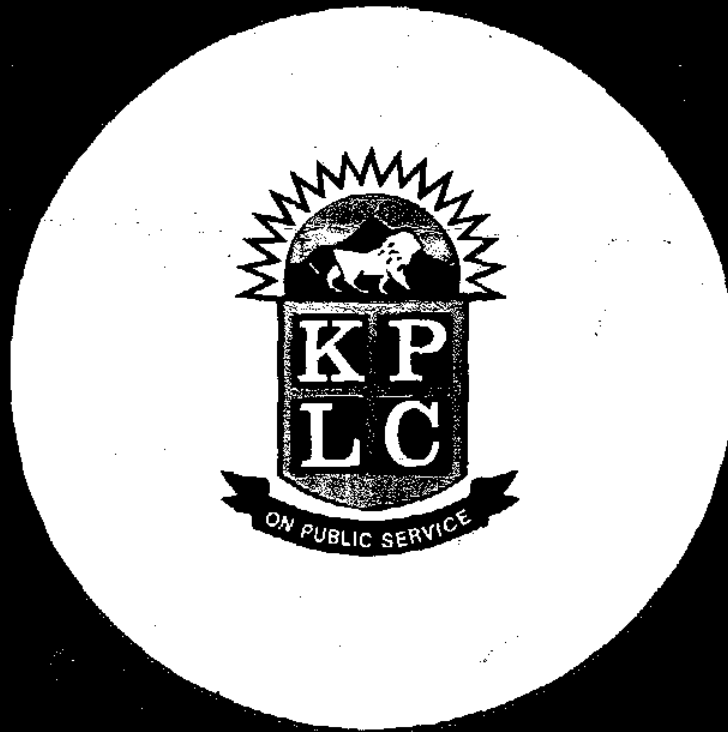


The Kenya Power and Lighting Company Limited

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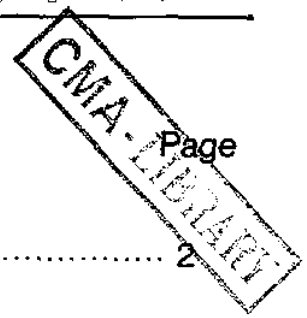
**Report and
Accounts for the
year ended
30th June, 1990**

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The Sixty ninth Report
and Accounts of
The Kenya Power and Lighting Company Limited

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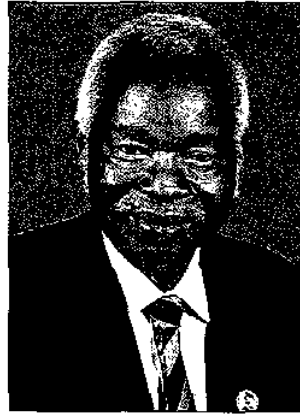
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Board of Directors



L.G. Sagini
Chairman



S.K. Gichuru
Managing Director



C.N. Mutitu



C.S. Mbindyo



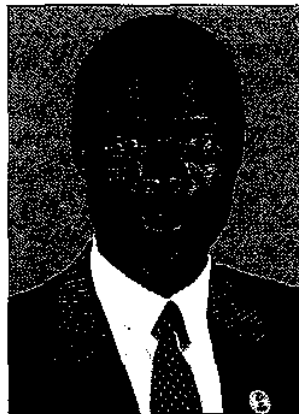
J.F. Kahumbu



S.O.J. Ambundo



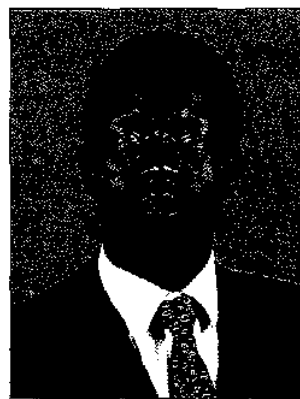
Prof. B.W. Ogana



Prof. R.J. Akello



G.M. Nyaki



P.K. Chemng'orem



W.A.J. Tuva
(Alternate)



E. Komen
(Alternate)

2007/0970

Board of Directors

Directors

DR. 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

W.A.J. TUVA

E. KOMEN

Secretary and Registered Office

J.N. KIMANI
Electricity House, Harambee Avenue, Nairobi

Bankers

THE STANDARD CHARTERED BANK KENYA LIMITED
Harambee Avenue, Nairobi.

Auditors

AUDITOR-GENERAL (CORPORATIONS)

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. NJAAGA, B.Sc. (Eng.), R. Eng., C. Eng., M.I.E.E

Company Secretary

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

Finance Manager

W. MWAJUDA, B. Com. (Hons), C.P.A. (K).

Administration Manager

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

Transport & Supplies Manager

M. NDETO, B. Sc. (Hons.)

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.

Credit Control Manager

S. ODUORI

Notice of meeting

NOTICE IS HEREBY GIVEN that the SIXTY NINTH ANNUAL GENERAL MEETING of Members will be held at the Head Office of the Company, 8th Floor, Electricity House, Harambee Avenue, on Thursday, the 28th March, 1991, at 12.00 noon for the following purposes:

1. Ordinary Business

To transact the Ordinary Business of the Company.

2. Special Business

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

"THAT the Share Capital of the Company be and is hereby increased from Shs 250,000,000 to Shs 2,000,000,000/= by the creation and issue of 87,500,000 Ordinary Shares of Shs 20/= each ranking for dividend and all other respects pari passu with the existing Ordinary Shares and that the Directors be authorised to dispose of all such new Ordinary Shares in such manner and on such terms as they think fit."

By order of the Board

J.N. KIMANI
Secretary

Nairobi
Kenya
6th March, 1991

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 Tuesday, 26th March, 1991.

Chairman's review

Your Company experienced an impressive growth of 7.3% in energy sales compared to that for the previous year of 3.2%, an increase of 4.1%. The high growth is attributable to the recovery in sales to the industrial and commercial consumers from 1.2% last year to 7.8%. Among the consumers whose loads increased significantly were EMCO Steel Billets (8.6 million units) in Nairobi, Kenya Meat Commission (3.4 million units) at Athi River, Yoder Kenya Limited (2.2 million units) in Mt. Kenya and Standard Rolling Mills (2.6 million units) in Mombasa. The Company realised an increase in revenue of 10.4% (compared to 8% in the previous year) out of which 2.3% is attributable to the tariff increase on the units sold during the last month of the year.

The cost of our operations, on the other hand, rose by 9.5% compared to 12.0% the previous year. The main reason for this rise is a 30% deterioration of the value of the Kenya shilling against the hard currencies in which we service our debts and pay for our imported materials and equipment. This item alone, in respect of this Company's debt service as well as that of the Bulk Supply Companies accounted for an increase of 5.7%.

During the year, the Company realised revenue amounting to Shs. 2,901,840,000 against a total operating expenditure of Shs. 2,728,444,000 resulting in an operating income of Shs. 173,396,000. After allowing a total of Shs. 98,096,000 in respect of net interest payable and the exchange losses on the Company's transactions, the Company's trading profit before taxation was Shs. 75,300,000 compared to Shs. 47,772,000 made the previous year excluding exceptional items.

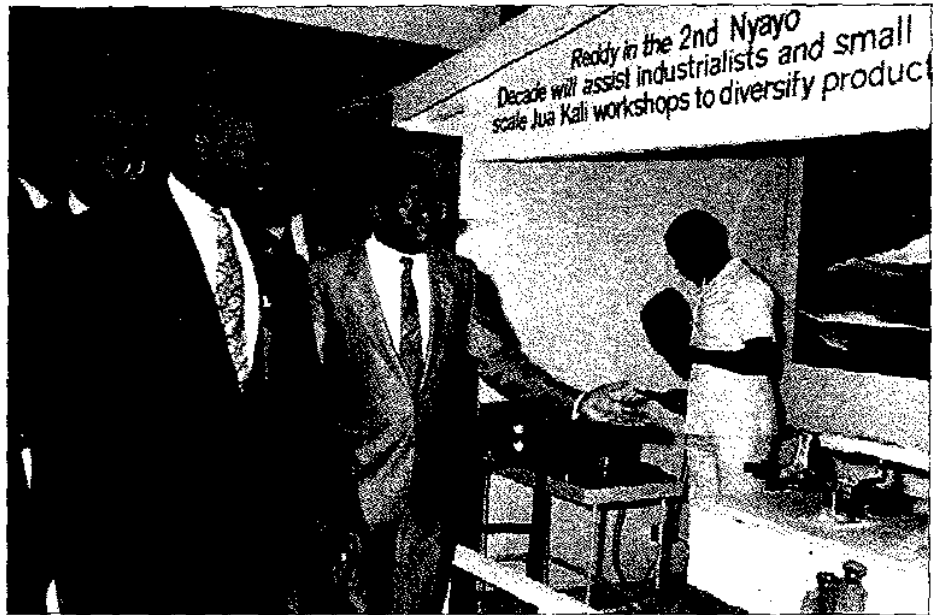
Accounts

The total units sold were 2,594,764,157, an increase of 7.3% from 2,411,995,039 units sold in 1988/89. Total revenue realised was Shs. 2,901,840,000. This revenue includes prior years' adjustments of Shs. 19,410,000 relating to 32,164,792 units consumed previously. Revenue earned from sales during the year, therefore, was Shs. 2,882,430,000 an increase of 9.6% from Shs. 2,629,658,000 in 1988/89. This increase is attributable mainly to the growth in energy sales and also due to the effect on the period under review of the tariff increase in June, 1990.

Operating expenditure, on the other hand, rose from Shs 2,532,738,000 in 1988/89 to Shs. 2,728,444,000 in 1989/90 representing a net increase of Shs. 195,706,000 or 7.7%. The increase is mainly attributable to the rise in debt service of Shs. 201 million. This was mainly due to the deterioration of the Kenya Shilling against the hard currencies.

The trading results for the year, therefore, reflect an operating income of Shs 173,396,000, (year ended 30.6.89 — Shs 96,920,000). Interest receivable amounted to Shs 21,408,000 (year ended 30.6.89 — Shs 4,343,000) while interest payable was Shs 67,569,000 (year ended 30.6.89 — Shs 38,801,000). Appreciation of major hard currencies against the Kenya Shilling resulted in exchange losses of Shs 51,935,000 (year ended 30.6.89 — Shs 14,690,000) on foreign loan. The net result of these transactions, including exceptional items, is a profit before taxation of Shs 82,637,000 compared to Shs 314,425,000 made the previous year. The substantial exceptional item in the 1988/89 accounts of Shs. 266,653,000, which was a write back of the provision for unrealised exchange losses on a Canadian loan on lent to the Company by the Government, accounts for the big difference in the profits between the two years. The Canadian loan, which was originally denominated in Canadian dollars, was converted to Kenya shillings following the debt forgiveness extended by the Canadian Government to the Kenya Government.

Chairman's review



H.E. President Daniel arap Moi inspecting a "Jua-Kali Workshop" during a tour of the Company's stand at Kitale A.S.K. show. He was conducted round the stand by the Managing Director, Mr. S.K. Gichuru (right).

Taxation has been provided for in the accounts at Shs 3,408,000 (year ended 30.6.89 — Shs 5,177,000) leaving a net profit after taxation of Shs 79,229,000 (year ended 30.6.89 — Shs 309,248,000).

In accordance with the legal notice No. 123 of June, 1972, a consumption tax of one cent per kilowatt-hour of electricity sold continued to be levied on consumers upto 31st December, 1989, when Value Added Tax Act, 1989, came into operation. The Act introduced VAT at a rate of 1 cent per kilowatt hour of consumption until June, 1990, when the rate was changed to 1% of value of consumption. These charges yielded Shs 26,269,000 (year ended 30.6.89 — Shs 24,120,000). Withholding tax paid to the Income Tax Department in respect of professional and management fees paid to non-residents amounted to Shs 1,112,000 (year ended 30.6.89 — Shs 2,219,000) while P.A.Y.E. deducted at source from Company employees' remuneration yielded Shs 84,752,000 (year ended 30.6.89 — Shs 63,500,000). Payment of customs duty and sales tax in respect of imported machinery, spares and other equipment amounted to Shs 18,807,000 (year ended 30.6.90 — Shs 95,596,000). The Government exempted the Company from payments of customs duty and sales tax on certain specified items effective from 1st July, 1989, hence the substantial difference between the taxes for the respective years.

Dividends

Preference dividends were paid on their due dates. Your Directors recommend 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 7th February, 1991. Out of the total dividends paid and payable, the Treasury, being the majority Stockholder, is entitled to Shs 12,516,000. The dividends, together with the taxes (including Corporation Tax estimated at Shs 3,408,000), bring the Company's direct contribution to the national revenue to Shs. 146,864,000 (year ended 30.6.89 — Shs 203,128,000). The Company also made contributions to the Treasury amounting to Shs 1,485,000 (year ended 30.6.89 — Shs 5,468,000) in the form of various taxes on behalf of the Bulk Supply Companies.

Chairman's review

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.



The Minister for Energy, Mr. Nicholas Biwott (third right), switching on the Embakasi 220kv Bulk Supply Substation to signify the commissioning of the Substation in April 1990. Looking on are (from left), the Permanent Secretary in the Ministry, Mr. Crispus Mutitu, H.E. the Ambassador of Finland, Mr. Ilkka Ristimaki, the Chairman-KPLC, Dr. L.G. Sagini and the Managing Director KPLC, Mr. S.K. Gichuru.

The balance of the net profit amounting to Shs 54,440,000 will be carried forward resulting in retained profits carried forward to 1990/91 of Shs. 787,920,000.

Industrial Relations

In my previous review, I stated that negotiations for the Collective Bargaining Agreement had commenced. The negotiations were successfully concluded in February, 1990, and the unionisable staff are enjoying enhanced and improved terms of service.

Personnel and Training

The Company had a labour force of 10,831 at the close of the year compared to 8,533 the previous year.

A total of 2,512 new employees joined the work force compared to 1,192 during the previous year. The new engagements included absorption into our permanent work force of 2,279 casual employees in our continued effort to assist in reducing the national problem of unemployment. This was preceded by a rigorous exercise of establishment review throughout the Company in order to optimise utilisation of manpower resources. Opportunity was also taken to create a team to undertake afforestation programme at the Seven Forks Complex and at Olkaria. The rest included 17 graduate engineers, 80 technicians and 11 craftsmen. 214 employee left the Company compared to 193 during the previous year representing a labour turnover of 1.9% and 2.4%, respectively. 48(23%) out of the 214 retired on age grounds and the rest left the Company for various other reasons.

Chairman's review



The Minister for Energy, Mr. Nicholas Biwott (right), presents a trophy to Mr. Justus Kiplagat, the Training School Team Captain, during the finals of the Annual Sports Championships in Eldoret.

Turning now to staff training, a sum of shs 81 million was spent on training 923 employees at the Company's training school and the national polytechnics, while an amount of Shs 3.2 million was spent on management training and development for 178 senior staff

Welfare

The Inter-Area Annual Athletics Championships and Inter-Area Annual Sports Championships were successfully held, this time in Nyeri and Nakuru, respectively.



The North Rift and Central Rift volleyballers in action during the 1990 Annual Sports Championships in Eldoret.

Chairman's review

We honoured a total of 406 employees in the Company in recognition of their service ranging from 15 to 35 years. Out of these, 215 employees had served the Company for 20 years and above.

Public Relations

Consistent with our public relations policy, we participated in 10 ASK and 7 Harambee shows throughout the Country. Our choirs and dance troupes were invited to perform at many functions including national celebration events. The Company also held its inaugural music festival at the Kenya Science Teachers College.

We participated in many sporting events at national and international levels. Three of our employees were in the Kenya's contingent to the Commonwealth Games held in Auckland, New Zealand, while others represented the Country in international meetings in Egypt, Spain, Italy and New Zealand.

Development

Geothermal

Exploratory drilling continued at Eburru and Olkaria West geothermal fields for the purpose of establishing the production potential and, therefore, determine the order of priority of development of the two sites. 2 wells were completed at Eburru and 3 at Olkaria West, bringing the total number of wells drilled to 4 and 7, respectively.

At Olkaria North East, 8 production wells were drilled during the year. This brought to 15 the total number of production wells drilled in this area. At the time of going to press, a further 5 wells had been drilled, bringing the total to 20. Out of these, 2 are dry wells, 12 have a proven total output of 38 MW and 6, which are under test, have an estimated output of 20 MW. At least 9 more wells will be drilled to provide adequate steam for the proposed 60 MW geothermal power station and facilities for reinjection of discharged thermal fluids. The feasibility study for the power station at Olkaria North East was completed and consultancy work on detailed design and preparation of tender documents has started. The power station is required to be in operation by 1994/95 in order to meet the projected increase in electricity demand.

Moi South Lake Road

In order to improve road communication to the Olkaria Geothermal Development Project, and to reduce maintenance costs on Company vehicles attached to the project, it was decided to tarmac the Moi South Lake Road measuring 25 kilometres. The project is estimated to cost a total of Shs 122 million. Out of this amount, International Development Association will provide the equivalent of Shs 79 million while the balance of Shs 43 million will be met by The Kenya Power Company Limited (KPC).

The contract for the work was awarded to Messrs Put Sarajevo of Yugoslavia and the project is scheduled to be completed in August, 1991.

System Control Facility

Project work was completed on schedule towards the end of the year at a cost of Shs 398 million. During the 4 years implementation period an exchange loss of Shs 195 million was experienced on the project increasing the cost from the original estimate of Shs 385 million to Shs 580 million. We are, however, grateful to the Government for exempting the project equipment from payment of duty and sales tax to the tune of Shs. 182 million, which reduced the net cost to Shs. 398 million.

Chairman's review

In an emergency situation, the equipment facilitates faster determination of the extent of the disturbance and prompt location of the fault. This makes possible faster restoration of power supplies.

I wish to take this opportunity to thank the Finnish Government who financed the engineering and consultancy services through a grant of Finnish Markka 8.3 million; the Swedish Government for facilitating a concessional credit of Swiss Franc 22.5 million for funding the supply and installation of the equipment; IVO Consulting Engineers of Finland and Asea Brown Boveri of Sweden who were the project consultant and contractor, respectively.

Turkwell Hydro Power Station

Implementation of the project continued on schedule and dam impounding commenced in January, 1990. At the end of the year, the reservoir level was 1087 metres above sea level, which is 11 metres below the minimum operating level of 1098 metres.

At the time of going to press, the project was substantially completed, with the water level having risen to 1102 metres. All the commissioning tests had been satisfactorily completed and the station was undergoing semi-commercial operation.

Nairobi Bulk Supply Substation

This project was completed 2 months ahead of schedule in April, 1990, at a cost of Shs 490 million funded by a grant of Finnish Markka 22.5 million, concessional loan of Finnish Markka 30.3 million from Finland, another concessional loan of SEK 30.9 million from Sweden and Shs 60 million paid by the Company.

I wish to thank the Governments of these countries for their support. I also wish to commend the project contractors, messrs Stromberg Oy of Finland and Transelectric AB of Sweden who, together, supplied and installed the equipment, and the joint venture of Foundation of Canada and Skanska of Sweden who carried out the civil works, for their timely completion of the project.

The availability of the station has made the supply to the city and its environs more reliable. Full benefits of this substation will not be reaped, however, until the distribution system in Nairobi is reinforced. A contract for the reinforcement has been awarded to Messrs Stromberg Oy and arrangements for concessional loan amounting to Finnish Markka 65 million from Finland are nearing conclusion.

Kiambere Nairobi 220 kv Transmission Line

In my previous review, I stated that the project funding negotiations were in progress with KFW of West Germany. The discussions were not successful and efforts are being made to identify an alternative funding agency.

Sondu Miriu Power Station

Messrs Nippon Koei of Japan were appointed consultants for the detailed design and preparation of tender documents in March, 1990. At the time of going to press, the inception report, field investigation and preliminary design had been completed. Work on detailed design had also started and is expected to be completed in July, 1991. Preparation of tender documents is scheduled to commence in April, 1991, and be completed by end of October, 1991.

Magwagwa Multipurpose project.

The Consultant, Japanese International Co-operation Agency, commenced work on the feasibility study of the project in January, 1990, and, by March, 1990, site reconnaissance, selection of development alternatives, field investigation and

Chairman's review

environmental impact survey had been completed. Work on preliminary design started in November, 1990, and is scheduled to be completed by August, 1991. The feasibility study report is scheduled to be ready by October, 1991.

Munyu Dam Project

The Consultancy Agreement, between The Kenya Power Company Limited and Electricite de France (EDF), for carrying out a feasibility study on this project was executed in December, 1989, and work on the study commenced in February, 1990. Data collection and analysis, aerial photography and mapping, geology reconnaissance, site assessment and scheme selection have since been completed. The study is scheduled to be completed by September, 1991.

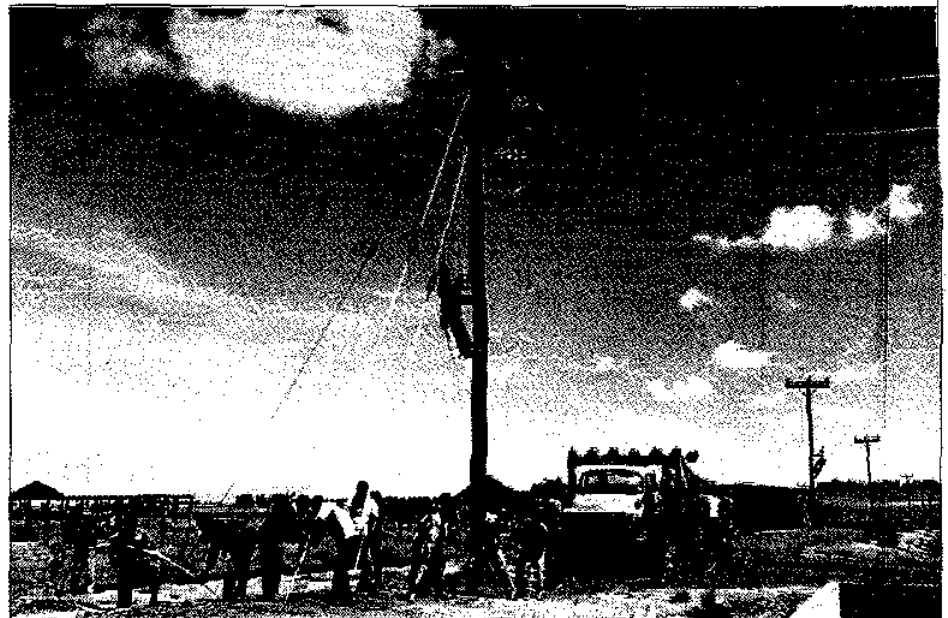
Ewaso Ngiro (South) Multipurpose Project

In 1985, Watermeyer Legge Piesold and Uihmann (WPLP) carried out a reconnaissance of the Ewaso Ngiro south River in Kajiado District and identified two hydroelectric sites at Leshota and Oldorko with estimated power generation potential of 42 MW and 76 MW, respectively. In addition, the river basin has potential for 3,000 hectares of irrigated agriculture.

WLPU were engaged to carry out a pre-feasibility study on the multipurpose development of the river basin, and they commenced work in November, 1989. The pre-feasibility report has been submitted and feasibility study started. The contract for photogrammetric mapping and ground control was awarded in February, 1991, to Photogrammetric Data Services Limited of UK at a cost of Shs. 10.25 million.

Rural Electrification

Your Company in conjunction with the Government and with assistance from friendly donor agencies continued implementation of the rural electrification programme.



Company staff erecting supply lines in a Rural Electrification exercise.

Twenty schemes were completed throughout the country at a total cost of Shs 271.8 million. The number of consumers rose by 3,271 or 21.5% from 15,200 the previous year to 18,471. Units sold rose from 49 million to 66.5 million, an increase of 17.5 million or 35.7% from the previous year. Revenue realised was Shs. 75,599,000, an increase of Shs. 18,609,000 or 32.7% from Shs. 56,990,000 realised during the previous year. Operating expenditure, on the other

Chairman's review

hand, increased by 40.9% from Shs 97,400,000 to Shs 137,232,000 resulting into a net operating loss of Shs 61,633,000.

During the year, Shs 301.5 million was spent on the programme. This brings the total capital expenditure incurred since inception to Shs 1,229.6 million from Shs 928.1 million, the previous year while the total number of schemes in operation rose from 73 to 93. At the same time 111 schemes were in progress.

Future Prospects

Some significant factors with serious ramifications to the economy make prediction of the future prospects a very onerous task.

The occupation of Kuwait by Iraq in August, 1990, and the subsequent Gulf war which started in mid January, 1991, created tension throughout the world with negative consequences on international travel. This has adversely affected the country's tourist industry, thus aggravating the country's balance of payments position, which had already been depressed by poor foreign exchange earnings from tea and coffee exports.

The resultant deterioration in the value of the Kenya Shilling against the major currencies, in which the electricity industry has borrowed development capital and, in which it pays for imports of plant, equipment and spares, has exerted such severe strain on the industry's capacity for debt servicing and development financing that it is prudent to brace for difficult times ahead.

On the other hand, there are positive indicators which give me cause for optimism. Growth in unit sales recorded in the first half of the current financial year amounted to 7.8% compared to 6.2% achieved in the corresponding period during the year under review. The high growth was registered in the steel (13.9%) and paper (6.6%) industries, and the breweries (9.8%), among others.

Other major activities which will generate increased demand for your product include extension of the oil pipeline to Western Kenya and production from the Export Processing Zones in Nairobi and Mombasa. An application has also been received for the extension of electricity to Magadi Soda Company. It is, therefore, reasonable to expect that the current rate of growth in sales will be sustained for sometime in the future.

On the basis of the projected rise in consumption of electricity, the Company is committed to a heavy capital development programme comprising the projects outlined elsewhere in this review. This programme will be implemented against a background of continuing escalation of inflation, domestic and otherwise, associated with foreign exchange losses. These factors will no doubt increase your Company's overall financial burden.

It is in recognition of these harsh realities that the Company has reviewed its financial requirements and has sought permission from the Government to increase tariffs. We are also exploring other ways of raising capital, including increasing share capital.

Directorate

No changes occurred on the Board during the period.

Acknowledgement

I now wish to record my sincere appreciation to my colleagues on the Board for their valuable contribution throughout the year. I also wish, on your behalf, to thank our staff at all levels for working tirelessly and with dedication to render quality service to our consumers.

28th February, 1991.



DR. L. G. SAGINI,
Chairman

Report of the Directors

The Directors submit their report together with the audited accounts for the year end 30th June, 1990.

Results

	Shs '000	Shs
Profit for the year before exceptional item		75
Exceptional item		<u>7</u>
Profit before taxation		82
Deduct:		
Provision for taxation	3,408	
Preference dividends paid for the year on:		
350,000 7% Preference Stock Units (gross)	490	
1,800,000 4% Preference Stock Units (gross)	<u>1,440</u>	<u>5,</u>
		77,
The directors recommend a first and final dividend for the year of 13% on 8,792,000 Ordinary Stock Units absorbing		<u>22,8</u>
Retained profit for the year		54,4
Balance brought forward		<u>733,4</u>
Balance carried forward		<u><u>787,8</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 2,595 million kilowatt-hours.

Capital Expenditure

During the year, a total of Shs. 831,785,000 was spent on fixed assets. Capital contributions received from consumers amounted to Shs. 114,438,000, resulting in a net capital cost to the Company of Shs. 717,347,000. Net capital work in progress as at 30th June, 1990, amounted to Shs. 654,398,000.

Directorate

In accordance with Regulation 120 of the Company's Articles of Association, Mr. J. Kahumbu, Mr. S.O.J. Ambundo and Mr. G.M. Nyaki retire by rotation and, being eligible offer themselves for re-election.

Auditors

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

By order of the Board

Nairobi, Kenya

J.N. Kimani
Secretary

27th February, 1991.

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, 1990**

I have examined the accounts of The Kenya Power and Lighting Company Limited in accordance with the provisions of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I have required for the purpose of the audit. Proper books of accounts have been kept by the Company and the accounts which have been prepared under the historical cost convention are in agreement therewith and comply with the Companies Act.

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

A.J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

1st March, 1991

Revenue Account and Statement of Retained Earnings

for the year ended 30th June, 1990

	Notes	1990 Shs '000	1989 Shs '000
REVENUE		2,901,840	2,629,658
OPERATING EXPENSES	2	<u>2,728,444</u>	<u>2,532,738</u>
OPERATING INCOME		173,396	96,920
EXCHANGE LOSS	3	<u>51,935</u>	<u>14,690</u>
NET OPERATING INCOME		121,461	82,230
INTEREST	4	<u>46,161</u>	<u>34,458</u>
PROFIT BEFORE EXCEPTIONAL ITEM		75,300	47,772
EXCEPTIONAL ITEM	9	<u>7,337</u>	<u>266,653</u>
PROFIT BEFORE TAXATION		82,637	314,425
TAXATION	5	<u>3,408</u>	<u>5,177</u>
PROFIT AFTER TAXATION		79,229	309,248
DIVIDENDS — GROSS	6	24,789	24,789
TRANSFER TO TAXATION EQUALISATION RESERVE	11	<u>—</u>	<u>30,000</u>
		24,789	54,789
PROFIT RETAINED FOR THE YEAR	11	<u>54,440</u>	<u>254,459</u>
EARNINGS PER ORDINARY STOCK UNIT	7	<u>8.79</u>	<u>34.95</u>
STATEMENT OF RETAINED PROFITS			
As previously stated		733,480	479,021
Retained profit for the year		<u>54,440</u>	<u>254,459</u>
Retained profit carried forward	11	<u><u>787,920</u></u>	<u><u>733,480</u></u>

Balance Sheet

30th June, 1990

	Notes	1990 Shs'000	1989 Shs '000
SHARE CAPITAL	10	218,840	218,840
RESERVES	11	1,294,704	1,240,264
SHAREHOLDERS' FUNDS		1,513,544	1,459,104
DEFERRED CREDITS	12	23,034	49,827
LOAN CAPITAL	13	1,561,404	1,285,774
CAPITAL EMPLOYED		<u>3,097,982</u>	<u>2,794,705</u>
Represented by:			
FIXED ASSETS	14	<u>3,557,098</u>	<u>2,964,813</u>
CURRENT ASSETS			
Stocks	15	1,535,790	889,221
Debtors	16	954,730	775,949
Short term investments		13,054	85,672
Bank and cash balances	8	33,903	64,356
		<u>2,537,477</u>	<u>1,815,198</u>
CURRENT LIABILITIES			
Creditors	17	2,278,587	1,785,918
Taxation	5	503	10,781
Dividends - payable		3,697	4,049
- proposed		22,859	22,859
Loans repayable within one year	13	170,368	53,447
Deferred credits due within one year	12	26,793	26,793
Bank overdraft	8	493,786	81,459
		<u>2,996,593</u>	<u>1,985,306</u>
NET CURRENT LIABILITIES		(459,116)	(170,108)
		<u>3,097,982</u>	<u>2,794,705</u>

The accounts on pages 16 to 27 were approved by the Board of Directors on 28th November, 1990, 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, 1990

	1990 Shs '000	1989 Shs'000
SOURCE OF FUNDS		
Profit before taxation	82,637	314,425
Adjustments for items not involving the movement of funds:		
Exceptional item		(266,653)
Depreciation	164,335	137,609
Surplus on disposal of fixed assets	(14,539)	(5,506)
Loss on exchange loan capital	50,241	12,749
Deferred credits	(26,793)	(26,793)
Total funds generated from operations	255,881	165,831
Funds from other sources:		
Proceeds on disposal of fixed assets	16,088	6,072
Capitalised loss on exchange	63,121	20,172
Loans received:		
P.K. Banken	99,050	133,402
Nokia Cables Supplies Credit	129,496	
Finnish Export Credit	56,461	54,680
Southwales Transformers Supplies Credit	13,388	
Kenya Government Finnish loan No.2		3,283
Standard Chartered Bank (Switzerland) AG	4,708	26,437
Indosuez Bank, Belgium	9,095	
J. Henry Schroder Wagg & Co. Ltd	30,148	226
	<u>677,436</u>	<u>410,103</u>
APPLICATION OF FUNDS		
Repayment of loan capital	63,157	51,531
Capital expenditure	758,169	546,100
Taxation paid	13,686	45,234
Dividends paid	25,141	23,902
	<u>(860,153)</u>	<u>(666,767)</u>
OUTFLOW OF FUNDS		
NET OUTFLOW OF FUNDS	<u>(182,717)</u>	<u>(256,664)</u>
Represented by:		
MOVEMENT IN WORKING CAPITAL		
Stocks	646,569	150,291
Debtors	178,781	180,052
Creditors	(492,669)	(787,282)
Subsidiary company	—	6,010
	<u>332,681</u>	<u>(450,929)</u>
Movement in liquid funds:		
Short term investments	(72,618)	83,798
Bank and cash balances	(30,453)	7,952
Bank overdraft	<u>(412,327)</u>	<u>102,515</u>
	<u>(182,717)</u>	<u>(256,664)</u>

Notes to the Accounts

for the year ended 30th June, 1990.

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)

	1990 Shs'000	1989 Shs'000
2. OPERATING EXPENSES		
Operating and administration	918,865	781,609
Fuel costs	125,575	59,533
Cost of Bulk Supply:		
Ascertained cost	1,159,559	1,051,088
Development surcharge	357,578	500,086
Auditors' remuneration:		
Authorised auditors		1,710
Auditor-General (Corporations)	1,700	171
Directors' remuneration:		
Fees	350	347
Other emoluments	482	585
Depreciation	164,335	137,609
	<u>2,728,444</u>	<u>2,532,738</u>
3. EXCHANGE LOSS		
Loan capital	113,362	32,921
Bank and cash balances	1,694	1,941
	<u>115,056</u>	<u>34,862</u>
Less: Capitalised	63,121	20,172
	<u>51,935</u>	<u>14,690</u>
4. INTEREST		
Interest payable on long term borrowing	67,569	38,801
Interest receivable on bank and other deposits	(21,408)	(4,343)
	<u>46,161</u>	<u>34,458</u>
5. TAXATION		
Revenue Account:		
Based on the adjusted profit for the year at 45%	3,075	5,177
Underprovision in previous years	333	—
	<u>3,408</u>	<u>5,177</u>
Balance sheet:		
Provision based on the adjusted profit for the year	3,075	5,177
Prior years' taxation not yet agreed		5,837
Withholding tax paid	(1,998)	(233)
Prior years' tax refundable	(574)	—
	<u>503</u>	<u>10,781</u>
6. DIVIDENDS — GROSS		
Preference Stock Units - paid	1,930	1,930
Ordinary Stock Units - proposed	22,859	22,858
	<u>24,789</u>	<u>24,788</u>

Notes to the Accounts (continued)

7. EARNINGS PER ORDINARY STOCK UNIT

	1990	1989
	Shs '000	Shs '000
The calculation is based on:		
Profit after taxation	79,229	309,248
Preference dividends	<u>(1,930)</u>	<u>(1,930)</u>
	<u>77,299</u>	<u>307,318</u>
Ordinary Stock Units	<u>8,792,000</u>	<u>8,792,000</u>

8. BANK OVERDRAFT

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

9. EXCEPTIONAL ITEM

The exceptional item arose from the realisation of proceeds of a voluntarily wound up wholly owned subsidiary.

10. SHARE CAPITAL

	1990		1989	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	Shs '000	Shs '000	Shs '000	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	31,160	—	31,160	—
	<u>250,000</u>	<u>218,840</u>	<u>250,000</u>	<u>218,840</u>

Notes to the Accounts (continued)

11. RESERVES

	Balance at 1.7.89 Shs '000	Transfers during the year Shs '000	Balance at 30.6.90 Shs '000
Capital Reserve	12,304	—	12,304
Revenue reserves:			
General	147,480	—	147,480
Taxation equalisation	347,000	—	347,000
Retained profit	733,480	54,440	787,920
	<u>1,240,264</u>	<u>54,440</u>	<u>1,294,704</u>
	=====	=====	=====

12. DEFERRED CREDITS

	1990 Shs '000	1989 Shs '000
Due to Tana River Development Company Limited and payable in one and half years ending 1991	35,371	58,952
Due to The Kenya Power Company Limited and payable in four and half years ending 1994	<u>14,456</u>	<u>17,668</u>
	49,827	76,620
Less: Amounts due within one year	<u>26,793</u>	<u>26,793</u>
	<u>23,034</u>	<u>49,827</u>
	=====	=====

Notes to the Accounts (continued)

13. LOAN CAPITAL

SECURED

	Balance 1.7.89 Shs '000	Payments Shs '000	Drawdowns Shs '000	Exchange Gain Shs '000	Balance 30.6.90 Shs '000
9.5% 'A' Debenture Stock 1975/1991 (Stg. £.92,031)	4,301	1,475	—	875	3,701
9% 'A' Debenture stock 1975/1991 (Stg. £.417,692)	19,562	6,742	—	3,976	16,796
8.5% 'A' Debenture stock 1975/1991 (Stg. £.90,331)	4,240	1,468	—	861	3,633
14% Kenya National Assurance Limited 1987/2001	10,400	800	—	—	9,600
	<u>38,503</u>	<u>10,485</u>	<u>—</u>	<u>5,712</u>	<u>33,730</u>

UNSECURED

8% Kenya Govt/Finnish Loan 1982/1996	13,813	—	—	—	13,813
10% Kenya Govt/Finnish Loan 1988/2002	37,354	—	—	—	37,354
10% Kenya Govt/Canadian Loan 1990/2020	788,541	—	—	—	788,541
6.5% Standard Chartered Bank (Switzerland)AG. (SW.FR.2,442,082)	26,326	—	4,708	8,759	39,793
3% P.K. Banken 1990/1999 (US. \$ 11,766,290)	232,217	—	16,180	23,762	272,159
1.65% P.K. Banken 1990/1999 (US. \$ 3,641,812)	—	4,335	82,870	5,702	84,237
2.6% Indsuez Bank Belgium 1991/2004 (BEF.15,000,000)	—	—	9,095	1,023	10,118
1.5% Finnish Export Credit 1990/1991 (FIM 21,745,557)	54,219	6,260	56,461	23,877	128,297
4% Nokia Cables Supply Credit 1990/1997 (DM.9,471,358)	—	3,419	129,496	4,910	130,987
7.12% Swiss Mixed Credit 1984/1990 (SW.FR.4,062)	2,995	3,582	—	653	66
6.38% Swiss Mixed Credit 1987/1993 (SW.FR.1,531,972)	24,544	6,600	—	7,019	24,963
7.75% Best and Crompton Deferred Supply Credit 1984/1990 (US. \$ 112,412)	7,104	5,055	—	551	2,600
7.75% Best & Crompton Deferred Services Credit 1984/1990 (US \$ 57,538)	3,636	2,588	—	282	1,330
8.8% J.Henry Schroder Wagg & Co. Ltd. 1987/1997 (Stg. £.3,703,076)	109,969	20,833	30,148	29,625	148,909
8.3% Southwales Transformers Supply Credit 1990/1995 (Stg. £369,911)	—	—	13,388	1,487	14,875
	<u>1,339,221</u>	<u>63,157</u>	<u>342,346</u>	<u>113,362</u>	<u>1,731,772</u>

Less: Repayments due in one
year

53,447
1,285,774

170,368
1,561,404

Notes to the Accounts (continued)

14. 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, 1989	454,904	1,723,889	576,945	278,390	395,195	3,429,323
Reallocation	1,134	(1,137)	(139)		142	
Additions	38,018	389,435	15,713	197,046	77,135	717,347
Disposals	(14)	(595)		(11,887)	—	(12,496)
30th June, 1990	<u>494,042</u>	<u>2,111,592</u>	<u>592,519</u>	<u>463,549</u>	<u>472,472</u>	<u>4,134,174</u>
Depreciation						
1st July, 1989	101,384	442,818	221,975	149,927	161,982	1,078,086
Charge for the year	13,992	61,409	21,027	38,158	29,749	164,335
On disposals	—	(560)		(10,387)	—	(10,947)
30th June, 1990	<u>115,376</u>	<u>503,667</u>	<u>243,002</u>	<u>177,698</u>	<u>191,731</u>	<u>1,231,474</u>
Net Book value						
30th June, 1990	<u>378,666</u>	<u>1,607,925</u>	<u>349,517</u>	<u>285,851</u>	<u>280,741</u>	<u>2,902,700</u>
Work in progress						654,398
						<u>3,557,098</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						613,576
						<u>2,964,813</u>

15. STOCKS

	1990 Shs '000	1989 Shs '000
Raw poles	29,939	16,834
General stores	725,923	474,580
Engine spares	70,283	52,620
Fuel and oil	64,784	51,392
Transformers	266,993	113,919
Motor vehicle spares	14,446	13,527
Goods in transit	<u>385,562</u>	<u>184,973</u>
	1,557,930	907,845
Less: provision for obsolescence	<u>(22,140)</u>	<u>(18,624)</u>
	<u>1,535,790</u>	<u>889,221</u>

Notes to the Accounts (continued)

16. DEBTORS

	1990	1989
	Shs '000	Shs '000
Electricity Consumers	513,927	480,803
Rural Electrification Schemes	308,086	179,200
Others	132,717	115,946
	<u>954,730</u>	<u>775,949</u>

17. CREDITORS

	1990	1989
	Shs '000	Shs '000
Tana River Development Company Limited	443,451	365,598
The Kenya Power Company Limited	37,375	4,372
Kerio Valley Development Authority	152,086	154,500
Tana and Athi River Development Authority	110,138	115,189
Government of Kenya Kiambere Loans	643,244	430,589
Consumers' deposits	123,081	109,151
Capital Contributions	328,909	208,983
Suppliers' Accounts	167,692	135,020
Others	272,611	262,516
	<u>2,278,587</u>	<u>1,785,918</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.

	1990	1989
	Shs '000	Shs '000
Total estimated development surcharge	1,417,786	1,201,180
Paid at 1st July	1,021,639	742,646
Paid during the year	179,541	278,993
Paid at 30th June	<u>1,201,180</u>	<u>1,021,639</u>
Future development surcharge	<u>216,606</u>	<u>179,541</u>

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.

	1990 Shs '000	1989 Shs'000
Total estimated development surcharge	<u>688,811</u>	<u>688,811</u>
Provided as at 1st July	688,811	648,811
Provided during the year	—	40,000
Provided at 30th June	<u>688,811</u>	<u>688,811</u>
Future development surcharge	—	—

Rural Electrification Fund

The Company has contributed Shs. 58,037,000 towards the Rural Electrification Schemes by way of a development surcharge. This is included in the Cost of Bulk Supply in note 2.

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.

	1990 Shs'000	1989 Shs '000
Estimated development surcharge	<u>480,000</u>	<u>480,000</u>
Provided as at 1st July	240,000	120,000
Provided during the year	120,000	120,000
Provided upto 30th June	<u>360,000</u>	<u>240,000</u>
Future development surcharge	<u>120,000</u>	<u>240,000</u>

Notes to the Accounts (continued)

19. CAPITAL COMMITMENTS

	1990 Shs '000	1989 Shs '000
Authorised but not contracted for:		
Lanet 132/33 KV substation	13,800	13,800
Mombasa Plot Development	69,880	--
Nairobi Reinforcement System	70,950	--
Garissa Diesel Engines	63,041	--
Others	49,870	--
	<u>267,541</u>	<u>13,800</u>
Authorised and contracted for	609,580	754,997
Less: Amount incurred and included in work-in-progress	149,089	152,732
	460,491	602,265
Less: Capital contributions received	22,326	29,714
	<u>438,165</u>	<u>572,551</u>

20. CONTINGENT LIABILITIES

Bank guarantees	5,753	6,203
Claims by contractors	754	754
	<u>6,507</u>	<u>6,957</u>

6½ YEARS RECORD

FINANCIAL AND STATISTICAL RECORDS

for the year ended	31st Dec. 1984	31st Dec. 1985	30th June 1986
UNITS SOLD (millions)	1,775	1,944	1,035
Average cost of units sold (cents)	57.03	61.64	67.55
	Shs '000	Shs '000	Shs '000
REVENUE from sale of electricity	1,242,953	1,481,511	843,286
PROFIT for the year before exceptional item	155,412	287,230	132,138
EXCEPTIONAL item			
for the year before taxation	155,412	287,230	132,138
Taxation	69,000	114,431	57,377
NET PROFIT AFTER TAXATION	86,412	172,799	74,761
Preference dividends (gross)	(1,930)	(1,930)	(965)
NET PROFIT ATTRIBUTABLE TO ORDINARY STOCKHOLDERS	84,482	170,869	73,796
ORDINARY DIVIDENDS (gross)	(21,980)	(22,859)	(11,429)
PROFIT/(LOSS) FOR THE YEAR	62,502	148,010	62,367
NET CASH FLOW			
Profit/(loss) for the year	62,502	148,010	62,367
Depreciation	96,155	102,743	55,417
	158,657	250,753	117,784
CAPITAL EMPLOYED			
Fixed assets, less depreciation	1,952,955	1,980,634	2,049,536
Investment in subsidiaries	5,801	20,820	28,227
Net current assets	109,524	160,617	161,536
	2,068,280	2,162,071	2,239,299
FINANCED BY:			
Ordinary stockholders' equity	777,664	925,674	988,041
Preference capital	43,000	43,000	43,000
Loan capital (secured)	54,746	46,467	49,591
Loan capital (unsecured)	1,051,384	1,029,025	1,052,553
Deferred credits	141,486	117,905	106,114
	2,068,280	2,162,071	2,239,299
CAPITAL EXPENDITURE	108,017	131,616	125,037
PROFIT for the year before taxation as a percentage of average capital employed	8.3%	13.57%	6.00%
ORDINARY DIVIDENDS RATES	12.5%	13%	6.5%
Earnings per share (shs)	9.61	19.43	8.39
Consumers/employees ratio	30.8	29.75	28.13
Sales (KWHr) per employee	309,554	325,748	166,801

30th June 1987	30th June 1988	30th June 1989	30th June 1990	
2,205	2,337	2,412	2,595	UNITS SOLD (millions)
80.76	94.70	104.96	105.12	Average cost of units sold (cents)
Shs '000 2,005,753	Shs '000 2,434,600	Shs '000 2,629,658	Shs '000 2,901,840	REVENUE from sale of electricity
181,751	162,067	47,772	75,300	PROFIT for the year before exceptional item
—	—	266,653	7,337	EXCEPTIONAL item
181,751	162,067	314,425	82,637	PROFIT for the year before taxation
55,966	69,097	5,177	3,408	Taxation
125,785	92,970	309,248	79,229	NET PROFIT AFTER TAXATION
(1,930)	(1,930)	(1,930)	(1,930)	Preference dividends (gross)
123,855	91,040	307,318	77,299	NET PROFIT ATTRIBUTABLE TO ORDINARY STOCKHOLDERS
(22,859)	(22,859)	(22,859)	(22,859)	ORDINARY DIVIDENDS (Gross)
100,996	68,181	284,459	54,440	PROFIT/(LOSS) FOR THE YEAR
100,996	68,181	284,459	54,440	NET CASH FLOW
118,275	132,426	137,609	164,335	Profit/(loss) for the year
219,271	200,607	422,068	218,775	Depreciation
2,340,392	2,556,888	2,964,813	3,557,098	CAPITAL EMPLOYED
50,738	—	—	—	Fixed assets, less depreciation
98,191	(41,506)	(170,108)	(459,116)	Investment in subsidiaries
2,489,321	2,515,382	2,794,705	3,097,982	Net current assets
1,063,464	1,131,645	1,416,104	1,470,544	FINANCED BY:
43,000	43,000	43,000	43,000	Ordinary stockholders' equity
54,428	49,670	38,503	33,730	Preference capital
1,225,016	1,214,447	1,247,271	1,527,674	Loan capital (secured)
103,413	76,620	49,827	23,034	Loan capital (unsecured)
2,489,321	2,51,382	2,794,705	3,097,982	Deferred credits
410,748	349,216	546,100	758,169	CAPITAL EXPENDITURE
7.68%	6.47%	11.25%	2.67%	PROFIT for the year before taxation as a percentage of average capital employed
13.0%	13.0%	13%	13%	ORDINARY DIVIDENDS RATES
14.09	10.36	34.95	8.79%	Earnings per share (Shs)
26.65	31.89	29.97	24.58	Consumers/Employers ratio
324,589	304,520	288,830	240,322	Sales (KWHr) per employee

Power Systems Operation Statistics for 5½ Years

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

LOCATION	Installed Capacity as at 30.6.1990	Effective Capacity (MW)	Energy (GWhr)						Average Annual Growth over the Last 4½ years
			1985	1986	1986/87	1987/88	1988/89	1989/90	
			Jan-June						
HYDRO									
Tana (KPC)	14.4	12.4	67	33	77	82	77	94	
Wanji (KPC)	7.4	7.4	39	18	54	46	57	55	
Kamburu (TRDC)	91.5	84.0	398	184	415	432	400	382	
Gitaru (TRDC)	145.0	145.0	776	400	836	841	779	762	
Kindaruma (TRDC)	44.0	44.0	202	102	191	223	214	216	
K.P.&L.C.	6.2	6.2	17	6	20	21	25	21	
UEB (Imports)	30.0	0.0	215	113	211	154	112	174	
Masinga (TARDA)	40.0	40.0	161	85	199	182	103	124	
Kiambere (TARDA)	144.0	140.0				211	794	863	
TOTAL HYDRO INCLUDING IMPORTS	522.5	479.0	1,875	942	2,192	2,561	2,192	2,691	8.4%
THERMAL									
Kipevu	98.0	**26.0	83	59	168	208	25	97	
GEOHERMAL									
Olkaria	45.0	43.0	336	179	374	348	322	336	
GAS TURBINE									
Fiat-Nbi South	17.9	13.8	4	3	17	13	1	0	
JBE - Kipevu	30.0	30.0			27	52	20	10	
DIESEL									
Interconnected Diesel Stations	18.3	8.0	2	1	5	3	2	2	
INTERCONNECTED SYSTEM	731.7	577.8	2,300	1,185	2,596	2,816	2,932	3,134	7.1%
ISOLATED DIESELS	3.9	3.9	7	4	9	10	11	12	
GROSS GENERATION	735.6	581.7	2,307	1,189	2,605	2,827	2,943	3,148	7.2%
AUX CONSUMPTION			27	16	28	43	27	33	
SYSTEM LOSSES			316	127	347	*407	448	453	
SALES - KPLC SYSTEM			1,947	1,038	2,208	2,340	2,418	2,595	6.6%
- REF SYSTEM			19	10	25	36	49	66	31.5%
TOTAL SALES			1,966	1,048	2,233	2,376	2,468	2,661	7.0%
SYSTEM PEAK DEMAND MW			387	400	430	461	480	520	6.8%
System Load Factor			67.8%	68.2%	68.9%	69.7%	69.7%	68.9%	
Sales % of Net Gen.			86.2%	89.4%	86.7%	85.4%	84.6%	85.4%	
Annual growth-GEN			9.9%		8.4%	8.5%	4.1%	7.0%	
-SALES KPLC			9.5%		8.7%	6.0%	3.3%	7.3%	
-SALES REF			29.1%		18.6%	43.1%	37.7%	35.0%	

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

** Most of the year the station was undergoing rehabilitation.

TABLE 2: AREA TOTAL MAXIMUM DEMAND (MW)

AREA	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
	Jan-June						
Nairobi	206	223	223	231	238	271	6.3%
Coast	78	82	89	107	98	105	6.8%
Central Rift	23	26	26	30	35	38	11.8%
West Kenya	60	75	77	79	78	45	-6.2%
Mt. Kenya	18	19	21	22	25	24	6.6%
North Rift						18	
TOTAL SYSTEM (SIMULTANEOUS)	387	400	430	461	480	520	6.8%
% INCREASE P.A.	5.7%		* 7.3%	7.2%	4.1%	8.3%	

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

* Indicates growth over one and a half years.

TABLE 3: SALE OF ELECTRICITY IN GWHr SHOWN IN DIFFERENT CATEGORIES OF CONSUMERS

TARIFF	MAIN TYPE OF CONSUMERS COVERED BY THIS TARIFF	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
		Jan-June						
A	Domestic, small commercial and small industrial	545	292	633	678	729	780	8.3%
B	Commercial (medium) and industrial (medium)	472	252	536	555	516	554	3.6%
C	Commercial (large) Industrial (large)	815	437	919	985	1,046	1,130	7.5%
D	Off-peak	106	53	111	110	113	117	2.2%
E	Street lighting	9	4	9	12	14	14	10.3%
	TOTAL	1,947	1,038	2,208	2,340	2,418	2,595	6.6%
	% INCREASE P.A.	9.5%		* 8.7%	6.0%	3.3%	7.3%	

NOTE: 1. Units sold to REF schemes are not included in this table.

2. Tariff B and C in all the years include adjustments made in 1989/90.

3. * Indicates growth over one and a half years.

TABLE 4: AREA TOTAL UNITS SALES (GWhr)

AREA	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
	Jan-June						
Nairobi	1052	557	1190	1245	1275	1360	5.9%
Coast	440	245	499	536	564	613	7.7%
Central Rift	99	53	117	126	137	142	8.3%
West Kenya	269	138	306	338	340	241	-2.4%
Mt. Kenya	87	45	95	95	101	110	5.4%
North Rift						129	
KPLC sales	1,947	1,038	2,208	2,340	2,418	2,595	6.6%
REF Schemes	19	10	25	36	49	66	31.5%
TOTAL	1,966	1,048	2,233	2,375	2,468	2,661	7.0%
% INCREASE P.A.	9.8%		*8.9%	6.4%	3.9%	7.8%	

Note: * Indicates growth over one and a half years.

TABLE 5: AREA SALE OF ELECTRICITY IN GWhr, FOR CATEGORY "AO"
CATEGORY DESCRIPTION: DOMESTIC LOAD

AREA	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
	Jan-June						
Nairobi	274	122	269	280	307	328	4.1%
Coast	83	35	73	74	80	84	0.3%
Central Rift	25	7	18	20	23	25	0.1%
West Kenya	35	14	23	29	32	22	-9.7%
Mt. Kenya	20	6	13	14	16	18	-1.9%
North Rift						11	
TOTAL	436	184	396	417	458	488	2.5%
% INCREASE P.A.			-6.2%	5.3%	9.9%	6.5%	

Note: * Indicates growth over one and a half years.

TABLE 6: AREA SALE OF ELECTRICITY IN GWhr, FOR CATEGORY "A1"
CATEGORY DESCRIPTION: SMALL COMMERCIAL AND SMALL INDUSTRIAL LOAD

AREA	1985	1986 Jan-June	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
Nairobi	61	61	131	145	143	154	23.1%
Coast	14	18	39	41	45	50	32.7%
Central Rift	11	8	19	20	22	24	18.9%
West Kenya	14	14	31	34	39	28	16.3%
Mt. Kenya	9	9	18	21	22	24	23.8%
North Rift						12	
TOTAL	109	109	238	261	270	292	24.6%
% INCREASE P.A.			*68.4%	9.5%	3.8%	8.1%	

Note: *Indicates growth over one and a half years.

TABLE 7: AREA SALE OF ELECTRICITY IN GWhr, FOR CATEGORY "B0"
CATEGORY DESCRIPTION: IRRIGATION LOAD

AREA	1985	1986 Jan-June	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
Nairobi	25.7	15.1	35.6	34.4	19.0	13.5	-13.3%
Coast	0.3	0.2	0.3	0.2	0.2	0.3	-1.4%
Central Rift	8.0	5.2	9.9	10.9	12.5	10.2	5.5%
West Kenya	3.5	1.3	3.3	3.3	3.0	1.5	-16.7%
Mt. Kenya	0.6	0.6	1.1	1.4	0.7	0.7	5.0%
North Rift						1.3	
TOTAL	38.0	22.4	50.3	50.1	35.5	27.5	-6.9%
% INCREASE P.A.			*20.6%	-0.3%	-29.2%	-22.5%	

Note: *Indicates growth over one and a half years.

TABLE 8: AREA SALE OF ELECTRICITY IN GWHr FOR CATEGORY "B1 + C1"
CATEGORY DESCRIPTION: MEDIUM AND LARGE COMMERCIAL LOAD

AREA	1985	1986 Jan-June	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years.
Nairobi	293	161	336	357	385	411	7.8%
Coast	123	76	144	155	163	192	10.3%
Central Rift	39	24	51	54	62	64	11.5%
West Kenya	86	42	97	106	108	81	-1.3%
Mt. Kenya	32	16	37	42	49	53	11.9%
North Rift						42	
TOTAL	573	319	664	714	765	842	8.9%
% INCREASE P.A.			*10.3%	7.5%	7.2%	10.0%	

Note: * Indicates growth over one and a half years.

TABLE 9: AREA SALE OF ELECTRICITY IN GWHr FOR CATEGORY "B2 + C2 + C3"
CATEGORY DESCRIPTION: MEDIUM AND LARGE INDUSTRIAL LOAD

AREA	1985	1986 Jan-June	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
Nairobi	298	149	313	320	309	337	2.8%
Coast	214	113	239	260	271	283	6.4%
Central Rift	15	7	17	19	15	17	2.4%
West Kenya	126	65	147	160	155	106	-3.8%
Mt. Kenya	24	13	24	15	11	12	-14.5%
North Rift						61	
TOTAL	676	347	739	775	761	815	4.2%
% INCREASE P.A.			*6.2%	4.8%	-1.8%	7.0%	

Note: * Indicates growth over one and a half years.



TABLE 10: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "DO"
CATEGORY DESCRIPTION: OFF-PEAK LOAD

AREA	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
	Jan-June						
Nairobi	95.5	47.0	100.8	100.3	103.0	106.6	2.5%
Coast	3.8	1.9	3.6	3.1	3.0	2.7	-7.3%
Central Rift	0.9	1.0	1.9	1.8	1.9	1.8	16.2%
West Kenya	3.4	1.4	3.0	2.9	3.1	1.8	-13.8%
Mt. Kenya	1.9	1.5	1.7	2.0	2.1	2.3	4.0%
North Rift						1.4	
TOTAL	105.6	52.9	110.9	110.2	113.0	116.6	2.2%
% INCREASE P.A.			*3.3%	-0.6%	2.6%	3.2%	

Note: *Indicates growth over one and a half years.

TABLE 11: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "EO"
CATEGORY DESCRIPTION: STREET LIGHTING

AREA	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
	Jan-June						
Nairobi	5.4	2.5	5.3	7.8	9.0	8.8	11.5%
Coast	1.6	0.7	1.7	2.1	2.3	1.7	1.0%
Central Rift	0.5	0.2	0.6	0.7	1.0	0.7	7.0%
West Kenya	1.0	0.5	1.1	1.4	1.3	0.9	-3.8%
Mt. Kenya	0.3	0.2	0.3	0.5	0.5	0.5	11.5%
North Rift						0.5	
TOTAL	8.9	4.2	9.0	12.4	14.2	13.0	9.0%
% INCREASE P.A.			*1.2%	37.8%	13.8%	-7.9%	

Note: *Indicates growth over one and a half years.

TABLE 12: AREA REF UNITS SALES (MWhr)

AREA	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
	Jan-June						
Nairobi	3,954	1,871	5,993	8,373	11,703	12,957	30.2%
Coast	1,160	677	915	966	1,827	3,000	23.5%
Central Rift	1,992	929	2,291	3,072	3,726	5,572	25.7%
West Kenya	10,026	4,878	11,838	17,695	22,160	18,682	14.8%
Mt. Kenya	2,227	1,725	3,969	5,676	9,842	12,385	46.4%
North Rift						13,891	
TOTAL SALES	19,359	10,080	25,006	35,782	49,257	66,487	31.5%
% INCREASE P.A.	29.1%		* 18.6%	43.1%	37.7%	35.0%	

Note: * Indicates growth over one and a half years.

TABLE 13: REVENUE (SHS '000) IN CATEGORY OF CONSUMERS

TARIFF	MAIN TYPE OF CONSUMERS COVERED BY THIS TARIFF	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
		Jan-June						
A	Domestic, small commercial and small industrial	480,299	267,045	643,296	773,850	861,670	936,193	16.0%
B	Commercial (medium) and industrial (medium)	386,223	222,515	519,363	615,769	600,265	660,603	12.7%
C	Commercial (large) Industrial (large)	535,974	311,004	744,077	925,650	1,035,529	1,149,741	18.5%
D	Off-peak	69,855	37,556	89,351	104,178	112,500	116,764	12.1%
E	Street lighting	7,733	3,812	9,181	14,255	17,024	17,149	19.4%
	SUB-TOTAL	1,480,084	841,933	2,005,268	2,433,702	2,626,989	2,880,450	15.9%
	OTHERS **	1,427	1,353	485	898	2,669	21,390	82.5%
	TOTAL (KPLC)	1,481,511	843,287	2,005,753	2,434,600	2,629,658	2,901,840	16.1%
	REF	17,502	8,528	26,700	40,604	57,396	75,599	38.4%
	GROSS TOTAL	1,499,013	851,815	2,032,453	2,475,204	2,687,054	2,977,438	16.5%
	% INCREASE P.A.	19.4%		* 22.5%	21.8%	8.6%	10.8%	

Note: * Indicates growth over one and a half years.

** OTHERS include sales revenue adjustment of shs. 19,410,085 (in 1989/90) and sundry items such as fuel oil, ready board meter rent, etc.

TABLE 14: NUMBER OF CONSUMERS IN TERMS OF TARIFF CATEGORY

TARIFF	MAIN TYPE OF CONSUMERS COVERED BY THIS TARIFF	1985	1986	1986/87	1987/88	1988/89	1989/90	Average Annual Growth over the Last 4½ years
		Jan-June						
A0	Domestic KPLC	162,022	166,022	172,804	180,563	188,749	197,758	4.5%
	REF	3,751	4,042	5,132	6,561	8,863	11,265	27.7%
A1	Small Commercial KPLC	34,701	35,716	37,886	40,100	42,555	44,938	5.9%
	REF	2,288	2,559	3,531	4,850	6,195	7,730	31.1%
B0	Irrigation Load KPLC	192	210	227	260	275	279	8.7%
	REF	0	0	2	3	4	4	
B1	Medium Commercial KPLC	1,289	1,359	1,421	1,465	1,562	1,687	6.2%
	REF	23	22	0	38	58	50	18.8%
B2	Medium Industrial-KPLC	24	23	22	22	24	23	-0.9%
C1	Large Commercial KPLC	100	104	112	148	166	174	13.1%
	REF	0	0	0	0	2	5	
C2	Large Industrial KPLC	69	71	77	86	86	90	6.1%
	REF	0	0	0	1	1	1	
C3	Very Large Industrial-KPLC	9	9	9	9	9	11	4.6%
D0	Off-peak KPLC	950	1,003	969	987	1,166	1,295	7.1%
	REF	1	2	0	0	3	6	48.9%
E0	Street lighting KPLC	61	58	73	78	82	95	10.3%
	REF	6	6	6	6	6	6	0.0%
	TOTAL (KPLC)	199,417	204,575	213,600	223,718	234,674	246,350	4.8%
	TOTAL REF	6,069	6,631	8,671	11,459	15,132	19,067	29.0%
	GROSS TOTAL	205,486	211,206	222,291	235,177	249,806	265,417	5.9%
	% INCREASE P.A.			*5.4%	5.8%	6.2%	6.2%	

Note: *Indicates growth over one and a half years.

TABLE 15: 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					
	1985	1986	1987	1988	1989	1990	
220 kv	633	633	633	633	633	657	0.8%
132 kv	1,975	1,975	1,975	1,977	1,977	1,980	0.1%
66 kv	398	398	398	400	408	444	2.5%
40 kv	113	113	113	113	113	113	0.0%
33 kv	2,567	2,610	2,813	3,194	3,268	3,300	5.7%
11 kv	6,747	6,811	7,152	7,252	7,440	7,627	2.8%
TOTAL	12,433	12,539	13,084	13,568	13,838	14,121	2.9%
% INCREASE P.A.	2.4%		*3.5%	3.7%	2.0%	2.0%	

Note: * Indicates growth over one and a half years.

TABLE 16: TRANSFORMERS IN SERVICE: TOTAL INSTALLED CAPACITY IN MVA

	AS AT 31st DECEMBER	AS AT 30TH JUNE					Average Annual Growth over the Last 4½ years
	1985	1986	1987	1988	1989	1990	
Generation S/Stns							
11/220kv				170	170	170	
11/132kv	417	417	417	417	417	417	0.0%
11/66kv	30	30	30	30	30	30	0.0%
11/33kv	137	137	178	217	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	4	4	4	4	4	4	0.0%
132/220kv	540	540	540	540	540	540	0.0%
TOTAL	1,145	1,145	1,186	1,395	1,395	1,395	4.5%
Distribution S/Stns							
220/132kv	580	580	580	580	580	580	0.0%
220/66kv						180	
132/66kv	195	195	210	210	270	330	12.4%
132/33kv	285	285	285	285	308	331	3.4%
66/11kv	369	369	369	395	441	441	4.0%
66/40kv	15	15	15	15	15	15	0.0%
40/11kv	16	16	16	19	19	19	4.0%
33/11kv	302	325	333	358	356	375	4.9%
TOTAL	1,762	1,785	1,807	1,862	1,989	2,271	5.8%
Distribution TXS							
11/0.415kv							
33/0.415kv	1,056	1,092	1,173	1,300	1,376	1,448	7.3%

Principal Areas of Supply

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

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 Chairmain 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 Thursday, 28th day of March, 1991, and at
 any adjournment thereof.

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

1. ORDINARY BUSINESS

- (i) The receipt and adoption of the Directors' Report and Accounts for the year ended 30th June, 1990.
- (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		
(2)		

2. SPECIAL BUSINESS

"THAT the Share Capital of the Company be and is hereby increased from Shs 250,000,000 to Shs 2,000,000,000/= by the creation and issue of 87,500,000 Ordinary Shares of Shs 20/= each ranking for dividend and all other respects pari passu with the existing Ordinary Shares and that the Directors be authorised to dispose of all such new Ordinary Shares in such manner and on such terms as they think fit."

Dated this day of 1991

Signature

FOR OFFICE USE ONLY	
7%	
4%	
ORDINARY	