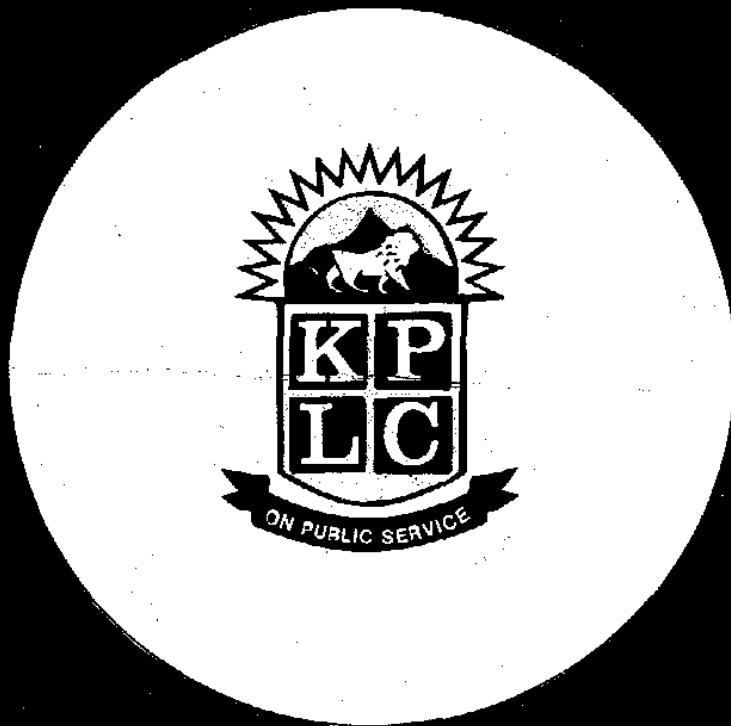


CMA-31/11/87

The Kenya Power and Lighting Company Limited



**Report and
Accounts for the
year ended
30th June, 1989**

HD
9685
A44
K46a
1989
C2

68

The sixty-eighth Report
and Accounts of
The Kenya Power and Lighting Company Limited

Contents

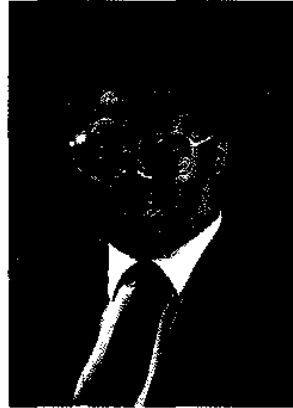
	Page
Directors' photographs.....	2
Board of Directors.....	3
Management.....	4
Notice of meeting.....	5
Chairman's review.....	6
Report of the Directors.....	14
Report of the Auditor-General (Corporations).....	15
Revenue Account and Statement of Retained Earnings...16	16
Balance Sheet.....	17
Statement of Source and Application of Funds.....	18
Notes to the Accounts.....	19
Financial and Statistical Records.....	28
Power System Operating Statistics for 5½ years.....	30
Principal areas of supply.....	34



Board of Directors



L.G. Sagini
Chairman



S.K. Gichuru
Managing Director



C.N. Mutitu



C.S. Mbindyo



J.F. Kahumbu



S.O.J. Ambundo



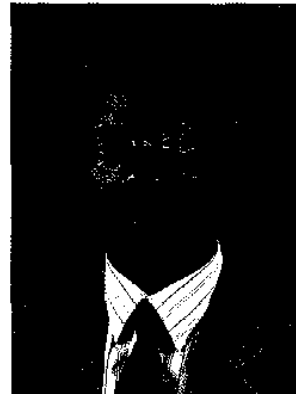
Prof. B.W. Ogana



Prof. R.J. Akello



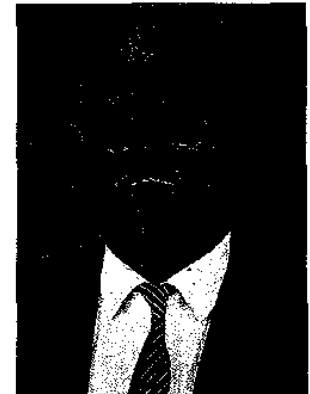
G.M. Nyaki



P.K. Chemng'orem



J.K. Njoroge
(Alternate)



E. Komen
(Alternate)

2007/0968

Board of Directors

Directors

L.G. SAGINI, E.G.H. (*Chairman*)

S.K. GICHURU, M.B.S.

C.N. MUTITU

C.S. MBINDYO

J.F. KAHUMBU

S.O.J. AMBUNDO

PROF. B.W. OGANNA

PROF. R.J. AKELLO

G.M. NYAKI

P.K. CHEMNG'OREM

Alternate Directors

J.K. NJOROGE

E. KOMEN

Secretary and Registered Office

J.N. KIMANI

Electricity House, Harambee Avenue, Nairobi.

Bankers

THE STANDARD CHARTERED BANK KENYA LIMITED

Harambee Avenue, Nairobi

Authorised Auditors

GILL & JOHNSON

Certified Public Accountants (Kenya) Nairobi.

Management

Managing Director

S.K. GICHURU, M.B.S., C.P.S.

Deputy Managing Director

L. KEITANY, B.Sc., R.Eng., C.Eng., F.I.E.E.

Chief Projects Development Manager

E.D. WASUNNA, B.Sc. (Eng.)

Chief Generation Manager

N.K. GICHUKI, B.Sc. (Hons.), R. Eng., M.I.E.K.

Chief Distribution Manager

J.W. NYAAGA, B.SC. (Eng), R.Eng., C.Eng., M.I.E.E.

Company Secretary

J.N. KIMANI, C.P.S.

Finance Manager

J.A. KILACH, C.P.A. (K)

Administration Manager

D.K.M ROTICH, C.P.S.

Transport & Supplies Manager

P.MOINDI, R.Eng., BSc. (Eng.), C. Eng., M.I.E.E.

Commercial Manager

J. OUMA, R.Eng.; B.Sc., F.I.E.E., M.I.E.K.

Corporate Planning Manager

M.A. GUPTA, B.E., M.I.E.

Personnel Manager

G.M. KATHURIMA, B.Ed., IPM., M.K.I.M.

Credit Control Manager

S. ODUORI

Notice of meeting

NOTICE IS HEREBY GIVEN that the SIXTY-EIGHTH ANNUAL GENERAL MEETING of Members will be held at the Head Office of the Company, 8th Floor, Electricity House, Harambee Avenue, Nairobi, on Friday, the 30th March, 1990, at 12.00 noon for the following purposes:

Ordinary Business:

To transact the Ordinary Business of the Company.

Special Business:

To consider and if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

"That in accordance with the Directors' recommendation the borrowing limit be raised from Shillings 2,500 million to Shillings 4,000 million, and that Clause 110 of the Articles of Association be amended accordingly".

By Order of the Board

J.N. KIMANI
Secretary

Nairobi
Kenya
8th March, 1990

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed with this booklet. To be valid, a form of proxy must be duly completed and must be lodged at the Registered Office of the Company or posted in time to reach there not later than 12.00 noon on Wednesday 28th March, 1990.

Chairman's review

It is a great privilege for me to have the opportunity once again to present a review of yet another successful trading period of your Company.

The Company experienced a low growth of 3.23% in energy sales compared to that for the previous period of 6%, a decline of 2.77%. The low growth is mainly attributable to the decline in sales to industrial consumers from 5.8% registered last year to 1.2%. The decline was as a result of low operating capacities in the sugar (0.67%) milling (0.34%) steel — including closure of one of them (0.22%) synthetic fibre (0.18%) and other industries which together contributed to the reduction in growth by about 2.15%. The reduction in the consumption on irrigation as a result of good rains received in most parts of the country recorded a further decline of 0.62%.

Your Company's performance was also affected by a rise in operating expenditure which was over 14% higher than the previous period's, mainly due to an increase in debt service.

In spite of the low growth in sales and the high expenditure, the Company, operating in the environment of the prevailing political stability, strong economic growth and good weather conditions, achieved good results.

The total units sold were 2,411,995,039 which realised a revenue of Shs.2,629,658,000. Operating expenditure together with interest payable amounted to Shs.2,581,886,000. The Company's trading profit before taxation was Shs.47,772,000 compared to last year's profit of Shs.162,067,000. An unrealised exchange loss amounting to Shs.266,653,000 was written back as an exceptional item bringing the total profit before taxation to Shs.314,425,000.

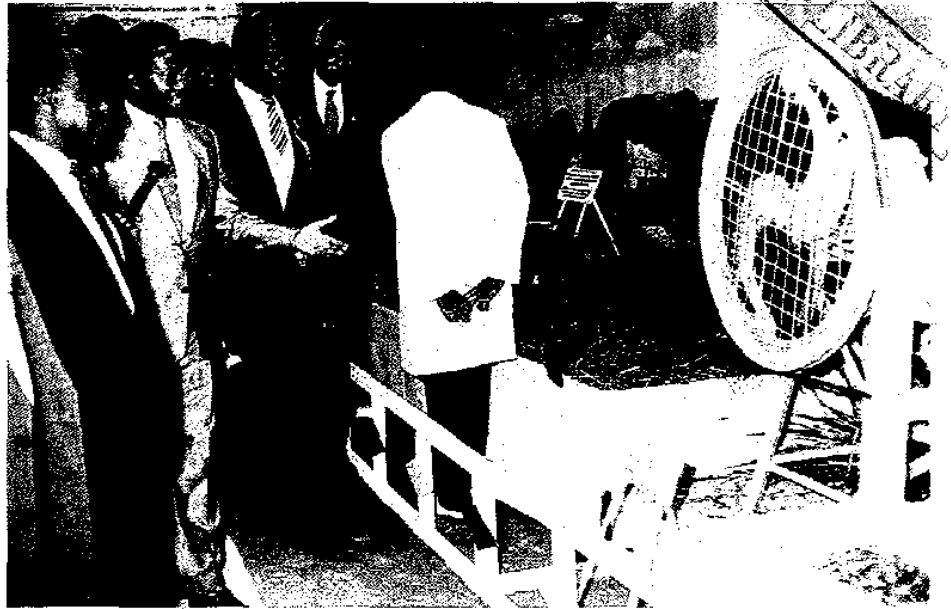
Accounts

Energy sales during the year increased by 3.23% from 2,336,582,784 KWh in 1988, to 2,411,995,039 KWh in 1989. Revenue earned from sales increased by 8.01% from Shs.2,434,600,012 in 1988, to Shs.2,629,657,758 in 1989. This increase is attributable to the 3.23% growth in energy sales and the effect on the period under review of the tariffs increase in 1988.

Operating expenditure, on the other hand, rose from Shs.2,213,277,000 in 1988, to Shs.2,532,738,000 in 1989, representing an increase of Shs.319,461,000 or 14.43%. The increase is mainly due to the rise in costs of bulk supply by Shs.303,019,000 from Shs.748,069,000 in 1988, to Shs.1,051,088,000 in 1989, as a result of the servicing of Kiambere loans which commenced during the period. Development Surcharge also increased by Shs.82,685,000 from Shs.417,401,000 in 1988, to Shs.500,086,000 in 1989 mainly because of payments to The Kenya Power Company Limited for the financing of Olkaria Geothermal Project. The rest of the additional expenditure amounting to Shs.161,663,000 was due to a general increase in overheads attributable to inflation and increases in requirements mainly for staff, training and transport to meet expanding Company activities.

The trading results for the year therefore, reflect an operating income of Shs.96,920,000 (year ended 30.6.88 — Shs.221,323,000). Interest receivable amounted to Shs.4,343,000 (year ended 30.6.88 — Shs.6,219,000) while interest payable was Shs.38,801,000 (year ended 30.6.88 — Shs.24,347,000). Appreciation of major hard currencies against the Kenya Shilling resulted in exchange loss of Shs.14,690,000 (year ended 30.6.88 — Shs.41,128,000) on foreign loans. Following the debt forgiveness extended by the Canadian Government to the Kenya Government, the Canadian loan amounting to C\$85,529,170 towards the construction of the Interconnector Project was denominated into Kenya currency. As a result of this, unrealised exchange losses amounting to Shs.266,653,000 were written back as an exceptional item. The

Chairman's review



H.E. President Daniel T. arap Moi being conducted round the Company stand at Nyeri A.S.K. Show by the Managing Director, Mr. S.K. Gichuru. Also present were the Minister for Agriculture, Mr. Maina Wanjigi (left) and the KPLC Chairman Mr. L.G. Sagini (second right).

combined effect of these transactions is a profit before taxation of Shs.314,425,000 compared to Shs.162,067,000 made during the previous period.

Taxation has been provided for in the accounts at Shs.5,177,000 (year ended 30.6.88 — Shs.69,097,000) leaving a net profit after taxation of Shs.309,248,000 (year ended 30.6.88 — Shs.92,970,000). In accordance with legal Notice No.123 of June, 1972, a consumption tax of one cent per kilowatt-hour on electricity sold continued to be collected from consumers and paid to the Treasury. This yielded Shs.24,120,000 (year ended 30.6.88 — Shs.23,370,000). Withholding tax paid to the Income Tax Department in respect of professional and management fees paid to non-residents amounted to Shs.2,219,000 while P.A.Y.E., deducted at source from Company employees' remuneration yielded Shs.63,500,000 (year ended 30.6.88 — Shs.60,249,000). Payment of Customs duty and sales tax in respect of imported machinery, spares and other equipment amounted to Shs.95,596,000 as at 30th June, 1989. During his budget speech, the Vice President and Minister for Finance exempted the Company from these payments effective from 1st July, 1989.

Dividends

Preference dividends were paid on their due dates. Your Directors recommended a first and final dividend of 13 per cent to be paid to the Ordinary Stockholders registered in the books of the Company at the close of business on 8th February, 1990. Out of the total dividends paid and payable, the Treasury being the major Stockholder is entitled to Shs.12,516,000.

Chairman's review

The dividends, together with the taxes (including Corporation Tax estimated at Shs.5,177,000) bring the Company's direct contribution to the national revenue to Shs.203,128,000 (year ended 30.6.88 — 278,106,000). The Company also made contributions to the Treasury amounting to Shs.5,468,000 (year ended 30.6.88 — Shs.901,000) in the form of various taxes on behalf of the Bulk Supply Companies.



His Excellency President Daniel T. arap Moi, presents the best Non-agricultural Stands Trophy to the Managing Director, Mr. S.K. Gichuru, during the Kisii A.S.K. show.

During the year, dividends paid on Preference Stock absorbed Shs.1,930,000. The dividends paid on the Ordinary Stock will absorb a further Shs.22,859,000.

After the transfer of Shs.30,000,000 to the Taxation Equalisation Reserve, the balance of the net profit amounting to Shs.254,459,000 will be carried forward resulting in retained profits carried forward to 1989/90 of Shs.733,480,000.

Industrial Relations

Your Company maintained sound industrial relations throughout the period.

The job evaluation exercise for the unionisable staff, to which I referred briefly in my previous review, continued. As conclusion of this exercise was a prerequisite to the review of the current Collective Bargaining Agreement, commencement of renewal negotiations was delayed. The negotiations are, however, under way now and barring unforeseen difficulties, there are good prospects of concluding the negotiations by the end of February, 1990.

Personnel and Training

The Company had an average labour force of 8142 compared to 7310 the previous year. A total of 1192 new employees joined the workforce. These included 15 graduate engineers, 47 technicians and 191 craftsmen. A total of 193 employees left the Company representing a labour turnover of 2.4% compared to the previous year's 2.5%. Of these, 65 (33.7%) retired on age grounds and the rest left the service of the Company for various other reasons.

Chairman's review

On staff training, an amount of Shs.70 million was spent on training 1053 employees at the Company's Training School and at the National Industrial Training Centre, while management development training for 72 employees was provided both locally and overseas at a total cost of Shs.3 million.

Construction of the extension to the training school facilities was completed during the period. The school accommodation facilities have been enhanced to cater for 500 students compared to the previous 276.



The Minister for Energy Mr. Nicholas Biwott (right) presents a 15 years service certificate to the Managing Director, Mr. S.K Gichuru, during a Long Service Awards and Accident Free Bonus Ceremony at Stima Club — Nairobi.

Welfare

We continued to improve the welfare of our staff. To this end, a full fledged welfare section was established in the Company to concentrate attention on the improvement in all aspects of staff welfare. In keeping with tradition, the major welfare activities organised were the Inter Area Sports Championships held in Nyeri in October, 1988, and the Inter Area Athletics Championships held in Kisumu in June, 1989.

We honoured a total of 96 employees in the Company in recognition of their long service with the Company ranging from 20 to 40 years.

Public Relations

We maintained the exercise of public education on safety and energy conservation through participation in shows, the Stima Magazine, sponsored radio programmes and the press.

We participated in all the shows organised by the Agricultural Society of Kenya and also other shows and our stands which were well patronised won prizes in 13 out of 17.

Chairman's review



The Permanent Secretary in the Ministry of Energy Mr. Crispus Mutitu (second left) presents a cup to one of the outstanding students during the Training School graduation ceremony.

Development

Geothermal

During the period, the new water supply to Olkaria was commissioned and water lines to relevant drilling sites laid.

Exploratory drilling being undertaken by Messrs Foraky-Foramines of Belgium commenced at Eburru where two wells were completed.

Production drilling at Olkaria North East and exploratory drilling at Olkaria North West commenced, at each of which one well was completed. Three make up wells for supplementing steam output to the existing station were completed.

The feasibility study of the 60MW power station at Olkaria North East undertaken by Messrs. Ewbank Preece in association with Geothermal Energy New Zealand Limited (GENZL), Watermeyer, Legge, Piesold and Uhlmann (WLPU) and Virkir continued and the project conceptual report submitted in April, 1989. At the time of going to press the draft final report had been submitted.

Meanwhile, negotiations for the financing of the drilling programme and the necessary infrastructural facilities were concluded satisfactorily and an agreement for a loan of SDR 31,600,000 (Shs.824 million) signed between the Government and the International Development Agency.

Chairman's review

System Control Project

This project continued at a good pace and is expected to be commissioned on schedule in mid 1990.

Turkwell Hydro-Electric Project

The overall implementation of the project was satisfactory. Civil works on the arch dam, power house, Lessos substation and construction of the 220kV Lessos-Turkwell line progressed well as did the manufacture and inspection of electromechanical equipment. The prospects of commissioning the power station in January, 1991, still hold good.

Nairobi Bulk Supply Reinforcement Project

Work on the Nairobi Bulk Supply Substation reinforcement comprises establishment of a bulk supply substation at Embakasi and construction of 220kV transmission lines in order to improve security of supply and facilitate reinforcement of the transformation system.

Work commenced on the civil and the electro-mechanical contracts and proceeded on schedule during the period. Erection of structures, switchgear and other equipment at Embakasi was substantially completed while erection of overhead line towers is near completion. The project, being funded mostly through bilateral arrangements with substantial grant and soft loan from Finland, is scheduled for completion in April, 1990. Messrs. Stromberg Oy are undertaking the equipment supply, installation and commissioning contract while Foundation Skanska KIMCO are executing the civil works contract.

Kiambere — Nairobi 220kV Transmission Line Project

In my previous review, I stated that negotiations were in hand with the Government of West Germany for the financing of the construction of this line estimated to cost Shs.450 million. Negotiations continued, and it is anticipated that these will be concluded during the second half of 1990.

Rehabilitation of Kipevu Power Station

By the end of the period, most of the rehabilitation work under the project had been completed and the station had a generating capacity of 69 megawatts. Work is in progress on outstanding items scheduled to be completed during 1990 when the station's output is projected to increase to about 86 megawatts.

Sondu-Miriu Power Station

A feasibility study was undertaken by the Japanese International Co-operation Agency (JICA) in 1984/85, under a technical assistance from the Government of Japan. Under this multipurpose development of Sondu River Basin, it is proposed to construct a power station in Phase 1, and the Government of Kenya has signed a loan agreement with the Overseas Economic Co-operation Fund of Japan for 668 million Japanese Yen for implementation up to tender documentation stage of the power station.

Formalities are in hand for the appointment of a project consultant.

The proposed power station is estimated to have an installed capacity of 48.6MW and completion is projected for 1994/95 at an estimated cost of Shs.1,600 million. Along with the feasibility study on the Sondu Miriu project, JICA undertook a pre-feasibility study of the development of Magwagwa Multipurpose project which constitutes the second and final phase of Sondu-Miriu Development.

Chairman's review

The Magwagwa project envisages construction of Magwagwa reservoir scheme upstream of the Sondu-Miriu Power Station which will regulate the flow of the Sondu River. The reservoir is expected to create additional power production capacity from the Sondu River by 94.6MW to 143.2MW besides expansion of land under irrigation by 10,000 hectares.

The Government of Japan has agreed to fund the feasibility study of the Magwagwa project and JICA will be carrying out the study.

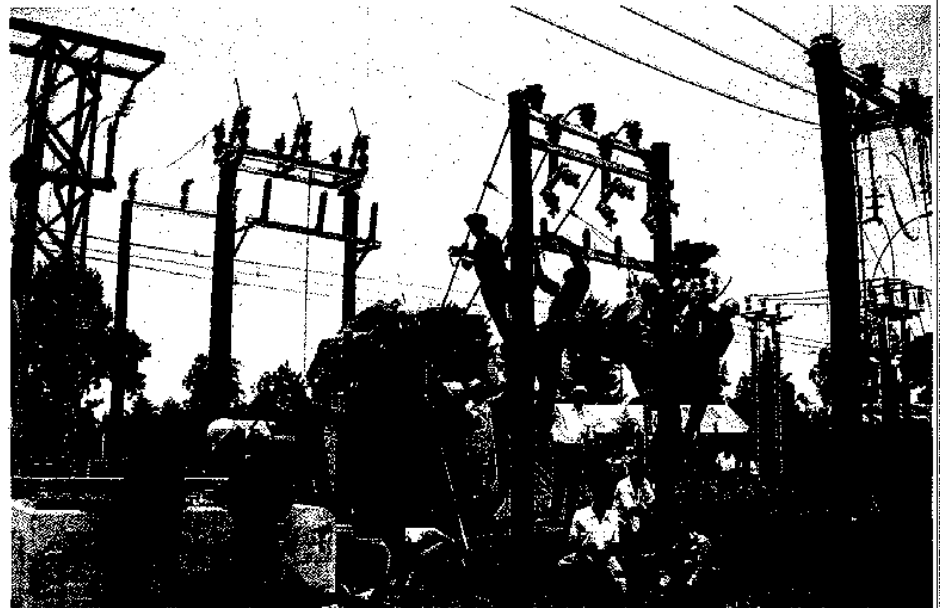
Munyu Dam Project

The Athi River flow regime fluctuates excessively and in its present unregulated state, the river is already essentially fully committed in the dry season, whilst during the rains substantial flood flows discharge to waste. In view of the demand in food production, water supplies for domestic and livestock consumption and hydro-power development, the need for the rapid and integrated development of the water resources of the Athi River has been recognised. Several studies have, therefore, been carried out with the aim of formulating plans for the optimum use of the land and water resources.

A pre-investment study of the water and land resources of the Athi River Basin was carried out in 1981 by Watermeyer, Legge, Piesold and Uhlmann. Among other findings, the study proposed a hydro-electric project at Munyu-Kibwezi.

The Government of France has granted a request from the Kenya Government to fund a feasibility study of implementing Munyu Dam Multipurpose project and has allocated 5.5 million French Francs (equivalent to Shs.21 million) grant for a feasibility study. The project is estimated to cost Shs.2,300 million and is expected to take 6 years to complete.

Electricite de France (EDF) have been appointed consultants for the study which is expected to commence early 1990 and take about 18 months to complete.



Linesmen from the Distribution Division installing a new sub-station at Kabarnet.

Chairman's review

Rural Electrification

Your Company in conjunction with the Government and with the assistance from friendly donor agencies continued, through increased tempo of implementation of the rural electrification programme, to contribute towards the national aspiration of raising the standards of living of the rural population and reducing the rural-urban migration.

A total of Shs.404.5 million was spent on rural electrification schemes during the period bringing the total expenditure on the programme to date to Shs.928.14 million.

The Government's contribution amounted to Shs.16.9 million while funds, materials and equipment worth Shs.111 million were received from various donor agencies. The Company spent Shs.276.6 million.

Nine schemes were completed throughout the country at a total cost of Shs.163.8 million of which Shs.122.5 million was spent during the period. Another Shs.282 million was spent on 66 schemes which were in progress.

At the close of the period, the total number of schemes in operation since inception of the programme had risen to 73 from 64 the previous year. The number of consumers rose by 4,475 or 41.7% from 10,725 the previous year to 15,200. Units sold to consumers supplied under the schemes increased by 48.5% from the previous period's figure of 33,000,000 units to 49,000,000 units. Revenue realised was Shs.56,996,000, an increase of 40.4% over the amount of Shs.40,604,000 realised during the previous period. Operating expenditure on the other hand increased by 34.7% from Shs.72,323,000 to Shs.97,400,000 realising a net operating loss of Shs.40,404,000.

Directorate

Mr. Paul Chemng'orem was appointed a director of the Company during the period.

Staff

The staff at all levels worked tirelessly and with dedication throughout the period to ensure more reliable supply of electricity. On your behalf and on behalf of the Board, I would like to express gratitude to them all.



L.G. SAGINI, E.G.H.
Chairman

Report of the Directors

The Directors submit their report together with the audited accounts for the year ended 30th June, 1989.

Results

	Shs'000	Shs'000
Profit for the year before exceptional item		47,772
Exceptional item		<u>266,653</u>
Profit before taxation		314,425
Deduct:		
Provision for taxation	5,177	
Preference dividends paid for the year on:		
350,000 7% Cumulative Preference Stock Units (gross)	490	
1,800,000 4% Cumulative Preference Stock Units (gross)	<u>1,440</u>	<u>7,107</u>
		307,318
The Directors recommend a first and final dividend for the year of 13% on 8,792,000 Ordinary Stock Units absorbing		<u>22,859</u>
Leaving a profit for the year of		284,459
Deduct: transfer to Taxation Equalisation Reserve		<u>30,000</u>
Retained profit for the year		254,459
Balance brought forward		<u>479,021</u>
Balance carried forward		<u><u>733,480</u></u>

Activities

The principal activity of the Company continued to be the distribution and sale of electricity in the country from energy purchased from the Bulk Supply Companies and from the Company's own generating stations. Unit sales of electricity for the year amounted to 2,412 million kilowatt-hours.

Capital expenditure

During the year, a total of Shs.657,332,000 was spent on fixed assets. Capital contributions received from consumers amounted to Shs.283,089,000 resulting in a net capital cost to the Company of Shs.374,243,000. Net capital work in progress as at 30th June, 1989, amounted to Shs.613,576,000.

Directorate

Mr. P.K. Chemng'orem was appointed a director with effect from 7th December, 1988.

In accordance with Regulation 128 of the Company's Articles of Association, Mr. P.K. Chemng'orem retires and, being eligible, offers himself for re-election.

In accordance with Regulation 120 of the Company's Articles of Association, Mr. L.G. Sagini, Mr. C.N. Mutitu and C.S. Mbindyo retire by rotation and, being eligible, offer themselves for re-election.

Auditors

The Auditor General (Corporations) will act in accordance with Section 29 (1) of the Exchequer and Audit (Amendment) Act 1985.

By order of the Board

Nairobi, Kenya
4th October, 1989

J.N. Kimani
Secretary

Report of the Auditor General (Corporations)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA POWER AND LIGHTING COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE, 1989.

The Accounts of The Kenya Power and Lighting Company Limited for the year ended 30th June, 1989, have been examined on my behalf by the Company's authorised auditors in accordance with Section 29 (2) (b) of the Exchequer and Audit Act, (Cap 412). The authorised auditors have reported to me the results of the audit and on the basis of their report I am satisfied that all the information and explanations which were required for the purpose of the audit were obtained. Proper books of account have been kept and the Accounts, which have been prepared under the historical cost basis, 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 state of affairs of the Company as at 30th June, 1989 and of its profit and source and application of funds for the year ended on that date.

A.J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

19th February, 1990

Revenue Account And Statement of Retained Earnings

for the year ended 30th June, 1989

	Notes	1989 Shs'000	1988 Shs'000
REVENUE		2,629,658	2,434,600
OPERATING EXPENSES	2	<u>2,532,738</u>	<u>2,213,277</u>
OPERATING INCOME		96,920	221,323
EXCHANGE LOSS	3	<u>14,690</u>	<u>41,128</u>
NET OPERATING INCOME		82,230	180,195
INTEREST	4	<u>34,458</u>	<u>18,128</u>
PROFIT BEFORE EXCEPTIONAL ITEM		47,772	162,067
EXCEPTIONAL ITEM	5	<u>266,653</u>	<u>—</u>
PROFIT BEFORE TAXATION		314,425	162,067
TAXATION	6	<u>5,177</u>	<u>69,097</u>
PROFIT AFTER TAXATION		<u>309,248</u>	<u>92,970</u>
DIVIDENDS - GROSS	7	24,789	24,789
TRANSFER TO TAXATION EQUALISATION RESERVE	10	<u>30,000</u>	<u>28,000</u>
		<u>54,789</u>	<u>52,789</u>
PROFIT RETAINED FOR THE YEAR	10	<u>254,459</u>	<u>40,181</u>
EARNINGS PER ORDINARY STOCK UNIT	8	<u>34.95</u>	<u>10.36</u>
STATEMENT OF RETAINED PROFITS			
As previously stated		479,021	473,763
Prior year adjustment (net)		<u>—</u>	<u>(34,923)</u>
As restated		479,021	438,840
Retained profit for the year		<u>254,459</u>	<u>40,181</u>
Retained profit carried forward	10	<u>733,480</u>	<u>479,021</u>

Balance Sheet

30th June, 1989

	Notes	1989 Shs'000	1988 Shs'000
SHARE CAPITAL	9	218,840	218,840
RESERVES	10	<u>1,240,264</u>	<u>955,805</u>
SHAREHOLDERS' FUNDS		1,459,104	1,174,645
DEFERRED LIABILITIES	11	49,827	76,620
LOAN CAPITAL	12	<u>1,285,774</u>	<u>1,264,117</u>
CAPITAL EMPLOYED		<u>2,794,705</u>	<u>2,515,382</u>
Represented by:			
FIXED ASSETS	13	<u>2,964,813</u>	<u>2,556,888</u>
CURRENT ASSETS			
Stocks	14	889,221	738,930
Debtors	15	775,949	595,897
Short term investments		85,672	1,874
Bank and cash balances	16	<u>64,356</u>	<u>56,404</u>
		<u>1,815,198</u>	<u>1,393,105</u>
CURRENT LIABILITIES			
Creditors	17	1,785,918	998,636
Due to subsidiary company		—	6,010
Taxation	6	10,781	50,838
Dividends — payable		4,049	3,162
— proposed		22,859	22,859
Loans repayable within one year	12	53,447	142,339
Deferred liabilities due within one year	11	26,793	26,793
Bank overdraft	16	<u>81,459</u>	<u>183,974</u>
		<u>1,985,306</u>	<u>1,434,611</u>
NET CURRENT LIABILITIES		(170,108)	(41,506)
NET ASSETS		<u>2,794,705</u>	<u>2,515,382</u>

The accounts on pages 16 to 27 were approved by the Board of Directors on 4th October, 1989, and were signed on its behalf by:

L.G. SAGINI)
)
) Directors
 S.K. GICHURU)

Statement of Source and Application of Funds

for the year ended 30th June, 1989

	1989 Shs'000	1988 Shs'000
SOURCE OF FUNDS		
Profit before taxation	314,425	162,067
Adjustments for items not involving the movement of funds:		
Exceptional item	(266,653)	—
Depreciation	137,609	132,426
Surplus on disposal of fixed assets	(5,506)	(8,641)
Loss on exchange - loan capital	32,921	37,299
<i>Total funds generated from operations</i>	<u>212,796</u>	<u>323,151</u>
Funds from other sources		
Proceeds on liquidation of a subsidiary company	—	3,250
Proceeds on disposal of fixed assets	6,072	8,923
Loans received:		
PK Banken	133,402	75,431
Canadian Line of Credit	—	2,069
Finnish Export Credit	54,680	—
Swiss Mixed Credit loan	—	10,635
Kenya Government/Finnish loan No. 2	3,283	—
Standard Chartered Bank (Switzerland) AG	26,437	—
J. Henry Schroder Wagg & Co. Limited	226	1,517
INFLOW OF FUNDS	<u>436,896</u>	<u>424,976</u>
APPLICATION OF FUNDS		
Repayment of loan capital	51,531	46,917
Capital expenditure	546,100	349,204
Taxation paid	45,234	79,227
Dividends paid	23,902	24,789
Deferred liabilities	26,793	26,793
OUTFLOW OF FUNDS	<u>693,560</u>	<u>526,930</u>
NET OUTFLOW OF FUNDS	<u>(256,664)</u>	<u>(101,954)</u>
Represented by:		
MOVEMENT IN WORKING CAPITAL		
Stocks	150,291	215,246
Debtors	180,052	199,143
Creditors	(787,282)	(278,572)
Subsidiary company	6,010	(53,498)
	<u>(450,929)</u>	<u>82,319</u>
Movement in liquid funds:		
Short term investments	83,798	(120,126)
Bank and cash balances	7,952	21,781
Bank overdraft	102,515	(85,928)
	<u>(256,664)</u>	<u>(101,954)</u>

Notes to the Accounts

for the year ended 30th June, 1989

1. ACCOUNTING POLICIES

(a) Basis of accounting

The company prepares its accounts on the historical cost basis of accounting.

(b) Revenue

Revenue represents the total income from the sale of electricity billed during the year and excludes government tax.

(c) Interest

Interest receivable is brought into the Revenue Account as it accrues. Loan interest payable accruing during the construction of a project is capitalised as part of the cost of the project. Other interest payable is charged to the Revenue Account.

(d) Stocks

Stocks are valued at average cost less a provision for obsolescence.

(e) Fixed assets

Cost

Additions during the year are capitalised net of Consumers' contributions.

Depreciation

Depreciation is provided in accordance with the requirements of the Electric Power Act. This writes down the cost of the fixed assets to residual values by equal annual instalments over their estimated useful lives. No depreciation is provided on additions during the year.

(f) Taxation

The company provides for taxation based on the profit for the year. No provision is made for deferred taxation but an amount equivalent to a deferred tax charge is set aside to the Taxation Equalisation Reserve.

(g) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Kenya shillings at the rates of exchange ruling on the Balance Sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Exchange gains and losses arising during the period of construction are capitalised as part of the cost of the project. Other exchange gains and losses are charged to the Revenue Account.

Notes to the Accounts (Continued)

	1989 Shs'000	1988 Shs'000
2. OPERATING EXPENSES		
Operating and administration	781,609	625,452
Fuel costs	59,533	287,439
Cost of Bulk Supply:		
Ascertained cost	1,051,088	748,069
Development surcharge	500,086	417,401
Auditors' remuneration:		
Authorised auditors	1,710	1,650
Auditor General (Corporations)	171	—
Directors' remuneration:		
Fees	347	341
Other emoluments	585	499
Depreciation	137,609	132,426
	<u>2,532,738</u>	<u>2,213,277</u>
3. EXCHANGE LOSS		
Loan capital	32,921	37,299
Bank and cash balances	1,941	1,276
Others	—	2,553
	<u>34,862</u>	<u>41,128</u>
Less: Capitalised	20,172	—
	<u>14,690</u>	<u>41,128</u>
4. INTEREST		
Interest payable on long term borrowing	38,801	24,347
Interest receivable on bank and other deposits	(4,343)	(6,219)
	<u>34,458</u>	<u>18,128</u>

Notes to the Accounts (Continued)

5. EXCEPTIONAL ITEM

The exceptional item represents a write back of the provision for unrealised exchange losses no longer required following an agreement between the company and the Government of Kenya to restate the Canadian loans at the rates ruling on the drawdown dates.

6. TAXATION

	1989 Shs'000	1988 Shs'000
Revenue account:		
Based on the adjusted profit for the year at 45%	5,177	72,976
Overprovision in previous years	<u>—</u>	<u>(3,879)</u>
	<u>5,177</u>	<u>69,097</u>
Balance sheet:		
Provision based on the adjusted profit for the year	5,177	72,976
Tax on the prior year adjustment	<u>—</u>	<u>(28,573)</u>
Prior years' taxation not yet agreed	5,837	7,000
Withholding tax paid	<u>(233)</u>	<u>(565)</u>
	<u>10,781</u>	<u>50,838</u>

7. DIVIDENDS — GROSS

Preference Stock Units — paid	1,930	1,930
Ordinary Stock Units — proposed	<u>22,859</u>	<u>22,859</u>
	<u>24,789</u>	<u>24,789</u>

8. EARNINGS PER ORDINARY STOCK UNIT

The calculation is based on:		
Profit after taxation	309,248	92,970
Preference dividends	<u>(1,930)</u>	<u>(1,930)</u>
	<u>307,318</u>	<u>91,040</u>
Ordinary Stock Units	<u>8,792,000</u>	<u>8,792,000</u>

Notes to the Accounts (Continued)

9. SHARE CAPITAL	1989		1988	
	Authorised Shs'000	Issued and fully paid Shs'000	Authorised Shs'000	Issued and fully paid Shs'000
350,000 7% Cumulative Preference Stock Units of Shs.20 each	7,000	7,000	7,000	7,000
1,800,000 4% Cumulative Preference Stock Units of Shs.20 each	36,000	36,000	36,000	36,000
8,792,000 Ordinary Stock Units of Shs.20 each	175,840	175,840	175,840	175,840
1,558,000 Ordinary Shares of Shs.20 each	<u>31,160</u>	<u>—</u>	<u>31,160</u>	<u>—</u>
	<u>250,000</u>	<u>218,840</u>	<u>250,000</u>	<u>218,840</u>

10. RESERVES

	Balance at 1.7.88 Shs'000	Transfers during the year Shs'000	Balance at 30.6.89 Shs'000
Capital Reserve	12,304	—	12,304
Revenue reserves:			
General	147,480	—	147,480
Taxation equalisation	317,000	30,000	347,000
Retained profit	<u>479,021</u>	<u>254,459</u>	<u>733,480</u>
	<u>955,805</u>	<u>284,459</u>	<u>1,240,264</u>

11. DEFERRED LIABILITIES

	1989 Shs '000	1988 Shs'000
Due to Tana River Development Company Limited and payable in two and a half years ending 1991	58,952	82,533
Due to The Kenya Power Company Limited and payable in five and a half years ending 1994	<u>17,668</u>	<u>20,880</u>
	76,620	103,413
Less: Amounts due within one year	<u>26,793</u>	<u>26,793</u>
	<u>49,827</u>	<u>76,620</u>

Notes to the Accounts (Continued)

	1989 Stg.£	1989 Shs'000	1988 Stg.£	1988 Shs'000
12. LOAN CAPITAL				
SECURED				
Commonwealth Development Corporation				
9½% 'A' Debenture stock 1975/1991	132,149	4,301	168,786	5,227
9% 'A' Debenture stock 1975/1991	601,043	19,562	769,255	23,824
8½% 'A' Debenture stock 1975/1991	130,261	4,240	167,063	5,174
7½% 'E' Debenture stock 1979/1988	—	—	150,000	4,645
	<u>863,453</u>	<u>28,103</u>	<u>1,255,104</u>	<u>38,870</u>
14% Kenya National Assurance Company Limited 1987/2001		10,400		10,800
		<u>38,503</u>		<u>49,670</u>
UNSECURED				
8% Kenya Government/Finnish loan 1982/1996		13,813		15,348
10% Kenya Government/Finnish loan 1988/2002		37,354		36,561
10% Kenya Government/Canadian loan 1988/2000		788,541		1,005,840
10% Kenya Government/Canadian Line of Credit 1988/2000		—		49,354
7.12% Swiss Mixed Credit loan 1984/1990 (Sw. Fr. 239,983)		2,995		5,651
6.38% Swiss Mixed Credit loan 1987/1993 (Sw. Fr. 1, 966,660)		24,544		28,634
7.75% Best and Crompton Deferred Supply Credit 1984/1990 (US\$337,238)		7,104		10,165
7.75% Best and Crompton Deferred Services Credit 1984/1990 (US\$172,610)		3,636		5,203
8.8% J. Henry Schroder Wagg & Co. Limited 1987/1997 (Stg.£ 3,378,756)		109,969		121,960
3% PK Banken loan 1990/1999 (US\$11,023,236)		232,217		78,070
6.5% Standard Chartered Bank (Switzerland) AG (Sw. Fr. 2,109,471)		26,326		—
1.5% Finnish Export Credit (FIM 11,381,306)		54,219		—
		<u>1,339,221</u>		<u>1,406,456</u>
Less: Repayments due within one year		<u>53,447</u>		<u>142,339</u>
		<u>1,285,774</u>		<u>1,264,117</u>

Notes to the Accounts (Continued)

13. FIXED ASSETS

	Land and buildings Shs'000	Trans- mission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment, and others Shs'000	Total Shs'000
Cost						
1st July, 1988	339,142	1,688,811	511,038	206,656	314,875	3,060,522
Prior year adjustment	—	(28)	—	—	(1,207)	(1,235)
Reallocation	435	(652)	191	—	26	—
Additions	115,327	36,623	65,716	75,076	81,501	374,243
Disposals	—	(865)	—	(3,342)	—	(4,207)
30th June, 1989	<u>454,904</u>	<u>1,723,889</u>	<u>576,945</u>	<u>278,390</u>	<u>395,195</u>	<u>3,429,323</u>
Depreciation						
1st July, 1988	90,670	383,261	203,755	128,150	138,282	944,118
Charge for the year	10,714	60,373	18,220	24,602	23,700	137,609
On disposals	—	(816)	—	(2,825)	—	(3,641)
30th June, 1989	<u>101,384</u>	<u>442,818</u>	<u>221,975</u>	<u>149,927</u>	<u>161,982</u>	<u>1,078,086</u>
Net Book Value						
30th June, 1989	<u>353,520</u>	<u>1,281,071</u>	<u>354,970</u>	<u>128,463</u>	<u>233,213</u>	<u>2,351,237</u>
Work in Progress						<u>613,576</u>
						<u>2,964,813</u>
Net Book Value						
30th June, 1988	<u>248,472</u>	<u>1,305,550</u>	<u>307,283</u>	<u>78,506</u>	<u>176,593</u>	<u>2,116,404</u>
						<u>440,484</u>
						<u>2,556,888</u>

14. STOCKS

	1989 Shs'000	1988 Shs'000
Raw poles	16,834	—
General stores	474,580	400,835
Engine spares	52,620	46,474
Fuel and oil	51,392	59,614
Transformers	113,919	78,666
Motor vehicle spares	13,527	8,477
Goods in transit	184,973	160,233
	<u>907,845</u>	<u>754,299</u>
Less: provision for obsolescence	<u>(18,624)</u>	<u>(15,369)</u>
	<u>889,221</u>	<u>738,930</u>

Notes to the Accounts (Continued)

	1989 Shs'000	1988 Shs'000
15. DEBTORS		
Electricity consumers	480,803	517,577
Rural Electrification Schemes	179,200	6,780
Others	115,946	71,540
	<u>775,949</u>	<u>595,897</u>

Included in other debtors is Shs. 61,186 (1988 — Shs. 47,191) due from officers of the company.

16. BANK OVERDRAFT

The bank has a right of set off against deposits and current accounts balances held by them.

17. CREDITORS

	1989 Shs'000	1988 Shs'000
Tana River Development Company Limited	365,598	206,947
The Kenya Power Company Limited	4,372	59,041
Kerio Valley Development Authority	154,500	37,500
Tana and Athi Rivers Development Authority	115,189	168,589
Government of Kenya Kiambere loans	430,589	58,589
Consumers' deposits	109,151	96,606
Others	606,519	371,362
	<u>1,785,918</u>	<u>998,636</u>

18. DEVELOPMENT SURCHARGE

Olkaria Geothermal Project

According to the terms of the financing for the Olkaria Geothermal Project of The Kenya Power Company Limited, the company has agreed to finance part of the project by a development surcharge. This is included in the Cost of Bulk Supply in note 2.

	1989 Shs'000	1988 Shs'000
Total estimated development surcharge	1,201,180	999,381
Paid at 1st July	742,646	602,937
Paid during the year	278,993	139,709
Paid at 30th June	<u>1,021,639</u>	<u>742,646</u>
Future development surcharge	179,541	256,735

Notes to the Accounts (Continued)

Kiambere Hydroelectric Project

Under the financing plan for the Kiambere Hydroelectric Project which has been developed by Tana and Athi Rivers Development Authority, the company has agreed to finance part of the project by a development surcharge which is included in the Cost of Bulk Supply in note 2.

	1989 Shs'000	1988 Shs'000
Total estimated development surcharge	<u>688,811</u>	<u>660,000</u>
Paid at 1st July	648,811	516,811
Paid during the year	<u>40,000</u>	<u>132,000</u>
Paid at 30th June	<u>688,811</u>	<u>648,811</u>
Future development surcharge	<u>—</u>	<u>11,189</u>

Rural Electrification Fund

The company has contributed Shs.61,093,152 towards the Rural Electrification Schemes by way of a development surcharge. This is included in the Cost of Bulk Supply in note 2.

Included in this sum is the final contribution of Shs.8,500,000 in accordance with the Memorandum of Understanding of 18th June 1985 between the Governments of Kenya and Canada in respect of Kipevu Rehabilitation.

The balance of Shs.52,593,152 is the Company's contribution in respect of other projects.

Turkwell Gorge Project

According to the financing structure of Turkwell Gorge Project, which is being undertaken by Kerio Valley Development Authority, the company is required to finance part of the project by a development surcharge. This is included in the Cost of Bulk Supply in note 2.

	1989 Shs'000	1988 Shs'000
Estimated development surcharge	<u>480,000</u>	<u>480,000</u>
Paid at 1st July	120,000	40,000
Paid during the year	<u>120,000</u>	<u>80,000</u>
Paid up at 30th June	<u>240,000</u>	<u>120,000</u>
Future development surcharge	<u>240,000</u>	<u>360,000</u>

Notes to the Accounts (Continued)

	1989 Shs'000	1988 Shs'000
19. CAPITAL COMMITMENTS		
Authorised but not contracted for:		
Lanet 132/33 KV substation	13,800	—
Trainees hostel	—	13,041
Others	—	67,823
	<u>13,800</u>	<u>80,864</u>
 Authorised and contracted for	 754,997	 1,137,165
 Less: Amount incurred and included in Work-in-progress	 <u>152,732</u>	 <u>233,548</u>
	602,265	903,617
Less: Capital contributions received	<u>29,714</u>	<u>21,174</u>
	<u>572,551</u>	<u>882,443</u>
 20. CONTINGENT LIABILITIES		
Bank guarantees	6,203	4,660
Claims by contractors	754	754
	<u>6,957</u>	<u>5,414</u>

6½ YEARS RECORD**FINANCIAL AND STATISTICAL RECORDS**

for the year ended	31st Dec. 1983	31st Dec. 1984	31st Dec. 1985
UNITS SOLD (millions)	1,676	1,775	1,944
Average cost of units sold (cents)	56.12	57.03	61.64
	Shs'000	Shs'000	Shs'000
REVENUE from sale of electricity	1,132,093	1,242,953	1,481,511
PROFIT for the year before exceptional item	198,974	155,412	287,230
EXCEPTIONAL item	—	—	—
PROFIT for the year before taxation	198,974	155,412	287,230
Taxation	22,989	69,000	114,431
NET PROFIT AFTER TAXATION	175,985	86,412	172,799
Preference dividends (gross)	(1,930)	(1,930)	(1,930)
NET PROFIT ATTRIBUTABLE ORDINARY STOCKHOLDERS	174,055	84,482	170,869
ORDINARY DIVIDENDS (gross)	(21,980)	(21,980)	(22,859)
PROFIT/(LOSS) FOR THE YEAR	152,075	62,502	148,010
NET CASH FLOW			
Profit/(loss) for the year	152,075	62,502	148,010
Depreciation	52,377	96,155	102,743
	204,452	158,657	250,753
CAPITAL EMPLOYED			
Fixed assets, less depreciation	1,942,321	1,952,955	1,980,634
Investment in subsidiaries	3,370	5,801	20,820
Net current assets	13,001	109,524	160,617
	1,958,692	2,068,280	2,162,071
FINANCED BY:			
Ordinary stockholders' equity	715,162	777,664	925,674
Preference capital	43,000	43,000	43,000
Loan capital (secured)	66,414	54,746	46,467
Loan capital (unsecured)	969,049	1,051,384	1,029,025
Deferred liability	165,067	141,486	117,905
	1,958,692	2,068,280	2,162,071
CAPITAL EXPENDITURE	536,627	108,017	131,616
PROFIT for the year before taxation as a percentage of average capital employed	12.75%	8.3%	13.57%
ORDINARY DIVIDENDS RATES	12.5%	12.5%	13%
Earnings per share (Shs)	19.80	9.61	19.43
Consumers/employees ratio	32.3	30.8	29.75
Sales (KWHr) per employee	299,480	309,554	325,748

30th June 1986	30th June 1987	30th June 1988	30th June 1989	
1,035	2,205	2,337	2,412	UNITS SOLD (millions)
67.55	80.76	94.70	109.02	Average cost of units sold (cents)
Shs'000	Shs'000	Shs'000	Shs'000	
843,286	2,005,753	2,434,600	2,629,658	REVENUE from sale of electricity
132,138	181,751	162,067	47,772	PROFIT for the year before exceptional item
—	—	—	266,653	EXCEPTIONAL item
132,138	181,751	162,067	314,425	PROFIT for the year before taxation
57,377	55,966	69,097	5,177	Taxation
74,761	125,785	92,970	309,248	NET PROFIT AFTER TAXATION
(965)	(1,930)	(1,930)	(1,930)	Preference dividends (gross)
73,796	123,855	91,040	307,318	NET PROFIT ATTRIBUTABLE TO ORDINARY STOCKHOLDERS
(11,429)	(22,859)	(22,859)	(22,859)	ORDINARY DIVIDENDS (gross)
62,367	100,996	68,181	284,459	PROFIT/(LOSS) FOR THE YEAR
62,367	100,996	68,181	284,459	NET CASH FLOW
55,417	118,275	132,426	137,609	Profit/(loss) for the year
117,784	219,271	200,607	422,068	Depreciation
2,049,536	2,340,392	2,556,888	2,964,813	CAPITAL EMPLOYED
28,227	50,738	—	—	Fixed assets, less depreciation
161,536	98,191	(41,506)	(170,108)	Investment in subsidiaries
2,239,299	2,489,321	2,515,382	2,794,705	Net current assets
988,041	1,063,464	1,131,645	1,416,104	FINANCED BY:
43,000	43,000	43,000	43,000	Ordinary stockholders' equity
49,591	54,428	49,670	38,503	Preference capital
1,052,553	1,225,016	1,214,447	1,247,271	Loan capital (secured)
106,114	103,413	76,620	49,827	Loan capital (unsecured)
2,239,299	2,489,321	2,515,382	2,794,705	Deferred liability
125,037	410,748	349,216	546,100	CAPITAL EXPENDITURE
6.00%	7.68%	6.47%	11.25%	PROFIT for the year before taxation as a percentage of average capital employed
6.5%	13.0%	13.0%	13%	ORDINARY DIVIDENDS RATES
8.39	14.09	10.36	34.95	Earnings per share (Shs)
28.13	26.65	31.89	29.97	Consumers/employees ratio
166,801	324,589	304,520	288,830	Sales (KWHr per employee)

Power System Operation Statistics for 5½ years

TABLE 1: GROSS GENERATION AND CONSUMPTION OF ELECTRICITY FOR INTERCONNECTED AND ISOLATED SYSTEM

LOCATION	Installed Capacity as at 30.6.89	Effective Capacity (MW)	ENERGY (GWhr)						Average Annual Growth Over the Last 4½ Years
			1984	1985	1986 Jan-June	1986/87	1987/88	1988/89	
HYDRO									
Tana (KPC)	14.4	12.4	59	67	33	77	82	77	
Wanjii (KPC)	7.4	7.4	34	39	18	54	46	57	
Kamburu (TRDC)	91.5	84.0	337	398	184	415	432	400	
Gitaru (TRDC)	145.0	145.0	687	776	400	836	841	779	
Kindaruma (TRDC)	44.0	44.0	172	202	102	191	223	214	
K.P. & L.C.	6.2	6.2	16	17	6	20	21	25	
UEB (Imports)	30.0	0.0	215	215	113	211	154	112	
Masinga (TARDA)	40.0	40.0	166	161	85	199	182	103	
Kiambere (TARDA)	144.0	140.0					211	794	
TOTAL HYDRO INCLUDING IMPORTS	522.5	479.0	1,686	1,875	942	2,004	2,192	2,561	9.7%
THERMAL									
Kipevu	98.0	4**	174	83	59	168	208	25	
GEOHERMAL									
Olkaria	45.0	43.0	233	336	179	374	348	322	
GAS TURBINE									
Fiat - Nbi South	17.9	13.8		4	3	17	13	1	
JBE - Kipevu	30.0	30.0				27	52	20	
DIESEL									
Interconnected Diesel Stations	18.3	8.0	1	2	1	5	3	2	
INTERCONNECTED SYSTEM	731.7	577.8	2,094	2,300	1,185	2,596	2,816	2,932	7.8%
ISOLATED DIESELS	3.9	3.9	5	7	4	9	10	11	
GROSS GENERATION	735.6	581.7	2,099	2,307	1,189	2,605	2,827	2,943	7.8%
AUX CONSUMPTION									
SYSTEM LOSSES			28	27	16	28	43	27	
			281	316	127	347	411*	455	
SALES									
— KPLC SYSTEM			1,775	1,944	1,035	2,205	2,337	2,412	7.1%
— REF SYSTEM			15	19	10	25	36	49	29.9%
TOTAL SALES			1,790	1,963	1,046	2,230	2,372	2,461	7.3%
SYSTEM PEAK DEMAND MW			366	387	400	430	461	480	6.2%
System Load Factor			65.1%	67.8%	68.2%	68.9%	69.7%	69.7%	
Sales % of NET Gen.			86.4%	86.1%	89.2%	86.5%	85.2%	84.4%	
Annual growth-GEN			4.0%	9.9%		8.4%	8.5%	4.1%	
- SALES			6.0%	9.7%		8.9%	6.4%	3.7%	

NOTE: * Includes energy exports to UEB estimated at 3 GWh

** Most of the year the station was undergoing rehabilitation

TABLE 2: AREA TOTAL MAXIMUM DEMAND (MW)

AREA	1984	1985	1986 Jan-June	1986/87	1987/88	1988/89	Average Annual Growth over the Last 4½ Years
Nairobi	192	206	223	223	231	238	4.9%
Coast	74	78	82	89	107	98	6.4%
Western Kenya	49	60	75	77	79	78	10.9%
Rift Valley	20	23	26	26	30	35	13.2%
Mt. Kenya	16	18	19	21	22	25	10.4%
TOTAL SYSTEM (SIMULTANEOUS)	366	387	400	430	461	480	6.2%
% INCREASE P.A.	9.6%	5.7%		11.1%	7.2%	4.1%	

NOTE: Intermediate loads on Nairobi-Mombasa line are not included

TABLE 3: SALES OF ELECTRICITY IN GWhr SHOWN IN DIFFERENT CATEGORIES OF CONSUMERS

TARIFF	MAIN TYPE OF CONSUMER COVERED BY THIS TARRIF	1984	1985	1986 Jan-June	1986/87	1987/88	1988/89	Average Annual Growth over the Last 4½ Years
A	Domestic, small commercial and small industrial	514	545	292	634	678	729	8.1%
B	Commercial (Medium) and industrial (medium)	455	472	252	536	555	515	2.8%
C	Commercial (large) Industrial (large)	681	812	434	916	982	1,041	9.9%
D	Off-peak	116	106	53	111	110	113	-0.6%
E	Street lighting	9	9	4	9	12	14	10.6%
	TOTAL	1,775	1,944	1,035	2,205	2,337	2,412	7.1%
	% INCREASE P.A.	5.9%	9.5%		8.8%*	6.0%	3.2%	

NOTES: 1. Units sold to REF schemes not included
2. * Indicates growth over one and a half years

TABLE 4: AREA TOTAL UNITS SALES (GWhr)

AREA	1984	1985	1986 Jan-June	1986/87	1987/88	1988/89	Average Annual Growth over the Last 4½ Years
Nairobi	986	1,049	554	1,188	1,242	1,269	5.8%
Coast	411	440	245	499	536	564	7.3%
Western Kenya	220	269	138	306	338	340	10.2%
Rift Valley	92	99	53	117	126	137	9.3%
Mt. Kenya	66	87	45	95	95	101	9.9%
KPLC sales	1,775	1,944	1,035	2,205	2,337	2,412	7.1%
R.E.F. Schemes	15	19	10	25	35	49	29.9%
TOTAL SALES	1,790	1,963	1,045	2,230	2,372	2,461	7.3%
% INCREASE P.A.	6.0%	9.7%		8.9%	6.3%	3.8%	

TABLE 5: REVENUE (SHS'000) IN CATEGORY OF CONSUMERS

TYPE	MAIN TYPE OF CONSUMERS COVERED BY THIS TARIFF	1984	1985	1986 Jan-June	1986/87	1987/88	1988/89	Average Annual Growth Over the Last 4½ Years
A	Domestic, small commercial and small industrial	419,686	480,299	267,045	643,296	773,850	861,670	17.3%
B	Commercial (Medium) and industrial (medium)	340,899	386,223	222,515	519,363	615,769	600,265	13.4%
C	Commercial (large) Industrial (large)	406,303	535,974	311,004	744,077	925,650	1,035,529	23.1%
D	Off-peak	65,922	69,855	37,556	89,351	104,178	112,500	12.6%
E	Street lighting	8,835	7,733	3,812	9,181	14,255	17,024	15.7%
	SUB-TOTAL	1,241,645	1,480,084	841,933	2,005,268	2,433,702	2,626,989	18.1%
	OTHERS*	1,308	1,427	1,353	485	898	2,669	17.2%
	TOTAL (KPLC)	1,242,953	1,481,511	843,287	2,005,753	2,434,600	2,629,658	18.1%
	R.E.F.	12,696	17,502	8,528	26,700	40,604	57,396	39.8%
	GROSS TOTAL	1,255,649	1,499,013	851,815	2,032,453	2,475,204	2,687,054	18.4%
	% INCREASE P.A.	9.8%	19.4%		22.5%	21.8%	8.6%	

NOTE: *Others include sundry items such as fuel oil surcharge, reddy board meter rent, etc.

TABLE 6: TRANSMISSION AND DISTRIBUTION LINES

VOLTAGE	TOTAL CIRCUIT LENGTH (KM)						Average Annual Growth Over the Last 4½ Years
	AS AT 31ST DECEMBER		AS AT 30TH JUNE				
	1984	1985	1986	1987	1988	1989	
220kv	633	633	633	633	633	633	0.0%
132kv	1,975	1,975	1,975	1,975	1,977	1,977	0.0%
66kv	396	398	398	398	400	408	0.7%
40kv	113	113	113	113	113	113	0.0%
33kv	2,429	2,567	2,610	2,813	3,194	3,268	6.8%
11kv	6,601	6,747	6,811	7,152	7,252	7,440	2.7%
TOTAL	12,147	12,433	12,539	13,084	13,568	13,838	2.9%
% INCREASE P.A.	3.4%	2.4%	3.2%	5.2%	3.7%	2.0%	

TABLE 7: TRANSFORMERS IN SERVICE: TOTAL INSTALLED CAPACITY IN MVA

	AS AT 31ST DECEMBER		AS AT 30TH JUNE				Average Annual Growth over the Last 4½ Years
	1984	1985	1986	1987	1988	1989	
<i>Generation S/Stns</i>							
11/220kv					170	170	0.0%
11/132kv	397	417	417	417	417	417	1.1%
11/66kv	30	30	30	30	30	30	0.0%
11/33kv	137	137	137	178	217	217	10.8%
11/40kv	5	5	5	5	5	5	0.0%
3.3/11/40kv	8	8	8	8	8	8	0.0%
3.3/40kv	4	4	4	4	4	4	0.0%
3.3/33kv	3	4	4	4	4	4	6.6%
132/220kv	540	540	540	540	540	540	0.0%
TOTAL	1,124	1,145	1,145	1,186	1,395	1,395	4.9%
<i>Distribution S/Stns</i>							
220/132kv	580	580	580	580	580	580	0.0%
132/66kv	195	195	195	210	210	270	7.5%
132/33kv	239	285	285	285	285	308	5.8%
66/11kv	346	369	369	369	395	441	5.5%
66/40kv	15	15	15	15	15	15	0.0%
40/11kv	16	16	16	16	19	19	4.0%
33/11kv	294	302	325	333	358	356	4.3%
TOTAL	1,685	1,762	1,785	1,807	1,862	1,989	3.8%
<i>Distribution TXS</i>							
11/0.415kv							
33/0.415kv	1,005	1,056	1,092	1,173	1,300	1,376	7.2%

Principal
Areas of
Supply

ATHI RIVER	KINANGO	NGONG
AWENDO	KITALE	NJORO
BONDO	KITUJ	NKUBU
BUNGOMA	KUTUS	NYAHURURU
BURA	KWALE	NYERI
BUSIA	LAMU	OL'KALOU
BUTERE	LIMURU	OLOITOKITOK
CHEPKORIO	LODWAR	OTHAYA
CHERANGANI	LONDIANI	OYUGIS
CHOGORIA	MACALDER	RABAI
EGOJI	MACHAKOS	RONGAI
ELBURGON	MAGUMU	RIBE
ELDAMA RAVINE	MAMBRUI	RUIRU
ELDORET	MALABA	RUMURUTI
EMALI	MALAKISI	RUNYENJES
EMBU	MALINDI	SAGANA
ENDARASHA	MANDERA	SIAKAGO
ENGINEER (KINANGOP)	MARALAL	SIAYA
GARISSA	MARIAKANI	SONDU
GILGIL	MARIGAT	SOTIK
HAMISI	MTITO ANDEI	SULTAN HAMUD
HOMA BAY	MARSABIT	TAMBACH
ISIOLO	MASENO	TAVETA
ISHIARA	MASINGA	TENGES
ITEN	MASII	THIKA
KABARNET	MATERI	VIHIGA
KABARTONJO	MATUNDA	VOI
KALAMBA	MATUU	WAJIR
KANDARA	MAUA	WEBUYE
KAJIADO	MAZERAS	WUNDANYI
KAKAMEGA	MERU	YALA
KALOLENI	MIGORI	
KANGUNDO — TALA	MITUNGUU	
KANGEMA	MOGOTIO	
KARATINA	MOI'S BRIDGE	
KARURUMO	MOLO	
KAPSABET	MOMBASA	
KAPSOKWANY	MOYALE	
KAPSOWAR	MUMIAS	
KAPENGURIA	MUKURWEINI	
KENYALLINE	MURANG'A	
KERICHO	MWINGI	
KERUGOYA	NAIRAGE NKARE	
KIAMBU	NAIROBI	
KIRITIRI	NAIVASHA	
KILIFI	NAKURU	
KILOME	NAROK	
KIHARU	NARO MORU	
KISII	NANDI HILLS	
KISUMU	NANYUKI	

FORM OF PROXY FOR ANNUAL GENERAL MEETING

I/We.....)
of.....) **Block**
) **Capitals**
) **Please**

being (a) Member(s) of the above-named Company, HEREBY APPOINT the Chairman of the Meeting or.....
.....

as my/our proxy to vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on Friday, the 30th day of March, 1990, and at any adjournment thereof.

My/our proxy is to vote as indicated in respect of the following Resolutions:

ORDINARY BUSINESS

- (i) The receipt and adoption of the Directors' Report and Accounts for the year ended 30th June, 1989
- (ii) The declaration of a first and final dividend on the ordinary stock.
- (iii) The re-election of retiring directors.

	FOR	AGAINST
i		
ii		
iii		
(i)		
(ii)		

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Special Resolution:

"That in accordance with the Directors' recommendation the borrowing limit be raised from Shillings 2,500 million to Shillings 4,000 million, and that clause 110 of the Articles of Association be amended accordingly".

Dated this..... day of..... 1990

Signature.....

FOR OFFICE USE ONLY	
7%	
4%	
ORDINARY	