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EAST AFRICAN CABLES LIMITED

1993 Report and Accounts

DELTA

Notice of Annual General Meeting

Notice is hereby given that the Twenty-Nineth Annual General Meeting of the shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on the 25th March, 1994 at 10.00 a.m. for the following purposes:

1. To confirm the Minutes of the Twenty-Eighth Annual General Meeting held on the 26th March, 1993.

2. To receive the Accounts for the period ended 1st January, 1994, and the Directors' and Auditors' reports thereon.

3. To approve the payment of fees to Directors for the period ended 1st January, 1994.

4. To declare a final dividend of 40% representing two shillings (Shs.2.00 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
28th January, 1994

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

J. K. GECAU
Chairman

We were saddened by the death in April, 1993, of Dunstan Omari, Chairman of the Company, and a Director since October, 1973. His wide experience, wise counsel and gentlemanly manners throughout his association with the Company were invaluable and will be greatly missed.

Notwithstanding the sometimes alarming changes of direction in official procedures aligned to importation formalities in the first half of the year, coupled with the rapid deterioration in the value of the shilling, your company was well positioned to maintain regular inputs of raw material and to effect prompt payments without recourse to bank borrowing. Rising costs, for raw materials, services and equipment, necessitated phased product price movements in the year which, with advantage taken of export opportunities and renewed demand for our aluminium products, increased total turnover to £17,527,222 compared to £9,930,382 for 1992.

Improved turnover, a further increase in revenue from non trading activities, avoidance of exchange losses of any magnitude and strict cost control, all contributed to an improvement in profit before taxation to £5,162,600 compared to £3,036,331 for 1992. I would add, that in the year, your company has been committed to pay to government the sum of £6,412,470 by way of taxation, value added tax, import duties and other charges which is a commendable contribution towards the country's economy.

Dividend
The Directors are pleased to recommend a dividend of 40% for the year, or Shs 2.00 per share at a total cost of £1,620,000. This represents an increase of 75 cents per share over the previous year. It is the intention of the Directors to arrange payment of 1993 dividends to local shareholders immediately following adoption at the Annual General Meeting, and payment to overseas shareholders after the necessary formalities have been complied with.

Outlook
While the position as regards import licencing and associated availability of foreign exchange is currently satisfactory, there remains a degree of uncertainty about the general economic situation with apparent hesitancy in renewed industrial and commercial development for which our products are required. On the assumption that there will not be any radical change in the economy in 1994, I anticipate that the company's performance will reflect some improvement over 1993.

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

Finally, I would like to thank my fellow Directors for the co-operation extended to me during the year.

January 1994 J. K. Gecau

1. Present Directors

The Directors at the date of this report are:-

J. K. GECAU (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.

3. Profit and Appropriations

	K£
Profit before taxation	5,162,600
Taxation	(1,807,446)
Profit after taxation	3,355,154
Retained profit brought forward	2,047,049
	5,402,203
Proposed Dividend	(1,620,000)
Retained profit carried forward	3,782,203

4. Dividends

No interim dividend was declared. The Directors recommend the payment of a final dividend of K£1,620,000 equivalent to 40%. It is the intention of the Directors to pay the dividend to resident shareholders as soon as possible after the Annual General Meeting, and to non-resident shareholders after the necessary formalities have been complied with.

5. Approval of Accounts by Board

The accounts were approved at a meeting of the directors held on 28th January, 1994.

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.

28th January, 1994

Auditors' report to the Members of East African Cables Limited

We have audited the accounts as 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 1st January, 1994 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

28th January, 1994.

Profit and Loss Account

	Note	52 week period ended 1.1.94	53 week period ended 2.1.93
		K£	K£
TURNOVER	1(b)	17,527,222	9,930,382
PROFIT BEFORE TAXATION	2	5,162,600	3,036,331
TAXATION	3	(1,807,446)	(1,137,216)
PROFIT AFTER TAXATION		3,355,154	1,899,115
PROPOSED DIVIDEND		(1,620,000)	(1,012,500)
RETAINED PROFIT	10	1,735,154	886,615
Earnings per share	4	4.14	2.34

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

Balance Sheet

	Note	At 1.1.94	At 2.1.93
EMPLOYMENT OF CAPITAL		K£	K£
FIXED ASSETS	5	2,280,240	1,406,858
CURRENT ASSETS			
Stocks	6	3,438,820	2,304,838
Debtors	7	2,785,886	2,222,171
Cash and bank balances	8	3,912,270	3,846,164
		10,136,976	8,373,173
CURRENT LIABILITIES			
Creditors		369,711	819,695
Amounts due to group companies		9,594	2,579
Taxation		839,133	793,517
Proposed dividend		1,620,000	1,012,500
Unpaid dividend		2,904	2,002
		2,841,342	2,630,293
NET CURRENT ASSETS		7,295,634	5,742,880
NET ASSETS		9,575,874	7,149,738
CAPITAL AND RESERVES			
SHARE CAPITAL	9	4,050,000	4,050,000
RESERVES	10	5,525,874	3,099,738
		9,575,874	7,149,738

J. K. GECAU } Directors
W.L. BAMLETT

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

Statement of Source and Application of Funds

	93 52 week period ended 1.1.94	92 53 week period ended 2.1.93
	K£	K£
SOURCE OF FUNDS		
Profit before taxation	5,162,600	3,036,331
Adjustment for items not involving the movement of funds		
Depreciation	116,694	92,380
Profit on sale of fixed assets	(8,999)	(2,249)
Depreciation on excess over cost from revaluation reserve	(51,831)	—
Funds generated from operations	5,218,464	3,126,462
FUNDS FROM OTHER SOURCES		
Proceeds from sale of fixed assets	9,000	2,250
	5,227,464	3,128,712
APPLICATION OF FUNDS		
Dividend paid	(1,011,598)	(1,355,025)
Tax paid	(1,761,830)	(1,019,555)
Purchase of fixed assets	(246,277)	(77,437)
Bonus issue expenses	(987)	(18,283)
	(3,020,692)	(2,470,300)
Increase in working capital	2,206,772	658,412
Analysis of change in working capital		
Stock	1,133,982	(610,221)
Debtors	563,715	31,055
Creditors and group companies	442,969	(219,333)
Movement in net liquid funds	66,106	1,456,911
	2,206,772	658,412

1. ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of 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 external sales of cables and imported allied electrical products.

(c) Depreciation

Depreciation is calculated 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		$33^1/_3$%

(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 realizable value. Cost is determined mainly on a first-in, first-out basis, and in relation to finished goods and work in progress includes appropriate allocations of relevant overheads.

(f) Translation of foreign currencies

Transactions during the period are translated into Kenya Shillings at appropriate 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 1.1.94	53 week period ended 2.1.93
	K£	K£
The profit before taxation is arrived at after charging/(crediting):-		
Interest receivable	(638,642)	(430,460)
Depreciation on excess over cost from revaluation reserve	(51,831)	—
Bank interest	13,441	5,017
Depreciation	116,694	92,380
Directors' emoluments		
As directors	10,831	11,035
As executives	75,538	65,950
Auditors remuneration and expenses	24,000	18,996

3. TAXATION

		52 week period ended 1.1.94	53 week period ended 2.1.93
a)	Charge for the period	1,807,446	1,147,387
	Prior year adjustment	—	(10,171)
		1,807,446	1,137,216

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 1st January 1994 amounted to K£52,495 (1992 – K£110,098).

4. EARNINGS PER SHARE

Earnings per share for both periods is arrived at by dividing the profit after tax by the number of issued shares at 1st January, 1994.

5. FIXED ASSETS

	Freehold Land	Freehold buildings	Long Leasehold property	Plant, machinery, equipment and motor vehicles	Total
Cost or valuation:	K£	K£	K£	K£	K£
At 2nd January, 1993	135,000	155,000	825,000	1,653,887	2,768,887
Additions	—	—	—	246,277	246,277
Disposals	—	—	—	(12,300)	(12,300)
Surplus on revaluation	115,000	95,000	475,000	—	685,000
At 1st January, 1994	250,000	250,000	1,300,000	1,887,864	3,687,864
Cost	—	—	—	1,887,864	1,887,864
Valuation	250,000	250,000	1,300,000	—	1,800,000
Depreciation:					
At 2nd January, 1993	—	6,200	33,000	1,322,829	1,362,029
Charge for period	—	3,100	16,500	97,094	116,694
On Disposals	—	—	—	(12,299)	(12,299)
Written back on revaluation	—	(9,300)	(49,500)	—	(58,800)
At 1st January, 1994	—	—	—	1,407,624	1,407,624
Cost	—	—	—	1,407,624	1,407,624
Valuation	—	—	—	—	—
Net book value:					
At 1st January, 1994	250,000	250,000	1,300,000	480,240	2,280,240
At 2nd January, 1993	135,000	148,800	792,000	331,058	1,406,858

...ny's land and buildings were professionally revalued during the year by Tysons Limited on an open ...sis for their existing use. The resulting surplus has been credited to revaluation reserve.

6. STOCKS

Stocks and work in progress comprise:-	At 1.1.94	At 2.1.93
	K£	K£
Raw materials	1,046,679	1,309,860
Work in progress	477,413	190,616
Finished goods	648,718	219,895
Stocks in transit	1,266,010	584,467
	3,438,820	2,304,838

7. DEBTORS

Included in debtors is a loan to an officer of the company and an employee (over Kshs 40,000) amounting to K£73,701 (1992 – K£16,962).

8. BANK FACILITIES

The company enjoys overdraft and other credit facilities which are secured by a debenture over all its assets for K£1,150,000.

9. SHARE CAPITAL

	52 week period ended 1.1.94	53 week period ended 2.1.93
	K£	K£
Authorised, issued and fully paid 16,200,000 ordinary shares of KShs 5/- each	4,050,000	4,050,000

10. RESERVES

	Share Premium account	Revaluation reserve	Profit & loss account	Total
	K£	K£	K£	K£
Balance 2nd January, 1993	38,462	1,014,227	2,047,049	3,099,738
Surplus arising on revaluation of fixed assets	—	685,000	—	685,000
Depreciation written back on revaluation	—	58,800	—	58,800
Excess depreciation transfer	—	(51,831)	—	(51,831)
Expenses relating to 1992 bonus issue of shares	(987)	—	—	(987)
Retained profit for period	—	—	1,735,154	1,735,154
Balance 1st January, 1994	37,475	1,706,196	3,782,203	5,525,874

11. CAPITAL COMMITMENTS

	At 1.1.94	At 2.1.93
	K£	K£
Authorised and committed	—	3,000

EAST AFRICAN CABLES LIMITED

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

TANGAZO LA MKUTANO

TAARIFA YA MWENYE KITI

TAARIFA YA WAKURUGENZI

TAARIFA YA WAKAGUZI WA HESABU KWA WENYE HISA

Tangazo la Mkutano

Mnatangaziwa kwamba Mkutano wa Mwaka wa ishirini na tisa wa wenye hisa utafanyika Serena Hotel, Kenyatta Avenue, Nairobi, Tarehe 25 Machi, 1994, saa nne kamili (10.00 a.m.) kwa shughuli zifuatazo:-

1. Kuthibitisha Taarifa za Mkutano wa ishirini na nane uliofanyika tarehe 26 Machi, 1993.

2. Kupokea Hesabu za mwaka uliomalizikia tarehe 1 Januari, 1994, pamoja na taarifa ya Wakurugenzi na Wakaguzi wa Hesabu.

3. Kutoa idhini ya malipo ya wakurugenzi kwa mwaka uliomalizikia tarehe 1 Januari, 1994.

4. Kutangaza mgao wa faida wa mwisho wa kiasi cha 40% yaani shilingi mbili 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.
Tarehe: 28 Januari, 1994

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

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.

Taarifa ya Mwenye Kiti

Tulisikitishwa na kifo April 1993 cha Dunstan Omari, mwenye kiti wa Kampuni, na Mkurugenzi tangu October 1973. Ujuzi wake katika tabaka mbalimbali, ushauri wake wa busara na ungwana wake tangu alipojiunga na Kampuni ulikuwa wa manufaa makubwa na maadili haya yote tutayakosa.

Ingawa mabadiliko fulani yaliyofanywa na Serikali katika miezi sita ya kwanza ya mwaka kuhusu taratibu za kuleta mali ghafi na mashini kutoka nchi za Kigeni yalikuwa ya kutia hofu, pamoja na kudhoofika kwa thamani ya fedha ya Kitaifa, Kampuni yenu iliweza kuleta mali ghafi ya kutosha na kuilipia kimbele kabla ya kusafirishwa bila kutafuta mkopo kutoka kwa benki yetu. Kuongezeka kwa bei za mali ghafi na huduma nyinginezo zinazotumika katika uzalishaji ilitulazimu na sisi kuongeza bei za bidhaa zetu tunazotengeneza na kuwauzia wateja wetu. Ongezeko hili la bei za bidhaa tunazoziuza, nafasi iliyopatikana ya kuuza bidhaa zetu katika nchi ya Kigeni na ongezeko la biashara ya madini ya aluminium ndiyo mambo matatu ambayo yalisababisha Kampuni yenu kuuza bidhaa za kufikia thamani ya £17,527,222 ikilinganishwa na kiasi cha mwaka wa 1992 cha £9,930,382.

Ongezeko la thamani ya mali iliyouzwa pamoja na mapato mengine kutokana na njia nyingine za biashara na usimamizi bora wa fedha za Kampuni ndizo sababu zilizofanya Kampuni yenu kupata faida ya £5,162,600 kabla ya kodi, ikilinganishwa na faida ya £3,036,331 iliyopatikana katika mwaka wa 1992. Nikiongeza, Kampuni yenu imelipa kwa Serikali kiasi cha £6,412,470 ikiwa ni ushuru mbalimbali wa mwaka wa 1993. Kiasi hiki ni mchango mkubwa katika kuiwezesha Serikali kutoa huduma kwa raia wa nchi hii yetu tukufu ya Kenya.

Mgao wa Faida

Wakurugenzi wanayo furaha ya kupendekeza mgao wa kiasi cha 40% kwa mwaka mzima yaani Shs 2.00 kwa kila hisa. Kwa jumla, gharama ya mgao huu ni K£1,620,000. Inatarajiwa kwamba wenye hisa humu nchini watalipwa baada ya Mkutano huu kuidhinisha malipo hayo na wale waliopo nchi za nje, baada ya kukamilisha taratibu zinazohusika.

Matazamio ya Siku Zijazo

Kwa wakati huu, taratibu za uletaji wa mali ghafi humu nchini kutoka nchi za Kigeni unaridhisha. Walakini, bado kuna shaka juu ya hali ya uchumi kwa jumla kukiwamo nchini na hali ya kusitasita kuhusu usitawishaji wa viwanda na biashara, vitu ambavyo bidhaa zetu hutegemea sana. Tukisadiki ya kwamba katika mwaka wa 1994 hakutakuwako na mabadiliko mabaya katika hali ya uchumi, Kampuni yenu itafanya vizuri zaidi kuliko mwaka wa 1993.

Ningependa kutoa pongezi na shukurani za Wakurugenzi kwa wafanya kazi wetu kwa bidii na moyo wao wa kujitolea ambao umeiletea Kampuni yenu matokeo haya mazuri kuliko mwaka mwingine wowote.

Hatimaye, ningependa kuwashukuru Wakurugenzi wenzangu kwa ushirikiano mwema walionipatia katika mwaka wa 1993.

Januari, 1994 J. K. GECAU

1. Wakurugenzi

Kwa wakati huu Wakurugenzi ni:-

J. K. GECAU (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	5,162,600
Toa fungu la kodi	(1,807,446)
Faida baada ya kuondoa fungu la kodi	3,355,154
Ongeza faida ya miaka iliyopita	2,047,049
	5,402,203
Matumizi:	
Mgao wa mwisho unaoazimiwa	(1,620,000)
Baki la faida	3,782,203

4. Migao ya Faida

Mgao wa kwanza haukutangazwa. Wakurugenzi walipendekeza malipo ya mgao wa mwisho wa K£1,620,000 yaani kiasi cha 40%. 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 kukamilisha taratibu zinazohusika.

5. Kukubaliwa kwa Mahesabu na Wakurugenzi

Mahesabu yalikubaliwa katika mkutano wa wakurugenzi uliofanyika mnamo tarehe 28 Januari 1994.

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: 28 Januari, 1994

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 1 Januari, 1994, 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: 28 Januari, 1994