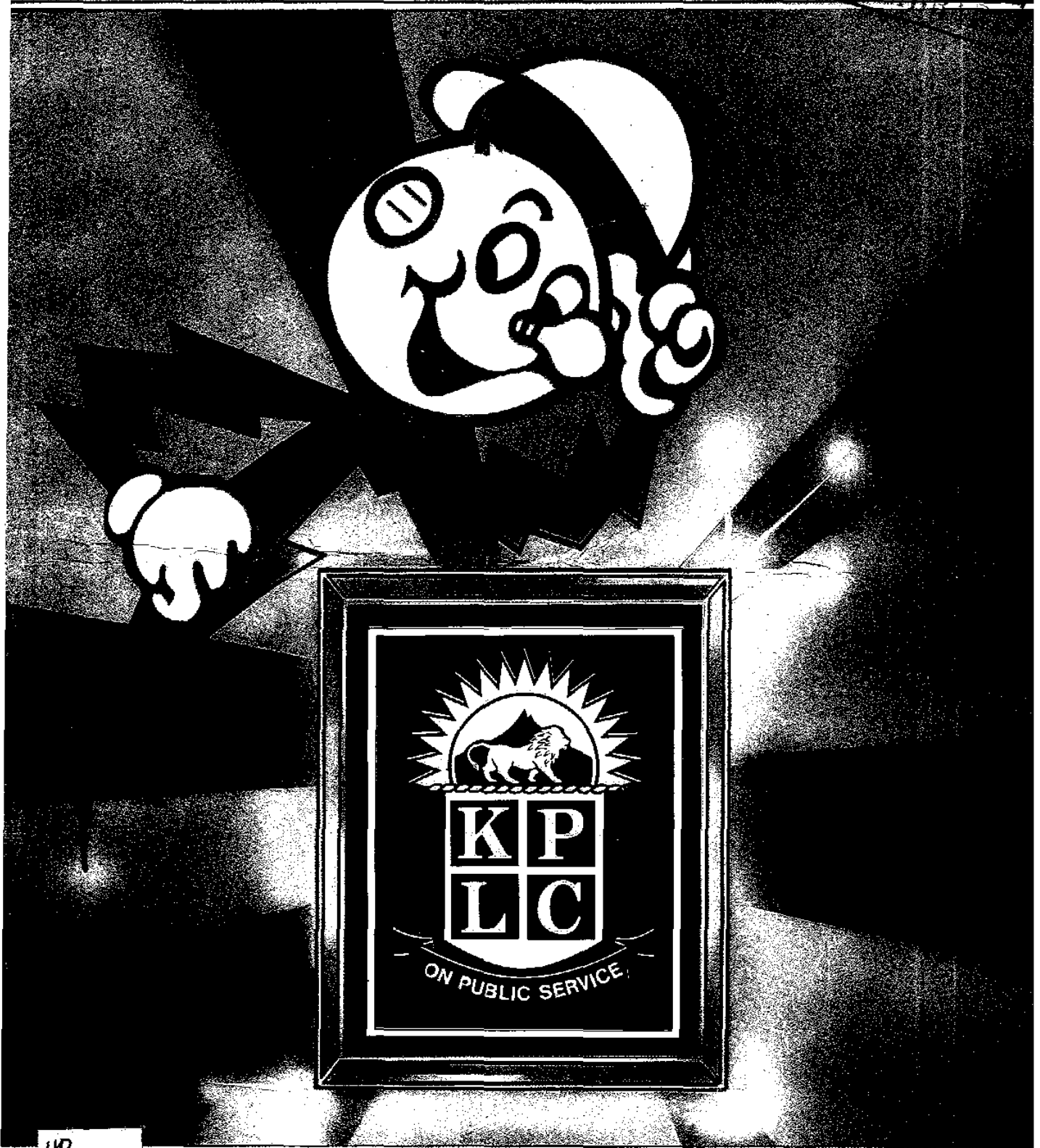


The Kenya Power and Lighting Company Limited

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Report and Accounts for the year ended
30th June, 1992

71

**The Seventy-First Report
and Accounts of
The Kenya Power and Lighting Company Limited**

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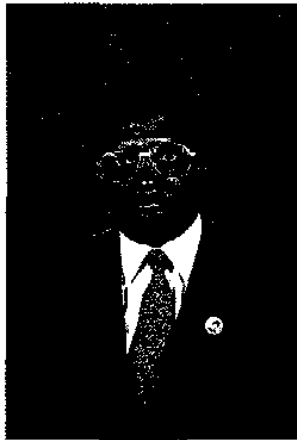


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Board of Directors



Dr. L. G. Sagini
Chairman



S. K. Gichuru
Managing Director



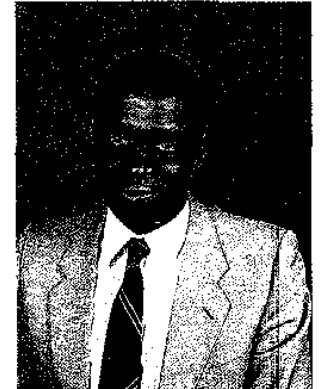
C. N. Mutitu



Dr. W. Koinange



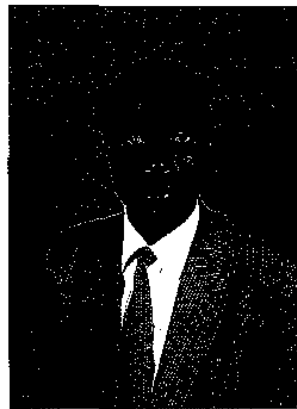
J. F. Kahumbu



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)

2007/0973

1. Kenya Power and Lighting Company Limited
2. Kenya Power and Lighting Company Limited

Board of Directors



Directors

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

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

C. N. MUTITU

DR. W. KOINANGE

J.F. KAHUMBU

S.O.J. AMBUNDO

PROF. B.W. OGANA

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 (Eng.), 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.

Chief Accountant

Z.O. AYIEKO, B. Com. (Hons.), C.P.A. (K)

Administration Manager

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

Transport and Supplies Manager

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

Commercial Manager

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

Corporate Planning Manager

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

Credit Control Manager

S. ODUORI

Chief Personnel Officer

D. KIMANI, B.A. (Hons.)

Notice of Meeting

NOTICE IS HEREBY GIVEN that the SEVENTY-FIRST 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 26th March, 1993, at 12.00 noon to transact the Ordinary Business of the Company.

By Order of the Board

J.N. KIMANI
Secretary

Nairobi,
Kenya

4th March, 1993

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, the 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, 24th March, 1993.

Chairman's review

The harsh economic conditions and the global recession which prevailed in the previous year persisted during the year under review resulting in reduced consumption of electricity. In addition the failure of the rains during the period led to power rationing in April and May further reducing sales by about 38,000,000 units. Under these circumstances, the sales to the industrial consumers recorded a negative growth rate of about 3.0% while sales to most other categories registered growth rates ranging from 1.0% to 7.0%, resulting in an overall decline in growth to 1.9% compared to 4.4% realised the previous year.

Consequently, revenue collected increased by 19.1% compared to 31.8% in the previous year. The decline in the rate of increase is due to the lower growth in sales and the fact that there was no tariff increase in the year under review.

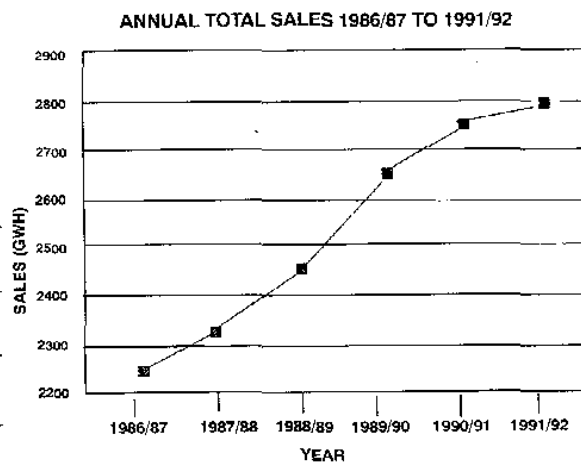
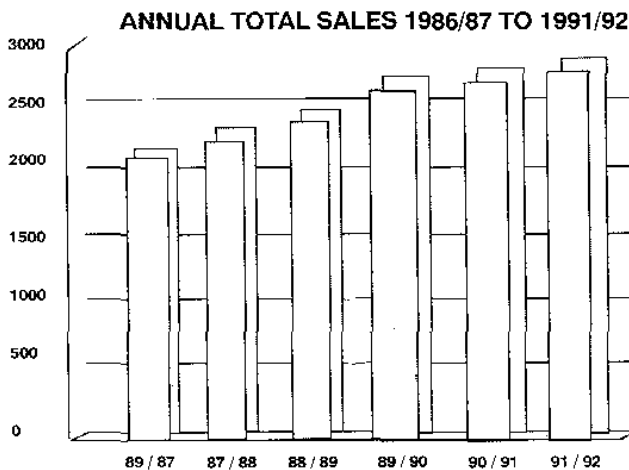
The rate of increase in the Company's operating expenditure fell from 27.5% incurred the previous year to 16.7%. This is attributable mainly to a decrease in development surcharge requirement due to delayed implementation of development projects.

During the year the Company realised revenue amounting to Shs. 4,556,374,000 while total operating expenditure was Shs. 4,058,688,000, resulting in an operating income of Shs. 497,686,000. After allowing for the net interest payable of Shs. 186,793,000 and the exchange losses of Shs. 148,702,000 on the Company's loan repayments, the Company made a trading profit before taxation of Shs. 162,191,000, compared to Shs. 157,673,000 made the previous year.

Accounts

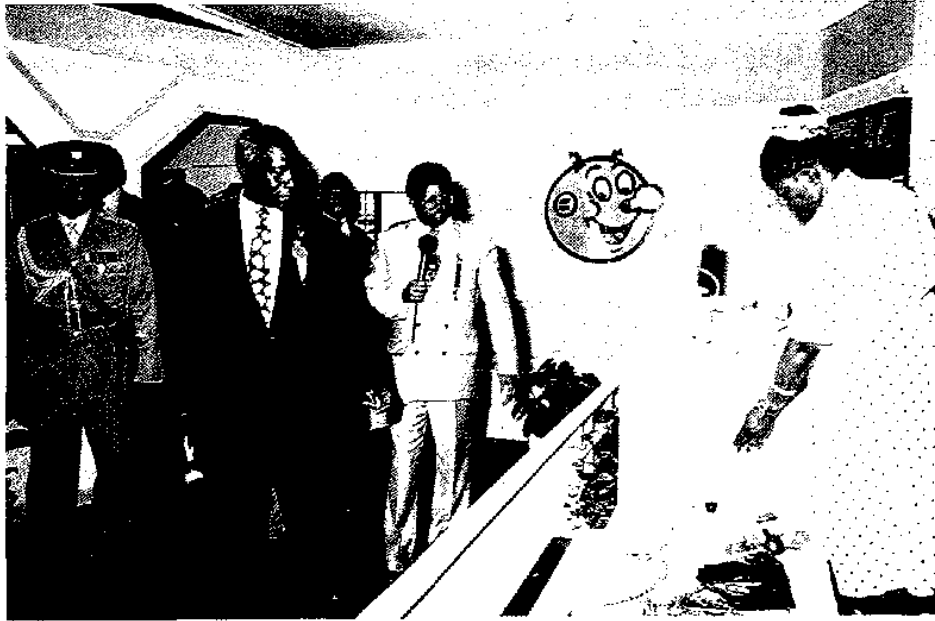
The total units sold were 2,760,388,000, an increase of 1.9% from 2,708,146,000 units sold in 1990/91. After allowing for 41,860,000 units relating to previous years' adjustments, the net sales of 2,718,528,000 realised a revenue of Shs. 4,556,374,000. Revenue earned from sales during the year, therefore, increased by Shs. 731,640,000 (19.1%) from Shs. 3,824,734,000 in 1990/91.

Operating expenditure which includes debt service and development surcharge relating to bulk supply companies, on the other hand, rose from Shs. 3,478,618,000 in 1990/91 to Shs. 4,058,688,000 in 1991/92, representing an increase of Shs. 580,070,000 or 16.7%. The rise is accounted for by the increase in the cost of debt service of the bulk supply companies of Shs. 327,711,000 (9.4%) which includes exchange losses of Shs. 188,542,000 and the net balance of Shs. 252,289,000 (7.2%) due to general inflation.



Chairman's review

The trading results for the year, therefore, reflect an operating income of Shs. 497,686,000 (year ended 30th June, 1991 - Sh. 346,116,000). Interest receivable amounted to Shs. 13,733,000 (year ended 30th June, 1991 - Shs. 3,928,000) while interest payable was Shs. 200,526,000 (year ended 30th June, 1991 - Shs. 131,110,000). Appreciation of major hard currencies against the Kenya Shilling resulted in exchange losses of Shs. 148,702,000 (year ended 30th June, 1991 - Shs. 61,261,000) on the Company's foreign loans. The net result of these transactions is a profit before taxation of Shs. 162,191,000 compared to Shs. 157,673,000 made the previous year.



H.E. President Moi being conducted round the KPLC stand by the Managing Director, Mr. S. K. Gichuru during the 1991 Kakamega ASK Show.

Taxation

Taxation has been provided for in the accounts at Shs. 81,000,000 (year ended 30th June, 1991 - Shs. 19,000,000) leaving a net profit after taxation of Shs. 81,191,000 (year ended 30th June, 1991 - Shs. 138,673,000).

In accordance with the Value Added Tax Act, 1989, VAT was charged to consumers at the rate of 5% of value of consumption compared to 1% applicable in the previous year. These charges yielded Shs. 213,417,000 (year ended 30th June, 1991 - Shs. 40,370,800). Withholding Tax paid to the Income Tax Department in respect of professional and management fees paid to non-residents amounted to Shs. 437,000 (year ended 30th June, 1991 - Shs. 656,000) while P.A.Y.E. deducted at source from Company employees' remuneration yielded Shs. 89,849,000 (year ended 30th June, 1991 - Shs. 78,712,000). Payment of Customs Duty and Sales Tax in respect of imported machinery, spares and other equipment amounted to Shs. 41,787,000 (year ended 30th June, 1991 - Shs. 34,117,000).

Chairman's review

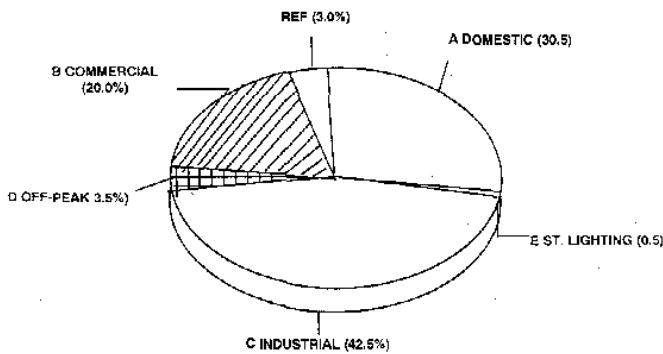
Dividends

Preference dividends amounting to Shs. 1,930,000 were paid on due dates. Your directors recommend a first and final dividend of 16% absorbing a further Shs. 28,134,400 to be paid to the Ordinary Stockholders registered in the books of the Company at the close of business on 4th February, 1993. Out of the total dividends paid and payable, the Treasury, being the majority Stockholder, is entitled to Shs. 12,175,000. The dividends, together with the taxes (including Corporation Tax estimated at Shs. 81,000,000), bring the Company's direct contributions to the national revenue to Shs. 438,665,000 (year ended 30th June, 1991 - Shs. 185,030,000). The Company also made contributions to the Treasury amounting to Shs. 16,651,000 (year ended 30th June, 1991 - Shs. 642,000) in the form of various taxes on behalf of the Bulk Supply Companies.

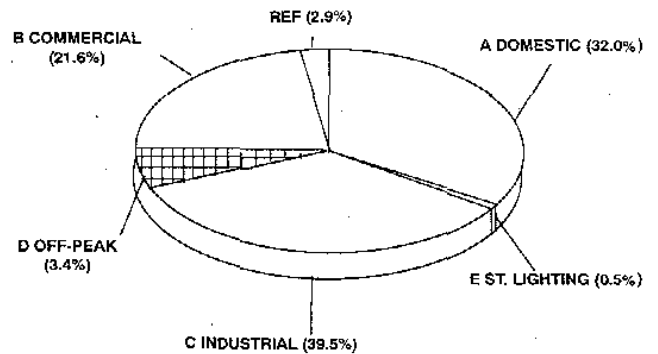
Net Profit

The balance of the net profit amounting to Shs. 51,127,000 will be carried forward resulting in retained profits carried forward to 1992/93 of Shs. 947,656,000. Retained profits are applied towards financing Company's capital development and debt service requirements. For instance, over the last 10 years (1982-1992) the retained profits amounting to Shs. 844,030,000 was utilised towards development capital of Shs. 3,917,405,000 and debt service of Shs. 1,476,929,000.

SALES BY CONSUMER CATEGORY 1991/92



REVENUE BY CONSUMER CATEGORY 1991/92



Chairman's review



The Minister for Energy, Mr. John Kyalo presenting a long-service certificate to an employee during the Long Service Awards and Accident-Free Bonus Ceremony held in Nairobi in November, 1991.

Industrial Relations

The sound industrial relations that your Company has enjoyed in the past prevailed. The successful implementation of the two year Collective Bargaining Agreement in April 1992, enhanced and improved the terms and conditions of service of the union staff.

Personnel and Training

In a deliberate effort to maintain an optimum work force to reflect the reduced level of development activities, the Company filled only key and essential positions. Consequently only 298 new employees joined the work force compared to 417 during the previous year.

313 employees left the Company compared to 353 during the previous year, representing a labour turnover of 2.8% and 3.2%, respectively. Out of those who left 86 had attained retirement age, while 58 passed away. The rest left for various other reasons.

The Company had a labour force of 10,880 at the close of the year compared to 10,895 the previous year.

A sum of Shs. 83.5 million was spent on training 851 employees at the Company's training school and the national polytechnics, while an amount of Shs. 1.2 million was spent on management training and development for 155 senior staff.

Public Relations

The Company continued participating in the various public relations activities. To this end we participated in 10 Agricultural Society of Kenya and seven Harambee Shows throughout the Country where we won 15 first prizes and were declared the best overall in several of these events. In addition, we continued to conduct educational campaigns on safety and energy conservation through the media.

Chairman's review

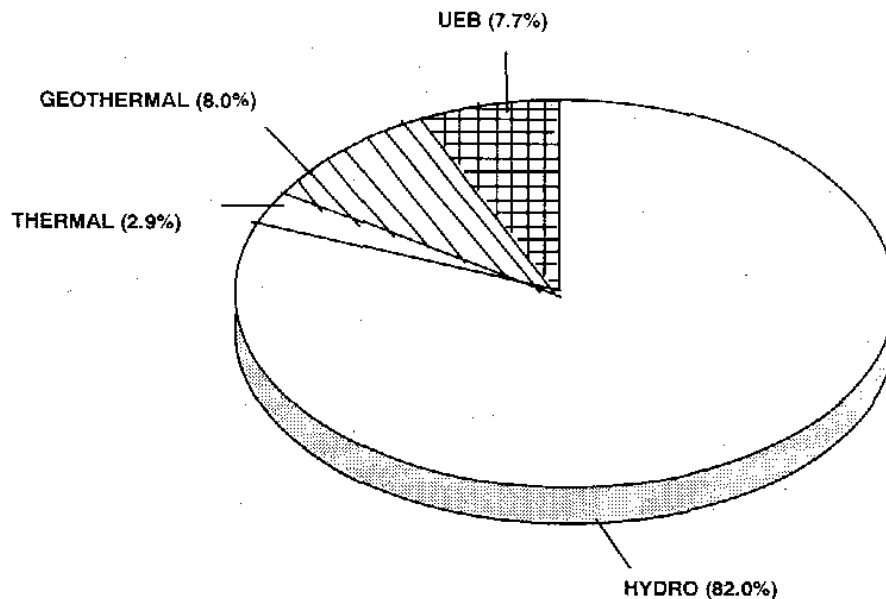


The Company's volleyballers in action during the annual Inter-Area Sports Championship held in Nairobi in October, 1991.

DEVELOPMENT

Due to the delays in securing funds from foreign sources and counterpart local funds anticipated from the tariff increases and floatation of shares, implementation of the various reinforcement and expansion projects in the industry's development programme continue to slip behind schedule, as detailed elsewhere in this review. This is likely to lead to shortfalls in electricity production both in the short and the long term.

GENERATION (GWhr) BY SOURCE 1991/92



Chairman's review

Geothermal

North East Olkaria

Testing of wells drilled in North East Olkaria was completed during the year confirming the total output from the 27 wells to be 72MW as opposed to the 68MW estimated in my previous review. It is planned to drill 4 more wells in the field to increase steam output to 74MW, required for the 64MW power station and for re-injection purposes.

The environmental assessment study for the power station continued during the year and the draft report was submitted in September, 1992.

Draft Specifications and Tender documents for Site Investigation Survey, substations and transmission lines contracts, relating to the power station, were received from the consultant between July, 1991 and January, 1992. Work continued, during the year, on finalisation of the documents.

Work on the site investigation contract by Mowlem Construction Co. E.A. Limited at the Olkaria site and along the transmission line route was completed in June, 1992.

East Olkaria

At the East Olkaria field, 1 additional make-up well had been drilled by the close of the year. At the time of going to press drilling of 3 more wells had been completed while testing of the 4 wells, whose output is estimated at 10MW, is in progress. This brings to 8 the total number of make-up wells drilled in this field with a combined estimated output of 25MW. The design and preparation of tender documents for connection of the first 4 make-up wells with an estimated output of 15 MW was completed and the procurement process initiated. Once these are connected the output of the existing power station will be restored to 45MW.

Technical Assistance

The technical assistance extended to geothermal drilling operations by the Government of Canada through Petro Canada International Assistance Corporation since 1988, came to an end. Under the assistance, drilling crews were trained and a drilling training school established. The industry has now got drilling crews which are largely self reliant and a school for refresher courses.

Kiambere to Nairobi 220 kV Transmission Line

Efforts to secure funding for the implementation of the project continued.

60MW Sondu Miriu Hydro Power Project

Our application to the Japanese Government for funding of this project, to which I referred in my previous review, is still pending. Meanwhile, the project consultant, Messrs Nippon Koei of Japan, undertook a feasibility study on an additional 16MW power plant downstream of the proposed 60MW power station.

120 MW Magwagwa Multipurpose Project

The Final Feasibility Study Report was submitted in March, 1992. The project was confirmed to be technically feasible and economically viable for consideration in the future National Power Development Plan Update.

Chairman's review

40 MW Munyu Dam Multipurpose Development

The geotechnical investigation which commenced during the previous period was completed and work on final feasibility report is in progress.

180MW Ewaso Ngiro (South) Multipurpose Development

All the site investigation contracts awarded during the year were satisfactorily completed and the feasibility study progressed well. A draft report has since been submitted and the final report is under preparation. Meanwhile, a comprehensive environmental assessment involving ecological, social economic, hydrological studies, has been undertaken and will constitute part of the final report.

Nairobi - Rabai 220 kV Transmission Line

A draft report consisting of the network study and conceptual design was submitted by the consultant in August, 1991, while the draft Feasibility Study Report was received from the consultant in December, 1991.

Tender documents for the soil investigation survey were issued in February, 1992.

Kilifi - Bura Transmission Line

In order to avail electricity supply to Garsen, Hola, Bura and Nanigi as well as to substitute the expensive and weak diesel power generation at Lamu and Garissa, it is planned to extend, under the Rural Electrification Programme, the 132kV line from Kilifi to Bura and establish distribution network in the respective areas.

To this end Fichtner Consulting Engineers of Germany were appointed to carry out a feasibility study of the project utilising grant funds provided by Kreditanstalt fur Wiederaufbau (KfW). The Consultancy Agreement was signed in May, 1992, and work commenced in June, 1992.

RURAL ELECTRIFICATION

The factors which affected the performance of the Company referred to in my opening remarks, affected the Rural Electrification Programme which registered reduced growth.



Welding in a Jua Kali workshop at Eastlands, Nairobi

Chairman's review

The number of consumers rose by 3,959 or 16.2% (previous year - 32.6%) from 24,491 the previous year to 28,450. Units sold rose from 76,300,000 to 85,331,000, an increase of 9,031,000 or 11.8% (previous year - 14.7%) from the previous year. Revenue realised was Shs. 148,040,000, an increase of Shs. 38,602,000 or 35.3% (previous year 44.8%) from Shs. 109,438,000.

Operating expenditure, on the other hand, increased by 25.9% (previous year 23.1%) from Shs. 168,885,000 to Shs. 212,654,000 resulting in a net operating loss of Shs. 43,769,000.

During the year, Shs. 259,290,000 was spent on the Programme. This brings the total capital expenditure incurred since inception to Shs. 1,694,318,000 from Shs. 1,435,028,000, the previous year. Various schemes were completed throughout the Country at a cost of Shs. 23,900,000. At the same time 118 schemes were in progress.

The Governments of Finland and Denmark continued to support the programme. Out of the Shs. 259,290,000 spent on the programme during the period, the Governments contributed the equivalent of Shs. 54,925,000 and Shs. 5,095,000, respectively.

Staff

The staff at all levels have worked tirelessly and with dedication to see the Company through yet another difficult year. On your behalf, and on behalf of the Board, I would like to express gratitude to them all.

Future Prospects

On the positive side, the unusual heavy rains experienced during January and February, 1993 raised the dam levels, thus improving the reliability of hydro generation.

On the negative side, however, the continued operation of a strained system against a background of increasing demand for electricity gives me cause for concern. The slippage in the implementation of the development programme I have referred to earlier in my review will almost certainly result in electricity production shortfalls in the medium term and, if not arrested, will persist in the longer term. Besides, the combined effect of the decline in value of the Shilling against the convertible currencies and general inflation are likely to continue exerting further strain on your Company's resources. Such a trend is bound to compound the Company's cash flow problem.



DR. L.G. SAGINI
Chairman

Report of the Directors

The Directors submit their report together with the audited accounts for the year ended 30 June, 1992.

Results

	Shs '000	Shs '000
Profit before taxation		162,191
Deduct :		
Provision for taxation	81,000	
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>82,930</u>
Leaving a profit of		79,261
The Directors recommend a first and final dividend for the year of 16% on 8,792,000 Ordinary Stock Units absorbing		
		28,134
Retained profit for the year		<u>51,127</u>
Balance brought forward		896,529
Balance carried forward		<u>947,656</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 2,719 million kilowatt-hours.

Capital Expenditure

During the year, a total of Shs. 513,192,000 was spent on fixed assets. Capital contributions received from consumers amounted to Shs. 150,816,000, resulting in a net capital cost to the Company of Shs. 362,376,000. Net capital work in progress as at 30th June, 1992, amounted to Shs. 406,135,000.

Directorate

Dr. W. Koinange was appointed a director of the Company on 26th March, 1992, after he replaced his predecessor, Mr. C. S. Mbindyo, as the Permanent Secretary to the Treasury, who was appointed Executive Director of I.C.D.C.

In accordance with Regulation 128 of the Company's Articles of Association, Dr. Koinange retires and, being eligible, offers himself for re-election.

In accordance with Regulation 120 of the Company's Articles of Association, Dr. L.G. Sagini, Messrs .S.O.J. Ambundo and J.F. Kahumbu 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

28th October, 1992.

**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, 1992.**

I have examined the accounts of The Kenya Power and Lighting Company Limited for the year ended 30th June, 1992 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept and the accounts, which have been prepared under the historical cost convention, are in agreement therewith and comply with the Companies Act, (Cap 486).

In my opinion, and except for the matters referred to in my report for the year, the accounts give, under the accounting convention stated above, a true and fair view of the state of affairs of the Company as at 30th June, 1992 and of its profit and source and application of funds for the year ended on that date.

A.J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

2nd March, 1993.

Revenue Account and Statement of Retained Earnings

for the year ended 30th June, 1992

	Notes	1992 Shs'000	1991 Shs'000
REVENUE		4,556,374	3,824,734
OPERATING EXPENSES	2	4,058,688	3,478,618
OPERATING INCOME		<u>497,686</u>	<u>346,116</u>
EXCHANGE LOSS	3	148,702	61,261
NET OPERATING INCOME		<u>348,984</u>	<u>284,855</u>
INTEREST	4	186,793	127,182
PROFIT BEFORE TAXATION		<u>162,191</u>	<u>157,673</u>
TAXATION	5	81,000	19,000
PROFIT AFTER TAXATION		<u>81,191</u>	<u>138,673</u>
DIVIDENDS-GROSS	6	30,064	30,064
PROFIT RETAINED FOR THE YEAR	10	<u>51,127</u>	<u>108,609</u>
EARNINGS PER ORDINARY STOCK UNIT	7	<u>9.02</u>	<u>15.55</u>
STATEMENT OF RETAINED PROFITS			
As previously stated		896,529	787,920
Retained profit for the year		51,127	108,609
Retained profit carried forward	10	<u>947,656</u>	<u>896,529</u>

Balance Sheet

30th June, 1992

	Notes	1992 Shs '000	1991 Shs '000
SHARE CAPITAL	9	218,840	218,840
RESERVES	10	1,454,440	1,403,313
SHAREHOLDERS' FUNDS		<u>1,673,280</u>	<u>1,622,153</u>
DEFERRED CREDIT	11	4,818	8,031
LOAN CAPITAL	12	2,049,666	2,082,120
CAPITAL EMPLOYED		<u>3,727,764</u>	<u>3,712,304</u>
Represented by:			
FIXED ASSETS	13	<u>3,475,186</u>	<u>3,623,425</u>
DEFERRED DEBT	15	<u>307,229</u>	<u>335,861</u>
CURRENT ASSETS			
Stocks	14	2,197,800	2,050,927
Debtors	16	1,417,724	1,061,791
Short term investments		111,975	20,344
Bank and cash balances		74,076	31,034
		<u>3,801,575</u>	<u>3,164,096</u>
CURRENT LIABILITIES			
Creditors	17	3,115,980	2,650,612
Taxation	5	70,448	14,326
Dividends - payable		6,056	5,040
- proposed		28,134	28,134
Loans repayable within one year	12	500,666	455,128
Deferred credits due within one year	11	3,213	15,003
Bank overdraft	8	131,729	242,835
		<u>3,856,226</u>	<u>3,411,078</u>
NET CURRENT LIABILITIES		<u>(54,651)</u>	<u>(246,982)</u>
		<u>3,727,764</u>	<u>3,712,304</u>
		=====	=====

The accounts on pages 16 to 27 were approved by the Board of Directors on 28th October, 1992, and were signed on its behalf by:

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

Source and Application of Funds

for the year ended 30th June, 1992

	1992 Shs '000	1991 Shs '000
SOURCE OF FUNDS		
Profit before taxation	162,191	157,673
Adjustments for items not involving the movements of funds:		
Depreciation	246,602	201,334
Surplus on disposal of fixed assets	(29,089)	(16,465)
Loss on exchange - loan capital	148,702	60,741
Deferred credit	(15,003)	(26,793)
Total funds generated from operations	<u>513,403</u>	<u>376,490</u>
Funds from other sources:		
Proceeds on disposal of fixed assets	29,416	18,400
Capitalised loss on exchange	141,579	120,876
Loans received	322,725	835,476
Deferred Debt	28,632	
	<u>1,035,755</u>	<u>1,351,242</u>
APPLICATION OF FUNDS		
Repayment of loan capital	599,922	211,617
Capital expenditure	98,690	269,596
Deferred Debt		335,861
Taxation paid	24,878	5,177
Dividends paid	29,048	23,446
	<u>752,538</u>	<u>845,697</u>
NET INFLOW/(OUTFLOW) OF FUNDS	<u>283,217</u>	<u>505,545</u>
	=====	=====
Represented by:		
MOVEMENT IN WORKING CAPITAL		
Stocks	146,873	515,137
Debtors	355,933	107,061
Creditors	(465,368)	(372,025)
	<u>37,438</u>	<u>250,173</u>
Movement in liquid funds		
Short term investments	91,631	7,290
Bank and cash balances	43,042	(2,869)
Bank overdraft	111,106	250,951
	<u>245,779</u>	<u>255,372</u>
	<u>283,217</u>	<u>505,545</u>
	=====	=====

Notes to the Accounts

for the year ended 30th June, 1992

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 for in accordance with the requirements of the Electric Power Act. This writes down the cost of the 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. Provision is also made for deferred taxation when the amount already set aside to the Taxation Equalisation Reserve is considered inadequate.

(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 converted 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.

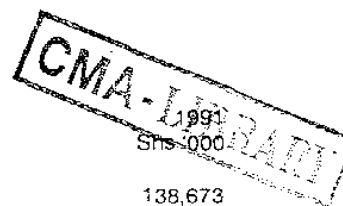
Notes to the Accounts (continued)

2. OPERATING EXPENSES	1992 Shs '000	1991 Shs '000
Operating and administration	1,399,467	1,097,847
Fuel costs	109,480	171,101
Cost of Bulk Supply:		
Ascertained cost	2,008,972	1,586,086
Development surcharge	292,059	420,178
Auditors' remuneration	1,700	1,700
Directors' fees	408	372
Depreciation	246,602	201,334
	<u>4,058,688</u>	<u>3,478,618</u>
	=====	=====
 3. EXCHANGE LOSS		
Loan capital	290,281	181,617
Bank and cash balances	48	520
	<u>290,329</u>	<u>182,137</u>
Less: Capitalised/Reallocated	141,627	120,876
	<u>148,702</u>	<u>61,261</u>
	=====	=====
 4. INTEREST		
Interest payable on long term borrowing	200,526	131,110
Interest receivable on bank and other deposits	(13,733)	(3,928)
	<u>186,793</u>	<u>127,182</u>
	=====	=====
 5. TAXATION		
Revenue Account:		
Based on the adjusted profit for the year at 40.0%	81,000	19,000
	=====	=====
Balance Sheet:		
Provision based on the adjusted profit for the year	81,000	19,000
Prior years' taxation not confirmed	(3,921)	(3,921)
Tax paid for the year	(6,057)	(179)
Prior years' tax refundable	(574)	(574)
	<u>70,448</u>	<u>14,326</u>
	=====	=====
 6. DIVIDENDS - GROSS		
Preference Stock Units - paid	1,930	1,930
Ordinary Stock Units - proposed	28,134	28,134
	<u>30,064</u>	<u>30,064</u>
	=====	=====

Notes to the Accounts (continued)

7. EARNINGS PER ORDINARY STOCK UNIT

	1992 Shs '000	1991 Shs '000
The calculation is based on:		
Profit after taxation	81,191	138,673
Preference dividends	1,930	1,930
	<u>79,261</u>	<u>136,743</u>
Ordinary Stock Units	8,792,000	8,792,000



8. BANK OVERDRAFT

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

9. SHARE CAPITAL

	1992		1991	
	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
89,058,000 Ordinary Shares of Shs. 20 each	1,781,160	1,781,160	1,781,160	1,781,160
	<u>2,000,000</u>	<u>218,840</u>	<u>2,000,000</u>	<u>218,840</u>

10. RESERVES

	Balance at	Transfers during	Balance at
	1.7.91	the year	30.6.92
	Shs '000	Shs '000	Shs '000
Capital Reserve	12,304		12,304
Revenue reserves:			
General	147,480		147,480
Taxation equalisation	347,000		347,000
Retained profit	896,529	51,127	947,656
	<u>1,403,313</u>	<u>51,127</u>	<u>1,454,440</u>

11. DEFERRED CREDITS

	1992 Shs '000	1991 Shs '000
Due to Tana River Development Company Limited and payable in the year ending June, 1992		11,791
Due to The Kenya Power Company and payable in three years ending June, 1995	8,031	11,243
	<u>8,031</u>	<u>23,034</u>
Less: Amount due within one year	3,213	15,003
	<u>4,818</u>	<u>8,031</u>

Notes to the Accounts (continued)

12. LOAN CAPITAL

SECURED

	Balance 1.7.91 Shs '000	Payments Shs '000	Drawdowns Shs '000	Exchange Loss Shs '000	Balance 30.6.92 Shs '000
9.5% 'A' Debenture Stock 1975/1991	2,251	2,453		202	
9.0% 'A' Debenture Stock 1975/1991	10,193	11,216		1,023	
8.5% 'A' Debenture Stock 1975/1991	2,200	2,398		198	
14.0% Kenya National Assurance Limited 1987/2001	8,800	1,200			7,600
	<u>23,444</u>	<u>17,267</u>		<u>1,423</u>	<u>7,600</u>

UNSECURED

8.0% Kenya Govt/Finnish Loan 1982/1996	13,813	767			13,046
10.0% Kenya Govt/Finnish Loan 1988/2002	37,354	1,245			36,109
5.0% Kenya Govt/Canadian Loan 1990/2020	788,541	12,336			776,205
6.5% Standard Chartered Bank (Switzerland)AG. 1990/1993 (SW.FR. 1,294,304)	33,510	10,231		7,176	30,455
3.0% Nordbanken 1990/1999 (U.S.\$ 10,868,058)	350,356	40,182		40,946	351,120
1.65% Nordbanken 1990/1999 (US \$4,004,281)	129,088	13,619		13,899	129,388
2.6% Indosuez Bank, Belgium 1991/2004 (BEF 208,973,009)	126,481	7,088	44,102	53,306	216,801
1.5% Finnish Export Credit 1990/2000 (FIM 34,752,441)	246,657	25,416	12,994	39,454	273,689
4.0% Nokia Cables Supply Credit 1990/1997 (DM. 5,895,376)	108,991	16,479		32,644	125,156
8.8% J.H. Schroder Wagg & Co. Ltd. 1987/1998 (stg. £. 2,759,584)	155,827	39,925		54,004	169,706
8.3% Southwales Transformers Supply Credit 1990/1995 (Stg.£.817,034)	48,852	11,650		13,044	50,246
6.27% Bank Hispano Americano 1990/1995 (DM. 594,828)	12,662	3,658		3,626	12,630
8.3% Stork Wartsilla 1992/1998 (NLG 8,129,961)			115,629	37,489	153,118
6.38 % Swiss Mixed Credit 1984/1993	20,292	5,467		(6,730)	8,095
19.0% Panafrican Credit Finance 1990/1992	83,333	83,333			
20.0% Kenya Commercial Finance 1990/1992		85,012	150,000		64,988
20.0% Kenya Commercial Bank 1990/1993	58,247	58,247			
20.0 % Standard Chartered Bank 1990/ 1992	300,000	168,000			132,000
	<u>2,537,248</u>	<u>599,922</u>	<u>322,725</u>	<u>290,281</u>	<u>2,550,332</u>
Amount due within one year	455,128	=====	=====	=====	500,666
	<u>2,082,120</u>				<u>2,049,666</u>
	=====				=====

Notes to the accounts (continued)

13. FIXED ASSETS

	Land and buildings	Trans- mission lines	Plant and machinery	Motor vehicles	Furniture equipment, and others	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Cost						
1st July, 1991	549,296	2,272,941	555,990	478,583	513,570	4,370,380
Reallocations	938	(1,604)		9	657	
Additions	83,008	242,705	1,756	11,293	23,614	362,376
Disposals		(1,962)		(1,268)	(92)	(3,322)
30th June, 1992	<u>633,242</u>	<u>2,512,080</u>	<u>557,746</u>	<u>488,617</u>	<u>537,749</u>	<u>4,729,434</u>
	=====	=====	=====	=====	=====	=====
Depreciation						
1st July, 1991	130,109	581,926	259,553	218,309	226,878	1,416,775
Charge for year	16,076	86,811	20,021	84,880	38,814	246,602
On disposals		(1,830)		(1,087)	(77)	(2,994)
30th June, 1992	<u>146,185</u>	<u>666,907</u>	<u>279,574</u>	<u>302,102</u>	<u>265,615</u>	<u>1,660,383</u>
	=====	=====	=====	=====	=====	=====
Net Book Value						
30th June, 1992	<u>487,057</u>	<u>1,845,173</u>	<u>278,172</u>	<u>186,515</u>	<u>272,134</u>	<u>3,069,051</u>
	=====	=====	=====	=====	=====	=====
Work in progress						406,135
						<u>3,475,186</u>
						=====
Net Book Value						
30th June, 1991	<u>419,187</u>	<u>1,691,013</u>	<u>296,437</u>	<u>260,274</u>	<u>286,693</u>	<u>2,953,604</u>
	=====	=====	=====	=====	=====	=====
Work in progress						669,821
						<u>3,623,425</u>
						=====

14. STOCKS

	1992 Shs '000	1991 Shs '000
Raw poles	37,915	35,176
General stores	934,477	943,728
Engines spares	108,350	86,175
Fuel and oil	90,104	72,927
Transformers	475,611	468,289
Motor vehicle spares	31,800	18,277
Goods in transit	556,009	449,236
	<u>2,234,266</u>	<u>2,073,808</u>
Less: Provision for obsolescence	36,466	22,881
	<u>2,197,800</u>	<u>2,050,927</u>
	=====	=====

Notes to the accounts (continued)

15. DEFERRED DEBT

	1992 Shs '000	1991 Shs '000
6.5% Standard Chartered Bank, (Switzerland)AG. 1990/1993	30,455	33,510
3.0% Nordbanken 1990/1999	351,120	350,356
	<u>381,575</u>	<u>383,866</u>
Less: Amount due within one year	74,346	48,005
	<u>307,229</u>	<u>335,861</u>
	=====	=====

The deferred debt represents the balance of long term loans contracted by The Kenya Power and Lighting Company Limited for the financing of the National Control Centre Project owned by The Kenya Power Company Limited.

16. DEBTORS

	1992 Shs '000	1991 Shs '000
Electricity Consumers	910,193	738,124
Rural Electrification Schemes	295,546	131,213
Deferred Debt due within one year (Note 15)	74,346	48,005
Others	137,639	144,449
	<u>1,417,724</u>	<u>1,061,791</u>
	=====	=====

17. CREDITORS

	1992 Shs '000	1991 Shs '000
Tana River Development Company Limited	1,434,662	1,204,873
The Kenya Power Company Limited	425,273	314,082
Kerio Valley Development Authority	45,509	144,586
Tana and Athi River Development Authority		83,809
Consumers' deposits	171,926	148,658
Capital contributions	422,200	386,123
Suppliers' accounts	169,758	146,173
*Others	446,652	222,308
	<u>3,115,980</u>	<u>2,650,612</u>
	=====	=====

* This amount includes a provision for accrued charges of Sh. 160 Million for power supply from the Turkwel Power Station.

Notes to the Accounts (continued)

18. DEVELOPMENT SURCHARGE

Olkaria Geothermal Project

According to the terms of the financing for the Olkaria Geothermal Project of The Kenya Power and Lighting 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.

	1992 Shs '000	1991 Shs '000
Total estimated development surcharge	1,757,807	1,615,841
Paid at 1st July	<u>1,414,909</u>	<u>1,201,180</u>
Paid during the year	200,932	213,729
Paid at 30th June	<u>1,615,841</u>	<u>1,414,909</u>
Expected development surcharge for the next year	<u>141,966</u>	<u>200,932</u>
	=====	=====

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. This is included in the cost of Bulk Supply in note 2.

	1992 Shs '000	1991 Shs '000
Total estimated development surcharge	698,765	698,765
Provided at 1st July	<u>698,765</u>	<u>688,811</u>
Provided during the year		9,954
Provided as at 30th June	<u>698,765</u>	<u>698,765</u>
Expected development surcharge for the next year	<u>-</u>	<u>-</u>
	=====	=====
Development surcharge due	698,765	698,765
Payments made at 30th June	698,765	614,956
Balance at 30th June	<u>-</u>	<u>83,809</u>
	=====	=====

Notes to the Accounts (continued)

Rural Electrification Fund

The Company has contributed Shs. 91,127,000 towards the Rural Electrification Schemes by way of a development surcharge. This is included in the cost of Bulk Supply in note 2.

Turkwel Gorge Project

According to the financing arrangement of Turkwel 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.

	1992 Shs '000	1991 Shs '000
Total estimated development surcharge	480,000	480,000
Provided at 1st July	<u>480,000</u>	<u>360,000</u>
Provided during the year	-	120,000
Provided at 30th June	<u>480,000</u> =====	<u>480,000</u> =====
Development surcharge due	480,000	480,000
Payments made at 30th June	434,491	335,414
Balance at 30th June	<u>45,509</u> =====	<u>144,586</u> =====
19. CAPITAL COMMITMENTS		
	1992 Shs '000	1991 Shs '000
Authorised but not contracted for:		
Ganjoni Flats		25,740
Mombasa Plot Development		69,880
Nairobi System Reinforcement		100,000
Garissa Diesel Engines		108,000
Capacitors	1,500	
	<u>1,500</u> =====	<u>303,620</u> =====

Notes to the Accounts (continued)

Authorised and contracted for:	938,972	515,438
Less: Amount incurred and included in work in progress	225,543	161,623
	<u>713,429</u>	<u>353,815</u>
Less: Capital contribution received	61,606	31,277
	<u>651,823</u>	<u>322,538</u>
	=====	=====

20. CONTINGENT LIABILITIES

	1992	1991
	Shs '000	Shs '000
Bank guarantees	6,593	6,815
Claims on the Company	10,909	7,045
	<u>17,502</u>	<u>13,860</u>
	=====	=====

9 ¹/₂ YEARS RECORD

FINANCIAL AND STATISTICAL RECORD

for the year ended

	31st Dec. 1983	31st Dec. 1984	31st Dec. 1985	30th June 1986	30th June 1987
UNITS SOLD (Millions)	1,676	1,775	1,944	1,035	2,205
Average yield of units sold (cents)	67.55	70.03	76.21	81.48	90.97
	Shs, '000	Shs '000	Shs '000	Shs '000	Shs '000
REVENUE from sale of electricity	1,132,09	1,242,953	1,481,511	843,286	2,005,753
PROFIT for the year before Exceptional item	198,974	155,412	287,230	132,138	181,751
PROFIT for the year before taxation	198,974	155,412	287,230	132,138	181,751
TAXATION	22,989	69,000	114,431	57,377	55,966
NET PROFIT AFTER TAXATION	175,985	86,412	172,799	74,761	125,785
Preference dividends (gross)	(1,930)	(1,930)	(1,930)	(965)	(1,930)
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	174,055	84,482	170,869	73,796	123,855
ORDINARY DIVIDENDS (gross)	(21,980)	(21,980)	(22,859)	(11,429)	(22,859)
PROFIT FOR THE YEAR	152,075	62,502	148,010	62,367	100,996
NET CASH FLOW					
Profit for the year	152,075	62,502	148,010	62,367	100,996
Depreciation	52,377	96,155	102,743	55,417	118,275
	204,452	158,657	250,753	117,784	219,271
CAPITAL EMPLOYED					
Fixed Assets less depreciation	1,942,231	1,952,955	1,980,634	2,049,536	2,340,392
Bulk supply companies	-	-	-	-	-
Deferred Debt	-	-	-	-	-
Investment in subsidiaries	3,370	5,801	20,820	28,227	50,738
Net current assets	13,001	109,524	160,617	161,536	98,191
	1,958,602	2,068,280	2,162,071	2,239,299	2,489,321
FINANCED BY:					
Ordinary shareholders' equity	715,162	777,664	925,674	988,041	1,063,464
Preference capital	43,000	43,000	43,000	43,000	43,000
Loan capital (secured)	66,414	54,746	46,467	49,591	54,428
Loan capital (unsecured)	969,049	1,051,384	1,029,025	1,052,553	1,225,016
Deferred liability	165,067	141,486	117,905	106,114	103,413
	1,958,692	2,068,280	2,162,071	2,239,299	2,489,321
CAPITAL EXPENDITURE	536,627	108,017	131,616	125,037	410,748
Average cost of units sold (cents)	56.12	57.03	61.69	67.55	80.76
PROFIT for the year before taxation as a percentage of average capital employed	12.75%	8.3%	13.75%	6.00%	8.34%
ORDINARY DIVIDENDS RATES	12.5%	12.5%	13%	6.5%	13%
Earnings per share (Shs)	19.80	9.61%	19.43	8.39	14.09
Consumers/employees ratio	32.30	32.80	29.75	28.13	26.65
Sales (KWhr) per employee	299.480	309,554	325,748	166,801	324,589

30th June 1988	30th June, 1989	30th June, 1990	30th June, 1991	30th June, 1992	
2,337	2,412	2,595	2,708	2,719	UNITS SOLD (Millions)
104.18	109.02	111.82	141.23	167.60	Average yield of units sold (cents)
Shs '000 2,434,600	Shs '000 2,629,658	Shs '000 2,901,840	Shs '000 3,824,734	Shs '000 4,556,374	Revenue from sale of electricity
162,067	47,772	75,300	157,673	162,191	PROFIT for the year before exceptional item
-	266,653	7,337	-	-	Exceptional item
162,067	314,425	82,637	157,673	162,191	PROFIT for the year before taxation
69,097	5,177	3,408	19,000	81,000	TAXATION
92,970	309,248	79,229	138,673	81,191	NET PROFIT AFTER TAXATION
(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	Preference dividends (gross)
91,040	307,318	77,299	136,743	79,261	NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS
(22,859)	(22,859)	(22,859)	(28,134)	(28,134)	ORDINARY DIVIDENDS (gross)
68,181	284,459	54,440	108,609	51,127	PROFIT FOR THE YEAR
					NET CASH FLOW
68,181	284,459	54,440	108,609	51,127	Profit per year
132,426	137,609	164,335	201,334	246,602	Depreciation
200,607	422,068	218,775	309,943	297,729	
2,556,888	2,964,813	3,557,098	3,623,425	3,475,186	CAPITAL EMPLOYED
-	-	-	-	-	Fixed Assets less depreciation
-	-	-	335,861	307,229	Bulk supply companies
-	-	-	-	-	Deferred Debt
(41,506)	(170,108)	(459,116)	(246,982)	(54,651)	Investment in subsidiaries
					Net current assets
2,515,382	2,794,705	3,097,982	3,712,304	3,727,764	
1,131,645	1,416,104	1,470,544	1,579,153	1,630,280	FINANCED BY:
43,000	43,000	43,000	43,000	43,000	Ordinary shareholders' equity
49,670	38,503	33,730	23,444	7,600	Preference capital
1,214,447	1,247,271	1,527,674	2,058,676	2,042,066	Loan capital (secured)
76,620	49,827	23,034	8,031	4,818	Loan capital (unsecured)
					Deferred liability
2,515,382	2,794,705	3,097,382	3,712,304	3,727,764	
349,216	546,100	758,169	269,596	98,690	CAPITAL EXPENDITURE
94.70	104.96	105.12	128.46	149.30	Average cost of units sold (cents)
6.44	11.25%	2.67	4.67	4.35	PROFIT for the year before taxation as a percentage of average capital employed
13%	13%	16%	16%	16%	ORDINARY DIVIDEND RATES
10.36	34.95	8.79	15.55	9.02	Earnings per share (Shs)
31.89	29.97	24.58	26.35	28.20	Consumers/employees ratio
304,520	288,830	240,322	248,666	249,610	Sales (KWhr) per employee

POWER SYSTEM OPERATION STATISTICS FOR 6 YEARS

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

LOCATION	Capacity (MW) as at 30.6.92		ENERGY (GWhr)						Average Annual growth over the Last 5 Years
	Installed	Effective	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	
HYDRO									
Tana (KPC)	14.4	12.4	77	82	77	94	80	72	
Wanjii (KPC)	7.4	7.4	54	46	57	55	44	42	
Kamburu (TRDC)	91.5	84.0	415	432	400	382	431	402	
Gitaru (TRDC)	145.0	145.0	836	841	779	762	794	811	
Kindaruma (TRDC)	44.0	44.0	191	223	214	216	201	206	
K.P. & L.C.	6.2	6.2	20	21	25	21	20	19	
UEB (Import)	30.0	0.0	211	154	112	174	134	240	
Masinga (TARDA)	40.0	40.0	199	182	103	124	181	185	
Kiambere (TARDA)	144.0	144.0		211	794	863	962	872	
Turkwel (KVDA)	106.0	106.0					47	166	
TOTAL HYDRO INCLUDING IMPORTS	628.5	589.0	2,004	2,192	2,561	2,691	2,894	3,016	8.5%
THERMAL									
Kipevu	93.0	19.0**	168	208	25	97	74	75	
GEO THERMAL									
Olkaria	45.0	33.0	374	348	322	336	298	272	
GAS TURBINE									
Fiat - Nbi South	13.5	12.0	17	13	1	0	4	3	
JBE - Kipevu	30.0	0.0**	27	52	20	10	17	0	
DIESEL									
Interconnected Diesel Stations	4.0	1.0	5	3	2	2	0.3	3	
INTERCONNECTED SYSTEM	814.0	654.0	2,596	2,816	2,932	3,136	3,287	3,370	5.4%
ISOLATED DIESELS	3.8	3.5	9	10	11	12	14	16	
GROSS GENERATION	817.8	657.5	2,605	2,827	2,943	3,148	3,301	3,386	5.4%
AUX CONSUMPTION			28	43	27	33	33	30	
SYSTEM LOSSES + SALES - KPLC SYSTEM			347	407*	448	453	484	510	
- REF SYSTEM			25	36	49	66	76	85	27.8%
TOTAL SALES			2,233	2,376	2,468	2,661	2,784	2,846 ++	5.0%
SYSTEM PEAK DEMAND MW			430	461	480	520	550	566	5.7%
System Load Factor			68.9%	69.7%	69.7%	68.9%	68.2%	68.0%	
Sales % of NET Gen.			86.7%	85.4%	84.6%	85.4%	85.2%	84.8%	
Losses as % of NET Gen.			13.5%	14.6%	15.4%	14.6%	14.8%	15.2%	
Annual growth - GEN			8.4%	8.5%	4.1%	7.0%	4.9%	2.6%	
- SALES KPLC			8.7%	6.0%	3.3%	7.3%	4.4%	1.9%	
- SALES REF			18.6%	43.1%	37.7%	35.0%	14.7%	11.8%	

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

** Most of the year the station was undergoing rehabilitation

+ Comprises technical and non-technical losses.

++ There was load shedding from 8th April to 27th May, 1992 in order to conserve water, which resulted in an estimated loss of sales of 38 Gwhr

TABLE 2: AREA MAXIMUM DEMAND

AREA	CWA-111						Average Annual Growth over the last 5 yrs
	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	
Nairobi	223	231	238	271	261	277	4.5%
Coast	89	107	98	105	120	124	6.8%
Central Rift	26	30	35	38	32	43	10.8%
West Kenya+	77	79	78	45	43	55	
Mt. Kenya	21	22	25	24	30	31	8.2%
North Rift+				19	28	26	
TOTAL SYSTEM (SIMULTANEOUS)	430	461	480	520	550	566	5.7%
%INCREASE P.A.		7.2%	4.1%	8.3%	5.8%	2.9%	

+ Western Area was separated into West Kenya and North Rift in 1989/90

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

TARIFF	MAIN TYPES OF CONSUMERS COVERED BY THIS TARIFF	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the last 5 yrs
A	Domestic, small commercial and small industrial	633	678	729	780	823	877	6.7%
B	Commercial (medium) and industrial (medium)	536	555	516	554	585	567	1.1%
C	Commercial (large) Industrial (large)	919	985	1,046	1,130	1,178	1,198	5.5%
D	Off-peak	111	110	113	117	109	104	-1.2%
E	Street lighting	9	12	14	14	14	14	8.8%
	TOTAL	2,208	2,340	2,418	2,595	2,708	2,760	4.6%
	%INCREASE P.A.		6.0%	3.3%	7.3%	4.4%	1.9%	

TABLE 4: AREA TOTAL UNITS SALES (GWhr)

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the last 5 yrs
Nairobi	1,190	1,245	1,275	1,360	1,436	1,467	4.3%
Coast	499	536	564	613	615	616	4.3%
Central Rift	117	126	137	142	159	170	7.7%
West Kenya	306	338	340	241	258	272	
Mt. Kenya	95	95	101	110	113	110	2.9%
North Rift				129	128	126	
KPLC sales	2,208	2,340	2,418	2,595	2,708	2,760	4.6%
R.E.F. Schemes	25	36	49	66	76	85	27.8%
TOTAL	2,233	2,375	2,468	2,661	2,784	2,846	5.0%
% INCREASE P.A.		6.4%	3.9%	7.9%	4.6%	2.2%	

TABLE 5: AREA TOTAL NUMBER OF CONSUMERS

AREA	AS AT 30TH JUNE						Average Annual Growth over the last 5 years
	1987	1988	1989	1990	1991	1992	
Nairobi	120,232	125,146	131,686	136,772	145,759	153,334	5.0%
Coast	41,984	43,815	44,958	47,287	49,609	51,872	4.3%
Central Rift	13,681	14,807	15,703	16,798	18,194	19,729	7.6%
West Kenya	23,806	24,796	25,839	20,092	21,699	23,118	
Mt. Kenya	13,897	15,154	16,488	17,669	18,619	20,113	7.7%
North Rift				7,728	8,640	9,456	
KPLC consumers	213,600	223,718	234,674	246,346	262,521	277,622	5.4%
R.E.F. consumers	8,706	11,494	15,132	19,067	24,491	29,513	27.7%
TOTAL	222,306	235,212	249,806	265,413	287,012	307,135	6.7%
% INCREASE P.A.		5.8%	6.2%	6.2%	8.1%	7.0%	

**TABLE 6: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "AO"
CATEGORY DESCRIPTION: DOMESTIC LOAD**

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the last 5 years
Nairobi	269	280	307	328	336	359	6.0%
Coast	73	74	80	84	90	98	6.2%
Central Rift	18	20	23	25	26	28	9.6%
West Kenya	23	29	32	22	22	25	
Mt. Kenya	13	14	16	18	22	20	8.3%
North Rift				11	11	13	
TOTAL	396	418	459	488	508	543	6.5%
% INCREASE P.A.		5.5%	9.8%	6.4%	4.1%	7.0%	

**TABLE 7: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "AI"
CATEGORY DESCRIPTION: SMALL COMMERCIAL LOAD**

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the last 5 years
Nairobi	131	145	143	154	167	180	6.5%
Coast	39	41	45	50	53	52	5.9%
Central Rift	19	20	22	24	27	30	9.6%
West Kenya	31	34	39	28	31	34	
Mt. Kenya	18	21	22	24	26	27	7.8%
North Rift				12	12	12	
TOTAL	238	261	270	292	315	334	7.0%
% INCREASE P.A.		9.5%	3.8%	8.1%	7.7%	6.0%	

**TABLE 8: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "BO"
CATEGORY DESCRIPTION: IRRIGATION LOAD**

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the Last 5 Years
Nairobi	35.6	34.4	19.0	13.5	23.1	36.2	0.3%
Coast	0.3	0.2	0.2	0.3	0.2	0.4	4.8%
Central Rift	9.9	10.9	12.5	10.2	13.6	14.3	7.6%
West Kenya	3.3	3.3	3.0	1.5	1.7	1.7	
Mt. Kenya	1.1	1.4	0.7	0.7	1.2	1.5	5.9%
North Rift				1.3	0.0	0.0	
TOTAL	50.3	50.1	35.5	27.5	39.8	53.9	1.4%
% INCREASE P.A.		-0.3%	-29.2%	-22.5%	44.8%	35.4%	

**TABLE 9: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY
"B1+C1" CATEGORY DESCRIPTION: MEDIUM AND LARGE COMMERCIAL LOAD**

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the Last 5 Years
Nairobi	336	357	385	411	430	436	5.4%
Coast	144	155	163	192	197	206	7.5%
Central Rift	51	54	62	64	72	76	8.3%
West Kenya	97	106	108	81	90	85	
Mt. Kenya	37	42	49	53	51	49	5.9%
North Rift				42	44	44	
TOTAL	664	714	765	842	884	895	6.1%
% INCREASE P.A.		7.5%	7.2%	10.0%	5.0%	1.2%	

**TABLE 10: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "B2+C2+C3"
CATEGORY DESCRIPTION: MEDIUM AND LARGE INDUSTRIAL LOAD**

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the Last 5 Years
Nairobi	313	320	309	337	371	351	2.3%
Coast	239	260	271	283	270	255	1.3%
Central Rift	17	19	15	17	17	19	2.1%
West Kenya	147	160	155	106	111	125	
Mt. Kenya	24	15	11	12	11	10	-15.2%
North Rift				61	59	56	
TOTAL	739	775	761	815	839	816	2.0%
% INCREASE P.A.		4.8%	-1.8%	7.0%	2.9%	-2.7%	

TABLE 11: AREA SALE OF ELECTRICITY IN GGWhr FOR CATEGORY "DO" CATEGORY DESCRIPTION: OFF-PEAK LOAD

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the Last 5 Years
Nairobi	100.8	100.3	103.0	106.6	99.0	94.9	-1.2%
Coast	3.6	3.1	3.0	2.7	2.6	3.0	-3.1%
Central Rift	1.9	1.8	1.9	1.8	1.9	1.9	
West Kenya	3.0	2.9	3.1	1.8	1.6	1.5	
Mt. Kenya	1.7	2.0	2.1	2.3	2.3	1.9	3.0%
North Rift				1.4	1.2	1.2	
TOTAL	111.0	110.2	113.0	116.6	108.5	104.4	-1.2%
% INCREASE P.A.		-0.6%	2.6%	3.2%	-6.9%	-3.8%	

TABLE 12: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "EO" CATEGORY DESCRIPTION: STREET LIGHTING

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the Last 5 Years
Nairobi	5.3	7.8	9.0	8.8	9.4	9.5	12.3%
Coast	1.7	2.1	2.3	1.7	1.7	1.5	-2.3%
Central Rift	0.6	0.7	1.0	0.7	1.0	0.7	3.7%
West Kenya	1.1	1.4	1.3	0.9	0.8	0.9	
Mt. Kenya	0.3	0.5	0.5	0.5	0.8	0.8	19.7%
North Rift				0.5	0.5	0.4	
TOTAL	9.0	12.4	14.2	13.0	14.1	13.7	8.8%
% INCREASE P.A.		37.8%	13.8%	-7.9%	8.5%	-2.8%	

TABLE 13: AREA REF UNITS SALES ('000 KWhrs)

AREA	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Average Annual Growth over the Last 5 Years
Nairobi	5,993	8,373	11,703	12,957	16,154	19,630	26.8%
Coast	915	966	1,827	3,000	2,651	3,622	31.7%
Central Rift	2,291	3,072	3,726	5,572	7,211	9,008	31.5%
West Kenya	11,838	17,695	22,160	18,682	19,912	20,871	
Mt. Kenya	3,969	5,676	9,842	12,385	13,514	15,206	30.8%
North Rift				13,891	16,852	16,750	
TOTAL SALES	25,006	35,782	49,257	66,487	76,293	85,088	27.8%
% INCREASE P.A.		43.1%	37.7%	35.0%	14.7%	11.5%	

TABLE 14: REVENUE (SHS '000) IN CATEGORY OF CONSUMERS

TARIFF	MAIN TYPE OF CONSUMERS COVERED BY THIS TARIFF	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	Avg. Annual Growth over the Last 5Yrs
A	Domestic, small commercial and small industrial	643,296	773,850	861,670	936,193	1,223,009	1,502,502	18.5%
B	Commercial and industrial (medium)	519,363	615,769	600,265	660,603	876,959	1,014,150	14.3%
C	Commercial (large industrial (large)	744,077	925,650	1,035,529	1,149,741	1,552,273	1,850,572	20.0%
D	Off-peak	89,351	104,178	112,500	116,764	144,071	157,929	12.1%
E	Street-Lighting	9,181	14,255	17,024	17,149	22,455	25,029	22.2%
	SUB-TOTAL	2,005,268	2,433,702	2,626,989	2,880,450	3,818,767	4,550,182	17.8%
	OTHERS	485	898	2,669	21,390	5,966	6,191	66.4%
	TOTAL (KPLC)	2,005,753	2,434,600	2,629,658	2,901,840	3,824,733	4,556,374	17.8%
	R.E.F.	26,700	40,604	57,396	75,599	109,400	138,040	38.9%
	GROSS TOTAL	2,032,453	2,475,204	2,687,054	2,977,439	3,934,133	4,694,414	18.2%
	% INCREASE P.A.		21.8%	8.6%	10.8%	32.1%	19.3%	

TABLE 15: NUMBER OF CONSUMERS IN TERMS OF TARIFF CATEGORY

TARIFF	MAIN TYPE OF CONSUMERS COVERED BY THIS TARIFF	AS 1987	AT 1988	30TH 1989	JUNE 1990	1991	1992	Average Annual Growth over the last 5 years
AO	Domestic KPLC	172,804	180,563	188,749	197,758	210,540	222,576	5.2%
	REF	5,167	6,596	8,863	11,265	14,271	17,240	27.3%
A1	Small Commercial KPLC	37,886	40,100	42,555	44,938	48,049	50,860	6.1%
	REF	3,531	4,850	6,195	7,730	10,130	12,165	28.1%
BO	Irrigation Load KPLC	227	260	275	279	285	311	6.5%
	REF	2	3	4	4	8	14	47.6%
B1	Medium Commercial and Industrial KPLC	1,421	1,465	1,562	1,687	1,757	1,773	4.5%
	REF	0	38	58	50	62	68	
B2	Medium Commercial and Industrial - KPLC	22	22	24	23	21	20	-1.9%
C1	Large Commercial KPLC	112	148	166	174	222	234	15.9%
	REF	0	0	2	5	6	6	
C2	Large Commercial and Industrial KPLC	77	86	86	90	99	104	6.2%
	REF	0	1	1	1	1	2	
C3	Large Commercial and Industrial-KPLC	9	9	9	11	11	11	4.1%
DO	Off-peak KPLC	969	987	1,166	1,295	1,439	1,630	11.0%
	REF	0	0	3	6	7	11	
EO	Street lighting KPLC	73	78	82	91	98	103	7.1%
	REF	6	6	6	6	6	7	3.1%
	TOTAL (KPLC)	213,600	223,718	234,674	246,346	262,521	277,622	5.4%
	TOTAL (R.E.F.)	8,706	11,494	15,132	19,067	24,491	29,513	27.7%
	GROSS TOTAL	222,306	235,212	249,806	265,413	287,012	307,135	6.7%
	% INCREASE P.A.		5.8%	6.2%	6.2%	8.1%	7.0%	

TABLE 16: TRANSMISSION AND DISTRIBUTION LINES TOTAL CIRCUIT LENGTH (KM)

VOLTAGE	AS AT 30TH JUNE						Average Annual Growth over the Last 5 Yrs
	1987	1988	1989	1990	1991	1992	
220 kV	633	633	633	657	877	877	
132 kV	1,975	1,977	1,977	1,980	1,980	1,980	
66 kV	398	400	408	444	451	451	
40 kV	113	113	113	113	113	126	
33 kV	2,813	3,194	3,268	3,300	3,342	3,451	
11 kV	7,152	7,252	7,440	7,627	7,870	8,309	
TOTAL	13,084	13,568	13,838	14,121	14,633	15,194	3.0%
% INCREASE P.A.		3.7%	2.0%	2.0%	3.6%	3.8%	

TABLE 17: TRANSFORMERS IN SERVICE: TOTAL INSTALLED CAPACITY IN MVA

	AS AT 30TH JUNE						Average Annual Growth over the Last 5 Yrs
	1987	1988	1989	1990	1991	1992	
Generation S/Stns							
11/220kV		170	170	170	288	288	
11/132kV	417	417	417	417	417	417	
11/66kV	30	30	30	30	30	30	
11/33kV	178	217	217	217	217	217	
11/40kV	5	5	5	5	5	5	
3.3/11/40kV	8	8	8	8	8	8	
3.3/40kV	4	4	4	4	4	4	
3.3/33kV	4	4	4	4	4	4	
132/220kV	540	540	540	540	690	690	
TOTAL	1,186	1,395	1,395	1,395	1,663	1,663	7.0%
Distribution S/stns							
220/132kV	580	580	580	580	580	580	
220/66kV				180	180	180	
132/66kV	210	210	270	330	330	330	
132/33kV	285	285	308	331	349	349	
66/11kV	369	395	441	441	470	470	
66/40kV	15	15	15	15	15	15	
40/11kV	16	19	19	19	24	24	
33/11kV	333	358	356	375	392	392	
TOTAL	1,807	1,862	1,989	2,271	2,340	2,340	5.3%
Distribution TXS							
11/0.415kV and 33/0.415kV	1,173	1,300	1,376	1,448	1,510	1,557	5.8%

TABLE 18: STAFF ANALYSIS

CATEGORY OF STAFF	AS AT 30TH JUNE						Average Annual Growth over the Last 5 Years
	1987	1988	1989	1990	1991	1992	
Nationality							
- citizen	6,714	7,623	8,319	10,760	10,864	10,857	10.1%
- Non Citizen	46	32	32	29	31	23	-12.9%
Total	6,760	7,655	8,351	10,789	10,895	10,880	10.0%
% INCREASE P.A.		13.2%	9.1%	29.2%*	1.0%	-0.1%	
Sex							
-Male	6,253	7,023	7,570	9,798	9,827	9,764	9.3%
- Female	507	632	781	991	1,068	1,116	17.1%
Ratio - men/women	12	11	10	10	9	9	
Job							
- Technical	2,572	2,967	3,128	4,137	4,162	4,162	10.1%
% of total staff	38.0%	38.8%	37.5%	38.3%	39.7%	38.3%	
- Non Technical	4,188	4,688	5,223	6,652	6,570	6,718	9.9%
% of total staff	62.0%	61.2%	62.5%	61.7%	60.3%	61.7%	

Note: * Includes absorption of casual workers

Principal Areas of Supply

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

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FORM OF PROXY FOR ANNUAL GENERAL MEETING

I/We,) BLOCK
) Capitals
) Please
 of)

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, 26th day of March, 1993 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, 1992.
- (ii) The declaration of a first and final dividend on the
 Ordinary Stock.
- (iii) The re-election of retiring directors

i
 ii
 iii

FOR	AGAINST

Dated this day of 1993

Signature

FOR OFFICE USE ONLY	
7%	
4%	
ORDINARY	