u> Shs million	<u>1995</u> Shs million
Finished goods	122	90	99	58
Fuel and packaging	221	118	221	118
Consumables and spare parts	559	705	550	695
Raw materials and work in progress	166	146	157	137
Goods in transit	26	-	26	-
	<u>1,094</u>	<u>1,059</u>	<u>1,053</u>	<u>1,008</u>

Based on past experience, it is likely that not more than 50% by value of consumables and spare parts, which include items held for emergency use, will be used within twelve months of the balance sheet date.

BAMBURI CEMENT LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1996

14	DEBTORS	GROUP		COMPANY	
		<u>1996</u> Shs million	<u>1995</u> Shs million	<u>1996</u> Shs million	<u>1995</u> Shs million
	Trade debtors	265	231	255	209
	Other debtors and prepaid expenses	50	81	46	75
		<u>315</u>	<u>312</u>	<u>301</u>	<u>284</u>

15 **RELATED PARTY TRANSACTIONS**

In the normal course of business the group sells cement to an associate of one of its ultimate shareholders. These sales represented approximately 22% of the group's sales volume during the year (1995: 29%).

The company receives technical assistance from another associate of one of the ultimate shareholders, which is paid for under a 5 year agreement.

16 **BANK OVERDRAFT**

The bank overdraft is secured by a debenture over the book debt and inventories of the company.

17	CREDITORS	GROUP		COMPANY	
		<u>1996</u> Shs million	<u>1995</u> Shs million	<u>1996</u> Shs million	<u>1995</u> Shs million
	Trade creditors	195	276	189	258
	Other creditors and accrued expenses	122	124	121	120
	Provision for restructuring costs	22	111	22	111
		<u>339</u>	<u>511</u>	<u>332</u>	<u>489</u>

18 **RETIREMENT BENEFIT SCHEMES**

The company and its non-unionisable employees contribute to a defined contribution retirement benefit scheme. All permanent non-union staff are eligible to join the scheme. Unionisable employees who retire on attaining the age of 55 years are eligible for a service gratuity and pension benefits based on each employee's length of service with the company, as provided for in the trade union agreement with the company.

BAMBURI CEMENT LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 1996

19 CAPITAL COMMITMENTS

	<u>1996</u> Shs million	GROUP <u>1995</u> Shs million
Authorised and committed at 31 December	415	581
Authorised but not committed at 31 December	<u>2,729</u>	<u>238</u>

20 CONTINGENT LIABILITIES

There are contingent liabilities in respect of guarantees totalling Shs 10 million (1995: Shs 10 million).

21 INCORPORATION

The company is incorporated in Kenya under the Companies Act.

22 HOLDING COMPANY

The company's holding company is Bamcem Holdings Limited which is incorporated in the Channel Islands.

23 CURRENCY

The accounts are presented in Kenya Shillings (Shs).

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