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ANNUAL REPORT AND ACCOUNTS 2001/2002



The Kenya Power & Lighting Corporation



Corporate Vision

To achieve world class status as a quality service business enterprise so as to be the first choice supplier of electrical energy in a competitive environment.

Corporate Mission

To efficiently transmit and distribute high quality electricity throughout Kenya at cost effective tariffs; to achieve the highest standards of customer service; and to ensure the Company's long term technical and financial viability.

www.kplc.co.ke

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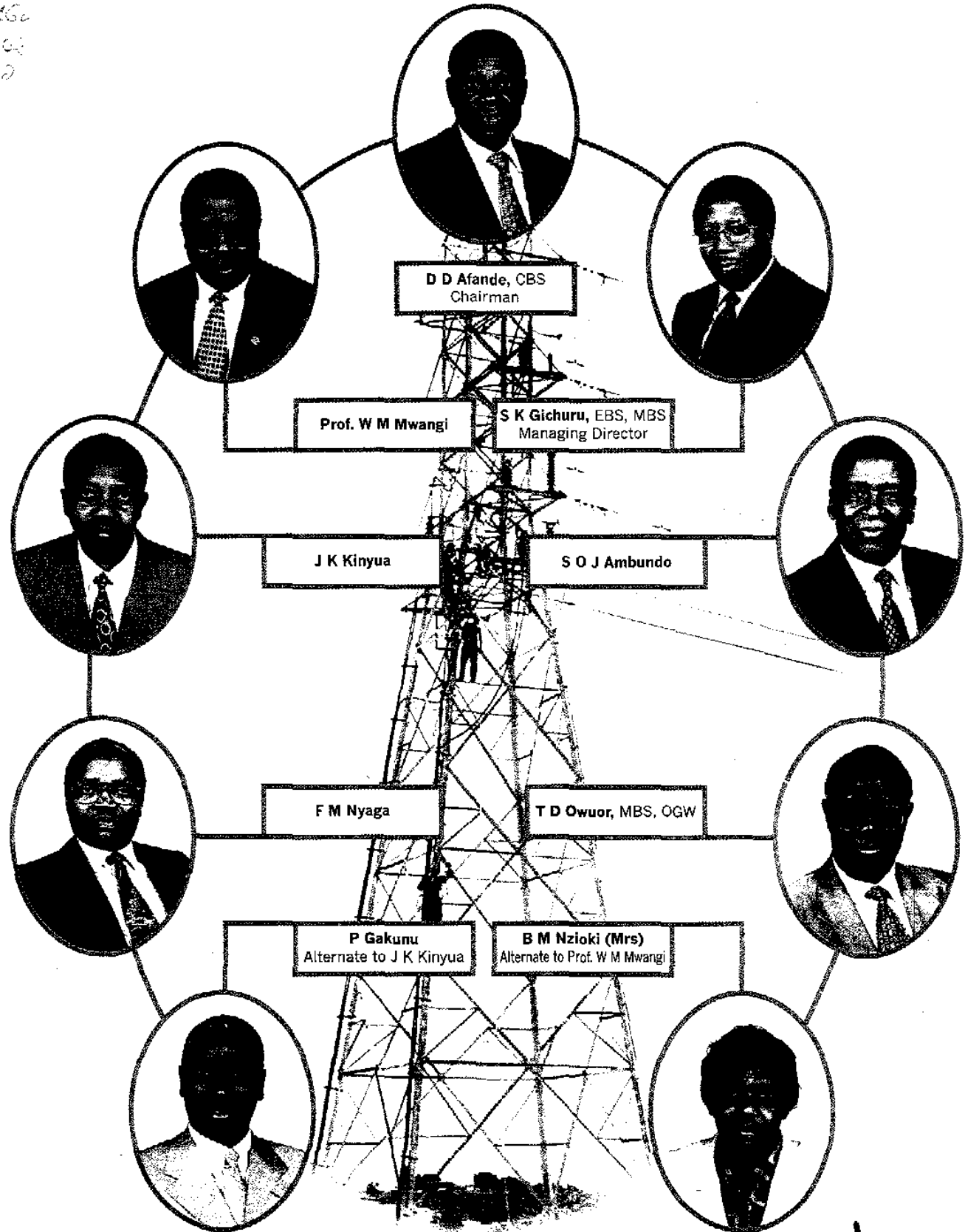
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The Kenya Power & Lighting Co. Ltd. Annual Report and Accounts 2001/2002



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Directors	D D Afande, CBS	Chairman
	S K Gichuru, EBS, MBS	Managing Director
	J K Kinyua	
	Prof. W M Mwangi	
	S O J Ambundo	
	T D Owuor, MBS, OGW	
	F M Nyaga	
	P Gakunu	Alternate to J K Kinyua
	B M Nzioki (Mrs)	Alternate to Prof. W M Mwangi
Secretary	L K Njagi (Mrs)	
	P O Box 30099	
	Nairobi	
Registered Office	Stima Plaza	
	Kolobot Road	
	P O Box 30099	
	Nairobi	
Main Bankers	Standard Chartered Bank Kenya Limited	
	Harambee Avenue	
	P O Box 20063	
	Nairobi	
	Kenya Commercial Bank Limited	
	Moi Avenue	
	P O Box 30081	
	Nairobi	
	Co-operative Bank of Kenya Limited	
	P O Box 48231	
	Nairobi	
	Stanbic Bank Kenya Limited	
	Kenyatta Avenue	
	P O Box 30550	
	Nairobi	
Auditors	Deloitte & Touche	
	"Kirungii", Ring Road	
	Westlands	
	P O Box 40092	
	Nairobi	
Principal Legal Advisors	Hamilton Harrison & Mathews	
	P O Box 30333	
	Nairobi	

Managing Director**Samuel K Gichuru,**
CPS (K), EBS, MBS**Deputy Managing Director****Eng. Julius M Riungu,**
B.Sc. (Eng.) (Hons.), R. Eng., C. Eng., MIEE, MIEK**Company Secretary****Laurencia K Njagi,**
LLB (Hons.), Dip. in Law, CPS (K)**Chief Manager,
Distribution and Customer Service****Eng. Benson Muriithi,**
B.Sc. (Eng.) (Hons.), R.Eng.**Chief Manager,
Energy Transmission****Eng. Jasper Oduor,**
B.Sc. (Eng.) (Hons.), R. Eng., MIEK**Chief Manager,
Finance & Procurement****Jonathan Ciano,**
B.Com (Hons.), CPA (K), AMKIM**Chief Manager,
Human Resources & Administration****Bilha Gachoki,**
BA (Hons.), MIPM**Chief Manager,
Planning, Research and Performance Monitoring****Eng. David M Mwangi,**
B.Sc. (Eng.) (Hons.), R. Eng., MIEK**Chief Manager,
Information Technology and Telecommunications****Eng. Johnson Olenchoe,**
B.Sc. (Eng.), (Hons.), R. Eng.**Regional Manager, Nairobi****Eng. Joseph K Njoroge,**
B.Sc. (Eng.) (Hons.), R. Eng., C. Eng., MIEE, MIEK**Regional Manager, West Kenya****John Ombui,**
B.Sc. (Eng.) (Hons.), MIEE**Regional Manager, Coast****Joseph Masibo,**
B. Eng. (Electrical)**Regional Manager, Mt. Kenya****Rosemary K Gitonga,**
B.Sc. (Eng.), MIEE

NOTICE IS HEREBY GIVEN THAT THE EIGHTY-FIRST ANNUAL GENERAL MEETING of the Company will be held at Stima Members' Club, Thika Road, Nairobi, on Friday, 20th December 2002 at 11:00 a.m. to transact the following business:-

1. To read the Notice convening the Meeting.
2. To receive and consider the Company's audited financial statements for the year ended 30th June 2002, together with the Chairman's, Directors' and Auditors' Reports thereon.
3. To note that the Directors do not recommend payment of a dividend on Ordinary Stock for the year.
4. To elect Directors:
 - (i) Mr. Joseph K Kinyua, Permanent Secretary, Treasury, who was appointed by the Board on 30th August 2002, to fill a casual vacancy created by the resignation of Mr. Mwaghazi Mwachofi, retires in accordance with Article 128 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for election;
 - (ii) Mr. S O J Ambundo, who retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election;
 - (iii) Prof. W M Mwangi, who retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election.
5. To note that the Auditors, Deloitte & Touche, continue in office in accordance with Section 159 (2) of the Companies Act and to authorise the Directors to fix their remuneration.

By Order of the Board

L K Njagi (Mrs)
Company Secretary
P. O. Box 30099
Nairobi, Kenya
27th November, 2002

NOTES:

A member entitled to attend and vote at the above meeting may 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 lodged at the registered office of the Company, Stima Plaza, or posted in time to reach there not later than 11.00 a.m. on Wednesday 18th December, 2002.

AARIFA IMETOLEWA KWAMBA MKUTANO MKUU WA KILA MWAKA WA 81 wa Kampuni utafanywa katika klabu cha wanachama cha Stima, barabara ya Thika, Nairobi, ijumaa tarehe 20 Desemba mwaka huu wa 2002 saa tano asubuhi ili kujadili yafuatayo:

1. Kusoma aarifa ya kuandaa mkutano.
2. Kupokea na kuchunguza taarifa ya ukaguzi wa hesabu za pesa za Kampuni kwa kipindi cha mwaka kilichomalizikia tarehe 30 Juni 2002 pamoja na taarifa za Mwenyekiti, Wakurugenzi na Wakaguzi wa hesabu za pesa.
3. Kufahamu kwamba Wakurugenzi hawaidhinishi malipo ya marupurupu kwa hisa za kawaida mwaka huu.
4. Kuwachagua Wakurugenzi:
 - (i) Bwana Joseph K Kinyua, Katibu katika Wizara ya Fedha, ambaye aliteuliwa na Halmashauri ya Kampuni tarehe 30 Mwezi Agosti mwaka huu wa 2002, kujaza nafasi iliyobuniwa kufuatia kujiuzulu kwa Bwana Mwaghazi Machofi, ambaye anastaafu kuambatana na Kifungu Nambari 128 cha Sheria za Kampuni na anakubaliwa kujiwasilisha kuchaguliwa.
 - (ii) Bwana S O J Ambundo ambaye anastaafu kuambatana na Kifungu Nambari 120 cha Sheria za Kampuni na anakubaliwa kujiwasilisha kuchaguliwa tena.
 - (iii) Profesa W M Mwangi ambaye anastaafu kuambatana na Kifungu Nambari 120 cha Sheria za Kampuni na anakubaliwa kujiwasilisha kuchaguliwa tena.
5. Kufahamu kwamba Wakaguzi wa hesabu za pesa, Deloitte & Touche, wanaendelea kuhudumu kuambatana na Kifungu Nambari 159 Sehemu ya (2) ya Sheria za Kampuni na kuwaidhinisha Wakurugenzi kuweka marupurupu yao.

Kwa amri ya Halmashauri

L K Njagi (Mrs)
Katibu
P O Box 30099
Nairobi,
Kenya
27 Novemba, 2002

ILANI:

Mwanachama anayekubaliwa kuhudhuria na kupiga kura katika mkutano uliotajwa hapo juu anaweza kuteua mtu mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake. Aliyechaguliwa kupiga kura badala ya mwanachama si lazima awe mwanachama wa Kampuni. Fomu ya mtu aliyechaguliwa inapatikana ndani ya kitabu hiki. Ili ikubaliwe, Fomu ya mtu aliyechaguliwa lazima ikamilishwe na kuwasilishwa katika ofisi iliyosajiliwa ya Kampuni, Stima Plaza, au itumwe kwa njia ya Posta kwa wakati ufaao na ifike Jumatano tarehe 18 Desemba mwaka 2002 kabla ya saa tano asubuhi.

Chairman's Review



GENERAL OVERVIEW

Implementation of the strategic measures instituted in September 2001 to steer the Company back to profitability, dominated the Company's operations in the financial year 2001/2002. These measures, which have been outlined to the stakeholders previously, include procurement of adequate power capacity; rationalisation of power purchase costs; reduction of system losses; enhancement of financial management and business organisation restructuring, including staff rightsizing.

Despite initial delays encountered in the implementation of these measures due to necessary consultations with relevant stakeholders, partial gains were realised during the year, which improved the Company's trading performance compared to the previous year. The resumption of normal rainfall in 2001/02 resulted in restoration of optimum hydro generation and the lifting of the power rationing programme that was in place between 1999 and 2000. This, combined with the commissioning of the 74MW Tsavo Power Company diesel plant in Mombasa, substantially enhanced the power generation capacity.

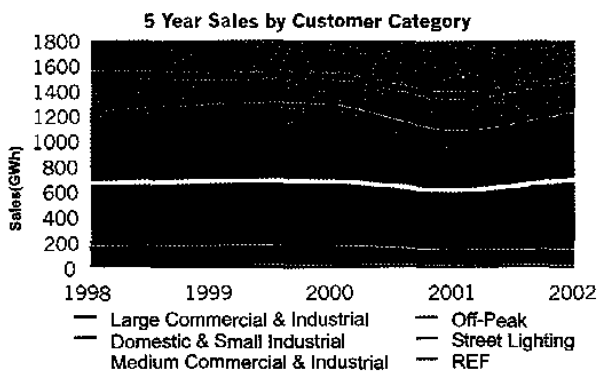
The trading performance, however, continued to be adversely affected by the depressed economy, which registered a modest real GDP growth of only 1.1% in 2001 and negative 0.3% in 2000. Therefore, although electricity unit sales improved by 12% compared to the previous year, this improvement only compensated for the power rationing of the previous year.

FINANCIAL PERFORMANCE

Trading Results

Electricity revenue during the financial year increased by Shs.2,590 million to Shs.18,699 million from Shs.16,109 million recorded in the previous year, as a result of both the increase in unit sales and operational efficiency improvement. The fuel cost recoveries decreased from Shs.12,080 million in the previous year to Shs.6,108 million. This was attributable to improved hydro generation and hence reduced thermal generation.

Non-fuel power purchase costs increased by Shs.2,913 million to



Shs.15,052 million, from Shs.12,139 million the previous year. This was mainly due to the increase in units purchased and fixed power purchase costs following commissioning of the Kipevu II Independent Power Producer Plant. Fuel cost decreased by Shs.6,695 million to Shs.7,074 million from Shs.13,769 million the previous year. The reduced fuel cost is attributable to reduced thermal generation, resulting from improved hydro generation. The recovered fuel revenue is, however, a pass through cost and does not constitute an income to the Company.

Transmission and distribution costs decreased from Shs.5,826 million to Shs.5,555 million. The decrease was attributable to gains from the efficiency improvement measures under implementation.

The total operating costs decreased by 17%, from Shs.31,735 million in the previous year to Shs.26,344 million. The lower operating costs are attributable to lower fuel costs and performance efficiency gains from the ongoing business and organisation restructuring initiatives. Further, financing costs declined from Shs.560 million in the previous year to Shs.334 million as a result of improved funds generation.

Consequently, the loss before taxation and restructuring costs declined by Shs.2,235 million from Shs.4,106 million in the previous year to Shs.1,871 million.

Taxation

As a result of the trading loss recorded during the period, and after providing for non-recurring restructuring costs of Shs.978 million and a deferred tax credit of Shs.970 million, the Company recorded a reduced net loss of Shs.1,880 million compared to Shs. 2,877 million the previous year.

Dividend

Due to the unfavourable trading results, the Directors do not propose a dividend on Ordinary Stock for the year.

RESTRUCTURING OF THE POWER SUB-SECTOR

Business and Organisation Restructuring

Implementation of the business and organisational restructuring of your Company, which was instituted the previous fiscal year,



SUPPORT SERVICES

Human Resources

The Company continued to enjoy cordial industrial relations during the year. Staff as well as the Kenya Electrical Trades and Allied Workers Union (KETAWU), maintained an understanding of the sacrifices required in the difficult operating economic environment.

A programme designed to make staff more focussed on corporate business objectives, targets and the performance challenges was successfully instituted in all regions. The staff rationalisation programme was also stepped up and redeployments were made within the regions in order to enhance performance of the zones. These measures were complemented by various training programmes

As at 30th June 2002, the permanent workforce stood at 5,470 and contract/temporary staff at 953, compared to a total of 6,593 staff, which excluded those on contract/temporary terms the previous year. A customer to staff ratio of 91:1 was achieved compared to 81:1 the previous year.

IT Services

The corporate information and communication systems continued to support the Company's operations through its networked on-line services. To improve response time to customer enquiries and enhance operational efficiency, the personal computers in the Emergency Office at Stima Plaza, Electricity House and Stima House, Nyeri were upgraded. Those in Embu, Dagoretti Corner and Ruaraka Complex were linked to the Central Computers at Stima Plaza through private digital transmission (microwave) network. In addition, the Company's website has been improved so that customers can now download supply application forms and make other enquiries online.

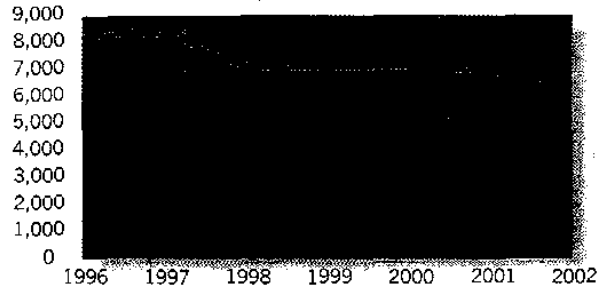
GENERATION CAPACITY ENHANCEMENT

Olkaria III 48 MW Geothermal Independent Power Producer Project

The reservoir appraisal work that commenced in 1999 was completed during the year by the



Number of KPLC Employees



project developer, Messrs. OrPower4 Inc. The plant, which is expected to be commissioned in mid-2005, will yield 48 MW. Construction of the 220 kV line to connect the plant to the Olkaria II sub-station progressed well.

Increased Power Imports from Uganda

As part of its strategy to diversify sources of bulk power and realise benefits of competitive prices, the Company entered into an agreement with the Uganda Electricity Transmission Company Limited in January 2002 to import additional 50 MW of firm power from Uganda upon commissioning of the proposed 200 MW Bujagali project on the River Nile.

KenGen Projects

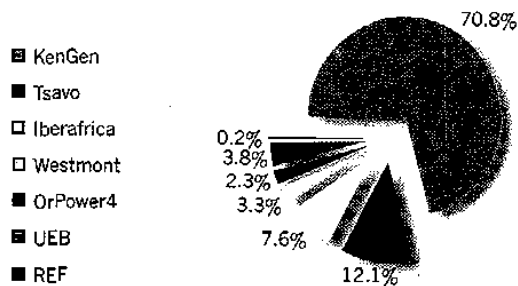
Olkaria II 64MW Geothermal Power Project

Construction of the Olkaria II 64 MW project progressed well during the year. The project is expected to be commissioned in late 2003.

Sondu Miriu 60 MW Hydro Power Project

Construction work on the project continued to be adversely affected by the suspension of funds by the project lenders due to environmental and social impact issues which are being addressed by the concerned stakeholders. The project includes a 50 km 132 kV transmission line from the power station to the Company's Kisumu sub-station.

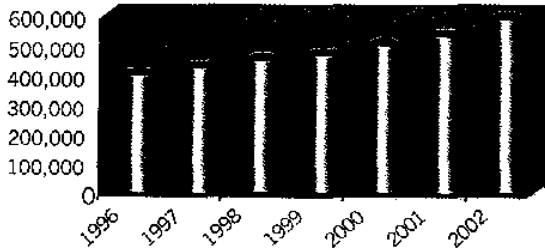
Generation by Company 2001/2002



PROGRESS OF THE STRATEGIC RECOVERY INITIATIVES

The trading performance improvement in 2001/2002 compared to 1999/2000 and 2000/2001, achieved in a very challenging operating environment, demonstrates that the Company is on a recovery path. The improvement is mainly attributable to the strategic recovery measures under implementation since September 2001, and support from stakeholders.

Number of Customers



The status of these measures is as follows:-

Enhanced Power Capacity

The resumption of normal rainfall in 2001/2002 coupled with the commissioning of the Tsavo Power Company diesel plant in September 2001 substantially enhanced the generation capacity. However, while unit sales increased compared to the previous year, new customer growth was lower than projected due to the slow national economic recovery.

System Losses Reduction

The Programme, which included country-wide inspection of customers' installations and replacement of tampered meters, recorded an efficiency gain of 0.8% during the period under review. This strategy is aimed at reducing technical and commercial losses gradually from 21.5% to 17.5% in three years to yield additional revenue of Shs. 200 million per annum, increasing to Shs. 600 million per annum in the third year.

Tariff Review

The Company has renegotiated lower bulk electricity tariffs with Uganda Electricity Transmission Company Limited and Ibrafrica Power (E.A) Ltd. with effect from 1st January 2002 and 1st April 2002, respectively. Review of the bulk tariff with KenGen is at an advanced stage and is expected to be concluded after a study currently being conducted by PB Power Limited, an international consultant appointed to update the 1998 Tariff Study, is finalised. Meanwhile, negotiations with Westmont Power Kenya Ltd. for a tariff reduction are at final stages. These initiatives will improve the trading margin.

Financial Restructuring

The financial restructuring geared to enhance efficient utilisation of employed capital contributed to the reduction of debtors/receivables and inventory levels by Shs.4,775 million

and debt restructuring with major suppliers and the Government. Further, disposal of non-core assets realised proceeds of Shs.458 million. This resulted in an increase in cash generation from operations by Shs.2,306 million and a reduction in financing costs by Shs.226 million.

Business and Organisation Restructuring

The business and organisation restructuring, aimed at improving operational efficiency and reducing staff costs is at an advanced stage, with staff reduction of over 1,100 completed by April 2002 at a total cost of Shs.978 million. A net operating cost reduction of Shs.271 was recorded. The staff reduction exercise is expected to yield annual savings of Shs.500 million.

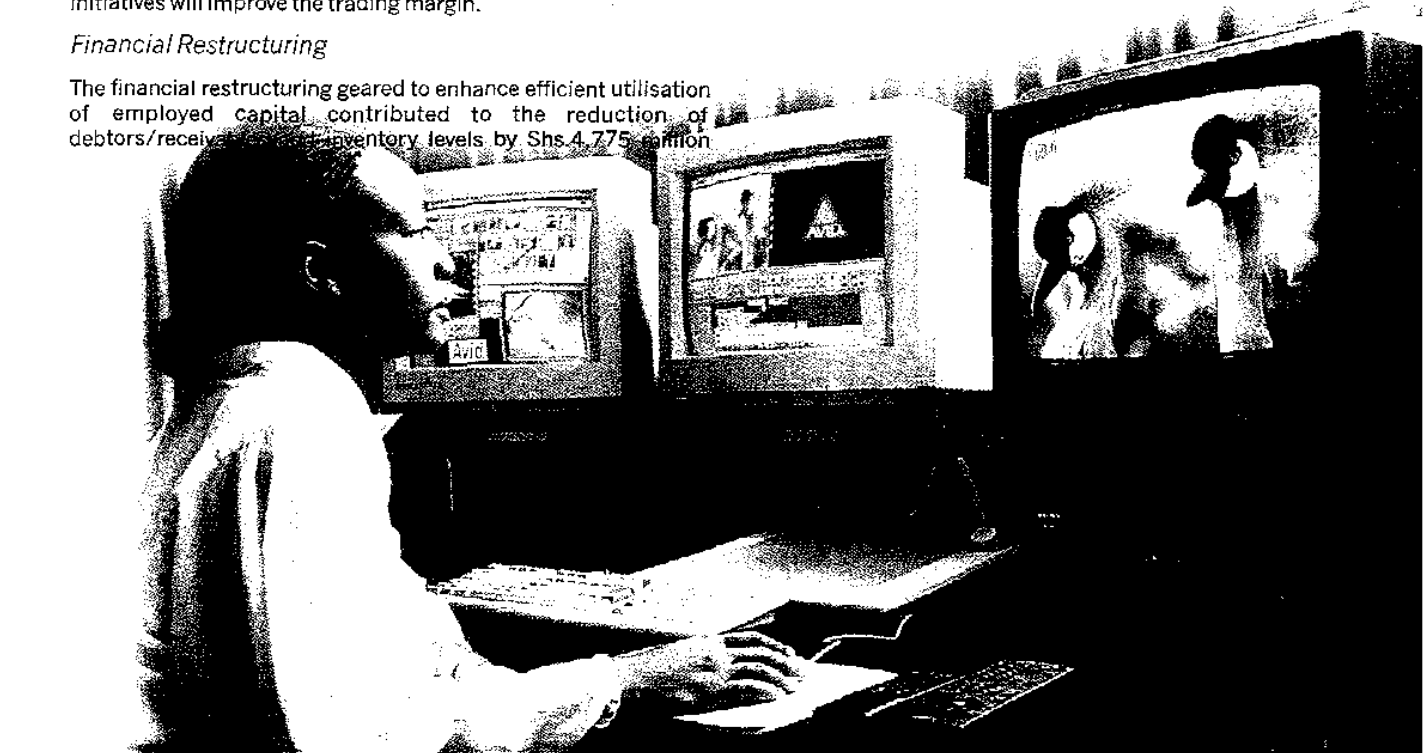
FUTURE OUTLOOK

On account of the continued implementation of the above strategic measures coupled with the projected improvement in the economy, where GDP is forecast by Central Bank of Kenya to grow by 2.5% in 2003, the Company's trading performance is expected to be sustained and full recovery achieved within the current financial year.

Staff

On your behalf and that of the Board, I wish to thank all the staff for their continued commitment, support and understanding during the period that the Company has operated under a very challenging environment.

D D Afande
Chairman





MAONI KWA UJUMLA

Utekelezaji wa hatua madhubuti zilizobuniwa mnamo mwezi Septemba mwaka 2001 ili kuiwezesha Kampuni kuleta faida, ulikuwa wenye nguvu katika shughuli za Kampuni kwa kipindi cha matumizi ya pesa cha mwaka 2001/2002. Hatua hizi ambazo zilielezwa wahasika hapo awali, ni pamoja na ununuzi wa nguvu za umeme za kutosha, usawazishaji wa gharama za ununuzi wa nguvu za umeme, upunguzaji wa hasara, uimarishaji wa usimamizi wa kifedha na marekebisho ya kibiashara ukiwemo upunguzaji wa wafanyakazi.

Licha ya ucheleweshaji uliokumba utekelezaji wa hatua hizi kutokana na mashauriano muhimu na wahasika, faida kiasi ilipatikana wakati wa kipindi hiki, ambayo iliimarisha matokeo ya kibiashara ikilinganishwa na mwaka uliotangulia. Kuanza kwa mvua za kawaida katika kipindi hiki cha mwaka 2001/2002 kuliwezesha kupatikana kwa nguvu za umeme za kutosha zinazotokana na maji na kuusimamisha mpango wa utoaji nguvu za umeme kwa kipimo uliotekelezwa kati ya mwaka 1999 na 2000. Hatua hii pamoja na kuanzishwa kwa matumizi ya mtambo wa kutoa nguvu za umeme wa Megawati 74 wa kampuni ya Tsavo, unaotumia mafuta ya dizel huko Mombasa, iliimarisha kiwango cha utoaji nguvu za umeme. Matokeo ya kibiashara hata hivyo yaliendelea kuathiriwa kufuatia kuzorota kwa hali ya uchumi, huku ukuaji wa pato la taifa, yaani GDP ukifikia asilimia 1.1 mwaka 2001 na asilimia -0.3 mwaka 2000. Hivyo basi ingawa mauzo ya nguvu za umeme yaliimarika kwa asilimia 12 ikilinganishwa na mwaka uliotangulia, kuimarika huku kulifidia tu utoaji wa nguvu za umeme kwa kipimo kwa mwaka uliotangulia.



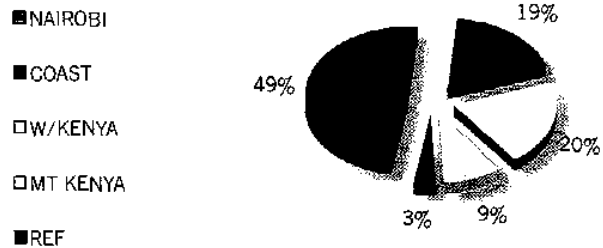
MATOKEO YA KIFEDHA

Matokeo ya Kibiashara

Mapato ya nguvu za umeme wakati wa kipindi hiki cha matumizi ya pesa yaliongezeka kwa shilingi bilioni 2 milioni 590 hadi shilingi bilioni 18 milioni 699 kutoka shilingi bilioni 16 milioni 109 zilizopatikana mwaka uliotangulia, kutokana na ongezeko la mauzo na kuimarishwa kwa utendaji kazi. Gharama za mafuta zilipungua kutoka shilingi bilioni 12 milioni 80 katika mwaka uliotangulia hadi shilingi bilioni 6 milioni 108. Hii ilitokana na kuimarika kwa utoaji wa nguvu za umeme zinazotokana na maji na kupunguza utoaji wa nguvu za umeme zinazotokana na mvuke.

Gharama za ununuzi usio wa mafuta ziliongezeka kwa shilingi bilioni 2 milioni 913 hadi shilingi bilioni 15 milioni 52 kutoka shilingi bilioni 12 milioni 139 mwaka uliotangulia. Hali hii ilitokana na ongezeko la gharama ya nguvu za umeme kufuatia kuanzishwa kwa mtambo wa kibinafsi wa utoaji nguvu za umeme wa Kipevu II. Gharama za mafuta zilipungua kwa shilingi bilioni 6 milioni 695 hadi shilingi bilioni 7 milioni 74 kutoka shilingi bilioni 13 milioni 769 mwaka uliotangulia. Gharama za mafuta zilizoshuka zilitokana na kupungua kwa utoaji wa nguvu za umeme za mvuke kufuatia kuimarika kwa utoaji wa nguvu za umeme zinazotokana na maji. Mapato yaliyotokana na mafuta hata hivyo ni gharama iliyopita na haiongezei mapato kwa Kampuni.

Sales by Area Category



Gharama ya usambazaji na ugawaji umeme ilipungua kutoka shilingi bilioni 5 milioni 826 hadi shilingi bilioni 5 milioni 555. Kupungua huko kuliitokana na kuimarishwa kwa hatua za utendaji kazi kunakotekelezwa.

Jumla ya gharama za uendeshaji kazi zilipungua kwa asilimia 17 kutoka shilingi bilioni 31 milioni 735 mwaka uliotangulia hadi shilingi bilioni 26 milioni 344. Kupungua kwa gharama za uendeshaji kazi kuliitokana na kupungua kwa gharama za mafuta na matokeo ya utendaji kazi kutokana na biashara inayoendelea na juhudi za marekebisho. Kadhalika, gharama za ufadhili zilipungua kutoka shilingi milioni 560 mwaka uliotangulia hadi shilingi milioni 334 kufuatia kuimarika kwa mapato ya pesa.

Vile vile, hasara kabla ya kutozwa ushuru na gharama za marekebisho ilipungua kwa shilingi bilioni 2 milioni 235 kutoka shilingi bilioni 4 milioni 106 mwaka uliotangulia hadi shilingi bilioni 1 milioni 871.

Kodi

Kutokana na hasara ya kibiashara iliopatikana wakati wa kipindi hicho, na baada ya kutoa gharama ya marekebisho za shilingi milioni 978 na ushuru unaotozwa baadaye wa shilingi milioni 970, Kampuni ilipunguza hasara hadi shilingi bilioni 1 milioni 880 ikilinganishwa na shilingi bilioni 2 milioni 877 mwaka uliotangulia.

Marupurupu ya Fedha

Kutokana na matokeo ambayo hayakuwa mazuri ya kibiashara, Wakurugenzi hawakupendekeza marupurupu ya faida kwa hisa mwaka huu.

MAREKEBISHO YA SEKTA NDOGO YA NGUVU ZA UMEME

Marekebisho ya Shughuli za Biashara za Kampuni

Utekelezaji wa shughuli za biashara na marekebisho ya Kampuni yetu ulioanzishwa katika kipindi kilichotangulia cha matumizi ya pesa uliendelea katika kipindi kinachochunguzwa. Shughuli hiyo ilifopungua idara za utendaji kazi kutoka 15 hadi 7, kupunguzwa kwa maeneo sita hadi manne ya kibiashara pamoja na kuratibiwa kwa mipango ya utoaji huduma na kupunguzwa kwa zaidi ya wafanyakazi elfu 1, imechangia kwa kiasi kikubwa kuimarishwa kwa shughuli mbali mbali muhimu za Kampuni. Faida iliyopatikana ni pamoja na kuongezeka kwa kiwango cha wateja wanaohudumiwa na wafanyakazi cha 81:1 katika kipindi cha mwaka 2000/2001 hadi 91:1 katika kipindi cha mwaka 2001/2002; kupungua kwa muda wa kurejeshwa kwa umeme wakati umeme huo unapokatika, muda wa kuunganisha umeme kwa wateja wapya, deni la nguvu za umeme na gharama za uendeshaji kwa kila Megawati inayouzwa. Kuendelea kutekelezwa kwa juhudi hizi katika kipindi cha mwaka 2002/2003 kunatarajiwa zaidi ili kuimarisha viwango vya faida katika Kampuni na kuimarisha huduma na viwango vya juu vya usambazaji.

Utafiti wa Usimamizi wa Kifedha

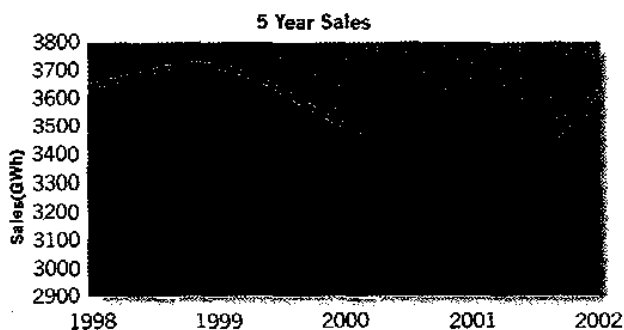
Mshauri wa kifedha, Pannell Kerr Foster (PKF) ambaye aliteuliwa na serikali mwezi Mei mwaka 2001 kuchunguza usimamizi wa kifedha wa Kampuni na kutoa mapendekezo kwa uimarishaji zaidi alikamilisha utafiti huo mwezi Novemba mwaka 2001. Mapendekezo ya mshauri huyo yalishirikishwa katika hatua za marekebisho na zile za kuimarisha matokeo zilizotekelezwa na Kampuni.

Uchunguzi wa Ushuru Mwingi

Kama ilivyoripotiwa kwa Wenye Hisa mwaka uliopita, Kampuni imekuwa ikishauriana na kampuni za utoaji umeme kuhusu upunguzaji bei ya jumla. Kufuatia hatua hii, Kampuni ilifanya mashauri ya kupunguza ushuru na kampuni ya UETCL kwa uagizaji wa nguvu za umeme kutoka Uganda kuanzia Januari mwaka 2002 na kampuni ya Ibrafrica Power E.A. Limited na ile ya Westmont kuanzia tarehe 1 April na tarehe 1 Mei mwaka huu wa 2002.

Utafiti wa ushuru wa mwaka 1998 unaotekelezwa na Kampuni ya PB Power ya Uingereza umekuwa ukiendelea tangu Novemba mwaka 2001 na unatarajiwa kukamilika kufikia Desemba mwaka huu wa 2002. Utafiti huo unatarajiwa kurahisisha kupunguzwa kwa ushuru mwingi na Kampuni ya utoaji nguvu za umeme ya KenGen.

Kama hatua ya muda mrefu kwa usawazishaji ushuru, Halmashauri ya kusimamia utoaji nguvu za umeme (ERB) imefanya utafiti wa ndani wa maongozi ya ushuru na ushuru wa umeme unaotumiwa kwa njia ya reja reja kupitia kwa kampuni ya Ushauri ya National Economic Research Associates (NERA) Inc. ya Amerika. Halmashauri ya ERB pia imeidhinisha kampuni ya Power Planning Associates ya Uingereza kuchunguza mtaji na matumizi ya uendeshaji shughuli za kampuni za sekta ya nguvu za umeme kama njia ya utafiti wa ushuru.



Ubinafisishaji wa sekta ya nguvu za Umeme

Ili kutoa fursa ya marekebisho zaidi na uwekaji huru wa sekta ndogo ya nguvu za umeme, mnamo mwaka 2001 serikali iliidhinisha kampuni ya NERA ya Uingereza kuchunguza na kupendekeza mtindo ufaao wa uuzaji kwa sekta hiyo ndogo. Utafiti huo bado unaendelea.

Uunganishaji nguvu za Umeme na shirika la Southern Africa Power Pool (SAPP)

Kampuni yenu ikishirikiana na serikali imekuwa ikitafuta kuagizia nguvu za umeme kutoka kwa shirika la Southern Africa Power Pool (SAPP). Ili kurahisisha uunganishaji na shirika la SAPP, serikali za Tanzania na Kenya zilianzisha na kufadhili kwa pamoja utafiti kwa laini ya umbali wa kilomita 250 ya usambazaji umeme kati ya Arusha na Nairobi iliyokamilishwa mwezi Juni mwaka huu wa 2002. Utafiti huo umependekeza ujenzi wa laini ya kV 330 kati ya Arusha na Nairobi ambayo itakuwa ikitoa umeme wa kiwango cha kV 220 hadi mwaka wa 2012 wakati uhamishaji wa nguvu za umeme wa kiwango cha megawati 100 unatarajiwa.

Katika tukio kama hilo, Tanzania na Zambia zimeanzisha kwa pamoja utafiti wa laini ya umbali wa kilomita 670 ya kV 330 ya usambazaji umeme kati ya Pensulo huko Zambia na Mbeya nchini Tanzania ili kurahisisha pia uunganishaji na shirika la SAPP.

SHUGHULI MUHIMU ZA BIASHARA

Usambazaji na Ugawaji

Kipindi cha mwaka huo kilizingatia kazi ya usambazaji na ugawaji kwa lengo la kuimarisha utoaji huduma bora kwa wateja na kupunguza hasara. Kazi hizo ni pamoja na kubadilisha vikingi vilivyooza, kuongeza kiwango cha volti katika utaratibu wa kusambaza umeme, idhini ya kupitisha laini za nguvu za umeme na kudumisha mitambo ya Transformer ya kugawa nguvu za umeme ili kupunguza na kustawisha laini za kV 11 kote nchini na kuweka laini na mitambo ya Capacitor na ile ya Condenser hapa Nairobi. Kama sehemu ya mtindo wa kuimarisha shughuli hiyo, vituo vidogo vya nguvu za umeme vya Kilifi, Parklands, Ndarugu na Kipevu viliimarishwa kwa jumla ya gharama ya shilingi milioni 85 na laki 7.

Kadhailika mita 175 ziliwekwa katika vituo muhimu vya kusambazia na kugawa nguvu za umeme ili kutenganisha hasara za kiufundi za usambazaji na ugawaji. Hii itawezesha Kampuni yenu kuelekeza hatua za kupunguza hasara katika sehemu muhimu.

Matukio ya Usambazaji

Laini ya Kipevu-Rabai na vituo vingine vidogo

Ujenzi wa laini ya umbali wa kilomita 18 ya Kipevi-Rabai ya kV 132 ilikamilishwa mnamo mwezi Julai mwaka 2001 na kampuni ya Siemens AG ya Ujerumani kwa gharama ya Dola milioni 7,5 za kimarekani. Ustawishaji wa vituo vidogo huko Kipevu na Rabai na kampuni ya ABB Transmit ya Finland ambao ulianza mwezi Januari mwaka 2001 ulikamilishwa kufikia mwezi Desemba mwaka 2001. Mradi huo umeimarisha usambazaji nguvu za umeme kutoka vituo vya nguvu za umeme huko Kipevu, Mombasa, hadi sehemu za mashambani.

Laini ya Kiambere-Nairobi ya kV 220 na vituo vingine vidogo

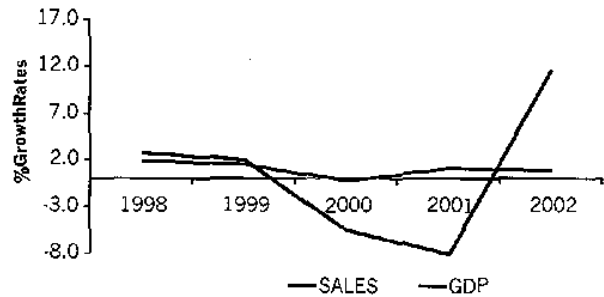
Kazi kuu kwenye laini ya Kiambere-Nairobi ya umbali wa kilomita 140 ya kV 220 na vituo vingine vidogo inayotekelezwa na kampuni ya KEC International ya India, ilianza mwezi Februari mwaka 2001. Mradi huo unatekelezwa kwa ufadhili wa Benki ya Maendeleo ya Afrika Mashariki (EADB) kwa Dola milioni 14.3 za kimarekani. Mradi huo utakoimarisha usambazaji nguvu za umeme kutoka vituo vya nguvu za umeme hadi Nairobi, unatarajiwa kukamilika kufikia kati kati ya mwaka 2003.



Laini ya Olkaria-Nairobi ya kV 220 na vituo vingine vidogo

Kampuni ya KenGen inajenga laini ya nguvu za umeme ya umbali wa kilomita 110 na vituo vingine vidogo chini ya mradi wa nguvu za umeme zinazotokana na mvuke, wa Olkaria II kwa niaba ya Kampuni yenu kwa gharama ya Dola milioni 17.1 za kimarekani. Kampuni ya KEC ya India na ile ya Siemens AG ya Ujerumani zinajenga laini hizo na vituo vingine vidogo. Laini hiyo ambayo itasambaza nguvu za umeme kutoka mitambo ya Olkaria II na Olkaria III inajengwa na itakamilika kufikia kati kati ya mwaka 2003.

GDP and Sales Annual Growth Rates



HUDUMA KWA MTEJA

Maeneo mapya yaliyobuniwa chini ya marekebisho ya kibiashara yameimarisha huduma kwa mteja na kuleta huduma karibu na wateja. Kama sehemu ya huduma kwa mteja na hatua za uimarishaji mapato, vituo vya malipo vilifunguliwa kwenye matawi ya shirika la Posta nchini (PCK) katika sehemu ambako Kampuni haina vituo vyake.

Uhusiano mwema wa umma

Kampuni iliimarisha mawasiliano kati yake na wahusika na wateja wake kupitia shughuli mbali mbali zenye lengo la kuzidisha ufahamu na kueleweka kwa shughuli zake za biashara. Maelezo kuhusu bili na malipo, wizi, usalama na umuhimu wa kawi yalitolewa kupitia kampeini za kuelimisha na matangazo. Vile vile, maelezo ya sekta ya kawi na shughuli za Kampuni yalitolewa kupitia habari na makala maalum, magazeti na redio na runinga na vile vile vijitabu vidogo, makaratasi ya matangazo na matukio kama vile Maonyesho ya Kilimo nchini.

USTAWISHAJI NGUVU ZA UMEME KATIKA SEHEMU ZA MASHAMBANI

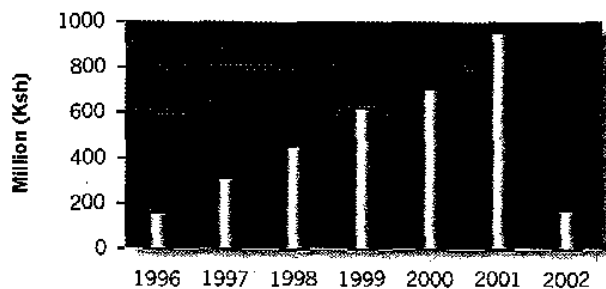
Kampuni iliendelea kutekeleza mradi wa ustawishaji nguvu za umeme katika sehemu za mashambani (REP) kwa niaba ya serikali. Wakati wa kipindi hicho shilingi milioni 172 zilitumiwa kwa mradi huo zikiwemo shilingi milioni 48 kwa awamu ya kwanza ya miradi iliyofadhiliwa na Uhispania. Hii ilileta matumizi makubwa ya mtaji tangu kuanzishwa kwa mradi huo mnamo mwaka 1973 hadi shilingi bilioni 6 milioni 173. Wakati huo huo, shilingi milioni 889 zilikusanywa kutokana na ushuru wa ustawishaji nguvu za umeme katika sehemu za mashambani katika kipindi hicho.

Idadi ya wateja chini ya mradi huu iliongezeka hadi 79,391 ikilinganishwa na wateja 77,060 mwaka uliotangulia.

Umeme uliouzwa uliongezeka kutoka shilingi milioni 121 hadi shilingi milioni 128 ilhali mapato yalipungua kutoka shilingi bilioni 1 milioni 141 mwaka uliotangulia hadi shilingi milioni 979. Ongezeko la mauzo ya umeme lilitokana na kusimamishwa kwa utoaji nguvu za umeme kwa kipimo, ilhali kupungua kwa mapato kulitokana na kupunguzwa kwa gharama za mafuta.

Kufuatia ukadiriaji wa hatua ya kwanza ya awamu ya kwanza ya mradi wa ustawishaji nguvu za umeme kwenye viwanda vya

REF ANNUAL EXPENDITURE



kahawa (COFREP), ambao unafadhiliwa na Hazina ya Jumuiya ya Ulaya ya Ustawishaji Kilimo (STABEX), viwanda 53 vilipendekezwa kwa ustawishaji nguvu za umeme chini ya hatua ya pili na ya tatu ya awamu ya kwanza ya mradi huo. Kazi ya usanii, usoroveya na maombi ya kupitisha laini ya umeme ilikamilishwa katika kipindi hicho. Kazi ya ujenzi itaanza kati kati ya kipindi cha mwaka 2002/2003.

Utekelezaji wa mipango 32 chini ya awamu ya kwanza ya mradi unaofadhiliwa na Uhispania wa jumla ya Dola milioni 1.6 za kimarekani ulikamilika ilhali utekelezaji wa awamu ya pili ya mradi wa jumla ya Dola milioni 10.255 pia ulianza mwaka huo.

Kazi ya usanii kwa mipango ya ustawishaji nguvu za umeme chini ya mradi unaofadhiliwa na Ufaransa wa jumla ya Euro milioni 9.1 ilikamilika na kazi ya ujenzi itaanza katika kipindi cha matumizi ya pesa cha mwaka 2002/2003.

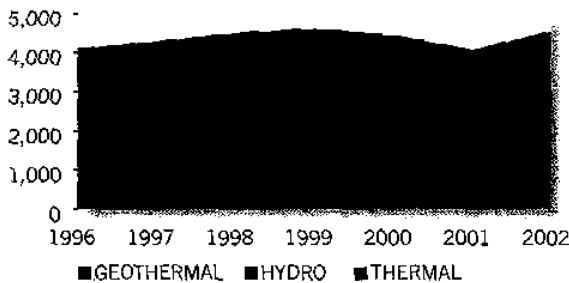
USIMAMIZI WA WAFANYIKAZI

Kampuni iliendelea kufurahia uhusiano mzuri wa wafanyikazi katika kipindi hiki. Wafanyikazi na vile vile chama cha wafanyikazi wa kampuni za nguvu za umeme (KETAWU), kilidumisha uelewano kwa kujitoa mhanga ambako ni muhimu katika uendeshaji shughuli katika mazingira magumu ya kiuchumi.

Mpango ulioandaliwa ili kuwawezesha wafanyikazi zaidi kuzingatia malengo ya shughuli za kibiashara za Kampuni, malengo na majukumu ya matoeko, ulianzishwa katika maeneo yote. Mpango wa usawazishaji wafanyikazi pia uliimarishwa na wafanyikazi kupelekwa katika maeneo hayo ili kuimarisha matoeko ya kanda hizo. Hatua hizi zilikamilishwa kwa mipango mbali mbali ya mafunzo.

Kufikia tarehe 30 mwezi Juni mwaka huu wa 2002, wafanyikazi walioajiriwa walikuwa 5,470 na vibarua na wale waliopewa kandarasi wakawa 953 ikilinganishwa na jumla ya wafanyikazi 6,593 bila kuwahusisha vibarua na wale waliopewa kandarasi mwaka uliotangulia. Kiwango cha wateja wanaohudumiwa na wafanyikazi kilikuwa 91:1 ikilinganishwa na 81:1 mwaka uliotangulia.

Power Purchased by Source



HUDUMA ZA TEKNOLOJIA YA HABARI

Mtindo wa maelezo ya shughuli za Kampuni na mawasiliano uliendelea kutoa msaada kwa shughuli za Kampuni. Ili kuimarisha muda wa kujibu maswali ya wateja na kuimarisha utendaji kazi, mitambo ya kibinafsi ya komputa katika ofisi ya huduma za dharura katika Stima Plaza, Electricity House na Stima House, Nyeri, iliwekwa. Wale walioko katika vituo vya Embu, Dagoretti Corner na Ruaraka waliunganishwa kwa mtambo mkuu wa komputa katika Stima Plaza kupitia utaratibu wa mawasiliano ya kibinafsi ya Digital Transmission (microwave). Mtandao wa Kampuni (Website) umeimarishwa ili wateja waweze kupata maelezo kuhusu njia za kutuma maombi na kuuliza maswali kwa njia ya mtandao huo.

KUIMARISHA KIWANGO CHA NGUVU ZA UMEME KWA UJUMLA

Mradi wa kibinafsi wa nguvu za umeme za mvuke wa MW48 wa Oklaria III

Kazi ya mradi huu iliyoanza mwaka wa 1999 ilikamilishwa katika kipindi hiki na kampuni ya OrPower4 Inc. iliyotekeleza mradi huo. Mtambo huo unaotarajiwa kuanza kutumika mnamo kati kati ya mwaka 2005 utatoa MW 48 za nguvu za umeme. Ujenzi wa laini ya nguvu za umeme ya kV 220 ili kuunganisha mtambo huu hadi kituo cha Oklaria II uliendelea vyema.

Ongezeko la Umeme unaoagizwa kutoka Uganda

Kama sehemu ya hatua za kuimarisha vituo vya umeme mwingi na manufaa ya mashindano ya bei, Kampuni ilitia saini mkataba na Kampuni ya kusambaza nguvu za umeme ya Uganda mnamo mwezi Januari mwaka huu wa 2002 ili kuagiza MW 50 za nguvu za umeme kutoka Uganda baada ya kuanzishwa kwa matumizi ya mradi wa Bujagali wa MW 200 uliopendekezwa katika mto Nile.

MIRADI YA KAMPUNI YA KENGEN

Mradi wa nguvu za umeme za mvuke wa Oklaria II MW64

Ujenzi wa mradi wa nguvu za umeme wa Oklaria II wa MW 64 uliendelea vyema katika kipindi cha mwaka huu. Mradi huo unatarajiwa kuanzishwa kwa matumizi baadaye mwaka wa 2003.



Mradi wa nguvu za umeme zinazotokana na maji wa Sondu Miriu wa MW60

Kazi ya ujenzi kwenye mradi huu iliendelea kuathiriwa na kusimamishwa kwa pesa na wafadhili wa mradi huu kutokana na maswala ya kimazingira na kijamii ambayo yanajadiliwa na wahusika. Mradi huu utahusisha laini ya usambazaji umeme ya umbali wa kilomita 50 ya kiwango cha kV132 kutoka kituo cha nguvu za umeme hadi kituo kidogo cha Kampuni cha Kisumu.

MAFANIKIO YA JUHUDI ZA MAREKEBISHO

Matokeo ya kibiashara yaliimarika katika kipindi cha mwaka 2001/2002 ikilinganishwa na kipindi cha mwaka 1999/2000 na yale yaliyofikiwa katika kipindi cha mwaka 2000/2001 katika mazingira magumu ya uendeshaji shughuli, yanaadhihirika kwani Kampuni inaendelea kufaulu katika mpango wa ufufuzi. Mafanikio haya hasa yalitokana na hatua za marekebisho yanayotekelezwa tangu mwezi Septemba mwaka 2001 na msaada kutoka kwa wahusika wetu.

Kiwango kilichoimarika cha nguvu za umeme

Kurejea kwa hali ya kawaida ya mvua katika kipindi cha mwaka 2001/2002 kulikoambatana na matumizi ya mtambo wa nguvu za umeme wa kampuni ya Tsavo unaotumia mafuta ya dizel mnamo mwezi Septemba mwaka 2001, kuliimarisha kiwango cha utoaji wa nguvu za umeme. Hata hivyo, huku mauzo yakiongezeka ikilinganishwa na mwaka uliotangulia, ongezeko la wateja wapya lilipungua kuliko ilivyotarajiwa kutokana na kufufuka pole pole kwa shughuli za kiuchumi.

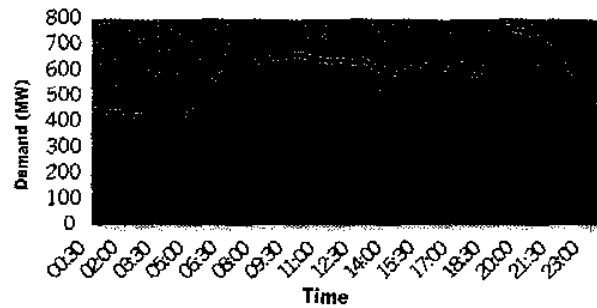
Mpango wa upunguzaji hasara

Mradi ambao ulihusisha ukaguzi wa mita za nguvu za umeme za wateja kote nchini na kubadilishwa kwa mita zilizoharibiwa uliimarisha utendaji kazi kwa asilimia 0.8 wakati wa kipindi hicho cha uchunguzi. Hatua hii inanuiwa kupunguza hasara za kiufundi na kibiashara kutoka asilimia 21.5 hadi asilimia 17.5 katika muda wa miaka mitatu ili kuleta mapato ya shilingi milioni 200 kwa mwaka likiwa ni ongezeko fa shilingi milioni 600 kwa mwaka katika mwaka wa tatu.

Uchunguzi wa ushuru

Kampuni imepunguza ushuru wa umeme mwingi unaosambazwa na kampuni ya kusambaza umeme ya Uganda na ile ya Iberafrica (E.A) Ltd. kuanzia mwezi Januari mwaka huu wa 2002 na tarehe 1 April mwaka 2002. Uchunguzi wa ushuru wa umeme unaotozwa na kampuni ya KenGen, unaendelea na anatarajiwa kukamilika baada ya utafiti unaofanywa na kampuni ya PB Power Limited, ambayo ni mshauri wa kimataifa, iliyoteuliwa kutekeleza utafiti wa ushuru wa mwaka 1998. Wakati huo huo, mashauri na kampuni ya nguvu za umeme ya Westmont Power Kenya Ltd kuweza kupunguza ushuru yanaendelea. Juhudi hizi zitaimarisha shughuli za kibiashara.

Daily Electricity Demand Pattern



Marekebisho ya kifedha

Marekebisho ya kifedha yenye lengo la kuimarisha matumizi yafaayo ya mtaji yalichangia upunguzaji deni na viwango vya ubunifu kwa shilingi bilioni 4 milioni 775 na upunguzaji deni la wagawaji na serikali. Kadhalika uuzaji wa mali ya Kampuni ulileta shilingi milioni 458. Hii ilisababisha ongezeko katika mapato ya fedha kutokana na utekelezaji shughuli kwa shilingi bilioni 2 milioni 306 na kupunguza gharama ya kifedha ya shilingi milioni 226.

Marekebisho ya shughuli za biashara na shughuli za Kampuni

Marekebisho ya shughuli za biashara na shughuli za Kampuni kwa lengo la kuimarisha utendaji kazi ufaao na kupunguza gharama za wafanyikazi yanaendelea huku upunguzaji wa zaidi ya wafanyikazi 1,100 ukikamilishwa kufikia mwezi April mwaka 2002 kwa jumla ya gharama ya shilingi milioni 934. Upunguzaji wa gharama ya shilingi milioni 271 ulifikiwa. Shughuli ya kuwapunguza wafanyikazi inatarajiwa kuleta akiba ya kila mwaka ya shilingi milioni 500.

Hali ya Siku Zijazo

Kufuatia kuendelea kutekelezwa kwa hatua zilizotajwa hapo juu zinazoambatana na matarajio ya kuimarika kwa uchumi, pato la taifa, yaani GDP, linatarajiwa na Benki Kuu ya Kenya, kukua kwa asilimia 2.5 mwaka wa 2003. Matokeo ya kibiashara ya Kampuni yanatarajiwa kudumishwa na hali ya faida kufikiwa katika kipindi cha sasa cha matumizi ya pesa.

Wafanyikazi

Kwa niaba yenu na kwa niaba ya Halmashauri hii, ningependa kuwashukuru wafanyikazi wote kwa kuendelea kujitolea, kuunga mkono na kuelewa wakati wa kipindi hiki ambapo Kampuni iliendesha shughuli zake chini ya mazingira magumu.

D D Afande
Mwenyekiti

The Directors submit their Report together with the audited financial statements for the year ended 30th June 2002.

Activities

The core business of the Company continued to be the transmission, distribution and retail of electricity purchased in bulk from the Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs) and the Uganda Electricity Transmission Company Limited (UETCL). Following restructuring of the power sector in Uganda, UETCL assumed the functions of transmission of electricity hitherto undertaken by the Uganda Electricity Board.

Results	Shs'000
Loss before Taxation	(2,849,116)
Taxation Credit	969,563
Net Loss for the year transferred to revenue reserves	<u>(1,879,553)</u>

Dividends

A dividend of Shs.1,930,000 payable on the Cumulative Preference Shares has been charged to the Income Statement as a finance cost. However, the Directors do not recommend payment of a dividend on Ordinary Shares due to the unfavourable trading results for the year.

Capital Expenditure

During the year, a total of Shs.2,918 million was spent on fixed assets. Capital contributions received from customers amounted to Shs.959 million, resulting in a net capital cost to the Company of Shs.1,959 million. Net capital work-in-progress as at 30th June 2002, amounted to Shs.3,341 million compared to Shs.2,376 million the previous year.

Directors

The present members of the Board of Directors are shown on page 2.

The following changes in the Board occurred during the year:

Mr. Mwaghazi Mwachofi retired on 30th August 2002, and was replaced by Mr. Joseph K Kinyua on the same date.

In accordance with Article 128 of the Memorandum and Articles of Association of the Company, Mr. J K Kinyua retires and, being eligible, offers himself for election.

In accordance with Regulation 120 of the Articles of Association of the Company, Mr. S O J Ambundo and Prof. W M Mwangi retire by rotation and, being eligible, offer themselves for re-election.

Auditors

The auditors, Deloitte & Touche, having indicated their willingness, continue in office in accordance with Section 159 (2) of the Companies Act.

By Order of the Board

L K Njagi (Mrs)
Secretary
Nairobi

27th November 2002

Wakurugenzi waliwasilisha taarifa yao pamoja na taarifa za kifedha zilizokaguliwa kwa kipindi kilichomalizikia tarehe 30 Juni mwaka 2002.

Shughuli za Kampuni

Shughuli muhimu za Kampuni ziliendelea kuwa usambazaji, ugawaji na uzaji wa reja reja umeme ulionunuliwa kwa wingi kutoka kwa kampuni ya utoaji nguvu za umeme nchini (KenGen), watoaji wa nguvu za umeme wa kibinafsi (IPPs) na kampuni ya utoaji nguvu za umeme ya Uganda Electricity Transmission Company Limited (UETCL). Kufuatia kurekebisha kwa sekta ya nguvu za umeme nchini Uganda, kampuni ya UETCL ilianza shughuli za usambazaji nguvu za umeme, chini ya hatua inayotekelezwa na Halmashauri ya nguvu za umeme ya Uganda.



	Shs'000
Hasara kabla ya kutozwa ushuru	(2,849,116)
Kodi	969,563
Hasara ya pato	<u>(1,879,553)</u>

Marupurupu ya Faida

Marupurupu ya shilingi milioni elfu 930 ya kulipiwa hisa za kipekee yametozwa kwenye taarifa ya mapato kama gharama ya kifedha. Hata hivyo Wakurugenzi hawaidhinishi malipo ya marupurupu kwa hisa za kawaida kutokana na matokeo yasiyofaa ya kibiashara kwa mwaka huo.

Matumizi ya Mtaji

Katika mwaka huo, jumla ya shilingi bilioni 2 milioni 918 zililitumiwa kwa mali za Kampuni. Michango mikubwa iliyopokewa kutoka kwa wateja ilifikisha jumla ya shilingi milioni 959 na kusababisha gharama kwa Kampuni ya shilingi bilioni 1 milioni 959. Kazi iliyokuwa ikiendelea kufikia kipindi kilichomalizikia tarehe 30 Juni mwaka huu wa 2002, ilifikisha jumla ya shilingi bilioni 3 milioni 341 ikilinganishwa na shilingi bilioni 2 milioni 376 mwaka uliotangulia.

Wakurugenzi

Wakurugenzi wa sasa wa Halmashauri hii wameonyeshwa kwenye ukurasa wa pili. Mabadiliko yafuatayo katika Halmashauri hii yalitokea wakati wa kipindi hiki:

Bw. Mwaghazi Mwachofi alistaafu tarehe 30 Agosti 2002, na mahala pake kuchukuliwa na Bw. Joseph K Kinyua tarehe hiyo hiyo.

Kuambatana na Kifungu Nambari 128 cha Sheria za Kampuni, Bw. J K Kinyua anastaafu na anakubaliwa kujiwasilisha kuchaguliwa.

Kuambatana na Sheria ya Kifungu Nambari 120 cha sheria za Kampuni, Bw. S O J Ambundo na Prof. W M Mwangi wanastaafu kuambatana na utaratibu ulioko na wanakubaliwa kujiwasilisha kuchaguliwa tena.

Wakurugenzi wa Hesabu za Pesa

Wakaguzi wa hesabu za pesa, Deloitte & Touche, wamesema wanania kuendelea kutekeleza jukumu lao kuambatana na Kifungu Nambari 159 Sehemu ya (2) cha Sheria za Kampuni.

Kwa Amri ya Halmashauri

L K Njagi (Mrs)
Katibu
Nairobi
27 Novemba 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Accounting Standards and the requirements of the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the Company's financial affairs and of its loss and cash flows. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 months from the date of this statement.

Corporate Governance

The Capital Markets Authority published Legal Notice No. 13 in the Special Issue of the Kenya Gazette Supplement Number 24 dated 18 January 2002, Capital Markets Regulations and Disclosure Requirements for Public Offers and Listing of Securities. These regulations and disclosure requirements came into effect on 7th January 2002. The Capital Markets Authority also published Notice number 3362 in the Kenya Gazette issue dated 14 May 2002, Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya. These guidelines came into effect on 14th January 2002.

Recommendations contained within the Guidelines, with regard to Directors' responsibilities, include:

- Keeping the core strategy under review;
- Monitoring progress towards agreed objectives;
- Overseeing corporate management and operations;
- Meeting its responsibilities to shareholders; and
- Reviewing the adequacy of the internal control and management information systems.

Your Board meets regularly to direct and manage the Company's business according to essential standards of good corporate governance.

An Audit Committee has been in operation since 1999 and is playing a key role in ensuring these activities receive all due consideration.

Your Directors are committed to adopting good corporate governance practices. They are currently considering and taking advice on action called for to ensure full compliance with the Guidelines.



TAARIFA YA WAJIBU WA WAKURUGENZI

Taarifa za kifedha

Sheria ya Kampuni inawahitaji Wakurugenzi kutayarisha taarifa za kifedha kwa kila kipindi cha matumizi ya pesa, ambazo hutoa maoni ya ukweli na ya haki ya maswala ya Kampuni kufikia mwisho wa kipindi cha matumizi ya pesa na faida au hasara ya Kampuni kwa kipindi hicho. Kwa kutayarisha taarifa hizo za kifedha, Wakurugenzi wanahitajika:-

- Kuchagua maongozi yafaayo ya uhasibu na kisha kuyatekeleza kila mara
- Kueleza iwapo viwango vifaavyo vya uhasibu vimefuatwa
- Kutayarisha taarifa za kifedha kuhusu hali iliyo na kuiwezesha kampuni kuendelea na shughuli zake.

Wakurugenzi wana wajibu wa kuweka kumbukumbu bora za uhasibu zinazoeleza kwa ufasaha wakati wowote juu ya hali ya kifedha ya Kampuni, na kuwawezesha kuhakikisha kwamba taarifa hizo zinaambatana na sheria ya Kampuni. Pia wana wajibika kulinda mali ya Kampuni na kuchukua hatua za kuzuia na kutambua wizi au kasoro nyingine.

Wakurugenzi hukubali jukumu la taarifa za kifedha za kila mwaka, ambazo wamekuwa wakitayarisha kwa kutumia maongozi yafaayo ya uhasibu yakiungwa mkono na maamuzi bora na makadirio, kuambatana na viwango vya kimataifa vya uhasibu na mahitaji ya sheria ya Kampuni. Wakurugenzi wana maoni kwamba taarifa za kifedha hutoa maoni ya kweli na ya haki kuhusu maswala ya kifedha ya Kampuni na hasara na vile vile mtiririko wa pesa. Wakurugenzi kadhalika hukubali wajibu wa kudumisha kumbukumbu za uhasibu ambazo huenda zikategemewa katika matayarisho ya taarifa za kifedha, na vile vile mifumo ya kutosha ya usimamizi wa pesa.

Hakuna kilichowafanya Wakurugenzi kuonyesha kwamba Kampuni haitaendelea kama ilivyo kwa muda wa miezi 12 kuanzia tarehe ya taarifa hii.

Usimamizi wa Shughuli za Kampuni

Halmashauri ya usimamizi wa masoko ya hisa ilichapisha aarifa ya kisheria nambari 13 katika toleo maalum la Gazeti rasmi la serikali Nambari 4 la tarehe 18 Januari 2002 na sheria za masoko ya hisa na kampuni za uzaji wa hisa. Sheria hizi na mahitaji mengine zilianza kutekelezwa kuanzia tarehe 7 Januari 2002. Halmashauri hiyo pia ilichapisha aarifa nambari 3362 katika toleo la tarehe 14 Mei 2002 la Gazeti rasmi la serikali, kuhusu maongozi na usimamizi wa kampuni nchini. Maongozi haya yalianza kutekelezwa kuanzia tarehe 14 Januari 2002.

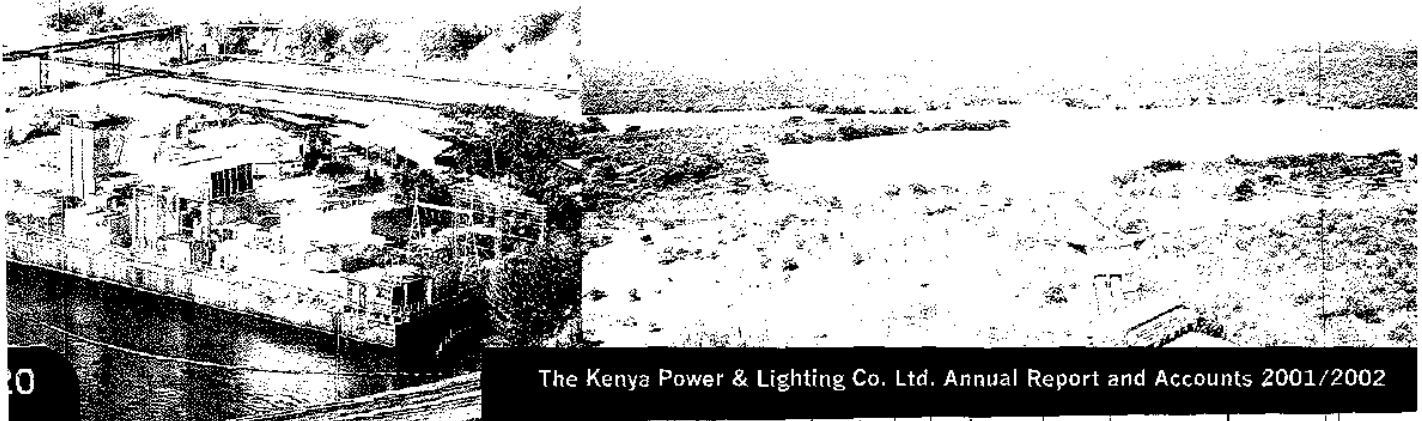
Mapendekezo yaliyoko kwenye maongozi haya kuhusiana na wajibu wa Wakurugenzi ni pamoja na :-

- Kuweka hatua muhimu za uchunguzi
- Kuchunguza mafanikio ya malengo yaliyokubaliwa
- Kuchunguza usimamizi wa shughuli za kampuni na uendeshaji shughuli zake
- Kutimiza wajibu wake kwa wenye hisa na
- Kuchunguza utoshelezaji wa usimamizi wa mifumo ya maelezo.

Halmashauri yenu hukutana kila mara ili kuagiza na kusimamia shughuli za Kampuni kulingana na viwango muhimu vya usimamizi bora wa shughuli hizo.

Kamati ya ukaguzi wa hesabu za pesa ambayo imekuwa ikiendesha shughuli zake tangu mwaka wa 1999 inatekeleza jukumu muhimu kuhakikisha shughuli hizi zote zinatafakariwa ipasavyo.

Wakurugenzi wenu wamejitolea kuafikia usimamizi bora wa shughuli za Kampuni. Kwa wakati huu wanachunguza na kuchukua ushauri kuhusu hatua inayohitajika ili kuhakikisha inaambatana na mwongozo huo.



**REPORT OF THE AUDITORS TO THE MEMBERS OF
THE KENYA POWER & LIGHTING COMPANY
LIMITED**

We have audited the financial statements on pages 23 to 41 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

**Respective Responsibilities of
Directors and Auditors**

As described on page 19, the Directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Directors, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

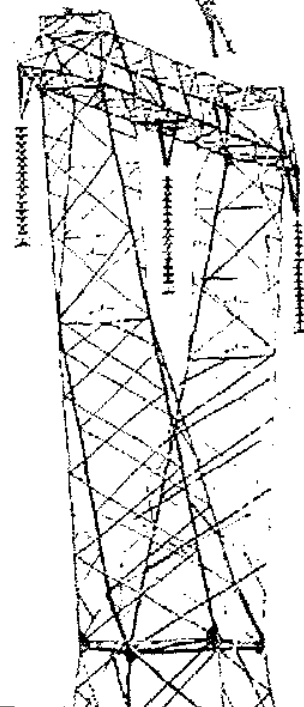
Opinion

In our opinion, proper books of account have been kept by the Company and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the Company at 30 June 2002 and of its loss and cash flows for the year then ended in accordance with International Accounting Standards and comply with the Companies Act.

Emphasis of Matter

We draw attention to the disclosures in Note 2 to the financial statements regarding the going concern basis of the financial statements and the strategic measures that the Directors and management are pursuing to help the Company return to profitability. Because of the significance of the matter, we consider it important to bring it to your attention but our opinion is not qualified in this respect.

Deloitte & Touche
30th October 2002



**TAARIFA YA WAKAGUZI WA HESABU
ZA PESA KWA WANACHAMA WA
KAMPUNI YA
KENYA POWER & LIGHTING**

Tumekagua taarifa za kifedha kwenye kurasa za 23 hadi 41 na tumepata maelezo yote ambayo tunaamini kuwa ni muhimu kwa minajili ya ukaguzi wetu.

Wajibu mbali mbali wa Wakurugenzi na Wakaguzi wa Hesabu za Pesa

Kama ilivyoelezwa kwenye ukurasa wa 4, Wakurugenzi wana wajibu wa kutayarisha taarifa za kifedha. Jukumu letu ni kutoa maoni kuhusu zile taarifa za kifedha kuhusu ukaguzi wetu.

Mtazamo

Sisi hufanya ukaguzi wetu kuambatana na viwango vya ukaguzi vya kimataifa. Viwango hivyo vinatuhitaji kuweka mpango na kufanya ukaguzi ili kupata hakikisho iwapo taarifa hizo za kifedha hazitatanishi. Ukaguzi ni pamoja na uchunguzi wa majaribio, ushahidi unaounga mkono kiasi cha pesa na maelezo kwenye taarifa hizo, kukadiria njia za uhasibu zilizotumika na makisio yaliyofanywa na Wakurugenzi na kukadiria taarifa nzima ya kifedha. Tunaamini kwamba ukaguzi wetu unatoa msingi wa maoni yetu.

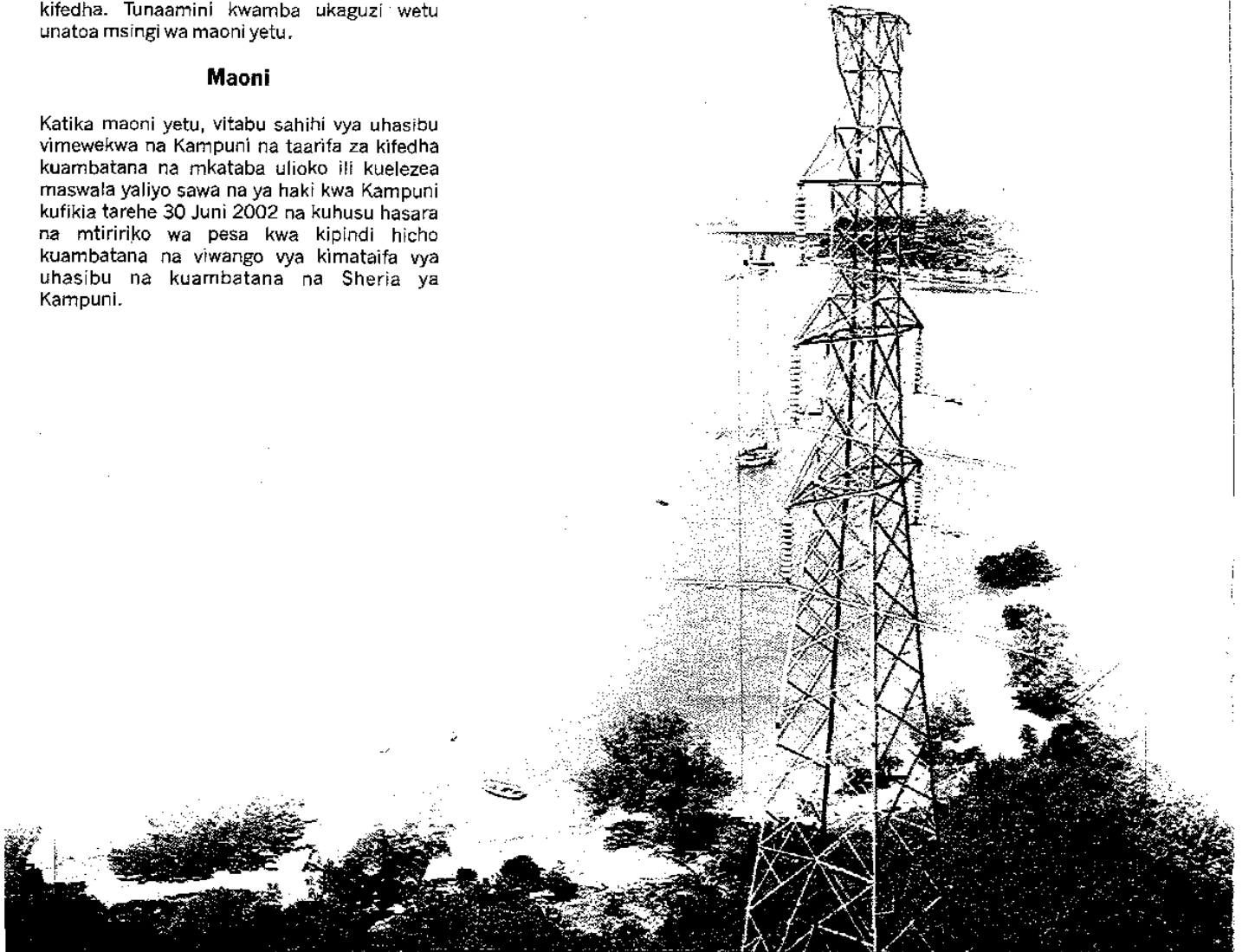
Maoni

Katika maoni yetu, vitabu sahihi vya uhasibu vimewekwa na Kampuni na taarifa za kifedha kuambatana na mkataba ulioko ili kuelezea maswala yaliyo sawa na ya haki kwa Kampuni kufikia tarehe 30 Juni 2002 na kuhusu hasara na mtiririko wa pesa kwa kipindi hicho kuambatana na viwango vya kimataifa vya uhasibu na kuambatana na Sheria ya Kampuni.

Shinikizo

Tunazingatia maelezo kwenye aarifa nambari 2 ya kifedha kuhusu hatua ambazo Wakurugenzi wanafuatilia kuisaidia Kampuni kuleta faida. Kwa sababu ya umuhimu wa swala hili tunachukulia kuwa ni muhimu kulizingatia ingawa maoni yetu hayashirikishwi katika swala hili.

**Deloitte & Touche
30 Oktoba 2002**



	Note	2002 Sh'000	2001 Sh'000
REVENUE			
Electricity sales		18,699,495	16,108,697
Fuel cost recoveries		6,108,154	12,079,828
Total revenue		<u>24,807,649</u>	<u>28,188,525</u>
OPERATING EXPENSES			
Power purchase costs		13,714,891	12,139,299
Fuel costs		7,073,866	13,769,003
Transmission and distribution costs		5,555,494	5,826,316
Total operating expenses		<u>26,344,251</u>	<u>31,734,618</u>
OPERATING LOSS	3	(1,536,602)	(3,546,093)
FINANCE COSTS - NET	4	<u>(334,088)</u>	<u>(559,822)</u>
LOSS BEFORE EXCEPTIONAL ITEM		(1,870,690)	(4,105,915)
EXCEPTIONAL ITEM - Restructuring costs	6	<u>(978,426)</u>	<u> </u>
LOSS BEFORE TAXATION		(2,849,116)	(4,105,915)
TAXATION CREDIT	7	<u>969,563</u>	<u>1,229,204</u>
NET LOSS FOR THE YEAR		<u><u>(1,879,553)</u></u>	<u><u>(2,876,711)</u></u>
LOSS PER SHARE	8	<u><u>(Sh 23.75)</u></u>	<u><u>(Sh 36.36)</u></u>

	Note	2002 Sh'000	2001 (Restated) Sh'000
ASSETS			
Non Current Assets			
Property, plant and equipment	9	19,357,165	12,343,789
Operating lease prepayments	10	132,257	132,343
Deferred taxation	11	110,389	987,941
Unquoted investment	12	4,300	4,300
		<u>19,604,111</u>	<u>13,468,373</u>
Current Assets			
Inventories	13	2,394,723	3,017,071
Trade and other receivables	14	7,164,182	11,317,952
Taxation recoverable		140,785	135,422
Short term deposits	15	1,766,678	232,605
Bank and cash balances		282,616	640,937
		<u>11,748,984</u>	<u>15,343,987</u>
Total Assets		<u><u>31,353,095</u></u>	<u><u>28,812,360</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	16	1,582,560	1,582,560
Capital reserve		12,304	12,304
Revaluation reserve		4,309,935	.
General reserve		147,480	147,480
Revenue reserve		(2,536,111)	(656,558)
Shareholders' funds		<u>3,516,168</u>	<u>1,085,786</u>
Non Current Liabilities			
Trade and other payables	17	2,260,991	2,010,956
Borrowings	18	5,049,326	2,258,632
Due to KenGen	19	10,351,144	961,808
Preference shares	20	43,000	43,000
		<u>17,704,461</u>	<u>5,274,396</u>
Current Liabilities			
Trade and other payables	17	7,795,568	16,559,369
Commercial paper			653,000
Dividends payable		386,362	386,430
Borrowings	18	1,950,536	4,853,379
		<u>10,132,466</u>	<u>22,452,178</u>
Total Equity and Liabilities		<u><u>31,353,095</u></u>	<u><u>28,812,360</u></u>

The financial statements on pages 23 to 41 were approved by the Board of Directors on 30th October 2002 and were signed on its behalf by:

S K Gichuru

)

) Directors

D D Afande

)

	Share capital Sh'000	Capital reserve Sh'000	Revaluation reserve Sh'000	General reserve Sh'000	Revenue reserve Sh'000	Total Sh'000
At 1 July 2000	1,582,560	12,304	-	147,480	2,220,153	3,962,497
Net loss for the year	-	-	-	-	(2,876,711)	(2,876,711)
At 30 June 2001	<u>1,582,560</u>	<u>12,304</u>	<u>-</u>	<u>147,480</u>	<u>(656,558)</u>	<u>1,085,786</u>
At 1 July 2001	1,582,560	12,304	-	147,480	(656,558)	1,085,786
Surplus on revaluations during the year	-	-	6,157,050	-	-	6,157,050
Deferred tax on the revaluation surplus	-	-	(1,847,115)	-	-	(1,847,115)
Net loss for the year	-	-	-	-	(1,879,553)	(1,879,553)
At 30 June 2002	<u>1,582,560</u>	<u>12,304</u>	<u>4,309,935</u>	<u>147,480</u>	<u>(2,536,111)</u>	<u>3,516,168</u>

			2001
	Note		Sh'000
Cash Generated from Operations	21(a)	3,881,011	1,575,329
Interest received		21,964	19,980
Interest paid		(363,190)	(640,779)
Taxation paid		(5,363)	(12,236)
Cash Generated from Operating Activities		<u>3,534,422</u>	<u>942,294</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, net of capital contributions		(1,959,535)	(1,593,319)
Proceeds of disposal of property, plant and equipment		<u>458,572</u>	<u>171,613</u>
Net Cash Used in Investing Activities		<u>(1,500,963)</u>	<u>(1,421,706)</u>
FINANCING ACTIVITIES			
Repayment of Commercial paper		(653,000)	(820,108)
Loans received	21(b)	1,144,204	1,800,020
Repayment of amounts borrowed	21(b)	(951,988)	(769,195)
Dividends paid		(68)	(9,864)
Cash (used in)/generated from financing activities		<u>(460,852)</u>	<u>200,853</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,572,607	(278,559)
CASH AND CASH EQUIVALENTS AT 1 JULY		<u>(784,134)</u>	<u>(505,575)</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	21(c)	<u><u>788,473</u></u>	<u><u>(784,134)</u></u>

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Accounting Standards. The principal accounting policies adopted in the preparation of these financial statements, which are set out below, remain unchanged from the previous years, except for the implementation of the provisions of International Accounting Standard No. 17 with regard to treatment of leasehold land as disclosed in note 1(h).

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention as modified for the revaluation of certain property, plant and equipment.

(b) Revenue

Revenue represents the total income from the sale of electricity billed during the year excluding Value Added Tax and levies due to the Government.

(c) Interest

Interest payable and receivable are recognised on the accruals basis. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

(d) Inventories

Inventories are stated at average cost less provision for obsolescence.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost or as professionally valued less accumulated depreciation. Additions to power distribution lines during the year are capitalised net of customers' contributions.

(f) Depreciation

Depreciation is calculated to write off the cost or valuation of property, plant and equipment to their residual values by equal annual instalments over their expected useful lives.

The depreciation rates used are:

Transmission and distribution lines	2.5 - 20%
Plant and machinery	2.85 - 6.66%
Motor vehicles	25%
Furniture, equipment and fittings	6.66 - 20%
Computers and photocopiers	30%

(g) Taxation

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

(h) Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made by the Company under operating leases are charged to the income statement on the straight-line basis over the term of lease.

Payments made for acquisition of rights for leasehold land are treated as prepaid operating lease rentals and are amortised on the straight-line basis over the term of lease. This represents a change in accounting policy to comply with International Accounting Standard (IAS) No. 17. The change in policy has been applied retrospectively and the prior year comparative figures restated accordingly.

Assets acquired under finance leases and hire purchase agreements are capitalised at the dates of the agreements. The interest element of each instalment is charged to the income statement at the time each instalment falls due.

(i) Foreign currencies

Assets and liabilities which are denominated in foreign currencies are translated into Kenya shillings at the rates of exchange ruling on the balance sheet date. Transactions during the year which are expressed in foreign currencies are translated at the rates of exchange ruling on the dates of the transactions. Exchange gains and losses arising during the period of construction of a project are capitalised as part of the cost of the project. Other exchange gains and losses are dealt with in the income statement.

(j) Commercial Paper

Commercial Paper is a short term finance instrument issued at a discount. Commercial Paper balances are shown in the balance sheet at face values less deferred charges. The deferred charges are recognised over the period of the issue.

(k) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument.

(l) Retirement Benefits Obligations

The Company operates a defined retirement benefits scheme for all employees and also makes contributions to the statutory fund, the National Social Security Fund. The Company's obligations to staff retirement benefits schemes are charged to the income statement as they fall due.

(m) Leave Pay Provision

Employees' entitlements to annual leave are recognised when they accrue to employees.

(n) Comparatives

Where necessary, prior year comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the comparative figures have been adjusted to take into account the reclassification of leasehold land from property, plant and equipment to operating lease prepayments in order to comply with the provisions of International Accounting Standard No. 17.

2. GOING CONCERN

As at 30 June 2002, the Company had an accumulated revenue deficit of Sh 2.5 billion, a situation which has been caused by losses made by the Company over the last three years, as a result of adverse trading conditions arising from the effects of the drought that ravaged the country between 1999 and 2001. Over the past 15 months, the Directors and Management have been pursuing various strategic measures to turn around the Company and return it to profitability. The measures that are being pursued include development of enhanced power capacity, restructuring of the Company's operations to reduce operating costs and renegotiating bulk power purchase tariffs with suppliers in order to improve the Company's trading margin. The measures implemented so far have already started yielding positive results and the Directors are, therefore, optimistic about the prospects of an early return to profitability.

In view of the foregoing, the Directors have prepared the financial statements on the going concern basis:

OPERATING LOSS	2002 Sh'000	2001 Sh'000
The operating loss is arrived at after charging/(crediting):		
Cost of bulk power purchases:		
KenGen		
- Non fuel	7,982,527	7,290,540
- Fuel	2,243,885	6,541,693
Independent Power Producers		
- Non fuel	4,850,127	2,851,804
- Fuel	4,583,094	2,365,844
Emergency Power Plants		
- Non Fuel	.	2,222,203
- Fuel	246,887	3,072,712
Uganda Electricity Transmission Company	882,236	1,086,706
Staff costs (Note 5)	3,800,757	4,046,250
Provision for bad and doubtful debts	83,290	319,155
Directors' emoluments		
- fees	780	935
- other	8,065	6,341
Auditors' remuneration	6,655	6,655
Depreciation	1,101,236	1,138,686
Amortisation	86	.
Rent paid	119,962	137,696
Profit on disposal of property, plant and equipment	(456,599)	(170,437)
Charges to Emergency Power Plants	.	(1,311,954)
Rent receivable	(113,876)	(159,146)
	<u>(113,876)</u>	<u>(159,146)</u>

	2002 Sh'000	
Interest receivable:		
On bank and other deposits	(21,964)	(26,245)
On deferred capital contributions	.	(138)
	<u>(21,964)</u>	<u>(26,383)</u>
Net foreign exchange transactions losses/(gains)	23,390	(57,050)
Interest payable:		
On loans	130,820	279,702
On bank overdrafts	172,526	303,822
On commercial paper	27,386	57,801
On preference shares	1,930	1,930
	<u>332,662</u>	<u>643,255</u>
	<u>334,088</u>	<u>559,822</u>

	2002	2001
	Sh'000	Sh'000
Salaries and wages	3,551,879	3,777,517
National Social Security Fund contributions	12,413	61,179
Pension costs - defined contribution plan	236,465	262,554
	<u>3,800,757</u>	<u>4,046,250</u>

The average number of employees during the year was 5,470 and 953 on contract/temporary terms (2001 - 6,593 which did not include those on contract/temporary terms).

6. RESTRUCTURING COSTS

This represents redundancy and other benefits paid to staff who were retrenched during the year as part of the Company's ongoing restructuring programme.

	2002	2001
	Sh'000	Sh'000
(a) Current taxation Based on the adjusted loss for the year at 30% Deferred taxation credit	(969,563)	(1,229,204)
	<u>(969,563)</u>	<u>(1,229,204)</u>
(b) Reconciliation of tax credit to the expected tax based on accounting loss:		
Loss before taxation	<u>(2,849,116)</u>	<u>(4,105,915)</u>
Tax at the applicable tax rate of 30%	(854,734)	(1,231,775)
Tax effect of expenses not deductible for tax purposes	13,794	4,802
Tax effect of revenues that are not taxable	(128,623)	(2,231)
	<u>(969,563)</u>	<u>(1,229,204)</u>

8. LOSS PER SHARE

The loss per share is calculated on the loss after taxation of Sh 1,879,553,000 (2001 - Sh 2,876,711,000) and the number of shares in issue during the year of 79,128,000.

The diluted loss per share is the same as basic loss per share.

PROPERTY, PLANT AND EQUIPMENT	Land and Buildings Sh'000	Transmission Lines Sh'000	Distribution Lines Sh'000
COST OR VALUATION			
At 1 July 2001			
- as previously reported	1,190,742	4,753,824	4,742,685
- reclassification to operating lease prepayments (note 10)	(133,694)	-	-
- as restated	1,057,048	4,753,824	4,742,685
Additions	2,139	424,552	244,493
Disposal	(2,675)	-	(10,995)
Revaluation surplus	-	5,049,380	-
At 30 June 2002	1,056,512	10,227,756	4,976,183
Comprising			
At cost	1,056,512	-	4,976,183
At valuation-2002	-	10,227,756	-
	1,056,512	10,227,756	4,976,183
DEPRECIATION			
At 1 July 2001			
- as previously reported	330,770	950,602	1,122,747
- reclassification to operating lease prepayments (note 10)	(1,351)	-	-
- as restated	329,419	950,602	1,122,747
Charge for the year	31,578	250,827	207,948
Eliminated on disposals	(2,239)	-	(9,458)
Reclassification within property, plant and equipment	(7,268)	-	15,778
Write-back on revaluation	-	(1,107,670)	-
At 30 June 2002	351,490	93,759	1,337,015
NET BOOK VALUE			
At 30 June 2002	705,022	10,133,997	3,639,168
Work - in - progress			
Restated as 30 June 2001	727,629	3,803,222	3,619,938
Work - in - progress			

Plant and Machinery Sh'000	Motor vehicles Sh'000	Furniture, equipment and other Sh'000	Total Sh'000	PROPERTY, PLANT AND EQUIPMENT
				COST OR VALUATION
12,736	1,300,850	3,745,961	15,746,798	At 1 July 2001
-	-	-	(133,694)	- as previously reported
12,736	1,300,850	3,745,961	15,613,104	- reclassification to operating lease prepayments (note 10)
-	26,279	297,549	995,012	- as restated
-	-	-	(13,670)	Additions
-	-	-	5,049,380	Disposal
-	-	-	-	Revaluation surplus
12,736	1,327,129	4,043,510	21,643,826	At 30 June 2002
12,736	1,327,129	4,043,510	11,416,070	Comprising
-	-	-	10,227,756	At cost
12,736	1,327,129	4,043,510	21,643,826	At valuation-2002
				DEPRECIATION
10,588	1,090,063	2,142,623	5,647,393	At 1 July 2001
-	-	-	(1,351)	- as previously reported
10,588	1,090,063	2,142,623	5,646,042	- reclassification to operating lease prepayments (note 10)
94	68,813	541,976	1,101,236	- as restated
-	-	-	(11,697)	Charge for the year
121	-	(8,631)	-	Eliminated on disposals
-	-	-	(1,107,670)	Reclassification within property, plant and equipment
-	-	-	-	Write -back on revaluation
10,803	1,158,876	2,675,968	5,627,911	At 30 June 2002
				NET BOOK VALUE
1,933	168,253	1,367,542	16,015,915	At 30 June 2002
			3,341,250	Work - in - progress
			19,357,165	
2,148	210,787	1,603,338	9,967,062	Restated as 30 June 2001
			2,376,727	Work - in - progress
			12,343,789	

	Land and buildings Sh'000	Plant and equipment Sh'000	Distribution lines Sh'000	Other Sh'000
NET BOOK VALUE (COST BASIS)				
At 30 June 2002	<u>705,022</u>	<u>3,976,947</u>	<u>3,639,168</u>	<u>1,933</u>
Work in progress				
At 30 June 2001	<u>727,629</u>	<u>3,803,222</u>	<u>3,619,938</u>	<u>2,148</u>
Work-in-progress				

OPERATING LEASE PAYMENTS	Leasehold Land Sh'000
COST	
At 30 June 2001 as previously reported	-
Reclassification from property, plant and equipment (note 9)	<u>133,694</u>
Restated as at 30 June 2001	<u>133,694</u>
AMORTISATION	
At 30 June 2001 as previously reported	-
Reclassification from property, plant and equipment	1,351
Amortisation for the year	<u>86</u>
	<u>1,437</u>
At 30 June 2002	<u>132,257</u>

Motor vehicles Sh'000		Total Sh'000	
			NET BOOK VALUE (COST BASIS)
<u>168,253</u>	<u>1,367,542</u>	9,858,865	At 30 June 2002
		<u>3,341,250</u>	Work in progress
		<u>13,200,115</u>	
<u>210,787</u>	<u>1,603,338</u>	9,967,062	At 30 June 2001
		<u>2,376,727</u>	Work-in-progress
		<u>12,343,789</u>	

MA-LIBRARY

11. DEFERRED TAXATION

Deferred taxation is calculated on all temporary differences under the liability method using the enacted rate of 30%. The net deferred tax asset at 30 June is attributable to the following items:

	2002 Sh'000	2001 Sh'000
Tax losses	(3,964,580)	(3,205,206)
Provisions	(365,981)	(217,252)
	<u>(4,330,561)</u>	<u>(3,422,458)</u>
Accelerated capital allowances	2,356,836	2,420,072
Unrealised exchange differences	16,221	14,445
Revaluation surplus	1,847,115	.
	<u>4,220,172</u>	<u>2,434,517</u>
	<u>(110,389)</u>	<u>(987,941)</u>
Movement on the deferred tax account is as follows:		
At 1 July	(987,941)	241,263
Income statement credit	(969,563)	(1,229,204)
Debit to revaluation reserve	1,847,115	.
	<u>(110,389)</u>	<u>(987,941)</u>

The deferred taxation asset attributable to tax losses has been recognised in the financial statements on the basis of profit forecasts which indicate that the Company will generate sufficient profits in the foreseeable future to facilitate utilisation of the tax losses.

12 UNQUOTED INVESTMENT

The investment is stated at Directors' valuation, which is equivalent to cost. The investment represents equity shares held in Consolidated Bank of Kenya Limited. The shares were acquired in return for deposits previously held with Jimba Credit Finance Limited, one of the finance houses under rehabilitation from insolvency.

13. INVENTORIES	2002 Sh'000	2001 Sh'000
General stores	1,518,765	2,064,700
Engineering spares	27,214	80,248
Fuel and oil	83,034	104,602
Transformers	687,487	705,365
Motor vehicle spares	69,855	30,107
Goods in transit	8,368	32,049
	<u>2,394,723</u>	<u>3,017,071</u>

14. TRADE AND OTHER RECEIVABLES	2002 Sh'000	2001 Sh'000
Electricity customers	5,281,623	6,020,654
Rural Electrification Schemes	671,914	1,980,393
Prepayments	657,654	1,142,561
Recoverable fuel costs	333,318	957,915
Other receivables	219,673	1,216,429
	<u>7,164,182</u>	<u>11,317,952</u>

15. SHORT TERM DEPOSITS

Short term deposits include amounts totalling Sh 1,332,000,000 held by the Company's bankers as security for guarantees issued by the banker on behalf of the Company. This is in respect of a standby letter of credit issued by the Company to fulfil a contractual agreement under a power supply agreement.

16. SHARE CAPITAL	2002 Sh'000	2001 Sh'000
Authorised: 97,850,000 ordinary shares of Sh 20 each	<u>1,957,000</u>	<u>1,957,000</u>
Issued and fully paid: 79,128,000 ordinary shares of Sh 20 each	<u>1,582,560</u>	<u>1,582,560</u>

	2002 Sh'000	2001 Sh'000
Kenya Electricity Generating Company Limited (KenGen)	2,338,204	10,433,219
Customers' deposits	1,554,990	1,351,671
Capital contributions	706,001	659,285
Suppliers' accounts	2,942,446	3,281,199
Rural Electrification Programme Levy	575,427	565,492
Electricity Regulatory Board Levy	29,402	23,662
Staff Retirement Benefits Scheme	804,643	536,043
Leave pay provision	181,481	142,317
Other payables	<u>923,965</u>	<u>1,577,437</u>
	10,056,559	18,570,325
Less: Amounts payable after one year	<u>(2,260,991)</u>	<u>(2,010,956)</u>
	<u>7,795,568</u>	<u>16,559,369</u>

The amounts payable after one year relate to account deposits and capital contributions received from customers on deferred customer projects.

Notes to the Financial Statements...continued

	2002	2001
	Sh'000	Sh'000
Amounts due on power purchase account	8,081,442	-
Accrued development surcharge	1,841,207	961,808
Accrued interest/penalties	428,495	-
	<u>10,351,144</u>	<u>961,808</u>

In accordance with a rescheduling agreement between the Company and KenGen, the amount due on the power purchase account is repayable over a period of 7 years from 1 July 2003 while the accrued interest and accrued development surcharge balances are repayable over a period of 10 years from 1 July 2003. The balances attract interest at the rate of 7.2% per annum.

20. PREFERENCE SHARES	2002	2001
	Sh'000	Sh'000
350,000 - 7% cumulative preference shares of Sh 20 each	7,000	7,000
1,800,000 4% cumulative preference shares of Sh 20 each	36,000	36,000
	<u>43,000</u>	<u>43,000</u>

The preference shares are treated as financial liabilities because the Company has a contractual obligation to pay interest on the shares.

21. NOTES TO THE CASH FLOW STATEMENT	2002	2001
	Sh'000	Sh'000
(a) RECONCILIATION OF OPERATING LOSS TO CASH GENERATED FROM OPERATIONS		
Operating loss	(1,536,602)	(3,546,093)
Adjustments for:		
Depreciation	1,101,236	1,138,686
Amortisation	86	-
Profit on disposal of property, plant and equipment	(456,599)	(170,437)
Net exchange gains	69,100	22,366
Restructuring costs	(978,426)	-
Operating loss before working capital changes	(1,801,205)	(2,555,478)
Decrease/(increase) in inventories	622,348	(31,523)
Decrease/(increase) in trade and other receivables	4,153,770	(1,499,177)
(Decrease)/increase in trade and other payables	(8,483,238)	6,916,112
Increase/(decrease) in amounts due to KenGen	9,389,336	(1,254,605)
Cash generated from operations	<u>3,881,011</u>	<u>1,575,329</u>

NOTES TO THE CASH FLOW STATEMENTS	2002	2001
	Sh'000	Sh'000
(b) ANALYSIS OF CHANGES IN LOANS		
At 1 July	3,259,490	2,263,349
Received	1,144,204	1,800,020
Repaid	(951,988)	(769,195)
Exchange losses/(gains)	92,490	(34,684)
At 30 June	<u>3,544,196</u>	<u>3,259,490</u>
(c) ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits	1,766,678	232,605
Bank and cash balances	282,616	640,937
Bank overdrafts	(1,260,821)	(1,657,676)
	<u>788,473</u>	<u>(784,134)</u>

For the purpose of the cash flow statements, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from date of disbursement or date of confirmation of the advance.

22. RETIREMENT BENEFITS OBLIGATIONS

The Company operates a defined retirement benefits scheme for all employees. The Scheme currently covers employees of both The Kenya Power & Lighting Company Limited and Kenya Electricity Generating Company Limited. However, a split of the Scheme's assets and liabilities between the two entities is expected soon. The scheme is administered by an internal Secretariat, and is funded by contributions from both Companies and their employees. The scheme's funds are jointly managed by Global Investment Company (E.A) Ltd. and Co-op Trust Investment Services Limited.

The scheme is subjected to valuations by independent actuaries once every three years to fulfil requirements under the scheme's rules, the Income Tax (Retirement Benefits) rules 1994, the Retirement Benefits Act 1997 and Retirement Benefits Authority (RBA) regulations. The last actuarial valuation was carried out as at 1 August 1999 by Hymans Robertson, Consulting Actuaries. The actuarial valuation method adopted entailed the comparison of the value of the scheme's assets at the valuation date with its liabilities and an assessment of the ability of the scheme to meet its obligations to members. The principal actuarial assumptions used in the valuation were:

- Investment return - 10% per annum.
- Rate of salary escalation - 8% per annum.
- Rate of pension increases - 3%

The actuarial valuation revealed that there was a past service actuarial deficit of Sh 1,666,800,000. KPLC was to bear a share of 80.4% of the deficit while the balance of 19.6% was to be borne by Kenya Electricity Generating Company Limited. KPLC's share of the actuarial deficit is being recognised over a period of five years with effect from the 1999/2000 financial year, in line with the transitional provisions of International Accounting Standard No. 19 on Employee Benefits. Consequently, an amount of Sh 268,600,321 (2001 - Sh 268,310,880) has been charged to the income statement in the current year leaving a liability of Sh 535,463,999 which will be recognised over the next two years.

The Company also contributes to the statutory National Social Security fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company's obligations under the Scheme are limited to specific contributions legislated from time to time and are currently at Shs 200 per employee per month.

23. PROVISION FOR LIABILITIES AND CHARGES

The outstanding liability in respect of accrued annual leave as at 30 June 2002, arising from adoption of International Accounting Standard No 19, is being recognised over a period of five years with effect from the 1999/2000 financial year, in line with the transitional provisions of International Accounting Standard No. 19. The liability not recognised as at 30 June 2002 was Sh 78,328,345 while Sh 39,164,171 (2001 - Sh 63,373,762) has been charged to the income statement in the current year.

24. RELATED PARTY TRANSACTIONS

The Government of Kenya is the principal shareholder in The Kenya Power and Lighting Company Limited and also holds 100% of the equity interest in Kenya Electricity Generating Company Limited (KenGen). The Company is related to Kenya Electricity Generating Company Limited through common ownership.

During the year, the following transactions were carried out with related parties:

a) Government of Kenya

The transactions between the Company and the Government of Kenya during the year were as follows:

	2002	
	Sh'000	
Borrowings repaid	19,708	

Other details relating to transactions and balance with the Government of Kenya are disclosed in Note 18.

b) Kenya Electricity Generating Company Limited (KenGen)

	2002	
	Sh'000	
Electricity purchases	10,098,493	13,337,829
Penalties on overdue balances	-	911,380
	<u>10,098,493</u>	<u>14,249,209</u>

Transactions with KenGen are at arm's length and in the normal course of business. Outstanding balances between the Company and KenGen as at 30 June 2002 are disclosed in Notes 17 and 19.

c) KPLC Staff Retirement Benefits Scheme

The Company occupies property owned by the staff retirement benefits scheme and rent paid during the year amounted to Sh 40,000,000 (2001 - Sh 40,000,000).

	2002	2001
	2002	
	Sh'000	
Authorised and contracted for	4,094,022	3,078,504
Less: Amount incurred and included in work in progress	<u>(2,103,103)</u>	<u>(1,494,516)</u>
	1,990,919	1,583,988
Less: Capital contributions received from customers	<u>(867,433)</u>	<u>(755,017)</u>
	<u>1,123,486</u>	<u>828,971</u>

	Sh'000	
Bank guarantees	239,921	275,779
Claims on the Company	<u>1,284,191</u>	<u>1,292,097</u>
	<u><u>1,524,112</u></u>	<u><u>1,567,876</u></u>

The claims relate to civil suits lodged against the Company by various parties in the normal course of business. The likely outcome of these suits cannot be determined as at the date of signing these financial statements. The Directors, however, do not anticipate that any material liability will accrue from the pending suits.

27. OPERATING LEASE COMMITMENTS

AS LESSEE:

The total future minimum lease payments due to third parties under non-cancellable operating leases are as follows:

	2002	
	Sh'000	
Not later than 1 year	119,962	137,696
Later than 1 year and not later than 5 years	<u>156,052</u>	<u>337,408</u>
	<u><u>276,014</u></u>	<u><u>475,104</u></u>

AS LESSOR

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2002	
	Sh'000	
Not later than 1 year	36,465	31,376
Later than 1 year but not later than 5 years	132,510	132,465
Later than 5 years	<u>6,567</u>	<u>10,346</u>
	<u><u>175,542</u></u>	<u><u>174,187</u></u>

28. INCORPORATION

The Company is incorporated in Kenya under the Companies Act.

29. CURRENCY

These financial statements are prepared in Kenya shillings (Sh).

TABLE 1: POWER SYSTEM OPERATION STATISTICS FOR 6 YEARS
GROSS GENERATION AND CONSUMPTION OF ELECTRICITY FOR INTERCONNECTED AND ISOLATED SYSTEMS

KenGen Hydro									
Tana	14.4	14.0	84	76	82	63	71	76	
Wanjii	7.4	7.4	48	51	35	46	47	52	
Kamburu	94.2	84.0	446	480	410	247	181	330	
Gitaru	225.0	200.0	926	818	789	734	364	665	
Kindaruma	40.0	40.0	230	198	240	157	81	162	
Small Stations	6.2	5.4	24	26	21	19	20	23	
Masinga	40.0	40.0	215	204	223	142	28	127	
Kiambere	144.0	144.0	1028	1023	1037	813	292	703	
Turkwel	106.0	106.0	353	384	436	214	240	264	
Total	677.2	640.8	3354	3259	3274	2435	1325	2402	-5.9%
KenGen Thermal									
Kipevu Steam	75.5	23.0	200	201	141	199	126	94	
Kipevu I (75MW Diesel)	75.0	70.0	0	0	0	393	449	268	
Fiat - Nairobi South	13.5	10.0	6	0	15	30	35	1	
Kipevu GTs	60.0	60.0	168	139	191	384	274	77	
Garissa & Lamu	3.9	3.5	11	11	11	10	10	11	
Ruiru ³	R	R	3	0	0	0	0	0	
Total	227.9	166.5	387	351	358	1015	894	451	5.1%
KenGen Geothermal									
Olkaria I	45.0	45.0	393	366	390	381	340	377	0.6%
KenGen Wind									
Ngong	0.4	0.4	1	1	0	0	0	0	
Government of Kenya Thermal									
REF Stations	5.1	4.6	11	10	11	10	10	10	-1.0%
Independent Power Producers Thermal									
Iberafrica	56.0	56.0	7	213	275	294	348	348	
Westmont	43.5	43.5	0	170	188	169	277	149	
Tsavo ⁴	74.5	74.5	0	0	0	0	7	550	
Mumias	2.0	2.0	0	0	0	0	6	1	
Total	176.0	176.0	7	383	463	463	638	1048	22.3%
Independent Power Producers Geothermal									
OrPower ⁵	13.0	13.0				2	89	103	
Emergency Power Producers									
Aggreko	45.0	45.0					303	0	
Cummins	30.0	30.0					174	0	
Deutz	24.0	24.0					111	0	
Total	99.0	99.0					587	0	
Uganda (Imports)	50.0	50.0	144	146	140	155	198	172	3.6%
GROSS GENERATION	1194.6	1096.2	4296	4516	4637	4461	4081	4564	0.2%
AUXILIARY CONSUMPTION ⁶			44	41	35	0	0	0	
SYSTEM LOSSES ⁶			695	831	884	957	869	936	2.4%
SALES - KPLC SYSTEM			3406	3498	3564	3366	3091	3498	0.0%
REF SYSTEM			150	146	153	138	121	130	2.3%
TOTAL SALES			3557	3644	3717	3504	3212	3628	0.1%
SYSTEM PEAK DEMAND MW			680	721	734	708	724	760	1.1%
System Load Factor			72.1%	71.5%	72.2%	71.9%	64.4%	69.0%	
Sales % of Net Generation			83.6%	81.4%	80.8%	78.5%	78.7%	79.5%	
Losses as % of Net Generation			16.4%	18.6%	19.2%	21.5%	21.3%	20.5%	
Annual growth - GENERATION			4.3%	5.1%	2.7%	-3.8%	-8.5%	10.6%	
- SALES KPLC			4.2%	2.7%	1.9%	-5.6%	-8.2%	11.5%	
- SALES REF			9.1%	-2.8%	4.6%	-9.8%	-12.7%	6.2%	

Notes:

- 1) Maximum output from the station under normal operating conditions.
 - 2) The power station statistics are units purchased.
 - 3) Ruiru power station was retired in 1994.
 - 4) Tsavo Power Company commenced testing in June 2001 and was fully commissioned in September 2001.
 - 5) Auxiliary units are equivalent to zero due to the transfer of ownership of the power stations to KenGen.
 - 6) System losses comprises technical and non-technical losses.
- The 5 year growth rates for the energy purchased, demand and sales are not entirely representative of the actual situation due to intense power rationing for the years 1999/00 and 2000/01.

TABLE 2: AREA MAXIMUM DEMAND(MW)

Nairobi	372	399	400	408	401	385	
Coast	146	141	134	147	140	158	
Central Rift	45	45	52	51	50		
West Kenya	72	77	79	77	75	158	
Mt. Kenya	40	44	45	43	47	76	
North Rift	35	35	33	31	35		
TOTAL SYSTEM (SIMULTANEOUS)	680	721	734	708	724	760	1.1%
% INCREASE P.A.	4.9%	5.9%	1.8%	-8.5%	2.2%	5.0%	

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

A	Domestic, small Commercial and Industrial	1,116	1,207	1,270	1,158	1,064	1,215	0%
B	Commercial (Medium) and and Industrial(Medium)	657	665	680	724	609	696	1%
C	Commercial (large) and Industrial (large)	1,536	1,526	1,513	1,398	1,361	1,513	0%
D	Off-peak	86	89	92	74	51	55	-9%
E	Street lighting	10	11	9	11	7	19	12%
	TOTAL	3,406	3,498	3,564	3,366	3,091	3,498	0%
	% INCREASE P.A.	4.2%	2.7%	1.9%	-5.6%	-8.2%	13.1%	

TABLE 4: AREA TOTAL UNIT SALES(GWh)

Nairobi	1,896	1,867	1,981	1,884	1,684	1,806	
Coast	700	730	696	638	648	688	
Central Rift	202	223	205	202	183		
West Kenya	325	362	366	375	318	685	
Mt. Kenya	135	151	159	143	141	319	
North Rift	149	145	137	124	117		
KPLC Sales	3,406	3,498	3,564	3,366	3,091	3,498	0%
R.E.F. Schemes	150	146	153	138	121	130	-2%
TOTAL	3,557	3,644	3,717	3,504	3,212	3,628	0%
% INCREASE P.A.	4.4%	2.5%	2.0%	-5.7%	-8.3%	13%	

Note: As part of the ongoing business restructuring, the Company's operational areas were reduced from six to four regions. Central Rift, North Rift and West Kenya areas were combined to form Western region while Thika which was part of Nairobi was moved to Mt Kenya region. The data for tables 2, 4 upto 17 will appear for 4 regions only in 2001/2002.

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Mt. Kenya	32	44	40	44	44	89	
North Rift	17	17	14	12	12		
TOTAL	547	503	458	431	444	521	4%
% INCREASE P.A.	9.0%	-8.0%	-8.9%	-5.8%	2.9%	17.3%	

TABLE 12: AREA SALE OF ELECTRICITY IN GWhr CATEGORY "C2"
LARGE COMMERCIAL AND INDUSTRIAL LOAD(11 OR 33KV)

Nairobi	357	334	362	327	303	303	
Coast	218	254	245	203	210	221	
Central Rift	20	26	21	20	19		
West Kenya	58	44	44	40	26	96	
Mt. Kenya	8	8	9	8	6	46	
North Rift	66	61	54	46	44		
TOTAL	728	727	735	643	608	666	-2%
% INCREASE P.A.	-5.3%	-0.1%	1.0%	-12.6%	-5.4%	9.7%	

TABLE 5: AREA SALE OF ELECTRICITY IN GWh FOR CATEGORY "A0" DOMESTIC LOAD

AREA	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Avg. Annual Growth over the Last 5 Yrs
Nairobi	438	489	542	497	442	503	
Coast	144	153	131	131	127	132	
Central Rift	38	39	39	37	34		
West Kenya	34	33	35	35	31	87	
Mt. Kenya	26	29	39	28	27	46	
North Rift	18	18	18	20	18		
TOTAL	697	761	804	748	679	768	0%
% INCREASE P.A.	3.4%	9.2%	5.6%	-6.9%	-9.3%	13.1%	

TABLE 6: AREA SALE OF ELECTRICITY IN GWh FOR CATEGORY "A1" SMALL COMMERCIAL LOAD

AREA	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Avg. Annual Growth over the Last 5 Yrs
Nairobi	213	213	266	229	203	214	
Coast	71	70	65	57	59	67	
Central Rift	39	39	37	37	34		
West Kenya	40	40	40	40	40		
Mt. Kenya	40	40	40	40	40		
North Rift	40	40	40	40	40		
TOTAL	403	403	468	403	376	461	
% INCREASE P.A.			16.1%	-16.2%	-7.3%	25.4%	

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TABLE 13: AREA SALE OF ELECTRICITY IN GWhr CATEGORY "C3" LARGE COMMERCIAL AND INDUSTRIAL LOAD(66KV OR 132KV)

AREA	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Avg. Annual Growth over the Last 5 Yrs
Nairobi	122	115	133	133	140	147	
Coast	44	38	40	42	50	59	
Central Rift	0	0	0	0	0	0	
West Kenya	95	143	147	138	0	0	
Mt. Kenya	0	0	0	0	0	0	
North Rift	0	0	0	0	0	0	
TOTAL	261	296	320	313	191	206	-7%
% INCREASE P.A.	18.8%	13.4%	8.1%	-2.1%	-39.2%	7.8%	

TABLE 14: AREA SALE OF ELECTRICITY IN GWhr CATEGORY "C5" LARGE COMMERCIAL AND INDUSTRIAL LOAD(66KV OR 132KV)

AREA	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Avg. Annual Growth over the Last 5 Yrs
Nairobi	0	0	0	0	0	0	
Coast	0	0	0	0	0	0	
Central Rift	0	0	0	0	0	0	
West Kenya	0	0	0	11	119	121	
Mt. Kenya	0	0	0	0	0	0	
North Rift	0	0	0	0	0	0	
TOTAL	0	0	0	11	119	121	61%
% INCREASE P.A.	0.0%	0.0%	0.0%	0.0%	987.8%	0.9%	

Note: Category C5 was introduced into the customer categories on 29th May 2000.

TABLE 15: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "D0" OFF- PEAK LOAD

AREA	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Avg. Annual Growth over the Last 5 Yrs
Nairobi	76.9	80.9	62.4	69.0	46.6	48.6	
Coast	3.6	2.7	15.3	1.6	1.1	1.4	
Central Rift	1.0	1.5	3.5	1.0	0.9		
West Kenya	1.5	1.3	4.2	0.8	0.8	2.7	
Mt. Kenya	1.9	1.4	4.6	0.9	0.9	2.7	
North Rift	1.1	0.8	2.3	0.5	0.5	0.0	
TOTAL	86	89	92	74	51	55.4	-9%
% INCREASE P.A.	-13.8%	3.0%	4.3%	-20.2%	-31.1%	9.1%	

TABLE 16: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "E0" STREET LIGHTING

AREA	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Avg. Annual Growth over the Last 5 Yrs
Nairobi	8.3	9.6	7.5	8.8	4.9	4.6	
Coast	0.9	0.1	0.7	1.8	1.0	0.7	
Central Rift	-0.8	0.4	0.4	0.4	0.3		
West Kenya	0.4	0.1	0.2	0.0	0.1	0.5	
Mt. Kenya	0.7	0.3	0.2	0.2	0.2	0.4	
North Rift	0.7	0.2	0.3	0.2	0.1		
TOTAL	10.2	10.8	9.3	11.3	6.6	6.2	10%
% INCREASE P.A.	-17.9%	5.9%	-13.5%	21.7%	-41.6%	6.5%	

TABLE 17: AREA REF UNIT SALES (GWhr)

AREA	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Avg. Annual Growth over the Last 5 Yrs
Nairobi	36	32	41	40	32	25	
Coast	17	13	15	14	11	8	
Central Rift	22	23	20	19	16		
West Kenya	35	32	35	28	20	65	
Mt. Kenya	17	24	19	17	17	32	
North Rift	24	23	23	20	20		
TOTAL	150	146	153	132	121	130	-2%
% INCREASE P.A.	9.0%	-2.7%	4.6%	-9.8%	-12.7%	8.1%	

TABLE 18: AREA TOTAL NUMBER OF CUSTOMERS

AREA	1997	1998	1999	2000	2001	2002	Avg. Annual Growth over the Last 5 Yrs
Nairobi	206,891	221,603	230,074	250,553	270,580	286,004	5%
Coast	63,656	66,678	67,815	68,230	71,153	74,659	2%
Central Rift	27,796	29,733	32,059	35,048	37,066		
West Kenya	30,986	32,399	33,268	34,667	35,858	98,112	25%
Mt. Kenya	28,256	29,665	31,470	33,076	33,454	55,905	14%
North Rift	13,673	14,907	16,549	17,707	17,250		
KPLC Customers	371,258	394,985	411,235	439,281	465,361	514,680	5%
R.E.F. Customers	55,242	57,978	61,436	66,670	71,718	78,941	6%
TOTAL	426,500	452,963	472,671	505,951	537,079	593,621	6%
% INCREASE P.A.	4.9%	6.2%	4.4%	7.0%	6.2%	10.5%	

TABLE 19: NUMBER OF CUSTOMERS IN TERMS OF TARIFF CATEGORY

A0 only	Domestic KPLC	256,535	273,532	290,687	315,327	334,381	380,240	6.8%
	REF	31,715	33,499	36,737	41,214	44,370	50,340	8.5%
A0 & D0	Domestic KPLC	35,991	41,787	42,878	44,316	46,994	46,140	2.0%
	REF	62	228	256	265	285	284	4.5%
A1 only	Small Commercial KPLC	70,129	72,332	72,025	73,828	78,289	81,974	2.5%
	REF	23,133	23,811	24,196	24,964	26,876	28,164	3.4%
A1 & D0	Small Commercial KPLC	3,744	1,691	1,193	1,076	1,141	937	-11.1%
	REF	149	304	121	100	108	67	-26.1%
B0	Irrigation Load KPLC	389	291	265	266	233	225	-5.0%
	REF	36	10	8	7	2	3	-21.4%
B1	Medium Commercial and Industrial KPLC	2,126	2,285	2,326	2,485	2,330	2,512	1.9%
	REF	113	81	98	91	54	56	-7.1%
B2	Medium Commercial and Industrial KPLC	20	21	20	40	40	47	17.5%
B3	Medium Commercial and Industrial KPLC	0	0	0	3	3	1	-19.7%
C1	Large Commercial KPLC	284	286	282	245	263	282	-0.3%
	REF	12	7	5	3	3	2	-22.2%
C2	Large Commercial and Industrial KPLC	117	135	140	125	128	124	-1.7%
	REF	0	0	0	0	0	0	0.0%
C3	Large Commercial and Industrial KPLC	17	18	19	14	14	16	-2.3%
	REF	0	0	0	0	0	0	0.0%
C5	Large Commercial and Industrial KPLC	0	0	0	1	1	1	0.0%
D0 only	Off-peak KPLC	1,776	2,383	806	659	523	645	-23.0%
	REF	12	25	15	14	13	13	-12.3%
E0	Street lighting KPLC	134	224	594	896	1,021	1,536	47.0%
	REF	10	13	0	12	7	12	-1.6%
	TOTAL (KPLC)	371,258	394,985	411,235	439,281	465,361	514,680	5.4%
	TOTAL (R.E.F.)	55,242	57,978	61,436	66,670	71,718	78,941	6.4%
	GROSS TOTAL	426,500	452,963	472,671	505,951	537,079	593,621	5.6%
	% INCREASE P.A.	4.9%	6.2%	4.4%	7.0%	6.2%	10.5%	

TABLE 20: REVENUE (SHS' MILLION) IN CATEGORY OF CUSTOMERS

Category	Customer Type	1995/96	1996/97	1998/99	1999/00	2000/01	2001/02	% Increase
A	Domestic, small commercial and small industrial	5,948	6,419	6,627	8,989	10,368	10,023	9.3%
B	Commercial and industrial (medium)	3,422	3,741	4,077	5,426	5,939	4,910	5.6%
C	Commercial (large)	6,557	6,834	7,014	8,576	11,382	9,682	7.2%
D	Industrial (large)	331	357	365	385	420	106	-21.6%
E	Off-peak	50	52	47	95	80	87	-10.8%
	Street Lighting	50	52	47	95	80	87	-10.8%
	SUB-TOTAL	16,308	17,403	18,130	23,471	28,189	24,808	7.3%
	OTHERS	585	670	293	93	0	0	
	TOTAL (KPLC)	16,893	18,073	18,423	23,564	28,189	24,808	6.5%
	R.E.F.	849	804	851	1,086	1,141	979	5.0%
	GROSS TOTAL	17,742	18,877	19,274	24,650	29,329	25,787	5.0%
	% INCREASE P.A.	13.0%	6.4%	2.1%	27.9%	19.0%	-12.1%	

Note: Others is inclusive of foreign exchange and fuel cost adjustments for the period 1995/96 to 1999/2000. In the year 2000/01 and 2001/02 these adjustments are included in the customer categories revenue.

TABLE 21: STAFF ANALYSIS

	1997	1998	1999	2000	2001	2002	%
Nationality							
Citizen	8,278	7,166	7,099	7,094	6,900	6,423	-2.2%
Non Citizen	1	1	1	0	0	0	
Total	8,279	7,167	7,100	7,095	6,900	6,423	2.2%
% INCREASE P.A.	1.0%	-13.4%	-0.9%	-0.1%	-2.7%	-6.9%	
Sex							
Male	7,212	6,078	5,963	5,896	5,704	5,326	-2.6%
Female	1,067	1,089	1,137	1,199	1,196	1,097	0.1%
Ratio- Male/Female	7	6	5	5	5	5	
Job							
Technical	4,744	4,512	4,615	3,768	4,204	3,937	-2.7%
% of total staff	57.3%	63.0%	65.0%	53.1%	60.9%	61.3%	
Non Technical	3,535	2,655	2,485	3,327	2,696	2,486	-1.30%
% of total staff	42.7%	37.0%	35.0%	46.9%	39.1%	38.7%	

* The figure of 6,423 includes permanent and casual staff

TABLE 22: TRANSMISSION AND DISTRIBUTION LINES:
CIRCUIT LENGTH (KMS)

	1997	1998	1999	2000	2001	2002	%
220 kV	877	877	877	877	885	941	
132 kV	1,997	1,997	1,997	1,997	2,032	2,032	
66 kV	574	574	574	576	580	580	
40 kV	126	126	126	126	126	58	
33 kV	4,094	4,203	4,516	4,639	4,795	5,265	
11 kV	9,616	9,671	10,029	10,397	10,593	13,788	
TOTAL	17,284	17,448	18,120	18,612	19,011	22,664	5.4%
% INCREASE P.A.	2.3%	1.0%	3.8%	2.7%	2.1%	19.2%	

TABLE 23: TRANSFORMERS IN SERVICE: TOTAL INSTALLED CAPACITY IN MVA

	1997	1998	1999	2000	2001	2002	%
Generation S/Stns							
11/220kV	288	293	293	293	388	388	
11/132kV	417	431	431	431	675	675	
11/66kV	30	90	90	90	90	90	
11/33kV	217	217	263	263	263	263	
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	
TOTAL	973	1,052	1,098	1,098	1,437	1,427	6.3%
Transmission S/S							
132/220kV	540	540	540	540	540	540	
220/132kV	730	730	730	730	730	730	
220/66kV	180	180	180	180	180	180	
132/66kV	375	375	375	375	375	375	
132/33kV	498	531	554	577	637	637	
Distribution S/Stns							
66/11kV	562	631	631	675	675	675	
66/33kV	15	15	38	61	61	61	
40/11kV	24	24	17.5	11	11	11	
33/11kV	410	452	497	512	512	512	
TOTAL	3,334	3,478	3,563	3,661	3,721	3,721	1.4%
Distribution TXS							
11/0.415kV and 33/0.415kV	1,883	1,961	2,079	2,181	2,411	2,531	5.2%

NAIROBI REGION

Electricity House
P O Box 30177
NAIROBI
00100
Tel: 02 221251

Stima Plaza
P O Box 30099
NAIROBI
00100
Tel: 3644000

Emergency
Tel: 02 214214

Machakos
P O Box 155
MACHAKOS
90100
Tel: 0145 20139

Emergency
Tel: 0145 20139

COAST REGION

Electricity House
P O Box 90104
MOMBASA
80100
Tel: 011 225564

Nyali/Ribe
P O Box 90104
Mombasa
80100
Tel: 011 222013

Emergency
Tel: 011 224533/4/5

Malindi/Lamu
Malindi Complex Building
P O Box 294
Malindi
80200
Tel: 0123 30200/30737

Emergency
Tel: 0123 20025

South Coast
Mombasa Island
Electricity Hse
P O Box 90104
Mombasa
80100
Tel: 225564

Emergency
Tel: 011 224533

Changamwe/Mariakani
Electricity House
P O Box 90104
Mombasa
80100
Tel: 227477

Emergency
Tel: 011 224533/4/5

Kwale/Ukunda
Ukunda Office
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Ukunda
80400
Tel: 0127 3531/2104

Emergency
Tel: 0127 3021

Voi/Loitokitok

Voi Office
P O Box 144
Voi
Tel: 0147 30660

Emergency
Tel: 0147 2169

MT. KENYA

North Region
Diana Centre
P O Box 106
Nyeri
10100
Tel: 0171 30799

Emergency
Tel: 0171 30546/7

Meru/Nanyuki/Isiolo

Mutindwa Enterprises Building
P O Box 221
Meru
60200
Tel: 0164 20588/20184

Emergency
Meru
Tel: 0164 20588/20184

Emergency
Nanyuki
Tel: 0176 32559

Emergency
Isiolo
Tel: 0165 2013

Embu/Kerugoya
Rurima Building
P O Box 197
Embu
60100
Tel: 0161 30210, 30068

Emergency
Embu
Tel: 0161 30442

Emergency
Kerugoya
Tel: 0163 21190

MT KENYA

South Region
Thika Arcade
P O Box 202
THIKA
01000
Tel: 0151 22320

Emergency
Thika
Tel: 0151 21991

Emergency
Kitui
Tel: 0141 22051

Emergency
Mwingi
Tel: 0142 22094

Murang'a

Kiriti Women Group Building
P O Box 45
Murang'a
10200
Tel: 0156 22669

Emergency
Tel: 0156 22669

WEST KENYA REGION

Electricity House
P O Box 151
KISUMU
40100
Tel: 035 41263

Emergency
Tel: 035 42410/1/3, 41263

Kericho/Sotik

P O Box 296
Kericho
20200
Tel: 0361 20172, 20012

Emergency
Tel: 0361 20172

Emergency
Kericho
20200
Tel: 0360 32181 Sotik

Kisii/Migori
P O Box 117
Homa Bay
40300
Tel: 0385 22030

Migori
P O Box 530
Migori
40320
Tel: 0387 20053

Nyamira
P O Box 5
Kisii
40200
Tel: 0381 21102

Emergency
Tel: 0381 21102

Kakamega/Bungoma
Kakamega Office
P O Box 440
Kakamega
50100
Tel: 0331 20409

Emergency
Tel: 0331 30023, 20035

Busia/Bondo
P O Box 526
Busia
50400
Tel: 0336 22076

Emergency
Busia
Tel: 0336 22076

Emergency
Siaya
Tel: 0334 21406

Emergency
Ugunja
Tel: 0334 34071

CENTRAL RIFT

Electricity House
P O BOX 104
NAKURU
20100
Tel: 037 211594/5/6/7

Emergency
Tel: 037 215307/216101

Molo/Eldama Ravine

Maziwa House
P O Box 914
Molo
20106
Tel: 0363 21560, 21551

Emergency
Tel: 0363 21551

Nyahururu/Maralal

Liwani House
Nyahururu
P O Box 104
Nakuru
20100
Tel: 0365 32059

Emergency
Tel: 0365 32068
0365 22398 Night

Naivasha/Narok
P O Box 180
Naivasha
20117
Tel: 0311 21506/7

Emergency
Tel: 0311 20169

NORTH RIFT

KVDA Blding
P O BOX 74
ELDORET
30100
Tel: 0321 62874

National Bank of Kenya Bldg
P O Box 74
Eldoret
30100
Tel: 0321 63621

Emergency
Tel: 0321 33012-5

Kitale/Lodwar
Transmattress Building
P O Box 185
Kitale
30200
Tel: 0325 20858

Emergency
Tel: 0325 20073

Kapsabet
P O Box 762
Kapsabet
30300
Tel: 0326 2432

Emergency
Tel: 0326 2432

Kabarnet
Commercial Bank Building
P O Box 120
Kabarnet
Tel: 0328 22159, 21024

Emergency
Tel: 0328 22089