EAST AFRICAN CABLES LIMITED

1991 Report and Accounts

DELTA

Notice of Annual General Meeting

Notice is hereby given that the Twenty-Seventh Annual General Meeting of the shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on the 31st March, 1992 at 10.00 a.m. for the following purposes:

1. To confirm the Minutes of the Twenty-Sixth Annual General Meeting held on the 31st May, 1991.

2. To receive the Accounts for the period ended 28th December, 1991, and the Directors' and Auditors' reports thereon.

3. To approve the payment of fees to Directors for the period ended 28th December, 1991.

4. To declare a final dividend of 25% representing one shilling and twenty five cents (Shs.1.25 per share).

5. To elect Directors in accordance with The Company's Articles of Association. The following Directors retire by rotation and being eligible offer themselves for re-election.

   Mr. P.A.C. Bourne
   Mr. J.A. Scott

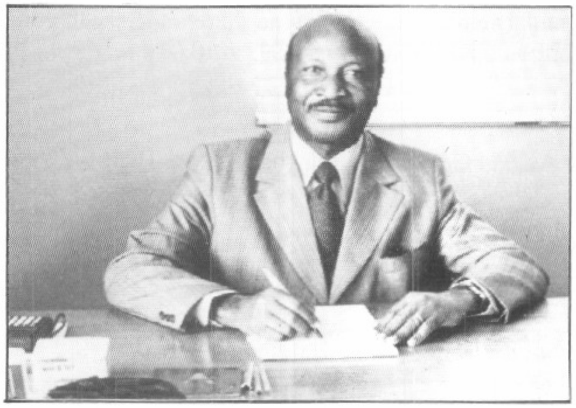
6. To empower the Directors to fix the remuneration of the Auditors.

P.O. Box 18243
Kitui Road, Nairobi
7th February, 1992

BY ORDER OF THE BOARD
F.K. Fondo
Secretary

Note: A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote in his stead. Such Proxy need not be a member of the Company. To be valid Proxy forms must be deposited at the Registered Office of the Company not less than 48 hours before the appointed time of the Meeting.

Chairman's Report to Shareholders



D.A. OMARI, M.B.E.
Chairman

The recession, evident in 1990, deepened in 1991 resulting in difficult trading conditions in the year, and which were further aggravated by our major customer having large stocks of imported aluminium cables and conductors which reduced the company's sales of these products to £351,000 compared to £ 2,937,000 in 1990. Mainstream copper cable turnover compared satisfactorily with the previous year, but, and given that products were increased in price in January, 1991 for the full year, material sales reflect a downturn of 21% when compared with 1990. Total sales in the year, at £7,536,267 were disappointing in relation to £10,336,049 for 1990.

Notwithstanding reduced turnover, interest received from bank deposits, which includes interest on unpaid overseas dividends for 1989 and 1990, the avoidance of exchange losses through prompt payment to overseas creditors via letters of credit, and a less volatile movement in exchange rates, have all contributed to an improvement in profits before tax to £2,201,513 compared to £2,049,593 for 1990.

Dividend
The Directors recommend a dividend of 25% for the year, or Shs.1.25 per share. This reflects an improvement over the previous year in that the number of issued shares increased by 50% from a bonus issue approved at the Annual General Meeting held on 31st May, 1991. It is the intention of the Directors to arrange payment of 1991 dividends to local shareholders immediately following adoption at the Annual General Meeting, and payment to overseas shareholders after approval has been received from the Central Bank of Kenya.

Outlook.
While the Company is satisfactorily placed as regards raw materials for the first quarter of the year, a return to buoyant trading conditions must be considered against the normalization of the economic climate in the country. The timing of this is of course impossible to assess although the Company's management are looking towards an improvement in the second half of the year.

Finally, I would like to express the Board's appreciation and thanks to all our staff, whose commitment and dedication throughout another difficult year, enabled your company to achieve these results.

February 1992 D. A. Omari

Directors' Report

1. Present Directors

The Directors at the date of this report are:–

D. A. OMARI, M.B.E. (Chairman)
W. L. BAMLETT* (Managing Director)
P. WAIGANJO
P. A. C. BOURNE* (U.K. Resident)
J. A. SCOTT* (U.K. Resident)
(*British)

2. Secretary and Other Officers

Secretary	F. K. Fondo, P.O. Box 18243, Nairobi.
Registered Office	Kitui Road, P.O. Box 18243, Nairobi.
Auditors	Peat Marwick, Certified Public Accountants, P.O. Box 40612, Nairobi.
Registrars	Standard Chartered Kenya Nominees Limited, P.O. Box 30003, Nairobi.

Director's Report — *continued*

3. Profit and Appropriations

	K£
Profit before taxation	2,201,513
Taxation	(892,516)
Profit after taxation	1,308,997
Retained profit brought forward	2,776,437
	4,085,434
Utilised for bonus issue	(900,000)
Proposed Dividend	(675,000)
Retained profit carried forward	2,510,434

4. Dividends

No interim dividend was declared. The Directors recommend the payment of a final dividend of K£675,000, equivalent to 25%. It is the intention of the Directors to pay the dividend to resident sharholders as soon as possible after the Annual General Meeting, and to non-resident shareholders after approval has been received from the Central Bank of Kenya.

5. Approval of Accounts by Board

The accounts were approved at a meeting of the directors held on 7th February, 1992.

6. Auditors

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

BY ORDER OF THE BOARD,
F. K. FONDO,
Secretary.

7th February, 1992

Report of the Auditors to the Members of East African Cables Limited

We have audited the accounts set out on pages 6 to 12 and have obtained all the information and explanations which we considered necessary. Proper books have been kept and the accounts are in agreement therewith.

In our opinion, the accounts, which have been prepared on the basis of the accounting policies set out on page 9, give a true and fair view of the state of the Company's affairs at 28th December, 1991 and of the profit and source and application of funds for the 52 week period ended on that date and comply with the requirements of the Companies Act.

P.O. Box 40612,
Nairobi.

PEAT MARWICK
Certified Public Accountants

Date 7th February, 1992.

Profit and Loss Account

	Note	52 week period ended 28.12.91	52 week period ended 29.12.90
		K£	K£
TURNOVER	1(b)	7,536,267	10,336,049
PROFIT BEFORE TAXATION	2	2,201,513	2,049,593
TAXATION	3	(892,516)	(864,059)
PROFIT AFTER TAXATION		1,308,997	1,185,534
REVALUATION ITEM	4	–	79,754
		1,308,997	1,265,288
PROPOSED DIVIDEND		(675,000)	(450,000)
RETAINED PROFIT	11	633,997	815,288
Earnings per share	5	KShs.2.42	KShs.2.19

The notes on pages 6 to 12 form part of these accounts.

Balance Sheet

	Note	At 28.12.91	At 29.12.90
EMPLOYMENT OF CAPITAL		K£	K£
FIXED ASSETS	6	1,421,802	1,443,869
CURRENT ASSETS			
Stocks	7	2,915,059	2,178,000
Debtors	8	2,191,116	1,844,954
Cash and bank balances	9	2,389,253	2,870,777
		7,495,428	6,893,731
CURRENT LIABILITIES			
Creditors		284,541	413,855
Amounts due to group companies		318,400	623,075
Taxation		675,856	698,168
Proposed dividend		675,000	450,000
Unpaid dividends		682,027	493,172
		2,635,824	2,678,270
NET CURRENT ASSETS		4,859,604	4,215,461
NET ASSETS		6,281,406	5,659,330
CAPITAL AND RESERVES			
SHARE CAPITAL	10	2,700,000	1,800,000
RESERVES	11	3,581,406	3,859,330
		6,281,406	5,659,330

D.A. OMARI
W.L. BAMLETT } Directors

The notes on pages 6 to 12 form part of these accounts.

Statement of Source and Application of Funds

	52 week period ended 28.12.91	52 week period ended 29.12.90
	K£	K£
SOURCE OF FUNDS		
Profit before taxation	2,201,513	2,049,593
Adjustment for items not involving the movement of funds		
Depreciation	78,528	64,656
Profit on sale of fixed assets	(1,749)	(8,997)
Funds generated from operations	2,278,292	2,105,252
FUNDS FROM OTHER SOURCES		
Proceeds from sale of fixed assets	1,750	9,000
	2,280,042	2,114,252
APPLICATION OF FUNDS		
Dividend paid	(261,145)	(108,687)
Tax paid	(914,828)	(1,583,057)
Purchase of fixed assets	(56,462)	(95,649)
Bonus issue expenses	(11,921)	(–)
	(1,244,356)	(1,787,393)
Increase in working capital	1,035,686	326,859
Analysis of change in working capital		
Stock	737,059	(777,924)
Debtors	346,162	(1,377,475)
Creditors and group companies	433,989	950,399
Movement in net liquid funds	(481,524)	1,531,859
	1,035,686	326,859

1. ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies used by the company: –

(a) Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain assets.

(b) Turnover

Turnover represents sales of cables and imported allied electrical products.

(c) Depreciation

Depreciation is provided on a straight line basis at annual rates estimated to write off the assets over their expected useful lives.

The annual rates used are: –

Freehold land		Nil
Freehold buildings		2%
Leasehold property	Over the terms of the lease but not less than	2%
Plant, machinery and equipment		10%
Furniture, fixtures and fittings		20%
Vehicles		25%
Dies and tools		33⅓%

(d) Taxation

Current taxation is provided on the profits for the period as shown in the accounts adjusted in accordance with the tax legislation.

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

(e) Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Finished goods and work in progress include all applicable labour and overheads.

(f) Translation of foreign currencies

Transactions during the period are converted into Kenya Shillings at approximate 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 from conversion and translation are dealt with in the profit and loss account in the period in which they arise.

2. PROFIT BEFORE TAXATION

	52 week period ended 28.12.91	52 week period ended 29.12.90
	K£	K£
The profit before taxation is arrived at after charging/(crediting): –		
Interest receivable	(382,480)	(177,392)
Bank interest	2,564	979
Depreciation	78,528	64,656
Directors' emoluments		
As directors	9,407	7,900
As executives	53,695	36,422
Auditors' remuneration and expenses	16,625	12,789

3. TAXATION

		52 week period ended 28.12.91	52 week period ended 29.12.90
(a)	Charge for the period	892,516	875,907
	Prior year adjustment	–	(11,848)
		892,516	864,059

(b) No credit has been taken in these accounts for tax relief that will accrue in future years from the excess of tax written down values over the corresponding book values of the assets concerned which at 28th December, 1991 amounted to K£115,561 (1990 - K£97,210).

4. REVALUATION ITEM

	52 week period ended 28.12.91	52 week period ended 29.12.90
	K£	K£
This comprises: –		
Excess depreciation credits from revaluation reserve	–	79,754

5. EARNINGS PER SHARE

Earnings per share is arrived at by dividing the profit after tax by the number of issued shares.

Notes to the Accounts – *continued*

6. FIXED ASSETS

	Freehold land	Freehold buildings	Long Leasehold property	Plant, machinery, equipment and motor vehicles	Total
	K£.	K£.	K£.	K£.	K£.
Cost or valuation:					
At 30th December, 1990	135,000	155,000	825,000	1,533,335	2,648,335
Additions	–	–	–	56,462	56,462
Disposals	–	–	–	(4,209)	(4,209)
At 28th December, 1991	135,000	155,000	825,000	1,585,588	2,700,588
Cost	–	–	–	1,585,588	1,585,588
Valuation	135,000	155,000	825,000	–	1,115,000
Depreciation:					
At 30th December, 1990	–	–	–	1,204,466	1,204,466
Charge for period	–	3,100	16,500	58,928	78,528
On disposals	–	–	–	(4,208)	(4,208)
At 28th December, 1991	–	3,100	16,500	1,259,186	1,278,786
Cost	–	–	–	1,259,186	1,259,186
Valuation	–	3,100	16,500	–	19,600
Net book value:					
At 28th December, 1991	135,000	151,900	808,500	326.402	1,421,802
At 29th December, 1990	135,000	155,000	825,000	328,869	1,443,869

Valuations

The company's land and buildings were professionally revalued in 1990 by Messrs Tysons Limited on an open market value basis for their existing use.

7. STOCKS

Stocks and work in progress comprises:–

	At 28.12.91	At 29.12.90
	K£	K£
Raw materials	1,775,890	1,266,792
Work in progress	185,821	315,305
Finished goods	627,756	379,173
Stocks in transit	325,592	216,730
	2,915,059	2,178,000

8. DEBTORS

Included in debtors is a loan to an officer of the company amounting to K£18,962 (1990 - K£16,906).

9. BANK FACILITIES

The company enjoys overdraft and other credit facilities which are secured by a debenture over its assets for K£ 1,607,000.

10. SHARE CAPITAL

	52 week period ended 28.12.91
	K£
Authorised, issued and fully paid 10,800,000 (1990 – 7,200,000) Ordinary shares of KShs. 5/- each	2,700,000

11. RESERVES

	Share premium account	Revaluation reserve	Profit & loss account	Total
	K£.	K£.	K£.	K£.
Balance 30th December, 1990	68,666	1,014,227	2,776,437	3,859,330
Capitalisation of reserves on bonus issue of shares	–	–	(900,000)	(900,000)
Expenses relating to bonus issue of shares	(11,921)	–	–	(11,921)
Retained profit for period	–	–	633,997	633,997
Balance 28th December, 1991	56,745	1,014,227	2,510,434	3,581,406

12. CAPITAL COMMITMENTS

	At 28.12.91	At 29.12.90
	K£.	K£.
Authorised and committed	10,000	20,000

Taarifa na hesabu za mwaka wa elfu moja mia tisa na tisaini na moja

TANGAZO LA MKUTANO

TAARIFA YA MWENYEKITI

TAARIFA YA WAKURUGENZI

TAARIFA YA WAKAGUZI WA HESABU KWA WENYE HISA

DELTA

Tangazo la Mkutano

Mnatangaziwa kwamba Mkutano wa Mwaka wa ishirini na saba wa wenye hisa utafanyika Serena Hotel, Kenyatta Avenue, Nairobi, Tarehe 31 Machi, 1992, saa nne kamili (10.00 a.m.) kwa shughuli zifuatazo:–

1. Kuthibitisha Taarifa za Mkutano wa ishirini na sita uliofanyika tarehe 31 Mei, 1991.

2. Kupokea Hesabu za mwaka uliomalizikia tarehe 28 Desemba, 1991, pamoja na taarifa ya Wakurugenzi na Wakaguzi wa Hesabu.

3. Kutoa idhini ya malipo ya wakurugenzi kwa mwaka uliomalizikia tarehe 28 Desemba, 1991.

4. Kutangaza mgao wa faida wa mwisho wa kiasi cha 25% yaani shilingi moja na peni mbili na ndururu (Shs. 1.25) kwa kila hisa, utakaolipwa mapema iwezekanavyo.

5. Kuwachagua wakurugenzi kwa kulingana na fungu la 97 la kanuni za kampuni. Wakurugenzi ambao muda wao umemalizika, lakini wamejitolea kuchaguliwa tena ni:

   Bwana P.A.C. Bourne
   Bwana J.A. Scott

6. Kuwaruhusu Wakurugenzi kuweka kiasi cha malipo ya Wakaguzi wa Hesabu.

P.O. Box 18243,
Kitui Road,
Nairobi.

KWA AMRI YA HALMASHAURI
F.K. Fondo,
Katibu.

Tarehe: 7 Februari, 1992

Mwenye hisa ambaye ana haki ya kuhudhuria Mkutano na kupiga kura, aweza kumchagua mwakilishi ikiwa yeye mwenyewe hawezi kuhudhuria. Mwakilishi huyo si lazima awe mwenye hisa katika kampuni hii. Fomu ya uwakilishi ni lazima irudishwe kwenye Afisi Kuu ya Kampuni katika muda usiopungua saa 48 kabla ya kufanyika Mkutano.

Hali mbaya ya uchumi, iliyoanza mwaka wa 1990, iliendelea katika mwaka wa 1991 na kusababisha hali ngumu ya biashara. Biashara hii ngumu ilizidishwa kwa vile mteja wetu mmoja mashuhuri aliruhusiwa kuingiza kwa wingi humu nchini bidhaa zilizotengenezwa kwa madini ya aluminium, ambazo sisi pia hutengeneza. Hivyo basi, biashara yetu katika bidhaa za aina hii ikapungua sana hata kufikia kiasi cha £351,000 toka £2,937,000 katika mwaka wa 1990. Biashara ya bidhaa kutokana na madini ya shaba haikuwa mbaya sana ikilinganishwa na mwaka wa 1990; lakini hata hivyo thamani yake ilipungua kwa kiasi cha 21% ingawa bei yake iliongezwa kuanzia mwezi January, 1991. Thamani ya bidhaa zote tulizouza katika mwaka mzima ilikuwa £7,536,267 ambayo ilishindwa kuifikia ile ya £10,336,049 ya mwaka wa 1990.

Ingawa thamani ya bidhaa zilizouzwa ilipungua, kiasi cha faida iliyopatikana kilikuwa £2,201,513, ambacho ni kiasi kikubwa zaidi kuliko faida ya £2,049,593 iliyopatikana katika mwaka 1990. Kiasi hiki cha faida kilisababishwa na mambo kadha, kama vile malipo ya faida kutokana na akiba ya fedha iliyowekwa bankini, ikiwamo migawo ya faida ambayo ilicheleweshwa kulipwa wenyehisa wa ng'ambo kwa miaka ya 1989 na 1990, na pia kwa kulipa mapema madeni ya nchi za kigeni.

Mgawo wa faida
Wakurugenzi wenu wameamua kupendekeza mgawo wa faida wa kiasi cha 25%, yaani, Shs 1.25 kwa kila hisa. Kiasi hiki ni kikubwa kuliko miaka iliyopita maana idadi ya hisa imeongezeka baada ya malipo ya hisa za bahshishi ya 50% yalioyothibitishwa katika Mkutano Mkuu wa Mwaka uliofanyika tarehe 31 Mei, 1991. Ni nia ya Wakurugenzi kwamba wenyehisa humu nchini walipwe haki yao mapema iwezekanavyo baada ya kuadhinishwa malipo haya katika Mkutano Mkuu wa Mwaka, na wale wenyehisa waliopo nje ya nchi mara tu Banki Kuu ya Kenya itoapo idhini yake.

Matazamio ya siku zijazo
Katika miezi mitatu ya mwanzo katika mwaka wa 1992, hatutazamii kwamba biashara yetu itazidi ile ya mwaka wa 1991 kwa wastani. Baada ya hapo, itategemea hali ya uchumi itakavyokuwa humu nchini. Hili ni jambo ambalo hatuwezi kulibashiri, lakini matumaini yetu ni kwamba katika kipindi cha miezi sita kuanzia mwezi wa Julai, 1992 maendeleo huenda yakaonekana.

Nikimaliza taarifa hii, ningependa kuwashukuru wafanyi kazi wote wa tabaka mbalimbali kwa bibii na juhudi zao kubwa ambazo zimeiwezesha Kampuni yenu kufanya vyema katika mwaka wa 1991 ingawa hali ya biashara ilikuwa ngumu.

Tarehe: Februari 1992 D. A. OMARI

1. Wakurugenzi

Kwa wakati huu Wakurugenzi ni:–

D. A. OMARI, M.B.E. (Mwenye Kiti)

W. L. BAMLETT* (Mkurugenzi Mkuu)

P. WAIGANJO

P. A. C. BOURNE* (Anaishi Uingereza)

J. A. SCOTT* (Anaishi Uingereza)
(* Raia wa Uingereza)

2. Katibu na Maafisa wengine

Katibu	F.K. Fondo, P.O. Box 18243, Nairobi.
Afisi kuu ya Kampuni	Kitui Road, P.O. Box 18243, Nairobi.
Wakaguzi wa Hesabu	Peat Marwick, Certified Public Accountants, P.O. Box 40612, Nairobi.
Waandishi	Standard Chartered Kenya Nominees Limited, P.O. Box 30003, Nairobi.

3. Faida na Matumizi Maalum:

	K£
Faida kabla ya kutolewa fungu la kodi	2,201,513
Toa fungu la kodi	(892,516)
Faida baada ya kuondoa fungu la kodi	1,308,997
Ongeza faida ya miaka iliyopita	2,776,437
	4,085,434
Matumizi:	
Hisa za Bahshishi	(900,000)
Mgao wa mwisho unaoamiziwa	(675,000)
Baki la faida	2,510,434

4. Migao ya Faida

Mgao wa kwanza haukutangazwa. Wakurugenzi walipendekeza malipo ya mgao wa mwisho wa K£675,000, yaani kiasi cha 25%. Ni madhumuni ya wakurugenzi kulipa mgao wa faida kwa wenye hisa hapa nchini mapema iwezekanavyo baada ya kikao cha Mkutano Mkuu na wale wenye hisa wanaoishi nchi za ng'ambo, baada ya Banki Kuu ya Kenya kutoa idhini.

5. Kukubaliwa kwa Mahesabu na Wakurugenzi

Mahesabu yalikubaliwa katika mkutano wa wakurugenzi uliofanyika mnamo tarehe 7 Februari, 1992.

6. Wakaguzi wa Hesabu

Peat Marwick wataendelea na kazi yao katika kampuni yetu kwa kulingana na fungu 159 (2) la sheria ya kampuni.

P.O. Box 18243,
Kitui Road,
Nairobi.

KWA AMRI YA HALMASHAURI,
F.K. Fondo,
Katibu.

Tarehe: 7 Februari, 1992.

Taarifa ya Wakaguzi wa Hesabu kwa Wenye hisa wa East African Cables Limited.

Tumekagua hesabu za Kampuni ambazo zimeonyeshwa katika ukurasa wa 6 hadi ukurasa wa 12 na tumepata maelezo yote kamili juu ya hesabu hizi. Daftari za hesabu zimeandikwa na kuwekwa kikamilifu.

Kwa Maoni yetu hesabu hizi, ambazo zimetayarishwa kulingana na utaratibu ulioonyeshwa katika ukurasa wa 9 zinaonyesha kwa usahihi hali ya Kampuni ilivyokuwa tarehe 28 Desemba, 1991, pamoja na faida iliyopatikana, mapato na matumizi katika muda wa majuma 52 kufika tarehe hiyo na zimefuata sheria za Kampuni.

P.O. Box 40612,
Nairobi,

PEAT MARWICK
Certified Public Accountants

Tarehe: 7 Februari, 1992.