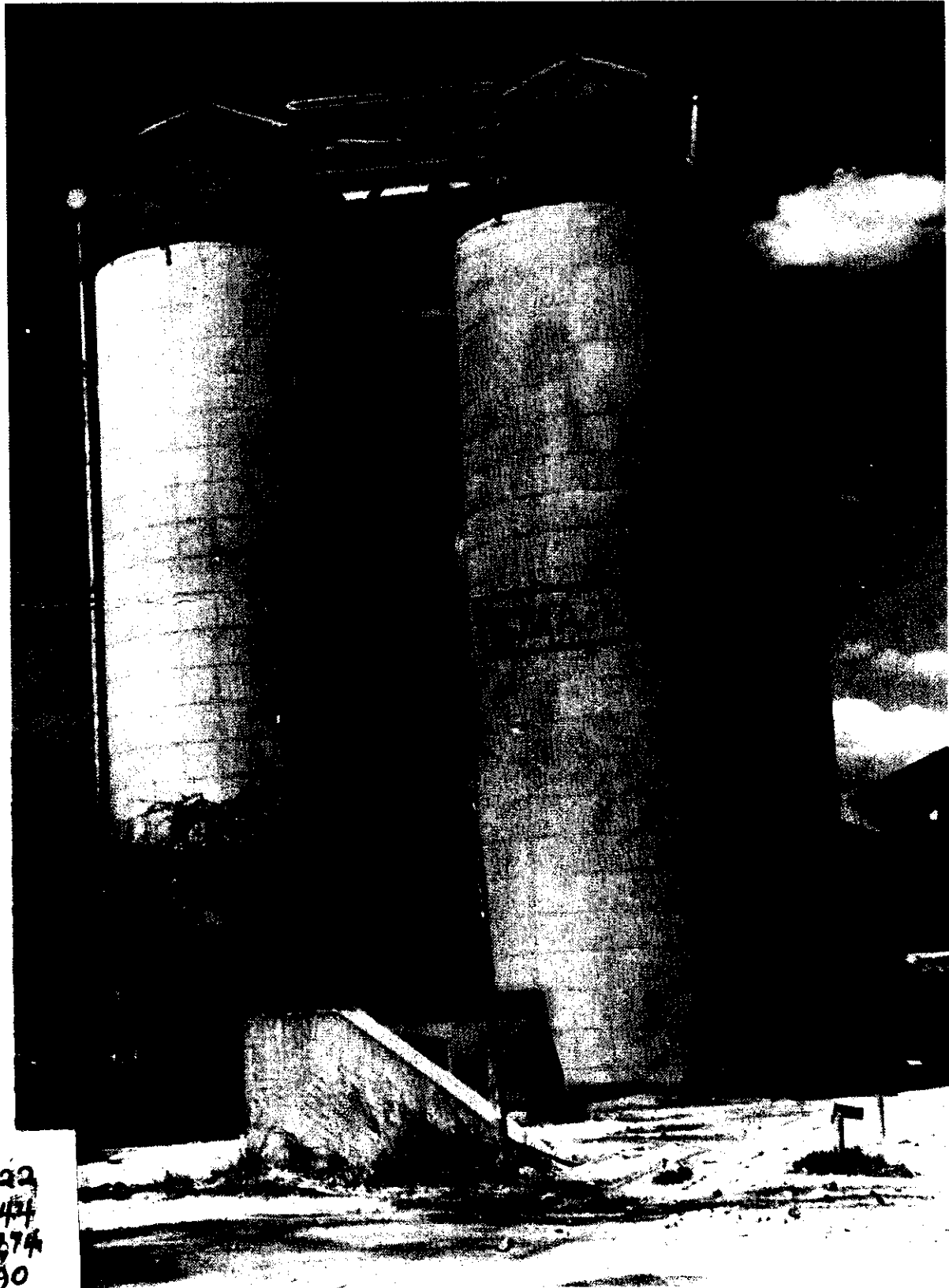


# ***THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED***

Capital Markets Authority  
P. O. Box 1100,  
Nairobi.



*Report and Accounts 1990*



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***BLUE TRIANGLE CEMENT***



# ***THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED***



## **Report and Accounts for the year ended 30th June 1990**

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# ***THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED***

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## **DIRECTORATE AND ADMINISTRATION**

### **BOARD OF DIRECTORS**

M.O. Soba — Chairman  
J.G. Maina — Managing Director  
I.L. Roberts  
R. Brenneisen (Alternate S. Bates)  
D.A. Simpson (Alternate P.D. Marrian)  
C.S. Mbindyo (Alternate G.M. Mitine)  
P.M. Munene (Alternate Miss M. Waitiki)  
L.M.K. Kiptui

### **SECRETARY**

D.K. Tirop

### **REGISTERED OFFICE**

Longonot Place  
Kijabe Street  
P.O. Box 40101  
Nairobi

### **REGISTRARS**

Livingstone Registrars Limited  
P.O. Box 30029  
Nairobi

### **AUDITORS**

Auditor-General Corporations  
P.O. Box 49384  
Nairobi

### **BANKERS**

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

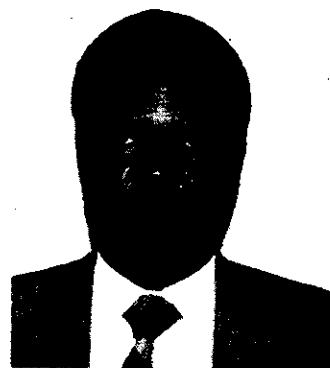
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# *THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED*

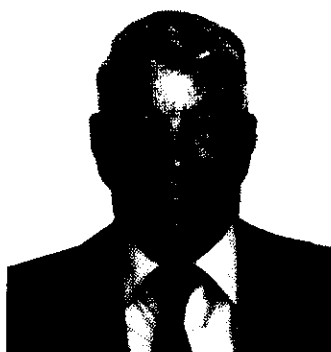
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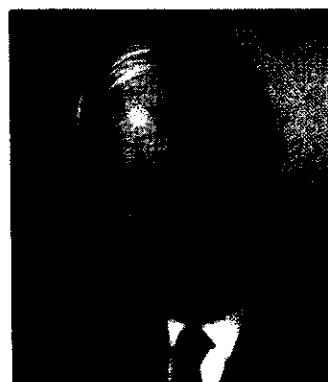
M.O. Soba



J.G. Maina



I.L. Roberts



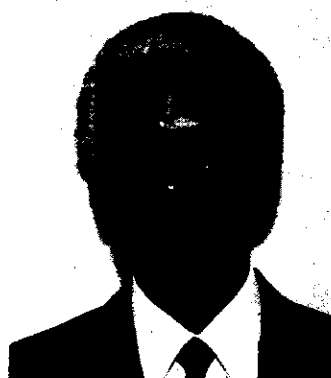
R. Brennisen



D.A. Simpson



C.S. Mbindyo



P.M. Munene



L.M.K. Kiptui

# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## PERSONNEL AND PUBLIC RELATIONS



*Since 1978, this company has continued to recognise loyal and dedicated service by issuance of awards in form of certificates and cash to members of staff who have served 10, 15, 20, 25, and 30 years. The Managing Director Mr. J.G. Maina (left) is seen receiving his 20 years' service certificate from the Chairman Mr. Omar Soba, who officiated during the 1990 presentation ceremony in which 120 members of staff received the various awards. The Personnel Manager, Mr. P.K. Mong'ony looks on.*

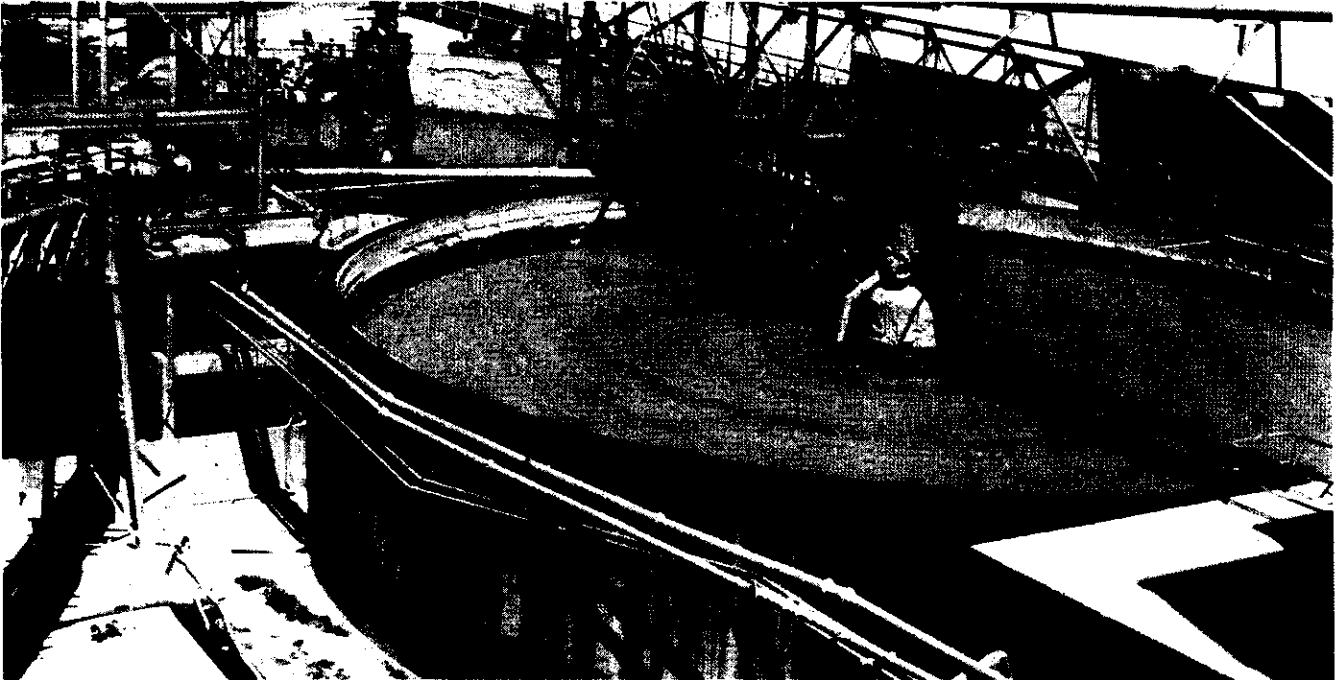


*Training for development for both the company and the country as a whole has been, still is, and always will be, our objective and pride. After identifying training needs among staff of all cadres, the Personnel Department is shouldered with the responsibility of ensuring suitable training is available for the individual or group(s) of individuals, through in-house course, locally organised or overseas seminars. The General Manager, Mr. D.K. Tirop, is seen opening one such in-house course at our Sports Club, organized for the supervisory members of staff.*

# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## MANUFACTURING PROCESS



*The photograph above shows a Basin full of Slurry. The Basin is fitted with a Mechanical Stirrer and supplied with compressed air to agitate the slurry. This ensures homogeneity of the kiln Slurry feed and helps to maintain a high clinker product from the Kiln.*



*Another magnificent "New-born" into the world of sky-scrapers is this Anniversaries Towers in Nairobi, majestically towering over all others around it, silhouetted against the blue skies of the City. Another architecture's dream come true, brought to life by our quality cement.*

# ***THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED***

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## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Fifty Eighth Annual General Meeting of East African Portland Cement Company Limited will be held at the Factory, Athi River, on 28th August, 1991 at 12.00 noon for the following purposes:

1. To approve the minutes of the Annual General Meeting held on 30th May, 1990 as a correct record of proceedings.
2. To receive the Chairman's Statement, Report of the Directors and Audited Accounts for the year ended 30th June 1990.
3. To elect Directors in accordance with the Company's Articles of Association.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To transact any other ordinary business of the Company.

A member entitled to attend and vote this meeting is entitled to appoint a proxy to attend and vote in his or her stead.  
A proxy need not be a member of the company.

By Order of the Board.

**D.K. TIROP**  
Secretary  
Nairobi.

16th July, 1991.



# ***THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED***

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## **CHAIRMAN'S REPORT**

During the 1989/1990 financial year total cement produced was 320,500 tonnes of which 318,900 was sold in the local market, realizing a before taxation profit of K£ 831,085. This represents a 32.7% drop compared to the profit realized during the 1988/89 financial year. Earnings per share dropped from Ksh. 1.89 to Ksh.1.40.

The cause for this drop, as predicted in the Chairman's report in the 1989 accounts, was lack of timely price compensation following increase in production costs. The results are in fact better than the loss situation that was expected mainly due to cost controls that were maintained. It is very essential that the selling price of cement be adjusted in response to increased cost of production to ensure survival of the Company.

Prediction for the year 1990/91 is not encouraging considering that cost of inputs such as fuel oil, electricity, transport, imported spares, packaging paper, and raw materials are rising fast without corresponding increase in the selling price of our product. Some quick action by the relevant authorities is required to save the inevitably serious situation.

Cement consumption in the country continues to rise steadily and the quantity consumed during the year under review was just over 1.1 million tonnes. At the same rate of growth it is expected that the turnover for the 1990/91 financial year will be about 1.2 million tonnes.

In view of this growth the Company has been in continuous liaison with the relevant government officials regarding rehabilitation of the plant at Athi River with an increase in capacity to meet the increasing demand and change in production technology to reduce production costs. This liaison resulted into signing of a soft loan agreement between the Company and the Japanese Government through the Overseas Economic Cooperation Fund under guarantee by Kenya Government to achieve the objectives. The project is being progressed with a target of completing its implementation in the shortest time possible.

Arising from the low profitability and considering the difficult situation ahead, it has been considered proper not to pay dividends this year. The profit after taxation amounting to K£ 420,154 will therefore be put into revenue reserve which will become handy for local costs relating to implementation of above mentioned project.

Staff training has continued in the relevant fields of our operation and it is satisfying to note that the Company has got a very competent and dedicated team that is doing the job very well. I take this opportunity to thank all the players in this team for a job well done under very difficult conditions. Please keep up the spirit.

Thanks also go to the officers in the various Ministries of our Government who have given us a lot of support and encouragement through this period. Last, but not least, thanks to our esteemed customers and suppliers who have displayed a high degree of understanding and cooperation, and we look forward to continuation of the same.

**M.O. SOBA**  
Chairman

# ***THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED***



## **REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting their Report and Accounts for the year ended 30th June 1990.

### **PRINCIPAL ACTIVITY**

The Company is engaged in the business of manufacturing cement.

Through an associated company incorporated in Kenya, the company is engaged in the distribution of cement and cementitious-based paints. A second associate which did not operate during the year should enable the company to explore and extract minerals.

### **TRADING RESULTS**

	<b>1990 K£</b>	<b>1989 K£</b>
Profit before taxation for the year	831,085	1,216,652
Taxation	410,931	649,803
Profit after taxation	420,154	566,849
Recommended first and final dividend: Nil (1989 - 10%)	—	150,000
Retained profit for the year	420,154	416,849
The reserves at 30th June 1990 stood at :-		
Revenue	4,658,937	4,238,783
Capital	157,500	172,000
	<u>4,816,437</u>	<u>4,410,783</u>

### **DIVIDEND**

The Directors have recommended that no dividend be paid for the current financial year.

### **DIRECTORS**

The appointments were Mr. M.O. Soba as Chairman on 13th July 1989, Mr. P.M. Munene on 6th June 1990 and Mr. S. Bates (Alternate) on 30th May 1990.

The resignations were Prof J.K. Maitha on 13th July 1989, R. Arduini on 12th February 1990 and Dr. W.K. Koinange on 6th June 1990.

Messrs L.M.K. Kiptui and P.M. Munene retire by rotation and being eligible offer themselves for re-election.

### **AUDITORS**

In accordance with Section 29 (2) of the Exchequer and Audit (Amendment) Act 1985 the Auditor-General (Corporations) took over complete responsibility for the audit during the year.

During the years ended 30th June 1986, 1987, 1988 and 1989 private firms carried out the audits on behalf of the Auditor General (Corporations).

### **BY ORDER OF THE BOARD**

D.K. TIROP  
SECRETARY  
NAIROBI

28TH SEPTEMBER 1990

# ***THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED***

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## **REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE EAST AFRICA PORTLAND CEMENT COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE 1990**

I have examined the accounts of the East Africa Portland Cement Company Limited for the year ended 30th June 1990 in accordance with the provisions of Section 29 (2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations that I have required for the purpose of the audit. Proper books of account have been kept and the accounts are in agreement therewith and comply with the Companies Act.

In my opinion, the accounts, when read together with notes thereon, give a true and fair view of the Company's state of affairs as at 30th June 1990 and of its profit and source and application of funds for the year ended on that date.

A.J. OKOTH  
AUDITOR-GENERAL (CORPORATIONS)

22nd January 1991

# ***THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED***



## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30TH JUNE 1990**

	<b>Notes</b>	<b>1990 K£</b>	<b>1989 K£</b>
TURNOVER	1(f)	25,067,561	23,701,995
TRADING PROFIT	2	1,708,644	1,559,843
INTEREST PAYABLE	3	877,559	343,191
PROFIT BEFORE TAX		831,085	1,216,652
TAXATION	1(g) & 4	410,931	649,803
PROFIT AFTER TAXATION		420,154	566,849
PROPOSED ORDINARY DIVIDEND (GROSS)	5	—	150,000
RETAINED PROFIT FOR THE YEAR	12	420,154	416,849
EARNINGS PER SHARE	16	Shs.1.40	Shs.1.89

# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## BALANCE SHEET

30TH JUNE 1990

	Notes	1990 K£	1989 K£
FIXED ASSETS	1 (e) & 6	5,801,629	6,417,250
INVESTMENTS		79	79
DEFERRED EXPENDITURE	15	213,379	—
CURRENT ASSETS			
Stocks	1(d) & 8	8,750,084	7,205,302
Debtors		4,851,430	2,856,817
Bank and Cash		71,715	114,279
		13,673,229	10,176,398
CURRENT LIABILITIES			
Creditors		4,773,201	3,358,886
Bank overdraft	10	2,596,686	1,005,801
Dividends	5	135,249	300,713
Taxation		410,931	638,534
		7,916,067	5,303,934
NET CURRENT ASSETS		5,757,162	4,872,464
TOTAL NET ASSETS		11,772,249	11,289,793
FINANCED BY:			
SHARE CAPITAL	11	1,500,000	1,500,000
RESERVES	12	4,816,437	4,410,783
SHAREHOLDERS' FUNDS		6,316,437	5,910,783
LOANS	13	4,510,431	4,519,573
DEFERRED LIABILITY	14	945,381	859,437
		11,772,249	11,289,793

The accounts on page 10 to 17 were approved by the Board of Directors on 28th September 1990 and signed on its behalf by:-

M.O.S. SOBA

DIRECTOR

J.G. MAINA

DIRECTOR

# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 30TH JUNE 1990

	1990 K£	1989 K£
<b>SOURCE OF FUNDS:</b>		
Profit before tax	831,085	1,216,652
Items not involving the movement of funds:		
Profit on disposal of fixed assets	(92,741)	(83,180)
Increase in deferred liability	263,952	103,479
Depreciation	1,187,317	1,348,953
Capital reserve written back	(14,500)	—
<b>GENERATED FROM TRADING OPERATIONS</b>	<b>2,175,113</b>	<b>2,585,904</b>
<b>FUNDS FROM OTHER SOURCES</b>		
Proceeds on disposal of fixed assets	92,741	83,180
Long term loan	402,707	675,061
<b>TOTAL FUNDS</b>	<b>2,670,561</b>	<b>3,344,145</b>
<b>UTILIZATION OF FUNDS:</b>		
Deferred Expenditure	213,379	—
Taxation paid	638,534	542,091
Dividends paid	165,464	69,974
Loans repaid	411,849	411,849
Staff gratuities paid	178,009	34,844
Additions to fixed assets and capital work in progress	571,695	2,390,900
<b>TOTAL APPLICATIONS</b>	<b>2,178,930</b>	<b>3,449,658</b>
<b>NET INFLOW/(OUTFLOW) OF FUNDS</b>	<b>491,631</b>	<b>(105,513)</b>
<b>MOVEMENT IN WORKING CAPITAL</b>		
Increase/(Decrease) in stocks	1,544,782	(475,968)
Increase/(Decrease) in debtors	1,994,613	(603,826)
(Increase)/ Decrease in creditors	(1,414,315)	(155,063)
(Decrease)/ Increase in Bank and Cash	(42,564)	95,037
(Increase)/ Decrease in Bank over-draft	(1,590,885)	1,034,307
<b>NET INFLOW/(OUTFLOW) OF FUNDS</b>	<b>491,631</b>	<b>(105,513)</b>

# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1990

### 1. ACCOUNTING POLICIES

#### (a) Accounting Convention

The accounts are prepared according to the historical cost convention, modified to include the revaluation of certain fixed assets. They do not include the company's share of the results of associated companies, except to the extent of dividends received.

#### (b) Kenya Currency

The sign K£ used in the accounts and notes indicates a Kenya Pound of 20 Kenya Shillings.

#### (c) Foreign Currency

Assets and Liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Transactions during the year are converted at the rate ruling at the date of the transaction. All exchange differences are dealt with in the profit and loss account.

#### (d) Stocks

Stock are valued as follows:

Raw materials, production and finished stocks: at the lower of cost and net realisable value. Cost comprises direct materials and labour together with attributable overheads, including depreciation.

General consumable stores: average cost.

Livestock: Current market value.

#### (e) Fixed Assets

The company acquires certain fixed assets under lease hire agreements. Payments under these agreements are charged on profit and loss account in the year in which they arise. On completion of the lease period the assets are valued by the Directors, capitalised and depreciated over their remaining useful lives.

Depreciation:

Depreciation is charged on a straight line basis at the following annual rates:

Land	- over unexpired period of lease
Buildings	- 2.5%
Plant and machinery	- 5 - 20%
Equipment and vehicles	- 5 - 33.33%

**CMA-LIBRARY**

#### (f) Turnover

Turnover represents the amount receivable for the ex-factory sales value of cement excluding value added tax.

#### (g) Taxation

Taxation is provided on the profit for the year as adjusted in accordance with the fiscal laws of Kenya.

# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## NOTES TO THE ACCOUNTS (Continued)

	1990 K£	1989 K£
<b>2. TRADING PROFIT BEFORE TAX</b>		
Trading profit is stated after charging:		
Depreciation	1,187,317	1,848,953
Auditors remuneration	26,000	20,649
Lease hire charges	281,752	30,637
Director's emoluments - Fees	5,061	5,407
- Other	25,266	24,174
Exchange differences	—	287
And after crediting:		
Profit on disposal of fixed assets	92,741	83,186
<b>3. INTEREST PAYABLE</b>		
Kenya Government Loans	570,525	178,381
Bank Overdraft	307,034	164,810
	877,559	343,191
<b>4. TAXATION</b>		
Balance Brought Forward	638,534	526,821
Current Year's Provision	410,931	649,800
Tax Payable	1,049,465	1,180,628
Paid during the year	638,534	542,094
Balance Carried Forward	410,931	638,534
Tax has been provided for at 42.5 % on the profit for the year adjusted for tax purposes.		
<b>5. DIVIDENDS</b>		
Proposed ordinary dividend - Nil	—	150,000
(1989 - 10% gross)	—	—
Declared dividends payable (gross)	135,249	150,713
	135,249	300,713



# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## NOTES TO THE ACCOUNTS (Continued)

### 6. FIXED ASSETS

	Land K£	Buildings K£	Plant & Machinery K£	Equipment & Vehicles K£	Total K£
<b>COST OF VALUATION</b>					
01.07.89	229,020	1,967,573	13,399,962	2,197,404	17,793,959
Additions	—	—	117,264	454,431	571,695
Disposals	—	—	(195,898)	(54,285)	(250,183)
30.06.90	229,020	1,967,573	13,321,328	2,597,550	18,115,471
<b>Comprising:</b>					
At cost	229,020	1,967,573	13,321,328	2,440,050	17,957,971
At valuation	—	—	—	157,500	157,500
	229,020	1,967,573	13,321,328	2,597,550	18,115,471
<b>DEPRECIATION</b>					
01.07.89	15,247	916,154	8,614,831	1,830,474	11,376,706
Charge for the year	1,130	57,927	922,106	206,156	1,187,319
On disposals	—	—	(195,898)	(54,285)	(250,183)
30.06.90	16,377	974,081	9,341,039	1,982,345	12,313,842
<b>NET BOOK VALUE</b>					
30.06.90	212,643	993,492	3,980,289	615,205	5,801,629
30.06.89	214,030	1,051,378	4,786,260	365,585	6,417,250
<b>Fully depreciated assets in use at 01.07.89 were:</b>					
At cost	—	28,431	1,827,859	766,164	2,622,454
<b>Period depreciation charge at normal rates</b>	—	710	182,433	157,750	340,893

### CAPITAL COMMITMENTS

Authorised by the Board and contracted - Nil (1989 - Nil)

# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## NOTES TO THE ACCOUNTS (Continued)

	1990 K£	1989 K£
<b>7. INVESTMENTS</b>		
Equity shares in unquoted associates- At cost:		
Portland Mines Limited	29	29
Kenya Cement Marketing Limited	50	50
	<u>79</u>	<u>79</u>
<b>8. STOCKS</b>		
Raw materials, production and finished stocks	1,318,560	1,100,871
General consumable stores	6,009,678	5,611,539
Goods in transit	972,494	407,532
Livestock	82,250	85,360
	<u>8,382,982</u>	<u>7,205,302</u>
<b>9. DEBTORS</b>		
Debtors include K£9,907 due from officers of the company under Company Loan Scheme.		
<b>10. BANK OVERDRAFT</b>		
The bank overdraft with Kenya Commercial Bank Limited is secured by debentures totalling K£4,565,000.		
<b>11. SHARE CAPITAL</b>		
	1990 K£	1989 K£
Authorised, Issued and fully paid: 6,000,000 ordinary shares of Shs. 5 each.	<u>1,500,000</u>	<u>1,500,000</u>
<b>12. RESERVES</b>	Capital K£	Revenue K£
01.07.89	172,000	4,238,783
Retained profit for the year	(14,500)	405,654
30.06.90	<u>157,500</u>	<u>4,658,937</u>
		<u>Total K£</u>
		4,410,783
		405,654
		<u>4,816,437</u>

# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## NOTES TO THE ACCOUNTS (Continued)

1990  
K£

1989  
K£

### 13. LOANS

Government of Kenya:  
Repayable in twenty half yearly instalments commencing June 1987. To be secured by a debenture creating a second charge on the Company's assets.

4,510,431

4,519,573

Of the total loans outstanding the amount payable within next 12 months is K£ 411,849 (1989 - K£ 411,849).

### 14. DEFERRED LIABILITY

This represents staff gratuity provision.

### 15. DEFERRED EXPENDITURE

This represents the Company's contribution towards machinery purchased on leasehire agreements.

### 16. EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after taxation by six million ordinary shares in issue throughout the year.



# THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



## PROXY FORM

I/We.....

of.....

..... being a member(s) of the above named

company hereby appoint .....

..... of.....

..... or failing him

.....

.....

.....

.....

of.....

or failing him, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Fifty Eighth Annual General Meeting for the said Company, to be held at Athi River on 28th August 1991 and at any adjournment thereof.

Signed this ..... day of ..... 1991

Signature .....

(If executed by a corporation, the proxy should be sealed)

**NB:-** This proxy must be deposited at the Registered Office of the Company, Longonot Place, Kijabe Street, P.O. Box 40101, Nairobi not less than 48 hours before the time for holding the meeting.

The East African Portland  
Cement Company Limited

**REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
30TH JUNE 1990**

