# The Jubilee Insurance Company Limited

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# The Jubilee Story

2007/0459

The Jubilee Insurance Company Limited was incorporated 60 years ago on 3rd August, 1937. It was so named in recognition of the source of funds forming its initial capital - KShs. 500,000/- which originated in contributions made by the Shia Imami Ismaili Muslims on the occasion marking the Golden Jubilee of Sir Sultan Mohamed Shah Aga Khan III in 1936. The company's objective was to serve the insurance needs of the people of East Africa and contribute towards the economic development of the region.

*Sir Sultan Mohamed Shah Aga Khan III*

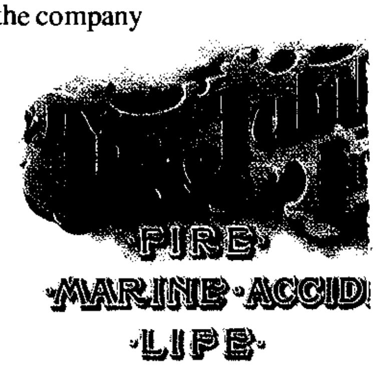
Jubilee began as a composite insurer involved in life and general insurance and provider of mortgage finance. The fledging company was headquartered in small offices in Mombasa with a staff of six. It operated through agency offices across East Africa, with branches in Nairobi, Dar-es-Salaam, Kampala, Karachi and Bombay. The Karachi branch evolved into a separate company - New Jubilee Insurance Company Limited. A chief agency was established in Mauritius in 1952.

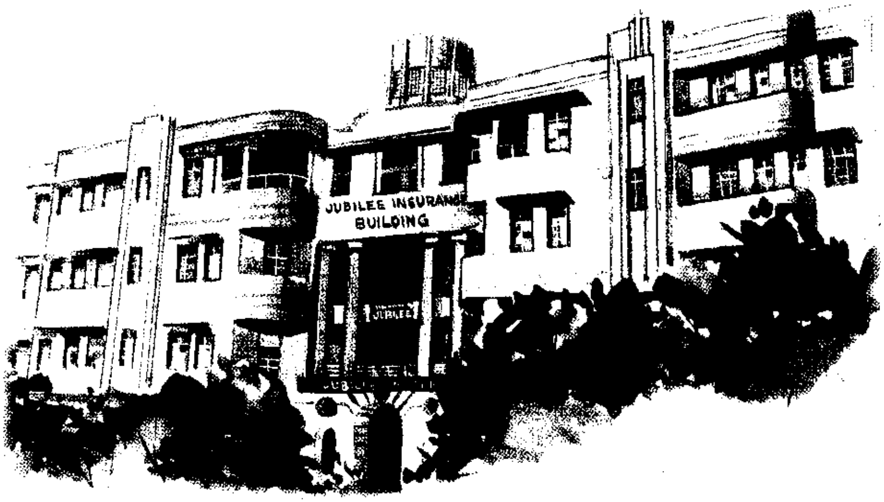
In the decades preceding independence in Kenya, the insurance industry basically comprised companies owned by British insurers who operated in East Africa by way of branch offices. The Jubilee was thus one of the pioneers in the establishment of a locally incorporated insurance company.

In 1950, the Company moved into its own purpose-built office block in Mombasa. The Jubilee Insurance Building on Kilindini Road (now Moi Avenue) was the town's largest structure at the time and still remains an imposing landmark in the city.

In 1967, as Jubilee's operations continued to expand, the company moved its headquarters to Nairobi, the capital and commercial hub of Kenya. Since then Jubilee's offices have been located in the former Mansion House - now Jubilee Insurance House.

Jubilee's performance in the first three decades was impressive. However, due to the nationalisation of the insurance sector in Tanzania and the events in Uganda, the company had to cease operations in these countries in the early 70's causing severe shrinkage in its business.





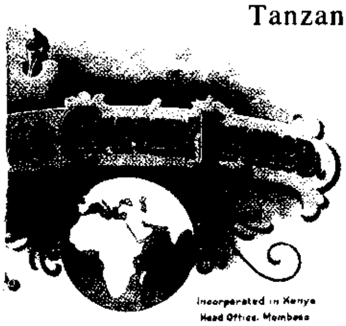

In 1983, a branch office was established in Kisumu to service the growing clientele in that region.

*The Jubilee Insurance Building, Mombasa*

In 1984, the Jubilee was converted into a public company to broaden the ownership base which now consists of some 5,800 shareholders from all walks of life and spanning a wide geographical area. The Company's shares are listed on the Nairobi Stock Exchange and enjoy bluechip status.


Operations in Uganda were revived in 1992 by the formation of The Jubilee Insurance Company of Uganda Limited whose shareholders include Aga Khan Fund for Economic Development, International Finance Corporation and the Development Finance Company of Uganda Limited. Jubilee Uganda now ranks third in that country's insurance sector.

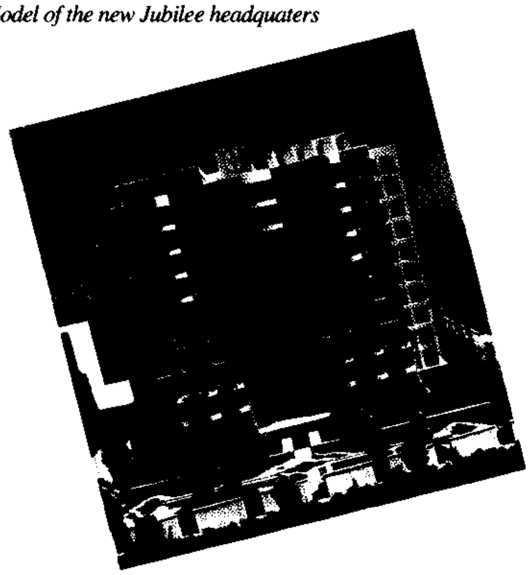
In 1997, Jubilee Insurance (Mauritius) Ltd was incorporated after almost 45 years' representation on that island through a chief agency. The Jubilee is also ready to resume business in Tanzania as soon as the enabling legislation permits. This would then complete the regionalisation of Jubilee Insurance.




In addition to general business, where it employs a staff in excess of 300, Jubilee has a network of 350 registered life agents servicing all the major centres in Kenya.

To-day, 60 years after its birth, the Jubilee is clearly a leader in its field. With strong emphasis on Information Technology, a committed and professional staff, a broad client base and increased focus on customer service, the Jubilee's performance so far is testimony to its progress over the past six decades. As it prepares to move into its new and modern custom built headquarters within the next two years, the Jubilee is well positioned to meet the challenges of the new millennium.

*Model of the new Jubilee headquaters*



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## COMPANY DETAILS

| | |
|---|---|
| **CAPITAL AND RESERVES** | Authorised Capital .. Shs 200,000,000<br>Issued Capital .......... Shs 150,000,000<br>Paid Up Capital ....... Shs 150,000,000<br>Reserves ................. Shs 1,038,947,142 |
| **REGISTERED HEAD OFFICE** | Jubilee Insurance House<br>Wabera Street<br>P. O. Box: 30376<br>Telephone: 340343<br>Telefax: 216882<br>Telex: 22199<br>Nairobi, Kenya |
| **SUBSIDIARY** | The Jubilee Investments Company Limited, Uganda (75%) |
| **BRANCHES** | Mombasa:<br>Jubilee Insurance Building<br>P. O. Box: 90220<br>Telephone: 316745, 316746 & 314019<br>Mombasa, Kenya<br><br>Kisumu:<br>Jubilee Insurance House<br>Opposite Clock Tower<br>Oginga Odinga Road<br>P. O. Box: 378<br>Telephone: 42235 & 42250<br>Kisumu, Kenya |
| **CONSULTING ACTUARIES** | Nauman Associates, Pakistan |
| **AUDITORS** | Coopers & Lybrand |
| **PRINCIPAL BANKERS** | Standard Chartered Bank Kenya Limited<br>Bank of Baroda (Uganda) Limited<br>Barclays Bank PLC, Mauritius<br>Standard Chartered Bank Tanzania Limited |

## BOARD OF DIRECTORS

[redacted] Abdul M. Jaffer (U.S.A.)

[redacted] Lutaf Maherali (Kenyan)

[redacted] Abdul Karim C. Popat (Kenyan)
Sir Hamid Moollan Q.C. (Mauritian)
William B. Robinson (Australian)
Sadrudin H. Tejpar (Kenyan)
Joseph M. Mugwe (Kenyan)
Amin M. Datoo (Technical) (Kenyan)
Abdul I. Paroo (Finance) (Canadian)

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## COMPANY MANAGEMENT

[redacted]

[redacted]

[redacted]

UNDERWRITING
CLAIMS
REINSURANCE
BRANCH ADMINISTRATION
ACTUARIAL
LIFE MARKETING
NON-LIFE MARKETING

GROUP INTERNAL AUDITOR

[redacted]

COMPANY SECRETARY
ADMINISTRATION
SHARES REGISTRY
INVESTMENTS
PROPERTY
ACCOUNTING
INFORMATION TECHNOLOGY
PERSONNEL

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# NOTICE OF THE FIFTY-NINTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-Ninth Annual General Meeting of the shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on Wednesday, 28th May, 1997 at 10.30 a.m. to transact the following:

**ORDINARY BUSINESS**

1 To consider and, if thought fit, to adopt the Accounts for the year ended 31st December, 1996 and the Report of the Directors and the Report of the Auditors thereon.

2 To confirm the payment of the interim dividend of 15% made on 6th September, 1996, and approve the payment of a final dividend of 25% on the issued and paid-up capital of the Company on or about 26th June, 1997 to shareholders registered on 28th May, 1997.

3 To elect Directors who retire by rotation and, being eligible, offer themselves for re-election :

(i) Sir Hamid Moollan Q.C.
(ii) Mr. William B. Robinson

4 To fix the Directors' remuneration.

5 To authorise the Directors to fix the auditors' remuneration.

6 To transact any other business proper to be transacted at such Ordinary Meeting.

By Order of the Board
**George O. Aseno,**
*Company Secretary.*

P. O. Box 30376,
Nairobi, Kenya.
26th March, 1997.

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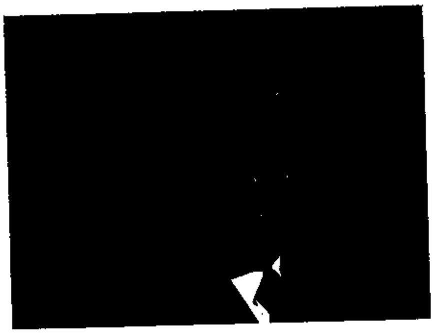
# CHAIRMAN'S STATEMENT



Dear Shareholders,

As your Company celebrates its 60th anniversary on 3rd August, 1997, it is with a sense of great pride that I review the results of your Company for 1996 which was a landmark year in several respects.

Notwithstanding the vagaries of the risk business in which we are engaged, the Jubilee's Board and Management have prudently guided the Company in achieving results unprecedented in its 60-year history. **The underwriting profit has increased from Shs. 4.5 million in 1995 to Shs. 11.5 million in 1996.** This level of performance should be viewed against a background of the well-publicised record losses experienced only a couple of years ago in the insurance industry in Kenya. The significant improvement in underwriting results together with judicious investment of your Company's funds has meant that our pre-tax profit has grown by almost 30% in a single year. Moreover, the shareholders' funds strengthened from Shs. 1,141 million to Shs. 1,189 million in 1996, offering the highest level of security to its insurance clients in the local insurance market.

*FINANCIAL PERFORMANCE*

Arising out of the significant improvements in both underwriting results and investment income, the after-tax profit has increased from Shs. 85.7 million to Shs. 101.2 million, in 1996 - crossing the Shs. 100 million mark for the first time.

**In commemoration of the Company's 60th anniversary, your Board has recommended a special dividend of 5%, making a total of 40% for the year.**

*GENERAL INSURANCE PERFORMANCE*

The technical expertise and sound judgement of our underwriting staff, reduction in the number of car thefts as well as more focus on risk management and claims control are all factors which have contributed towards strengthening the Company's underwriting results in 1996.

Although our well established policy of "Growth with Profitability" has resulted in only a marginal increase in gross premium during the year, it has nevertheless translated into not only a very satisfactory underwriting performance, but also the development of a sustainable relationship with our broad base of clientele.

*LIFE INSURANCE PORTFOLIO*

Consistent with our belief that there is enormous potential for life insurance in Kenya, we have continued to focus on this segment of business which has again produced most satisfactory results. The booked premium increased from Shs. 234 million to Shs. 289 million and, for the first time, the premium on Individual Life Business crossed the Shs. 100 million mark. This places the Jubilee in a distinguished league of a few Life Assurance companies who have achieved this level.

The Life Fund grew from Shs. 1,225 million to Shs. 1,461 million which included super-annuation fund of Shs. 717 million.

The prudent investment of your Life Fund has enabled the Company to share attractive and competitive rates of profit and/ or returns with Life and Pensions policyholders. I am therefore happy to inform you that, after agreement with our consulting actuaries, **we have increased the reversionary bonus rate from 5% to 5.25%** per annum, payable to With Profits Policyholders. We are confident that this level of return will encourage the Kenyan public to look at the Jubilee even more favourably, thereby further enhancing its Life Portfolio.

*Chairman, Mr. Abdul Jaffer receiving the certificate of Registration, from Controller of Insurance, Mauritius.*

**For Deposit Administration Schemes held and managed by this Company, I am happy to announce a net interest rate of 20.25% which is one of the highest in the Kenyan market.**

*REGIONAL DEVELOPMENT*

After almost 45 years of presence in Mauritius through a Chief Agency, your Board of Directors made a decision for us to establish a local insurance company on this Indian Ocean Island. Jubilee Insurance (Mauritius) Ltd, with a paid-up capitalisation of over US$ 1.5 million, became operational in March, 1997. We believe that this would enable us to secure a more meaningful share of the growing Mauritian market in the years ahead. Your Company has accorded substantial support to the new Mauritius company as a group entity.

***Sales Representatives***

*The Company's top sales representative in 1996* ***Miss Judy Wambua*** *(third left) with her agency manager* ***Mrs. Terry Nzilani*** *(second left) and other sales representatives during the annual award presentation ceremony.*

You are undoubtedly aware of the enactment of the denationalisation legislation in Tanzania. Currently, we do not have sufficient information on when private sector insurance companies would be permitted to become operational. Be rest assured, however, that your company remains in a state of preparedness to re-enter this important regional market as soon as enabling conditions become clearer.

*JUBILEE CENTRE*

Having operated from our present premises for over three decades, we have felt the need for more modern office accommodation in a good environmental locale which would offer our valued policy-holders and staff ample parking, quality working area and modern amenities. In early 1996 we acquired a prestigious corner site at Ngong Road and 5th Avenue across from the Nairobi Club, and have prepared plans for building a high rise structure. At this writing we are at the tender stage, and construction is expected to begin during the latter part of this year. We would be occupying approximately one-third of the 7,500 sq. meters of rentable space in this 10-storey development which should be ready for occupation in 1999. A model of the proposed Jubilee Centre will be displayed at the Annual General Meeting.

*JUBILEE'S FUTURE OUTLOOK*

With the presence of some 40 insurance companies operating in Kenya, there is over capacity and unhealthy competition in the local market. We believe that this situation could lead to failures and/or mergers within the industry. In such an environment we believe that a company needs to operate prudently, not for short term results but for sustainable profitability. **Your company is well positioned in this respect to meet the challenges that lie ahead.**

The Jubilee's comprehensive re-engineering exercise involving a critical re-examination of its system, procedure and manpower needs was undertaken in 1996. There is scope for significant increase in productivity and rationalisation of manpower through more effective use of Information Technology. We are planning to focus more on the needs of our customers and to provide our service with increased speed and effectiveness. We are preparing now for the new millennium.

*CONCLUSION*

With the continued support of our producers and clients, we have entered 1997 with much optimism. On behalf of the Board of Directors and the Senior Management, I offer our sincere thanks and appreciation to the producers, policy-holders and the staff, all of whose support and confidence in your Company has made the Jubilee what it is today.

Abdul M Jaffer

**Abdul M. Jaffer**

*Chairman.*

Nairobi, Kenya.

26th March, 1997.

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## GROUP REVIEW - TEN YEARS' GROWTH

[redacted]

Kenya Shillings Million

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| [redacted] | [illegible] | [illegible] | 951 | 764 | 925 | [illegible] | 751 | [illegible] | [illegible] | [illegible] |
| [redacted] | 150 | 125 | 125 | 100 | 100 | 75 | 50 | [illegible] | [illegible] | [illegible] |
| [redacted] | [illegible] | [illegible] | [illegible] | 453 | 473 | [illegible] | [illegible] | 336 | [illegible] | 274 |
| [redacted] | 3523 | 3124 | 2693 | [illegible] | 1361 | [illegible] | [illegible] | [illegible] | 827 | 640 |
| [redacted] | 303 | 236 | 196 | 160 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [redacted] | [illegible] | [illegible] | 118 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [redacted] | [illegible] | [illegible] | 60 | [illegible] | 50 | [illegible] | [illegible] | [illegible] | [illegible] | 24 |
| [redacted] | [illegible] | 44 | 44 | 35 | 35 | 20.2 | 17.9 | 17.5 | [illegible] | [illegible] |
| [redacted] | 1.57 | [illegible] | 1.49 | 1.78 | 1.12 | [illegible] | 2.54 | [illegible] | 2.00 | [illegible] |
| [redacted] | 1.3 | | 1.4 | | 1.5 | 1.2 | | 2.3 | | 1.2 |
| [redacted] | 3.14 | [illegible] | [illegible] | [illegible] | 1.30 | [illegible] | [illegible] | 1.09 | [illegible] | [illegible] |

• *Earnings per share has been calculated on 30 million shares for all the years.*

# REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and the audited accounts for the year ended 31st December, 1996.

*PRINCIPAL ACTIVITIES*

The principal activity of the Company during 1996 was the transaction of all classes of Insurance Business.

*RESULTS*

The results for the year and the appropriation thereof are set out in the consolidated profit and loss account on page 14.

*DIVIDENDS*

An interim dividend of 15% on the paid up share capital of Shs. 150 million was paid on 6th September, 1996. The Directors recommend the payment of the final dividend of 25%.

*DIRECTORS*

The names of the Directors who served during the year, are set out on page 5. In accordance with Article 85 of the Company's Articles of Association the following Directors retire by rotation and, being eligible, offer themselves for re-election:

Sir Hamid Moollan Q.C.
Mr. William B. Robinson

*AUDITORS*

The Auditors, Messrs. Coopers & Lybrand, Certified Public Accountants, will continue in office in accordance with the provisions of Section 159 (2) of the Companies Act (Cap 486), at a remuneration to be fixed by the Directors.

*STAFF*

The Directors wish to thank the management, members of staff, producers and representatives both in Kenya and overseas, for services rendered during the year.

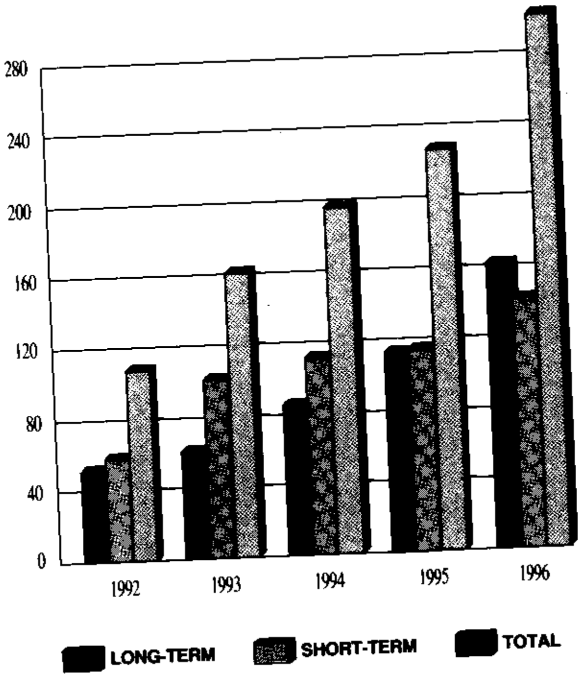
On behalf of the Board
**Abdul Karim C. Popat**
*Director.*

Nairobi, Kenya,
26th March, 1997.

# GROUP FINANCIAL HIGHLIGHTS

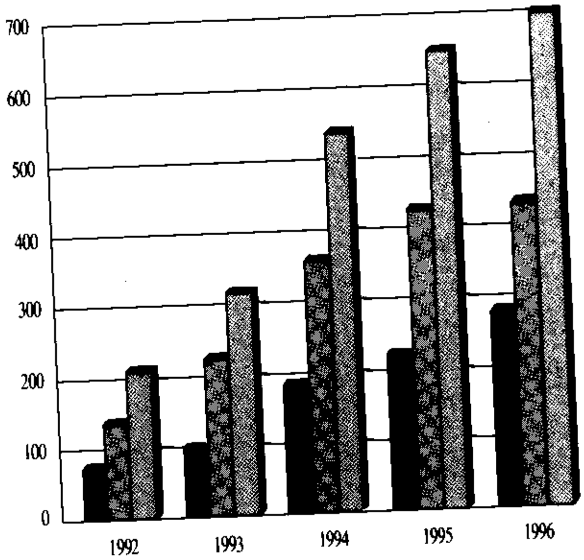
## TOTAL INVESTMENT INCOME

Millions of Shillings



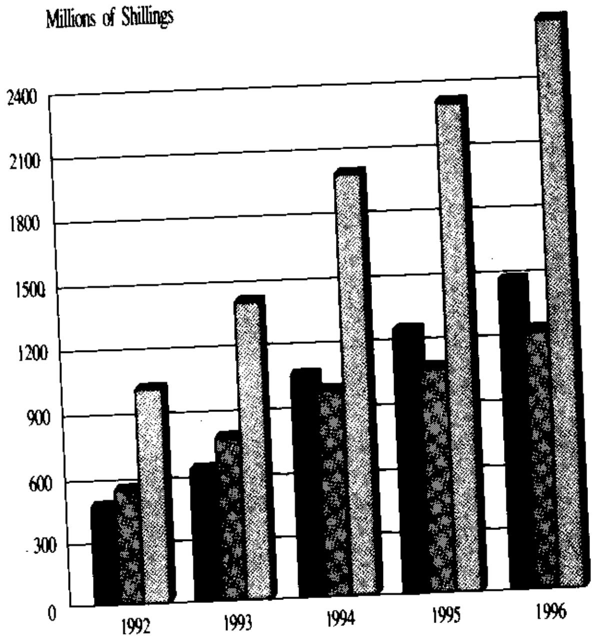

## NET PREMIUM INCOME

Millions of Shillings



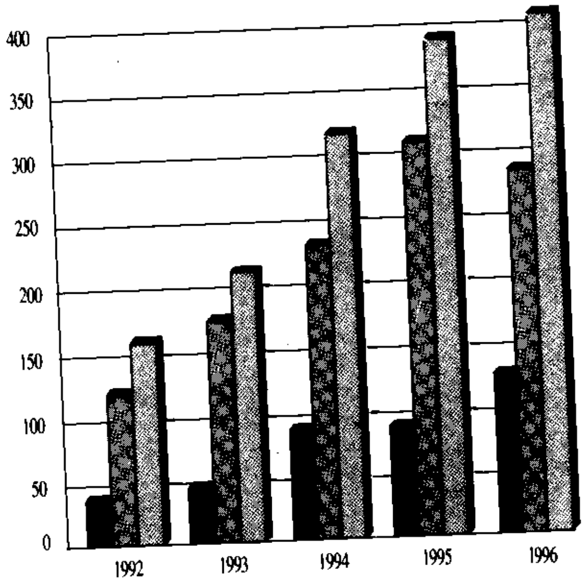

## TOTAL NET ASSETS

Millions of Shillings

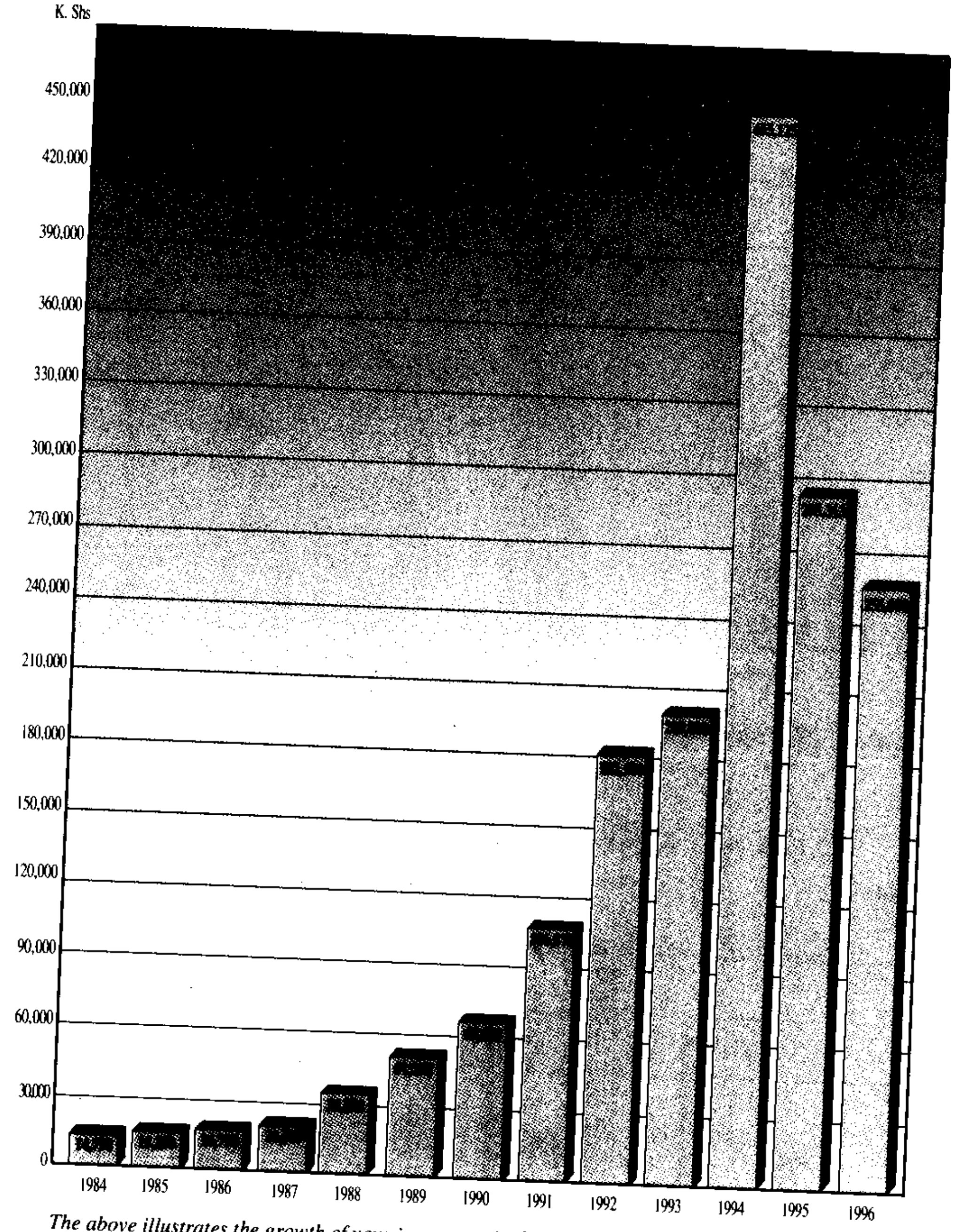



## CLAIMS INCURRED (NET)

Millions of Shillings



## PERFORMANCE OF YOUR INVESTMENT




*The above illustrates the growth of your investment in the Jubilee shares.*

*If you purchased 1,000 shares in July, 1984, when the public offering of shares was made, the price paid by you was Shs. 14,500. The market value of the shares (with bonus issues of 6,500, totalling 7,500 shares), as at 31st December, 1996 based on quotations on the Nairobi Stock Exchange, was Shs. 255,000.*

*In addition, you will have received dividends totalling Shs. 78,813 during the period.*

*The total return on your investment averaged approximately 45.3% p.a.*

# REPORT OF THE AUDITORS TO THE MEMBERS OF THE JUBILEE INSURANCE COMPANY LIMITED

1 We have audited the accounts set out on pages 14 to 30. The accounts of the company on pages 20 to 21 are in agreement with the books of account. We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

2 **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

Under the provisions of the Companies Act, the Directors are responsible for the preparation of accounts which give a true and fair view of the state of affairs of the company and the group and their profit or loss. Our responsibility is to express an independent opinion on the accounts based on our audit and to report our opinion to you.

3 **BASIS OF OPINION**

We conducted our audit in accordance with Kenyan Auditing Standards. These Standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. It also includes an assessment of the accounting policies used and significant estimates made by the Directors, as well as an evaluation of the overall presentation of the accounts.

4 **OPINION**

In our opinion proper books of accounts have been kept and the accounts give a true and fair view of the state of affairs of the group and the company at 31st December, 1996 and of the profit and cash flows of the group for the year then ended and comply with the Companies Act (CAP 486).

**Coopers & Lybrand**
Certified Public Accountants of Kenya
Nairobi.
26th March, 1997.

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## CONSOLIDATED PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 31ST DECEMBER 1996

| | Note | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|---|
| INCOME | | | |
| Profit transferred from underwriting revenue account | | **11,510** | 4,496 |
| Profit transferred from long term business | 11 | **21,000** | 21,000 |
| Investment income | | **141,407** | 113,273 |
| Total Income | | **173,917** | 138,769 |
| OUTGO | | | |
| Management expenses not charged to other accounts | | **1,356** | 1,029 |
| Depreciation | | **6,151** | 5,494 |
| Bad debts | | **3,562** | 6,613 |
| Total outgo | | **11,069** | 13,136 |
| Profit before taxation | 13 | **162,848** | 125,633 |
| Provision for taxation | 14 | **61,677** | 39,925 |
| Profit after taxation | | **101,171** | 85,708 |
| Minority interest | | **7,010** | 4,464 |
| Profit attributable to shareholders | | **94,161** | 81,244 |
| Dividends - Interim paid 15% (1995-15%) | | **22,500** | 18,750 |
| - Final proposed 25% (1995-20%) | | **37,500** | 25,000 |
| Retained profit | 15 | **34,161** | 37,494 |
| APPROPRIATION | | | |
| Unappropriated profit brought forward | | **148,956** | 86,174 |
| Exchange adjustment - foreign enterprises | | **(13,035)** | 25,288 |
| Bonus issue | 2 | **(25,000)** | - |
| Retained profit for the year | | **34,161** | 37,494 |
| Unappropriated profit carried forward | 3 | **145,082** | 148,956 |
| Earnings per share | 17 | **3.14** | 2.71 |

Report of the auditors - page 13
The notes on pages 23 to 30 form part of these accounts.

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## *LONG TERM BUSINESS REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1996*

### *THE GROUP & THE COMPANY*

| Class of Insurance Business | Note | Statutory Funds Ordinary Life Shs'000 | Statutory Funds Super-Annuation Shs'000 | General Reserves Shs'000 | **1996 Total Shs'000** | 1995 Total Shs'000 |
|---|---|---|---|---|---|---|
| Net Premium | | 96,724 | 177,477 | - | **274,201** | 214,939 |
| Claims paid and outstanding | | | | | | |
| - Death | | (5,633) | (30,346) | - | **(35,979)** | (16,626) |
| - Maturity | | (23,094) | - | - | **(23,094)** | (13,382) |
| Total Claims | | (28,727) | (30,346) | - | **(59,073)** | (30,008) |
| Surrenders and Annuities paid (including surrender of Bonus) | | (6,021) | (60,279) | - | **(66,300)** | (53,429) |
| Commissions | | (22,598) | (1,836) | - | **(24,434)** | (10,778) |
| Total Claims, Surrenders, Annuities and Commissions | | (57,346) | (92,461) | - | **(149,807)** | (94,215) |
| Expenses of Management | | (68,130) | (7,896) | - | **(76,026)** | (63,646) |
| Investment income | | 54,922 | 115,530 | 9,206 | **179,658** | 124,867 |
| Investment expenses | | (5,918) | (11,553) | (1,048) | **(18,519)** | (12,729) |
| Net investment income | | 49,004 | 103,977 | 8,158 | **161,139** | 112,138 |
| Increase in Funds | 12 | 20,252 | 181,097 | 8,158 | **209,507** | 169,216 |
| Increase/(Decrease) in market value of shares | | 8,071 | - | (537) | **7,534** | (22,647) |
| Surplus on revaluation of land and buildings | | 32,096 | - | 9,604 | **41,700** | 66,560 |
| Exchange adjustment - foreign enterprises | | (1,780) | - | - | **(1,780)** | 3,796 |
| Transfer to profit and loss account | 11 | (9,000) | - | (12,000) | **(21,000)** | (21,000) |
| Funds at the beginning of the year | | 560,501 | 535,447 | 128,693 | **1,224,641** | 1,028,716 |
| Funds at the end of the year | | 610,140 | 716,544 | 133,918 | **1,460,602** | 1,224,641 |

Report of the auditors - page 13
The notes on pages 23 to 30 form part of these accounts.

# UNDERWRITING REVENUE ACCOUNT
# FOR THE YEAR ENDED 31ST DECEMBER 1996

| Class of insurance business | Engineering Shs'000 | Fire-Domestic Shs'000 | Fire-Industrial Shs'000 | Liability Shs'000 |
|---|---|---|---|---|
| Net premium written | 4,126 | 20,720 | 37,257 | 5,479 |
| Unearned premium brought forward | 263 | 11,960 | 12,639 | 1,337 |
| Unearned premium carried forward | 1,328 | 8,844 | 15,494 | 2,301 |
| Net earned premium | 3,061 | 23,836 | 34,402 | 4,515 |
| Claims paid | 1,969 | 4,303 | 13,711 | 523 |
| Claims outstanding carried forward | 2,282 | 5,444 | 16,208 | 17,209 |
| Claims outstanding brought forward | 1,395 | 5,983 | 15,055 | 20,805 |
| Total claims incurred | 2,856 | 3,764 | 14,864 | (3,073) |
| Commissions | (181) | 6,665 | (851) | 989 |
| Expenses of management | 607 | 5,298 | 6,722 | 1,400 |
| Total expenses | 426 | 11,963 | 5,871 | 2,389 |
| Balance being underwriting profit/(loss) | (221) | 8,109 | 13,667 | 5,199 |

Report of the auditors - page 13
The notes on pages 23 to 30 form part of these accounts.

| Marine Shs'000 | Motor Shs'000 | Personal Accident Shs'000 | Theft Shs'000 | Workmen's Compensation Shs'000 | Miscellaneous Shs'000 | **1996 Total Shs'000** | 1995 Total Shs'000 |
|---|---|---|---|---|---|---|---|
| 20,926 | 201,484 | 64,957 | 21,914 | 21,797 | 26,373 | **425,033** | 419,306 |
| 9,322 | 77,581 | 12,575 | 6,582 | 10,069 | 13,055 | **155,383** | 144,949 |
| 10,571 | 75,684 | 10,897 | 8,376 | 8,978 | 13,773 | **156,246** | 155,383 |
| 19,677 | 203,381 | 66,635 | 20,120 | 22,888 | 25,655 | **424,170** | 408,872 |
| 10,248 | 85,663 | 55,538 | 23,088 | 16,157 | 16,873 | **228,073** | 235,608 |
| 15,153 | 216,588 | 14,113 | 23,042 | 64,603 | 19,573 | **394,215** | 339,208 |
| 10,307 | 190,267 | 12,442 | 23,138 | 48,012 | 11,804 | **339,208** | 266,411 |
| 15,094 | 111,984 | 57,209 | 22,992 | 32,748 | 24,642 | **283,080** | 308,405 |
| 1,376 | 20,172 | (277) | (1,057) | 3,602 | 4,511 | **34,949** | 17,516 |
| 4,585 | 46,522 | 16,608 | 5,603 | 5,573 | 1,713 | **94,631** | 78,455 |
| 5,961 | 66,694 | 16,331 | 4,546 | 9,175 | 6,224 | **129,580** | 95,971 |
| (1,378) | 24,703 | (6,905) | (7,418) | (19,035) | (5,211) | **11,510** | 4,496 |

# CONSOLIDATED BALANCE SHEET
# AS AT 31ST DECEMBER 1996

| | Note | Short Term Business Shs'000 | Long Term Business Shs'000 | **Total 1996 Shs'000** | Total 1995 Shs'000 |
|---|---|---|---|---|---|
| Share capital authorised and issued: | | | | | |
| Nominal share capital authorised | 2 | 200,000 | - | **200,000** | 200,000 |
| Share capital issued and paid-up | 2 | 150,000 | - | **150,000** | 125,000 |
| Reserves: | | | | | |
| Capital | 3 | 817,276 | - | **817,276** | 790,671 |
| General reserve | 3 | 70,000 | - | **70,000** | 70,000 |
| Unappropriated profits | 3 | 145,082 | - | **145,082** | 148,956 |
| Share premium account | | 6,589 | - | **6,589** | 6,589 |
| Long term business: | | | | | |
| Statutory funds | | - | 1,326,684 | **1,326,684** | 1,095,948 |
| General reserve | 4 | - | 133,918 | **133,918** | 128,693 |
| Total capital, reserves and long term business funds | | 1,188,947 | 1,460,602 | **2,649,549** | 2,365,857 |
| Minority interests | | 20,871 | - | **20,871** | 16,145 |
| | | 1,209,818 | 1,460,602 | **2,670,420** | 2,382,002 |
| Represented by: | | | | | |
| ASSETS | | | | | |
| Fixed assets: | 5 | | | | |
| Leasehold property | | 5,129 | 5,129 | **10,258** | 10,258 |
| Less: Accumulated depreciation | | 456 | 456 | **912** | 706 |
| | | 4,673 | 4,673 | **9,346** | 9,552 |
| Motor vehicles | | 12,622 | 11,256 | **23,878** | 20,820 |
| Less: Accumulated depreciation | | 8,642 | 8,350 | **16,992** | 13,204 |
| | | 3,980 | 2,906 | **6,886** | 7,616 |
| Computer equipment | | 14,418 | 14,418 | **28,836** | 25,546 |
| Less: Accumulated depreciation | | 11,338 | 11,338 | **22,676** | 17,930 |
| | | 3,080 | 3,080 | **6,160** | 7,616 |
| Furniture, fixtures, fittings & office equipment | | 14,530 | 14,300 | **28,830** | 26,845 |
| Less: Accumulated depreciation | | 9,247 | 9,209 | **18,456** | 15,601 |
| | | 5,283 | 5,091 | **10,374** | 11,244 |
| Total fixed assets | | 17,016 | 15,750 | **32,766** | 36,028 |
| Investments | | | | | |
| (i) Securities issued by Kenya Government | | 134,655 | 311,594 | **446,249** | 397,900 |

The accounts on pages 14 to 30 were approved by the Board on 25th March, 1997 and were signed on its behalf by :

Abdul M. Jaffer
Director and Principal Officer

Abdul Karim C. Popat
Director

Report of the auditors - page 13
The notes on pages 23 to 30 form part of these accounts.

| | Note | Short Term Business Shs'000 | Long Term Business Shs'000 | **Total 1996 Shs'000** | Total 1995 Shs'000 |
|---|---|---|---|---|---|
| (ii) Other investments: | | | | | |
| Ordinary shares (quoted on the Nairobi Stock Exchange) | 6 | 111,683 | 253,467 | **365,150** | 432,099 |
| Ordinary shares (unquoted) | | 86,875 | - | **86,875** | 86,875 |
| Preference shares (quoted on the Nairobi Stock Exchange) | | - | 5,005 | **5,005** | 1,874 |
| Commercial paper | | - | 10,000 | **10,000** | - |
| Mortgage loans | | 115,245 | 54,640 | **169,885** | 122,633 |
| Policy loans | | - | 58,149 | **58,149** | 49,917 |
| Deposits | | | | | |
| - Financial institutions | | 37,260 | 326,025 | **363,285** | 230,183 |
| Investment in associated companies. | 7 | 134,544 | - | **134,544** | 108,218 |
| Land and buildings | 9 | 902,700 | 437,102 | **1,339,802** | 1,186,397 |
| Other investments - outside Kenya | | 201,633 | 16,470 | **218,103** | 147,159 |
| Total other investments | | 1,589,940 | 1,160,858 | **2,750,798** | 2,365,355 |
| Total investments | | 1,724,595 | 1,472,452 | **3,197,047** | 2,763,255 |
| Current assets: | | | | | |
| Cash and bank balances | | 8,305 | 24,743 | **33,048** | 56,794 |
| Amount retained and due under reinsurance contracts | | 50,741 | 810 | **51,551** | 55,528 |
| Amount due from bodies engaged in insurance business | | 4,281 | - | **4,281** | 8,389 |
| Premium outstanding | | 134,915 | 2,383 | **137,298** | 148,559 |
| Sundry debtors | | 37,574 | 29,138 | **66,712** | 54,897 |
| Total current assets | | 235,816 | 57,074 | **292,890** | 324,167 |
| Total assets | | 1,977,427 | 1,545,276 | **3,522,703** | 3,123,450 |
| LIABILITIES | | | | | |
| Underwriting provisions: | | | | | |
| Unearned premium provision | | 156,246 | - | **156,246** | 155,383 |
| Outstanding claims provision | | 394,215 | 22,243 | **416,458** | 357,175 |
| Total underwriting provisions | | 550,461 | 22,243 | **572,704** | 512,558 |
| Current liabilities: | | | | | |
| Taxation | | 35,755 | 8,827 | **44,582** | 9,939 |
| Dividends | | 66,303 | - | **66,303** | 49,402 |
| Bank overdraft and bank loans | | 17,259 | - | **17,259** | 35,591 |
| Amount due to reinsurers | | 12,382 | 5,007 | **17,389** | 18,308 |
| Others-due to agents | | 11,252 | 5,558 | **16,810** | 17,969 |
| Sundry creditors | | 73,111 | 43,039 | **116,150** | 97,609 |
| Amount due to group company | 10 | 1,086 | - | **1,086** | 72 |
| Total current liabilities | | 217,148 | 62,431 | **279,579** | 228,890 |
| Total liabilities | | 767,609 | 84,674 | **852,283** | 741,448 |
| | | 1,209,818 | 1,460,602 | **2,670,420** | 2,382,002 |

## COMPANY BALANCE SHEET
## AS AT 31ST DECEMBER 1996

| | Note | Short Term Business Shs'000 | Long Term Business Shs'000 | **Total 1996 Shs'000** | Total 1995 Shs'000 |
|---|---|---|---|---|---|
| Share capital authorised and issued: | | | | | |
| Norminal share capital authorised | 2 | 200,000 | - | **200,000** | 200,000 |
| Share capital issued and paid-up | 2 | 150,000 | - | **150,000** | 125,000 |
| Reserves | | | | | |
| Capital | 3 | 807,163 | - | **807,163** | 780,148 |
| General reserve | 3 | 70,000 | - | **70,000** | 70,000 |
| Unappropriated profits | 3 | 106,861 | - | **106,861** | 120,537 |
| Share premium account | | 6,589 | - | **6,589** | 6,589 |
| Long term business: | | | | | |
| Statutory funds | | - | 1,326,684 | **1,326,684** | 1,095,948 |
| General reserve | 4 | - | 133,918 | **133,918** | 128,693 |
| | | 990,613 | 1,460,602 | **2,451,215** | 2,201,915 |
| Total capital, reserves and long term business funds | | 1,140,613 | 1,460,602 | **2,601,215** | 2,326,915 |
| Represented by: | | | | | |
| ASSETS | | | | | |
| Fixed assets: | 5 | | | | |
| Leasehold property | | 5,129 | 5,129 | **10,258** | 10,258 |
| Less: Accumulated depreciation | | 456 | 456 | **912** | 706 |
| | | 4,673 | 4,673 | **9,346** | 9,552 |
| Motor vehicles | | 11,256 | 11,256 | **22,512** | 20,720 |
| Less: Accumulated depreciation | | 8,350 | 8,350 | **16,700** | 13,184 |
| | | 2,906 | 2,906 | **5,812** | 7,536 |
| Computer equipment | | 14,418 | 14,418 | **28,836** | 25,546 |
| Less: Accumulated depreciation | | 11,338 | 11,338 | **22,676** | 17,930 |
| | | 3,080 | 3,080 | **6,160** | 7,616 |
| Furniture, fixtures, fittings & office equipment | | 14,300 | 14,300 | **28,600** | 26,696 |
| Less: Accumulated depreciation | | 9,209 | 9,209 | **18,418** | 15,586 |
| | | 5,091 | 5,091 | **10,182** | 11,110 |
| Total fixed assets | | 15,750 | 15,750 | **31,500** | 35,814 |
| Investments: | | | | | |
| (i) Securities issued by Kenya Government | | 134,655 | 311,594 | **446,249** | 397,900 |

The accounts on pages 14 to 30 were approved by the Board on 25th March, 1997 and were signed on its behalf by :

Abdul M. Jaffer
Director and Principal Officer

Abdul Karim C. Popat
Director

Report of the auditors - page 13
The notes on pages 23 to 30 form part of these accounts.

| | Note | Short Term Business Shs'000 | Long Term Business Shs'000 | **Total 1996 Shs'000** | Total 1995 Shs'000 |
|---|---|---|---|---|---|
| (ii) Other investments: | | | | | |
| Ordinary shares (quoted on the Nairobi Stock Exchange) | 6 | 111,683 | 253,467 | **365,150** | 432,099 |
| Ordinary shares (unquoted) | | 86,875 | - | **86,875** | 86,875 |
| Preference shares (quoted on the Nairobi Stock Exchange) | | - | 5,005 | **5,005** | 1,874 |
| Commercial paper | | - | 10,000 | **10,000** | - |
| Mortgage loans | | 115,245 | 54,640 | **169,885** | 122,633 |
| Policy loans | | - | 58,149 | **58,149** | 49,917 |
| Deposits - Financial institutions | | 21,000 | 326,025 | **347,025** | 222,949 |
| Investment in associated companies | 7 | 123,162 | - | **123,162** | 96,542 |
| Investment in subsidiary company | 8 | 14,278 | - | **14,278** | 9,493 |
| Land and buildings | 9 | 902,700 | 437,102 | **1,339,802** | 1,186,397 |
| Other investments - outside Kenya | | 144,596 | 16,470 | **161,066** | 111,565 |
| Total other investments | | 1,519,539 | 1,160,858 | **2,680,397** | 2,320,344 |
| Total investments | | 1,654,194 | 1,472,452 | **3,126,646** | 2,718,244 |
| Current assets: | | | | | |
| Cash and bank balances | | - | 24,743 | **24,743** | 47,585 |
| Amount retained and due under reinsurance contracts | | 50,741 | 810 | **51,551** | 55,528 |
| Amount due from bodies engaged in insurance business | | 4,281 | - | **4,281** | 8,389 |
| Premium outstanding | | 134,915 | 2,383 | **137,298** | 148,559 |
| Sundry debtors | | 30,962 | 29,138 | **60,100** | 52,078 |
| Amount due from group company | 10 | 529 | - | **529** | 315 |
| Total current assets | | 221,428 | 57,074 | **278,502** | 312,454 |
| Total assets | | 1,891,372 | 1,545,276 | **3,436,648** | 3,066,512 |
| LIABILITIES | | | | | |
| Underwriting provisions: | | | | | |
| Unearned premium provision | | 156,246 | - | **156,246** | 155,383 |
| Outstanding claims provision | | 394,215 | 22,243 | **416,458** | 357,175 |
| Total underwriting provisions | | 550,461 | 22,243 | **572,704** | 512,558 |
| Current liabilities: | | | | | |
| Taxation | | 33,589 | 8,827 | **42,416** | 9,661 |
| Dividends | | 66,303 | - | **66,303** | 49,402 |
| Bank overdraft and bank loans | | 17,259 | - | **17,259** | 35,591 |
| Amounts due to reinsurers (not being related bodies) | | 12,382 | 5,007 | **17,389** | 18,308 |
| Others - due to agents | | 11,252 | 5,558 | **16,810** | 17,969 |
| Sundry creditors | | 58,224 | 43,039 | **101,263** | 79,131 |
| Amount due to group company | 10 | 1,289 | - | **1,289** | 16,977 |
| Total current liabilities | | 200,298 | 62,431 | **262,729** | 227,039 |
| Total liabilities | | 750,759 | 84,674 | **835,433** | 739,597 |
| | | 1,140,613 | 1,460,602 | **2,601,215** | 2,326,915 |

# CONSOLIDATED CASH FLOW STATEMENT
## SHORT-TERM BUSINESS FOR THE YEAR ENDED 31ST DECEMBER 1996

| | Note | 1996<br>Shs'000 | 1995<br>Shs'000 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net Profit before taxation less minority interest | | **155,839** | 121,169 |
| Adjustments for: | | | |
| Depreciation | | **6,151** | 5,494 |
| Profit on sale of fixed assets | | **(225)** | (432) |
| Premium and claims reserves | | **53,950** | 83,232 |
| Investment income | | **(141,407)** | (113,273) |
| Minority interests | | **7,010** | 4,464 |
| Exchange gain/(loss) - others | | **292** | - |
| Operating profit before working capital changes | | **81,610** | 100,654 |
| Decrease/(Increase) in debtors | | **6,781** | (4,785) |
| Increase in creditors | | **10,572** | 17,392 |
| Cash generated from operations | | **98,963** | 113,261 |
| Income tax paid | | **(26,774)** | (52,837) |
| Net cash from operating activities | | **72,189** | 60,424 |
| RETURN ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Investment income | | **141,407** | 113,273 |
| Dividends paid | | **(43,099)** | (40,120) |
| Dividends paid to minority in subsidiary | | **(3,480)** | - |
| Net cashflow from investments and servicing of finance | | **94,828** | 73,153 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of fixed assets | | **275** | 794 |
| Purchase of fixed assets | | **(5,115)** | (5,330) |
| Additions to land and buildings | | **(13,823)** | (8,829) |
| Purchase of quoted and unquoted shares | | **(26,620)** | (2,897) |
| Purchase of other investments | | **(78,240)** | (43,938) |
| Net Mortgage loans (advanced)/redeemed | | **(55,734)** | 8,411 |
| Net redemption/(purchase) of government securities | | **16,069** | (98,910) |
| Net cash from investing activities | | **(163,188)** | (150,699) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of share capital to minority | | **1,595** | - |
| Net cash from financing activities | | **1,595** | - |
| Net increase/(decrease) in cash and cash equivalents | | **5,424** | (17,122) |
| Cash and cash equivalents at the beginning of the year | | **26,382** | 37,485 |
| Exchange gain/(loss) on translation of cash and cash equivalents in foreign enterprises | | **(3,500)** | 6,019 |
| Cash and cash equivalents at the end of the year | 21 | **28,306** | 26,382 |

Report of the auditors - page 13
The notes on pages 23 to 30 form part of these accounts.

# NOTES TO THE ACCOUNTS
# 31ST DECEMBER 1996

## 1. Principal accounting policies

(a) *Basis of accounting*
The company prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of certain assets.

(b) *Consolidation*
The group accounts incorporate the accounts of the subsidiary company made up to 31st December of each year.

(c) *Underwriting results*
(i) *Short-term business*
The short-term insurance underwriting results are determined after taking into account, inter alia, unearned premium, outstanding claims and, where applicable, portfolio transfers.

Unearned premium represents that portion of the premium written in the period up to the accounting date which is attributable to subsequent accounting period.

Outstanding claims represent claims arising from incidents occurring prior to the accounting date and are computed on the basis of the best information available at the time the records for the year are closed.

(ii) *Long-term business*
*Actuarial investigation*
In accordance with Section 57 of the Insurance Act 1984, as amended by The Insurance (Amendment) Act 1994, an annual investigation is made by an actuary into the financial condition in respect of the long-term business of the Company.

Surpluses arising are allocated by the Directors with the advice of the Actuary and in accordance with the Articles of Association, to policyholders' bonuses and to the profit and loss account. Any balance remaining is carried forward in the Fund.

*Premium income*
Premium shown in the life revenue account is accounted for on a basis which approximates to a pre-debit method of accounting as adjusted for estimated lapses.

(d) *Investment income*
Investment income which is net of management expenses, comprises interest and net rent receivable for the year and dividends which are accounted for, when declared.

(e) *Sale of investments*
(i) *Short term business*
Profits or losses resulting from the sale of investments are credited or charged to the profit and loss account in the year in which the sale takes place, after releasing such amounts as are reflected in the capital reserve account relating to such investments.

(ii) *Long term business*
Profits or losses resulting from the sale of investments are credited or charged to the life revenue account. Profit or loss is determined by comparing net proceeds with the carrying value of the investments sold.

(f) *Expenses and commission*
Expenses and commission are allocated to the relevant revenue accounts as incurred in the management of each class of business. Commission is shown net of commission received in respect of reinsurance business ceded. Certain expenses of the short-term business being depreciation, provision for doubtful debts and Directors' fees are not allocated but are charged directly to the profit and loss account.

## NOTES TO THE ACCOUNTS
## 31ST DECEMBER 1996 (CONTINUED)

(g) *Investments*

(i) Investments in the balance sheet of both long and short-term business are generally stated at the following values:-

- Government securities - at redemption values. Any unearned interest or discount is included under creditors and credited to income over the period of the issues.
- Quoted ordinary shares - at market values.
- Unquoted ordinary shares - at the lower of cost and directors' valuation.
- Quoted preference shares - at market values.
- Commercial paper - at redemption values. Any unearned interest or discount is included under creditors and credited to income over the period of the issues.
- Loans secured by mortgages on real property - at redemption values.
- Loans on life insurance policies within their surrender values - at redemption values.
- Land and buildings - at revalued amounts based on professional valuations carried out at intervals of five years except in the event of any material change in the intervening period when the properties are revalued at the time at the discretion of the directors. Additions in the intervening period are included at cost.

(ii) Unrealised gains arising from the aggregate valuation within each of the eight classes of investments set out above are credited to the capital reserve in respect of short-term business and to the life fund in respect of long-term business. Unrealised losses are charged first against any accumulated unrealised gains for that class of investment and the balance is charged to the profit and loss account for short-term business or the life revenue account for long-term business.

(iii) Any surplus over cost which arises as a result of transfer of assets between short-term and long-term business is taken to capital reserve in case of transfers from short-term business and to the relevant life fund in case of transfers from long-term business.

(h) *Fixed assets*

Fixed assets are stated at cost less depreciation which is calculated to write off the cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

| | |
|---|---|
| Long-term leasehold property | Over period of lease |
| | Rate |
| Motor vehicles | 20% |
| Computer and office equipment | 25% |
| Furniture, fixtures and fittings | 10% |

(i) *Foreign currencies*

Assets and liabilities expressed in foreign currencies are translated to Kenya shillings at the rates of exchange ruling at the year end. Differences arising on translation are charged to the profit and loss account in respect of short-term business and to the life revenue account in respect of long-term business, except where they relate to re-translation of net investment in foreign enterprises in which case the differences are dealt with as adjustments to capital reserves, unappropriated profits and life statutory fund as appropriate.

(j) *Deferred taxation*

Provision for deferred taxation is made only when the directors consider that a tax benefit or charge is likely to crystallize in the foreseeable future.

**2. Share capital**

| | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| Authorised: | | |
| 40,000,000 ordinary shares of KShs. 5 each .......................................... | **200,000** | 200,000 |
| Issued and fully paid: | | |
| 30,000,000 (1995: 25,000,000) ordinary shares of KShs. 5 each ......... | **150,000** | 125,000 |

The issued and fully paid up share capital was increased during the year from KShs. 125,000,000/- to KShs. 150,000,000/- by a bonus issue of one fully paid share of KShs. 5 each for every 5 shares held.

The bonus issue was made from revenue reserves. The new shares rank *pari-passu* in all respects with the existing shares.

## 3. Reserves

| The Group | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| **(i) Capital reserve** | | |
| At 1st January | **790,671** | 663,148 |
| Exchange adjustment - foreign enterprises | **(1,772)** | 7,414 |
| Surplus on revaluation of land and buildings | **94,676** | 175,271 |
| (Decrease)/Increase in market value of shares | **(66,299)** | (55,162) |
| At 31st December | **817,276** | 790,671 |
| **ii) General reserve** | | |
| At 1st January and 31st December | **70,000** | 70,000 |
| **iii) Unappropriated profits** | | |
| At 1st January | **148,956** | 86,174 |
| Exchange adjustment - foreign enterprises | **(13,035)** | 25,288 |
| Issue of bonus shares | **(25,000)** | - |
| Retained profit for the year | **34,161** | 37,494 |
| At 31st December | **145,082** | 148,956 |

**The Company**

| | | |
|---|---|---|
| **(i) Capital reserve** | | |
| At 1st January | **780,148** | 655,180 |
| Exchange adjustment - foreign enterprises | **(1,362)** | 4,859 |
| Surplus on revaluation of land and buildings | **94,676** | 175,271 |
| (Decrease)/Increase in market value of shares | **(66,299)** | (55,162) |
| At 31st December | **807,163** | 780,148 |
| **(ii) General reserve** | | |
| At 1st January and 31st December | **70,000** | 70,000 |

| (iii) Unappropriated profits | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| At 1st January | **120,537** | 73,852 |
| Exchange adjustment - foreign enterprises | **(12,246)** | 22,584 |
| Issue of bonus shares | **(25,000)** | - |
| Retained profit for the year | **23,570** | 24,101 |
| At 31st December | **106,861** | 120,537 |

## 4. Long term business general reserve

| | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| **The Group and the Company** | | |
| At 31st December | **133,918** | 128,693 |

This General Reserve represents a reserve maintained within the long term business but does not constitute a statutory fund. Transfers from the General Reserve to the Profit & Loss Account are made on the recommendation of the actuaries. Movements during the year are shown in the long term business revenue account.

# NOTES TO THE ACCOUNTS
# 31ST DECEMBER 1996 (CONTINUED)

**5. Fixed assets**

**(a) The Group**

| | Long term leasehold property Shs'000 | Computer equipment Shs'000 | Motor vehicles Shs'000 | Furniture, fixtures, fittings & office equipment Shs'000 | Total Shs'000 |
|---|---|---|---|---|---|
| *COST:* | | | | | |
| At 1st January, 1996 | 10,258 | 25,546 | 20,820 | 26,845 | 83,469 |
| Additions | - | 3,290 | 3,560 | 1,985 | 8,835 |
| Disposals | - | - | (502) | - | (502) |
| At 31st December, 1996 | **10,258** | **28,836** | **23,878** | **28,830** | **91,802** |
| DEPRECIATION: | | | | | |
| At 1st January, 1996 | 706 | 17,930 | 13,204 | 15,601 | 47,441 |
| Charge for the year | 206 | 4,746 | 4,190 | 2,855 | 11,997 |
| On disposals | - | - | (402) | - | (402) |
| At 31st December, 1996 | **912** | **22,676** | **16,992** | **18,456** | **59,036** |
| NET BOOK VALUE: | | | | | |
| At 31st December, 1996 | **9,346** | **6,160** | **6,886** | **10,374** | **32,766** |
| At 31st December, 1995 | 9,552 | 7,616 | 7,616 | 11,244 | 36,028 |

**(b) The Company**

| | Long term leasehold property Shs'000 | Computer equipment Shs'000 | Motor vehicles Shs'000 | Furniture, fixtures, fittings & office equipment Shs'000 | Total Shs'000 |
|---|---|---|---|---|---|
| *COST:* | | | | | |
| At 1st January, 1996 | 10,258 | 25,546 | 20,720 | 26,696 | 83,220 |
| Additions | - | 3,290 | 2,294 | 1,904 | 7,488 |
| Disposals | - | - | (502) | - | (502) |
| At 31st December, 1996 | **10,258** | **28,836** | **22,512** | **28,600** | **90,206** |
| DEPRECIATION: | | | | | |
| At 1st January, 1996 | 706 | 17,930 | 13,184 | 15,586 | 47,406 |
| Charge for the year | 206 | 4,746 | 3,918 | 2,832 | 11,702 |
| On disposals | - | - | (402) | - | (402) |
| At 31st December, 1996 | **912** | **22,676** | **16,700** | **18,418** | **58,706** |
| NET BOOK VALUE: | | | | | |
| At 31st December, 1996 | **9,346** | **6,160** | **5,812** | **10,182** | **31,500** |
| At 31st December, 1995 | 9,552 | 7,616 | 7,536 | 11,110 | 35,814 |

**(c) The Group and the Company**

No depreciation has been charged in arriving at the results for the year in respect of certain fixed assets which originally cost Shs. 21,283,879 (1995: Shs. 21,319,883) and are still in use but fully depreciated. If depreciation had been charged during the year on the cost of these assets at normal rates it would have amounted to Shs. 4,690,984 (1995: Shs. 4,698,186).

**6. Quoted ordinary shares**

| **The Group and the Company** | **1996** | 1995 |
|---|---|---|
| | **Shs'000** | Shs'000 |
| Quoted on the Nairobi Stock Exchange based on market value at 31st December ........................................... | **365,150** | 432,099 |

The market value of the above shares as at 25th March, 1997 was Shs. 481,425,634 (Short term business Shs. 104,702,940, long term business Shs. 376,722,694).

**7. Investment in Associated Companies**

**The Group**

| | **1996** | 1995 | **1996** | 1995 |
|---|---|---|---|---|
| | **Shs'000** | Shs'000 | % of equity held | |
| Investments at Cost in: | | | | |
| (a) Industrial Promotion Building Limited ........ | **97,900** | 83,076 | **27.75** | 29.79 |
| (b) Kenya Litho Limited .................................... | **21,762** | 9,966 | **25.00** | 16.61 |
| (c) Comtech Systems Limited .......................... | **3,500** | 3,500 | **29.17** | 29.17 |
| (d) The Jubilee Insurance Company of Uganda Limited ...................................... | **11,382** | 11,676 | **26.25** | 26.25 |
| | **134,544** | 108,218 | | |

**The Company**

| | **1996** | 1995 | **1996** | 1995 |
|---|---|---|---|---|
| (a) Industrial Promotion Building Limited ........ | **97,900** | 83,076 | **27.75** | 29.79 |
| (b) Kenya Litho Limited .................................... | **21,762** | 9,966 | **25.00** | 16.61 |
| (c) Comtech Systems Limited .......................... | **3,500** | 3,500 | **29.17** | 29.17 |
| | **123,162** | 96,542 | | |

Industrial Promotion Building Limited conducts property investment, development and management. Kenya Litho Limited is a leading printer of packaging lines. Comtech Systems Limited deals in computer hardware, software and consultancy.

The results of these companies are not consolidated, as this would involve delay and expense out of proportion to the value to the members of the company.

Group's share of Net Assets based on the accounts of the associates as at 31st December, 1995 (Comparatives 31st December, 1994) were:

| | **1996** | 1995 |
|---|---|---|
| | **Shs'000** | Shs'000 |
| (a) Industrial Promotion Building Limited ................................................ | **292,580** | 252,876 |
| (b) Kenya Litho Limited ........................................................................... | **82,788** | 52,812 |
| (c) Comtech Systems Limited ................................................................... | **3,486** | 3,500 |
| (d) The Jubilee Insurance Company of Uganda Limited (see note no. 8) ......... | **18,175** | 15,158 |

The 1996 figures are not available.

## NOTES TO THE ACCOUNTS
## 31ST DECEMBER 1996 (CONTINUED)

**8. Investment in subsidiary**
This comprises:

| | % of equity held | **1996 Shs'000** | 1995 Shs'000 |
|---|---|---|---|
| Shares at cost in The Jubilee Investments Company Limited (incorporated in Uganda) | 75 | **14,278** | 9,493 |

The above subsidiary has an equity investment of 35% in an associated insurance company in Uganda, the results of which are not consolidated as this would involve delay and expense out of proportion to the value to the members of the Company.

The following information relates to the associated company:-

| | **1996 Shs'000** | 1995 Shs'000 |
|---|---|---|
| Group's share of profit after tax and minority interest | **6,429** | 5,621 |
| Group's share of net assets at 31st December: | | |
| Attributable to the company | **18,175** | 15,158 |
| Attributable to the minority interest | **6,059** | 5,052 |
| | **24,234** | 20,210 |

**9. Land and buildings**

**The Group and the Company**
The valuation of freehold and leasehold properties was carried out by M/s Ryden Meghraj International Limited, chartered surveyors and registered valuers, at 31st December, 1996. The basis of the valuation was capitalisation of current and anticipated net rental streams. The surplus arising on valuation has been credited to the capital reserve for short term business and to the life fund for long term business. The land and buildings include properties situated outside Kenya amounting to KShs. 316,000,000 (1995-KShs. 274,000,000).

| **10. Group company balances** | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **1996 Shs'000** | 1995 Shs'000 | **1996 Shs'000** | 1995 Shs'000 |
| Amounts due from: | | | | |
| The Jubilee Insurance Company of Uganda Ltd. (JICU) | - | - | **529** | 315 |
| Amounts due to: | | | | |
| The Jubilee Investments Company Ltd. | - | - | **1,289** | 16,977 |
| The Jubilee Insurance Company of Uganda Ltd. (JICU) | **1,086** | 72 | - | - |
| | **1,086** | 72 | **1,289** | 16,977 |

The movements during the year are made up of transactions incurred in the normal course of business.

**11. Transfer from long term business to profit and loss account**
An actuarial investigation of the long term business was carried out by the Company's actuaries as at 31st December, 1996. The actuaries have recommended a transfer of Shs. 21 million to the profit and loss account, from the long term business.

**12. Long term business revenue account**
**The Group and the Company**

| | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| The increase in funds is stated after charging: | | |
| Depreciation | **5,846** | 5,462 |
| Auditors' remuneration | **863** | 917 |
| and after crediting Income from: | | |
| Deposits | **49,585** | 52,635 |
| Government securities | **66,691** | 22,983 |
| Quoted shares | **10,481** | 6,407 |
| Net rent from properties | **28,565** | 21,913 |
| Gain/(Loss) on sale of investments | **3,108** | (7,412) |

**13. Group profit before taxation**

| | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| The surplus is stated after charging: | | |
| Depreciation | **6,151** | 5,494 |
| Auditors' remuneration (parent company Shs. 862,500 1995: Shs. 917,000) | **983** | 980 |
| and after crediting Income from: | | |
| Deposits | **5,217** | 12,898 |
| Government securities | **49,111** | 13,907 |
| Unquoted shares | **7,344** | 5,273 |
| Quoted shares | **7,255** | 4,640 |
| Net rent from properties | **62,004** | 71,234 |

**14. Provision for taxation**

| | 1996 Total Shs'000 | 1995 Total Shs'000 |
|---|---|---|
| **(a) The Group** | | |
| Based on the Group profit for the year as adjusted for tax purposes | **50,831** | 39,925 |
| Under provision in prior years | **10,846** | - |
| | **61,677** | 39,925 |
| **(b) The Company** | | |
| Taxation at 35% (1995-35%) | **44,915** | 36,713 |
| Under provision in prior years | **10,846** | - |
| | **55,761** | 36,713 |

There is no tax liability on income from long term business, as the Company has incurred taxable loss, which is not available for future use.

**15. Group retained profit for the year**
The retained profit dealt with in the accounts of the parent company is Shs. 23,569,920 (1995: Shs. 24,101,049).

## NOTES TO THE ACCOUNTS
## 31ST DECEMBER 1996 (CONTINUED)

**16. Directors' emoluments**
**The Group and the Company**

| | 1996 As Directors Shs'000 | 1996 For Management Shs'000 | 1995 As Directors Shs'000 | 1995 For Management Shs'000 |
|---|---|---|---|---|
| Emoluments | **136** | **16,204** | 146 | 12,711 |
| Pension to a past director | **120** | **-** | 120 | - |
| | **256** | **16,204** | 266 | 12,711 |

**17. Earnings per share**
Earnings per ordinary share of Shs. 5 each are calculated by reference to the profit available for distribution and on 30 million shares.

**18. Assets outside Kenya**
The Group has net assets outside Kenya amounting to Shs. 544,661,356 (1995: Shs. 442,958,189).

**19. Mortgages and Loans**
**The Group and the Company**
Amount approved by the Directors but not advanced at 31st December:

| | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| Long-term business | **8,630** | 3,475 |
| Short-term business | **56,300** | 75,155 |
| | **64,930** | 78,630 |

**20. Capital commitments**
**The Group and the Company**

| | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| Amount contracted for but not provided | **17,756** | 8,708 |

**21. Consolidated cash flow statement**

| | 1996 Shs'000 | 1995 Shs'000 |
|---|---|---|
| **Cash and cash equivalents comprise** | | |
| Cash and bank balances | **8,305** | 17,831 |
| Bank overdraft | **(17,259)** | (35,591) |
| Deposits - Financial Institutions | **37,260** | 44,142 |
| | **28,306** | 26,382 |

**22. Comparatives**
Previous year figures have been reclassified wherever required.

**23. Incorporation**
The Company is incorporated in Kenya under the Companies Act.

**24. Currency**
These accounts are presented in thousands of Kenya shillings (Shs '000).

Report of the auditors - page 13.

The Jubilee Insurance Company Limited

*Incorporated in Kenya. Established 1937*

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**Proxy**

I/We .................................................................................................................................................

of ........................................................................................................................................................

being a member/members of The Jubilee Insurance Company Limited, hereby appoint ...................................

...............................................................................................................................................................

of ........................................................................................................................................................

and failing him, .....................................................................................................................................

of ........................................................................................................................................................

and failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 28th May, 1997 at 10.30 a.m and at any adjournment thereof.

As witnessed my/our hand this ..............................................day of...............................................1997.

..............................................................

Member

**Important Notes:**

1. If you are unable to attend this meeting personally, this Form of Proxy should be completed and returned to The Company Secretary, P.O.Box 30376, Nairobi, so as to reach him not later than 48 hours before the time appointed for holding the meeting.
2. A person appointed to act as a proxy need not be a member of the Company.
3. If the appointer is a Corporation this Form of Proxy must be executed under Seal or under the hand of an Officer or Attorney duly authorised in writing in that behalf.

FOLD 2

STAMP

The Secretary,
The Jubilee Insurance Company Limited,
P.O. Box 30376,
NAIROBI.

FOLD 1

FOLD 3

*INSERT FLAP INSIDE*