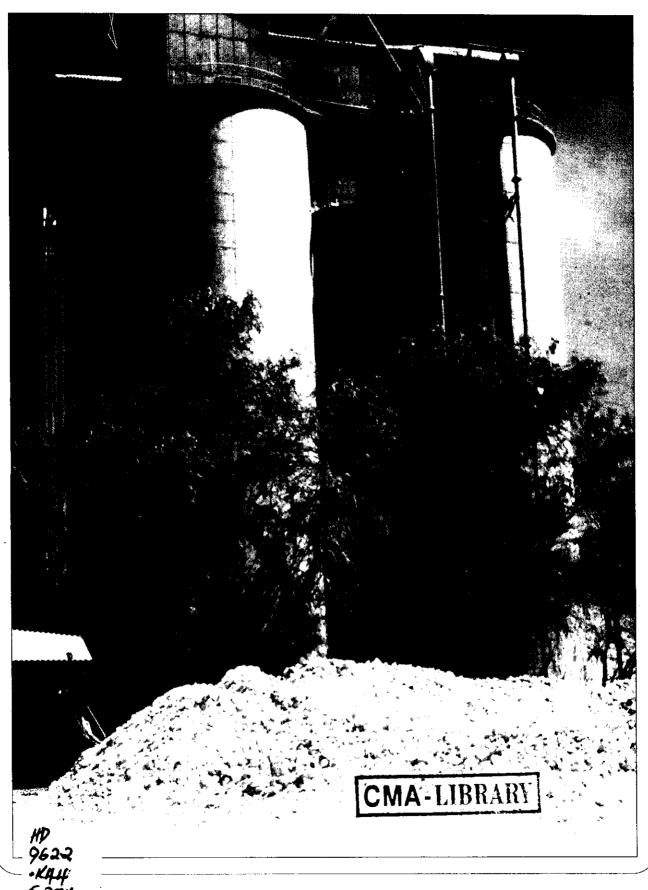


Report and Accounts for the year ended 30th June, 1991



•KA14 E274 1991 

Report and Accounts for the year ended 30th June 1991

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CMA-LIBRARY



DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

M.O. Soba

- Chairman

J.G. Maina

- Managing

I.L. Roberts

R. Brenneisen (Alternate S. Bates)

K. George (Alternate P.D. Marrian)

C.S. Mbindyo (Alternate G.M. Mitine)

P.M. Munene (Alternate Miss M.W. 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

2007/0873

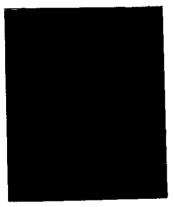




M.O. Soba



I.L. Roberts



K. W. George



P.M. Munene



J.G. Maina



R. Brenneisen



C.S. Mbindyo



L.M.K. Kiptui



PERSONNEL AND PUBLIC RELATIONS



FACTORY VISIT

Some words like Visit' or Visitor' conjure up an image of joy and happiness especially at E.A.P.C. where we receive over 40 different groups annually who visit for various reasons. The Minister for Industry, Hon. Francis Ole Kaparo (Centre) is seen above during one such visit, accompanied by his host Mr. J.G. Maina (Ta his right) and the Director of Industry, Mr. G. Olum



THE ENVIRONMENT:

Trees mean life, and this is our belief in E.A.P.C. The Managing Director, M. J.G. Maina is seen leading members of staff during a tree planting day in honour of the environment.

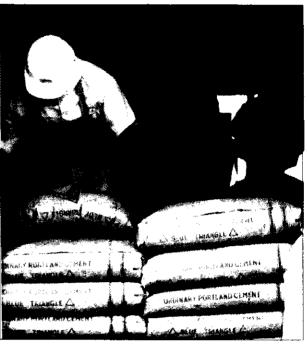


CEMENT



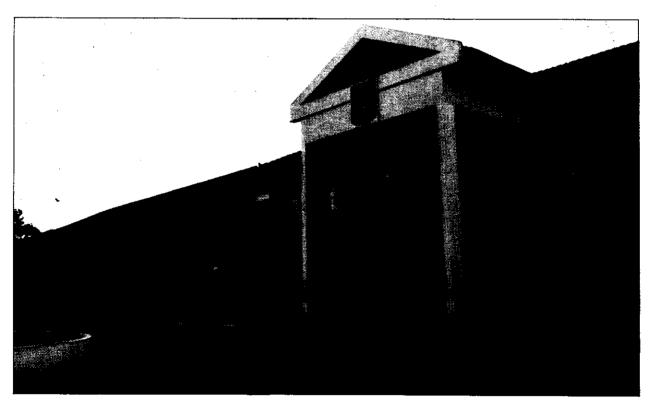
RAW MATERIALS:

Excavation af aur primary raw material, limestone, at the Kabini Hill Quarry. A dump truck is seen being loaded with the material far transportation to the Primary Crusher prior to delivery to the Secondary Crusher at the factory.



CEMENTING THE NATION:

Serving the country with our preciaus grey, gold cement packers are seen above loading 'Blue Triangle Cement' onto wagons for transportation to customers.



BLUE TRIANGLE CEMENT:

The Beauty of Blue Triangle Cement! Without it, the story of this Alliance Girls' High School Block would be different. We strive for the best.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty ninth Annual General Meeting of East African Portland Cement Company Limited will be held at the Factory, Athi River, on 22nd May 1992 at 11.00 a.m. for the following purposes;

- 1. To approve the minutes of the Annual General meeting held on 28th August 1991 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 1991.
- 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

Secretary Nairobi

3rd April 1992



CHAIRMAN'S REPORT

The cement produced and sold during the year 1990/91 totaled 321,000 tonnes which was marginally above the 319,000 tonnes sold during the 1989/90 financial year. Although the volume turnover for 1990/91 was higher than that of 1989/90, the profit before tax was K£ 1,179,403 lower. In fact a loss of K£ 348,318 was made in 1990/91 compared to a profit before tax of K£ 831,085 in 1989/90.

The situation became even worse after taxation whereby a loss of K£ 479,339 was realised in 1990/91 compared to a profit of K£ 420,154 in 1989/90.

These poor results were predicted in the Chairman's Report of 1990 arising from price controls on cement. The controls almost brought the industry to a collapse but by good luck the controls were removed in May, 1991. The one month left to close the financial year was not adequate to change the situation which had already got out of hand. Heavy increases in cost of fuel oil, electricity, transport, maintance spares and raw materials required that the price of cement be increased by not less than 40% immediately after lifting of the price control, but considering the social impact that such a big increase would have had on consumers and national development it was thought better to effect the increases in progressive portions until the industry operates profitably again. Therefore the increase effected after the removal of price control was only 15%.

The prediction that cement consumption growth would lead to a demand of 1.2 million tonnes in the local market during 1990/91 financial year became a reality. This growth in the local consumption has led to progressive reduction on what is available for export. If the same trend continues it is expected that consumption for 1991/92 will rise to 1.25 million tonnes.

Cost for producing this cement is still rising particularly due to increase in cost of maintenance spares, transport, equipment, packaging materials, power and raw materials. This is in harmony with inflation trend and decline in value of the shilling compared to convertable currencies.

As indicated in previous reports, the age of the plant at Athi River (over 33 years old) and its technological inefficiency has led the Company to embarking on a major rehabilitation programme mainly financed by a Soft Loan granted by the Government of Japan through the Overseas Economic Cooperation Fund and guaranteed by the Government of Kenya. If all goes well the rehabilitated plant is expected to be Commissioned early 1995 which will lead to doubling up the production, using a more efficient and up-to-date technology.

Arising from the loss made during the year the directors found it fit not to declare any dividends. It is expected that the future will be bright for the Company now that the price controls have been removed. The industry will behave in a responsible manner and not increase prices unless it is very necessary.

The dedicated and well trained staff have continued to achieve optimum volume production under difficult conditions and have the determination to continue doing so during and after the rehabilitation programme.

We wish to express our appreciation to the officers in the various Government Ministries and Corporations for the understanding they have shown to us whenever we asked for assistance, and also to our esteemed customers and suppliers without whom we could not have survived through the year. We look forward to the same understanding and cooperation during the financial year 1991/92.

M.O. SOBA CHAIRMAN



REPORT OF THE DIRECTORS

The Directors submit their Report and the Statement of Accounts for the year ended 30th June 1991

ACTIVITIES OF THE COMPANY

The Company is incorporated in Kenya and its principle activity is the manufacture of cement.

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

TRADING RESULTS	1991 K£	1990 K£
(Loss)/ Profit before taxation for the year Taxation thereon	(348,318) 131,021	831,085 410,931
(Loss)/Profit after taxation for the year	(479,339)	420,154
Dividend	_	
Retained (Loss)/Profit for the year	(479,339)	420,154
The reserves at 30th June stood at: Revenue Capital	4,179,598 137,500	4,658,937 157,500
	4, 317, 098	4,818,937

DIVIDEND

The Directors do not recommend the payment of dividends.

DIRECTORS

The names of the Directors are set out on page 2.

Mr. K. George was appointed on 31st January 1991.

Mr. D.A. Simpson resigned on 31st January 1991.

Messrs C.S. Mbindyo and I.L. Roberts retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

The auditors, Auditor-General (Corporations), will continue to act in accordance with section 29(2) of the Exchequer and Audit (Amendment) Act 1985. A resolution authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

SECRETARY NAIROBI

28th August 1991



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 1991

I have examined the accounts of the East African Portland Cement Company Limited for the year ended 30 June 1991 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 the notes thereon, give a true and fair view of the Company's state of affairs as at 30 June 1991 and of its loss and source and application of funds for the year ended on that date.

A. J. OKOTH

AUDITOR - GENERAL (CORPORATIONS)

31st January, 1992



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1991

	Notes	1991	1990
		K£	K£
TURNOVER	1(f)	29,344,951	25,067,561
TRADING PROFIT	2	412,761	1,708,644
INTEREST PAYABLE	3	761,079	877,559
(LOSS)/PROFIT BEFORE TAX		(348,318)	831,085
TAXATION	1(g)&4	131,021	410,931
(LOSS)/PROFIT AFTER TAXATION		(479,339)	420,154
DIVIDEND	5		
RETAINED(LOSS)/PROFIT FOR THE YEAR	12	(479,339)	420,154
EARNINGS PER SHARE	16	Shs. (1.60)	Shs. 1.40



BA	ΙΔ	N	FC	Н	EE,	Т
DA			 	п	г.г.	

	Nt	1001	
	Notes	1991	1990
		K£	K£
FIXED ASSETS	1(e)&6	5,045,972	5,801,629
INVESTMENTS	7	79	79
DEFERRED EXPENDITURE	1 5	213,379	213,379
CURRENT ASSETS		-	
Stocks	1(d)&8	10,818,301	8,750,084
Debtors	9	3,320,437	4,851,430
Bank and Cash		19,091	71,715
		14,157,829	13,673,229
CURRENT LIABILITIES			
Creditors		5,293,380	4,773,201
Bank Overdraft	10	2,982,719	2,596,686
Dividends	5	40,118	135,249
Taxation		131,021	410,931
		8,447,238	7,916,067
NET CURRENT ASSETS		5,710,591	5,757,162
TOTAL NET ASSETS		10,970,021	11,772,249
FINANCED BY:			
SHARE CAPITAL	11	1,500,000	1,500,000
RESERVES	12	4,317,098	4,816,437
SHAREHOLDERS FUNDS		5,817,098	6,316,437
LOANS	13	4,207,542	4,510,431
DEFERRED LIABILITY	14	945,381	945,381
	• •	10,970,021	11,772,249

The accounts on page 10 to 17 were approved by the Board of Directors on 28th August 1991 and signed on its behalf by:

J. G. MAINA

DIRECTOR

M. O. S. SOBA

DIRECTOR

CMA-LIBRARY



STATEMENT OF SOURCE AND APPLICATION OF FUNDS		
	1991 K£	1990 K£
SOURCE OF FUNDS:		
(Loss)/Profit before tax	(348,318)	831,085
Items not involving the movement of funds: Profits on disposal of fixed assets Increase in deferred liability Depreciation Capital reserve written back	(1,000) 1,324,785 (20,000)	(92,741) 263,952 1,187,317 (14,500)
GENERATED FROM TRADING OPERATIONS	955,467	2,175.113
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of fixed assets	1,000	92,741
Long term loan	108,960	402,707
TOTAL FUNDS	1,065,427	2,670,561
UTILIZATION OF FUNDS: Deferred Expenditure Taxation paid Dividends paid Loans repaid Staff gratuities paid Additions to fixed assets and capital work in progress	410,931 95,133 411,849 - 569,126	213,379 638,534 165,464 411,849 178,009
TOTAL APPLICATIONS	1,487,039	2,178,930
NET(OUTFLOW)/INFLOW OF FUNDS	(412,612)	491,631
MOVEMENT IN WORKING CAPITAL		
Increase in stocks (Decrease)/Increase in debtors Increase in creditors Decrease in Bank and Cash Increase in Bank overdraft	2,068,217 (1,530,993) (520,179) (52,624) (386,033)	1,544,782 1,994,613 (1,414,315) (42,564) (1,590,885)
NET (OUTFLOW)/INFLOW OF FUNDS	(421,612)	491,631



NOTES TO THE ACCOUNTS

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

As sets 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 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 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% -- 5 -- 20%

Plant and machinery Equipment and vehicles

-5-33.33%

(f) Turnover

Tumover 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.



NO	TES TO THE ACCOUNTS (continued)		
NO.	TES TO THE ACCOUNTS (commuted)	1991 K£	1990 K£
2.	TRADING PROFIT		
	Trading profit is stated after charging:		
	Depreciation	1,324,785	1,187,317
	Auditors remuneration	19,215	26,000
	Lease hire charges	316,667	281,752
	Director's emoluments – Fees	3,666	5,061
	- Other	24,578	25,266
	And after crediting:		
	Profit on disposal of fixed assets	1,000	92,741
3.	INTEREST PAYABLE		
	Vanua Cauamamant Lagra	465,152	570 505
	Kenya Government Loans Bank Overdraft	295,927	570,525 307,034
	Dalik Överdrall		
		761,079	87 7,559
4.	TAXATION		
	Balance Brought Forward	410,931	638,534
	Current Years's Provision	1 31,021	410,931
	Tax payable	541,952	1,049,465
	Paid during the year	410,931	638,534
	Balance Carried Forward	131,021	410,931
	Tax has been provided for at 40%		
	on the profit for the year adjusted		
	for tax purposes.		
5.	DIVIDENDS		
	Proposed ordinary dividend - Nil		
	(1990 – Nil)		•
	Declared dividends payable (gross)	40,118	135,249
		40,118	135,249
	and the seedings tree to some or the second seedings as the second	·	



NOTES TO THE ACCOUNTS (Continued)

6.	FIXED ASSETS COST OR VALUATION	Land K£	Building K£	Plant & Machinery K£	Equipment & Vehicles K£
	01.07.90 Additions Disposals	229,020 92,250 -	1,967,573 - -	13,321,328 138,025 -	2,597,550 229,891 (1,000)
	30.06.91	321,270	1,967,573	13,459,353	2,686,441
	Comprising:				
	At cost At valuation	321,270	1,967,573	13,459,353	2,688,941 137,500
	30.06.91	321,270	1,967,573	13,459,353	2,826,441
	DEPRECIATION				
	01.07.90 Charge for year On disposals	16,377 2,063	974,079 57,925 -	9,341,039 905,882 -	1,982,345 358,915 (1,000)
	30,06,91	18,440	1,032,004	10,246,921	2,340,261
	NET BOOK VALUE				
	30.06.91 Capital work in progress	302,830	935,569	3,212,432	486,181
	30.06.90 Fully depreciated assets in use at	212,643	993,492	3,980,289	615,205
	01.07.90 were: At Cost		28,431	1,327,859	766,164
	Period depreciation of at normal rates	harge 	710	182,433	157,750
	CAPITAL COMMITM	MENTS:			

Authorised by the Board and contracted – Nil (1990–Nil)



NC	OTES TO THE ACCOUNTS (continued)		
7.	INVESTMENTS	1991 K£	1990 KE
	Equity shares in unquoted associates— At cost:		
	Portland Mines Limited Kenya Cement Marketing Limited	29 50	29 50
8.	STOCKS	79	79
	Raw materials, production and finished stocks General consumable stores Goods in transit Livestock	2,201,045 6,858,956 1,674,645 83,655	1.318.560 6.376.280 972.494 82.750
9.	DEBTORS	10,818,301	Sold of the second seco

Debtors include K£20,090 due from officers of the Company under the Company Loan Scheme.

BANK OVERDRAFT

The bank overdraft with Kenya Commercial Bank Limited is secured by debentures totalling K£ 4,565,000.

11.	SHARE CAPITAL		1991	
	Authorized Issued and City		K£	
	Authorised, Issued and fully paid:			
	6,000,000 ordinary shares of Sh	s. 5 each	1,500,000	
12.	RESERVES	Capital	Revenue	•
	_	K£	K£	
	01.07.90	157,500	4,658,937	1 + 1+
	Loss for the year	-	(479,339)	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	Reserves written back	(20,000)	-	: May Way
				
	30.06.91	137,500	4,179,598	4.317,098
				



NOTES TO THE ACCOUNTS (continued)

1991 K£ 1990 KE

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

4,207,542

4.510.431

Of the total loans outstanding the amount payable within the next 12 months is K£411,849 (1990 – 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 (loss)/profit after taxation by six million ordinary shares in issue throughout the year.





PROXY FORM
I/We
of
being a member(s) of the above named
company hereby appoint
of
or failing him
of
Signed this
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 1991

