



**PAN AFRICA
INSURANCE COMPANY
LIMITED**



**ANNUAL REPORT AND
ACCOUNTS 1990**



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**PAN AFRICA
INSURANCE COMPANY
LIMITED**

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ANNUAL REPORT AND
ACCOUNTS 1990

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Pan African Insurance Company Ltd - Kenya
Insurance Law - Kenya - 1990



PAN AFRICA INSURANCE COMPANY LIMITED

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Pan Africa Insurance Company Limited will be held at The Professional Centre, Parliament Way, Nairobi on 25th July, 1991 at 2.30 p.m. to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on 16th August, 1990.
2. To receive the audited accounts for the year ended 31st December 1990 and the Report of the Chairman and Directors.
3. (a) To approve the payment of a first and final dividend of Shs. 6.0 million being 30.0% of the issued share capital.
(b) To approve a transfer of Shs 5.0 million from the distributable reserves of the Company and capitalisation of the same by the issue of one bonus share for every 4 shares of Shs. 5.0 each held by members whose names are in the share Register of the Company on the 24th of July, 1991.
4. To elect Directors and fix their remuneration.
5. To appoint Auditors and authorise the Directors to fix their remuneration for the following year.
6. To transact any other business with the permission of the Chair.

Registered Office:
Pan Africa House,
Kenyatta Avenue,
P.O. Box 62551,
NAIROBI

By Order of the Board,
W. K. Mungai
Secretary

7th June, 1991

Note:

A shareholder entitled to attend and vote may appoint a Proxy who need not be a member of the Company, to attend and vote on his or her behalf.

A detachable form of proxy is provided at the end of this Report for this purpose. To be valid, the duly completed and signed Proxy form should be deposited or received at the Registered Office not later than 48 hours before the Meeting starts.

PAN AFRICA INSURANCE COMPANY LIMITED



Tangazo la Mkutano Mkuu wa mwaka

TANGAZO LINATOLEWA KWAMBA mkutano mkuu wa mwaka wa kampuni ya Pan Africa Insurance Company Limited utafanyika katika Professional Centre, Parliament Way, Nairobi tarehe ishirini na tano, Julai 1991, saa nane unusu kujadili mambo yafuatayo:-

1. Kuthibitisha kumbukumbu za mkutano mkuu wa mwaka uliofanywa mnamo Agosti 16, 1990.
2. Kupokea taarifa ya hesabu ya pesa ya mwaka uliomalizika Desemba 31, 1990 pamoja na taarifa ya Mwenyekiti na wakurugenzi.
3. (a) Kuidhinisha malipo ya mgao wa kwanza na mwisho wa Shilingi Milioni sita hiyo ikiwa na asilimia thelathini ya hisa ya mtaji.
(b) Kuidhinisha kutolewa kwa kiasi cha Shilingi Milioni tano kutoka kwa hazina ya faida iliohifadhiwa kwa ajili ya malipo ya bakshishi ya hisa moja kwa kila nne za shilingi tano kila moja kwa wenye hisa walioandikishwa katika orodha ya kitabu cha wenye hisa wa Kampuni hii mnamo tarehe ishirini na nne, Julai 1991.
4. Kuwachagua wakurugenzi na kuamua malipo yao.
5. Kuwateua wakaguzi wa hesabu na kuwaidhinisha wakurugenzi waamue malipo yao.
6. Kujadili mambo mengine yoyote yatakayotolewa kwa idhini ya Mwenyekiti.

Afisi Kuu:
Pan Africa House,
Kenyatta Avenue,
S.L.P. 62551,
NAIROBI

Kwa Amri ya Halmashauri,
W. K. Mungai
Katibu

7 Juni, 1991

Maelezo:

Mwenye hisa aliye na haki kuhudhuria mkutano na kupiga kura anaweza kuteua mwakilishi ambaye si lazima awe mwanachama wa kampuni, kuhudhuria na kupiga kura kwa niaba yake.

Fomu ya kuondolewa ya Mwakilishi imetolewa mwishoni mwa ripoti hii kwa ajili hiyo. Ili iwe halali, fomu ya uwakilishi iliyojazwa na kutiwa sahihi inapaswa kupelekwa ama kupokewa katika ofisi ya kampuni iliyoandikishwa, muda usiopungua masaa 48 kabla ya Mkutano kuanza.

PAN AFRICA INSURANCE COMPANY LIMITED



Branch Offices:

Mombasa: Area Marketing Manager
Ambalal House
Nkrumah Avenue
P.O. Box 87007
Tel. 25582
Telex: 21011
MOMBASA

Kisumu: Area Marketing Manager
Wedco Centre
Oginga Odinga Road
P.O. Box 1884
Tel. 41899
KISUMU

Nyeri: Area Marketing Manager
Mbaki House
Gakere Road
P.O. Box 618
Tel: 2073
NYERI

Meru: Area Marketing Manager
Kenya Finance House
Tom Mboya Street
P.O. Box 1328
Tel. 20436
MERU.

Eldoret: Area Marketing Manager
National Bank House
Uganda Road
P.O. Box 596
Tel. 2132
ELDORET

Kisii: Area Marketing Manager
Golf House
Stadium Road
P.O. Box 288
Tel: 20480
KISII.

Kampala: Branch Manager
C/o Plot 9
Market Street
KAMPALA

Subsidiary Companies

General insurance business:

Mae Properties Limited
Runda Water Limited

Consulting Actuaries:

Hymans Robertson & Company London

Bankers:

Kenya:

Commercial Bank of Africa Limited
Bank of Credit & Commerce International
Overseas Limited
Bank of Baroda
Barclays Bank of Kenya Limited
Kenya Commercial Bank Limited
Banque Indosuez

Uganda:

Bank of Baroda (U) Limited
Barclays Bank of Uganda Limited

Tanzania:

National Bank of Commerce Limited

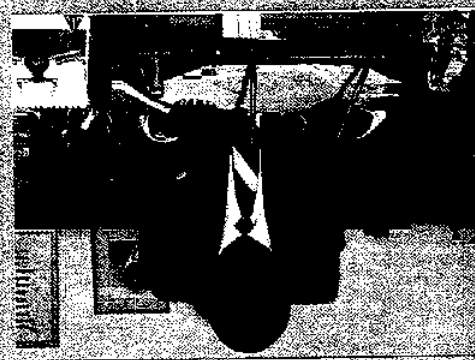
Auditors:

Coopers & Lybrand
P.O. Box 30158,
NAIROBI

PAN AFRICA INSURANCE COMPANY LIMITED



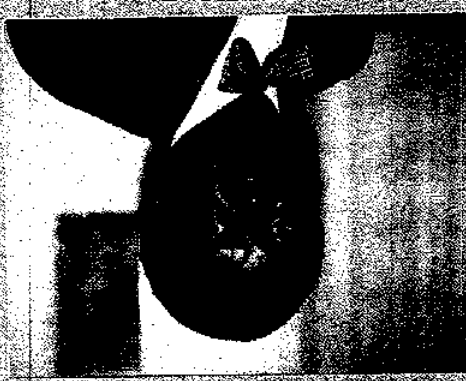
Board of Directors



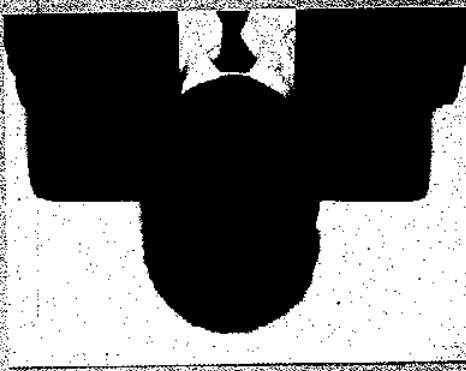
J. K. KANYA, Chairman



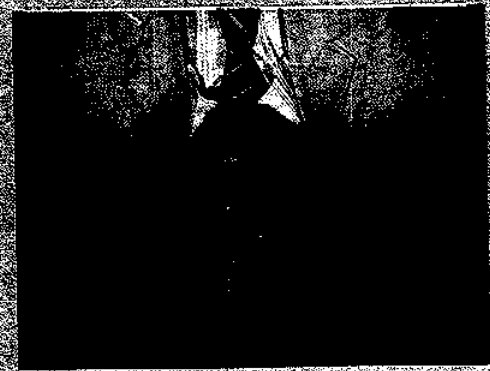
A. G. C. BOIG, Director



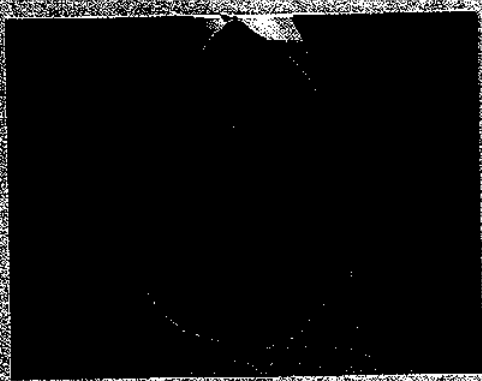
D. M. MUTISO, Director



D. K. NGINI, Managing Director



J. M. GITHERRA, Director



S. C. KOHLI, Director



F. I. NYAMATO, Director



CHAIRMAN'S STATEMENT

It is with profound pleasure that I present to you your Company's audited Accounts for the year ended 31st December, 1990.

As I have emphasized in my previous Statements, your Company's track record has been one of sustained enhanced performances in the last few years and I present a pictorial analysis in Graph form on Pages 10-13 showing in chronological sequence the enhanced growth in premium income in respect of the Life Insurance business, General Insurance business, the improvement in Investment Income and the particularly commendable growth in liquid Assets for the decade 1980 to 1990.

Management in consultation with the Company's Actuary, are in the process of re-designing and re-packaging old products and creating new ones with competitive rates and covers, with a view to attracting an increased number of new Policyholders whilst existing policyholders are to be invited to take additional policies.

During the year, an Actuarial Valuation of the Company's Life Fund was undertaken for the period ended 31st December, 1989.

In accordance with the Actuary's investigation, a recommendation is being made that the bonus rate declared to our With-Profit Policyholders under individual Whole Life and Endowment for Kenyan Assurances be at the increased rate of 4.75% whilst the increased respective bonus rates for Uganda and Tanzania assurances be at the rate of 10% and 1.0%.

The cost of this bonus declaration to the Company is KShs.42.2 million. Your Directors and Management have already taken the necessary action, as I have stated at the beginning of my Statement, to continue this good rate of return on Policyholders' investment by increasing the Company's share of the Life Portfolio, particularly in the upmarket arena.

In the General Insurance Portfolio, the Company's overall performance is more than satisfactory. As indicated in the attached graph, net premiums written for the year under review rose by 73% from KShs.42.05 in 1989 to KShs.72.93 in 1990 while the gross premium income increased from KShs.97.4 million to KShs.121.1 million.

In my Statement for the financial year 1987 I specifically recorded my dissatisfaction with the Motor Account's susceptibility to generate losses. This trend continued in the financial years 1988 and 1989. For the year under review out of a total KShs. 47.2 million claims incurred, a sum of KShs.36.7 million being almost 90% thereof, represents Motor Business Claims incurred. The ex-Motor Pool Account with a Net written premium of only KShs.2.0 million had a claims incurred figure of KShs.6.2 million (over 300%). Although your company continues to underwrite Motor Business, the management is conscious of the pitfalls of this Account and has therefore resisted the temptation to accept across the board this class, other than after careful underwriting which lays emphasis on adequate economic premium rates, together with the support of other profitable classes and the effect of our efforts in this direction will, we expect, be noticed in coming years.

The liquidity position of your Company has improved tremendously in view of the strong performances in the production and Investment Departments.

It is my belief that an Insurance Company should have a stable liquidity position if it is to provide efficient service to its Clients. It is with this in mind that your Company has built the strong liquid assets position as displayed on page 13.

As per the Company's Articles of Association, the distribution of profits to the Shareholders is 10% of the divisible surplus and in accordance therewith, the Actuary has recommended that a sum of KShs.36.6 million be transferred to Shareholders' Account and a sum of KShs.7.0 million out of this amount is incorporated in the Accounts for 1990 leaving a balance of KShs.29.6 million in the general fund to be transferred in the future.

The net profit of the Company for the year attributable to the Shareholders is KShs.16.3 million with earning per share being 4.07 as compared to the net profit earned in 1989 of KShs.7.2 million earning per share of 2.21 almost double. In view of these good results your Directors are recommending a record dividend for the year of KShs.6.0 million being 30% of the issued and paid share capital of KShs.20.0 million and in addition they are recommending a bonus issue of one fully paid share of Shs.5.0 for every 4 shares held by Shareholders registered in the Company's books as at the 24th July, 1991. As KShs.5.0 million is the equivalent sum for the bonus issue, the Company is therefore paying to Shareholders a total dividend of KShs. 11.0 million which is 55% of the current issued and paid up share capital. Given the trading environment this is no doubt commendable. In 1989 the dividend paid was KShs. 5.0 million

PAN AFRICA INSURANCE COMPANY LIMITED



which was 25% of the issued and paid share capital.

It is my privilege and honour to once again thank my fellow Directors for the support they have continued to give to the Company and enable it to attain its goals. I wish to also thank the Chief Executive and his Team of Management for their collective effort in achieving the set targets and exhort them to exert themselves once again and improve in the year 1991, the figures that we have attained in 1990.

Finally, I commend our esteemed Policyholders, valued Brokers and all other Intermediaries without whose support, your Company would not have performed as indicated above.

J. K. KANJA
CHAIRMAN

7th June 1991



TAARIFA YA MWENYEKITI

Ni furaha kubwa kwangu kuwasilisha ripoti za akaunti zilizokaguliwa kwa mwaka uliomalizikia Desemba 31, 1990 za kampuni yenu.

Kama vile nimehimiza katika taarifa zangu za hapo awali, hatua kubwa za maendeleo zilizofikwa na kampuni yenu ni za kuridhisha sana katika miaka michache iliyopita. Ili jambo hili lieleweke kwa urahisi, tumeonyesha katika kurasa za ndani kwa miandiko ya mistari (graphs) mafanikio yaliyopatikana kutokana na biashara ya bima katika nyanja za bima ya maisha, bima za kawaida, kustawika kwa mapato ya raslimali na hasa kuimarika kwa raslimali zisizo za kudumu kwa mwongo kati ya mwaka wa 1980 hadi 1990.

Wasimamizi wa kampuni yenu wakishauriana na wataalamu wa bima wa kampuni hii wameanza kuchunguza upya bima zinazouzwa na kampuni na jinsi ya kuanzisha bima zingine mpya ambazo zitakuwa za bei nafuu na wakati huo huo hizo kuwa na shughuli nyingi na hivyo hatimaye wateja wengi watajiweka bima na hali wale wateja wetu wa zamani watajiweka bima zaidi.

Kwa mwaka huo wa fedha, thamani ya bima za maisha zilizorodheshwa kwa kipindi ambacho kilimazikia Desemba 31, 1989.

Kufuatana na uchunguzi ulioteklezwa na wataalamu wa bima, pendekezo lakusudiwa kupitishwa la kulipa marupurupu kwa wateja wetu waliojiweka bima ya maisha katika kiwango cha asilimia nne nukta saba tano na hali marupurupu ya zile bima za maisha katika Uganda na Tanzania zilipwe katika kiwango cha asilimia kumi na asilimia moja.

Thamani ya marupurupu haya ambayo yamependekwa na kampuni yatakuwa ni KShs. 42.2 milioni.

Wakurugenzi wenu na wasimamizi wa kampuni hii, wamechukua hatua zifaazo, kama nilivyodokeza hapo juu katika taarifa hii yangu, ili kuendeleza mpango huu wa kuwalipa wateja wetu marupurupu ya kupendeza kwa kuongeza kiwango cha biashara ya bima za maisha zinazoshughulikiwa na kampuni hii.

Katika nyanja ya bima za kawaida, fungu lililopatawa na kampuni hii ni la kupendeza. Kama vile ilivyoonyeshwa katika miandiko ya michoro iliyoko baada ya taarifa hii, malipo ya bima yaliyopatikana kwa mwaka huo wa fedha yanaonyesha kupanda kwa asilimia 73 kutoka KShs.42.05 katika 1989 hadi KShs.72.93 katika 1990 na hali jumla ya mapato ya bima yaliongezeka kutoka KShs. 97.4 milioni hadi KShs. 121.1 milioni.

Katika taarifa yangu ya mwaka wa fedha wa 1987 nilionyesha kutoridhika kwangu na bima ya magari na hasara iliyokuwa ikitokana na bima hii. Mtindo wa hasara kutokana bima hii uliendelea kwa miaka ya fedha ya 1988 na 1989. Kwa mwaka huu wa fedha, madai ya KShs. 47.2 milioni yalipitishwa ikikumbukwa ya kwamba jumla ya madai ya bima ya magari yalikuwa ni KShs 36.7 milioni yakiwa ni kama asilimia 90 ya madai yote yaliyodhinishwa. Lile shirika la bima ya magari lililotupiliwa mbali lilipata mapato ya bima ya magari ya KShs.2.0 milioni pekee na hali madai yaliyolikumba yalikuwa ni zaidi ya KShs.6.2 milioni (zaidi ya asilimia 300 ya mapato). Ijapokuwa kampuni hii yenu ingali inaweka bima dhidi ya magari, wasimamizi wa kampuni yenu wanaliangalia jambo hili kwa uangalifu mkubwa ili wasije wakajipata wanafanya kazi isiyoleta mapato. Bima zinazokubaliwa ni zile ambazo zinaleta faida tu na miaka ijayo taarifa itatolewa kwenu ili kuwajulisha mafanikio yaliyopatikana kutokana na juhudi hii.

Hali ya kifedha katika kampuni yenu imeimarika sana kutokana na juhudi zinazotekelezwa na idara za usalishaji na raslimali.

Ni imani yangu ya kwamba kampuni ya bima yoyote ni lazima iwe katika hali nzuri kifedha kama inatarajiwa kutoa huduma za kuridhisha kwa wateja wake. Ni kutokana na wazo hili kwamba kampuni hii imejitoa muhanga ili kuhakikisha hali ya kifedha imeimarika kama inavyoonyeshwa katika kurasa za ndani.

Kulingana na sheria za kampuni hii, ugawaji wa faida kwa wenye hisa ni asilimia kumi za mabaki yoyote ya pesa, na kutokana na haya, idara ya ukadiraji wa mapato ya bima imeidhinisha kiasi cha KShs.36.6 million ziwekwe katika akaunti ya wenye hisa na kiasi cha KSh.7.0 milioni cha kiwango hicho kiwekwe kwenye akaunti za 1990 na kiasi kinachosalia cha KShs29.6 milioni kiwekwe katika mfuo usio wa matumizi maalumu ili kutumika baadaye.

Jumla ya faida, baada ya kutoa matumizi yote, kwa wenye hisa wa fedha uliomalizikia Desemba 31, 1990 ni KShs. 16.6 milioni kila hisa ikizoa 4.07 ikilinganishwa na faida za jumla za KShs.7.2 milioni kwa mwaka 1989 kila hisa ikizoa 2.21, hii ikiwa ni faida marudufu. Kutokana na matokeo haya ya kufana, wakurugenzi wenu wanapendekeza mgawo kwa mwaka huo kuwa KShs 6.0 milioni, hii ikiwa ni rekodi mpya. Kiasi hiki ni asilimia 30 ya hisa zilizotolewa za KShs. 20.0 milioni. Isitoshe, wakurugenzi wenu pia

PAN AFRICA INSURANCE COMPANY LIMITED



wanaidhinisha bakshishi kwa hisa moja iliyolipiwa ya KShs. 5.0 kwa kila hisa nne zilizomilikiwa na wenye hisa walioandikishwa katika rejesta ya wenye hisa kufikia Julai 24, 1991. Kwa vile KShs. 5.0 milioni ni sawa na kile kiasi cha marupurupu, kampuni hii, kwa hivyo itawalipa mgawo wa jumla wa KShs. 11.0 milioni, kiasi ambacho ni asilimia 55 ya rasilimali inayomilikiwa kwa sasa, katika kampuni hii. Kutokana na hali ya biashara ya sasa hili ni jambo la kupendekeza sana.

Katika mwaka 1989, mgawo uliolipwa ulikuwa ni KShs. 5.0 milioni ambazo ulikuwa ni asilimia 25 ya rasilimali zinazomilikiwa na kampuni hii.

Nachukua fursa hii kutoa shukrani zangu za dhiti kwa wakurugenzi wenzangu kwa msaada wanaoendelea kutoa ili kampuni kupiga hatua katika kuendeleza biashara hii ya bima na malengo yaliyotarajiwa kutekelezwa. Ningependa pia kumshukuru Mkurugenzi Mkuu na wenzake wanaosimamia kampuni hii kwa umoja waliodhihirisha na hata rekodi iliyopatikana kufikiwa na ningependekwa zaidi ikiwa rekodi ya mwaka uliopita itavunjwa tena mwaka huu wa 1991.

Mwishowe, natoa shukrani za dhiti kwa wateja wetu, maaajenti wa bima na wale wote wanaohusika na biashara ya bima kwa usaidizi waliotoa ili maafanikio yaliyoorodheshwa hapo juu kupatikana.

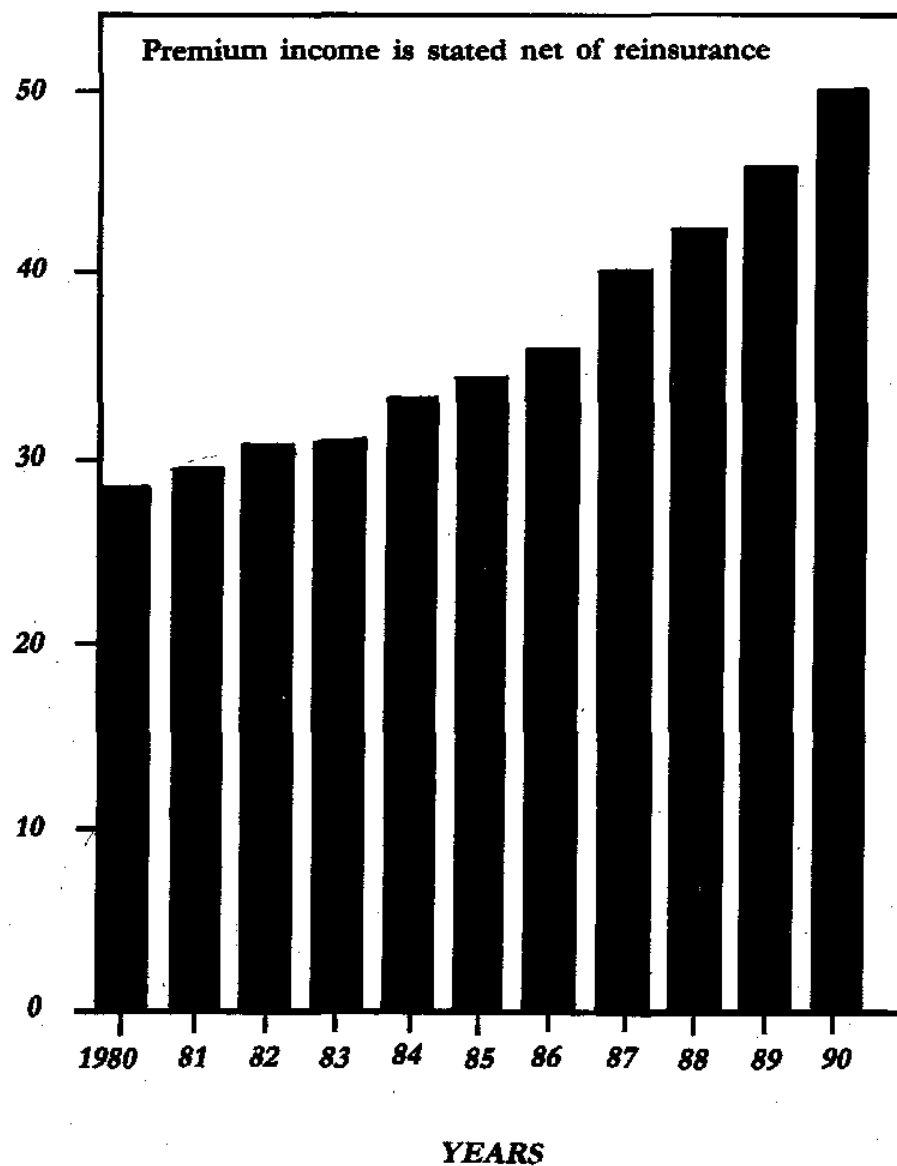
7 Juni, 1991

J.K. Kanja
Mwenyekiti,



LIFE PREMIUM INCOME

Millions

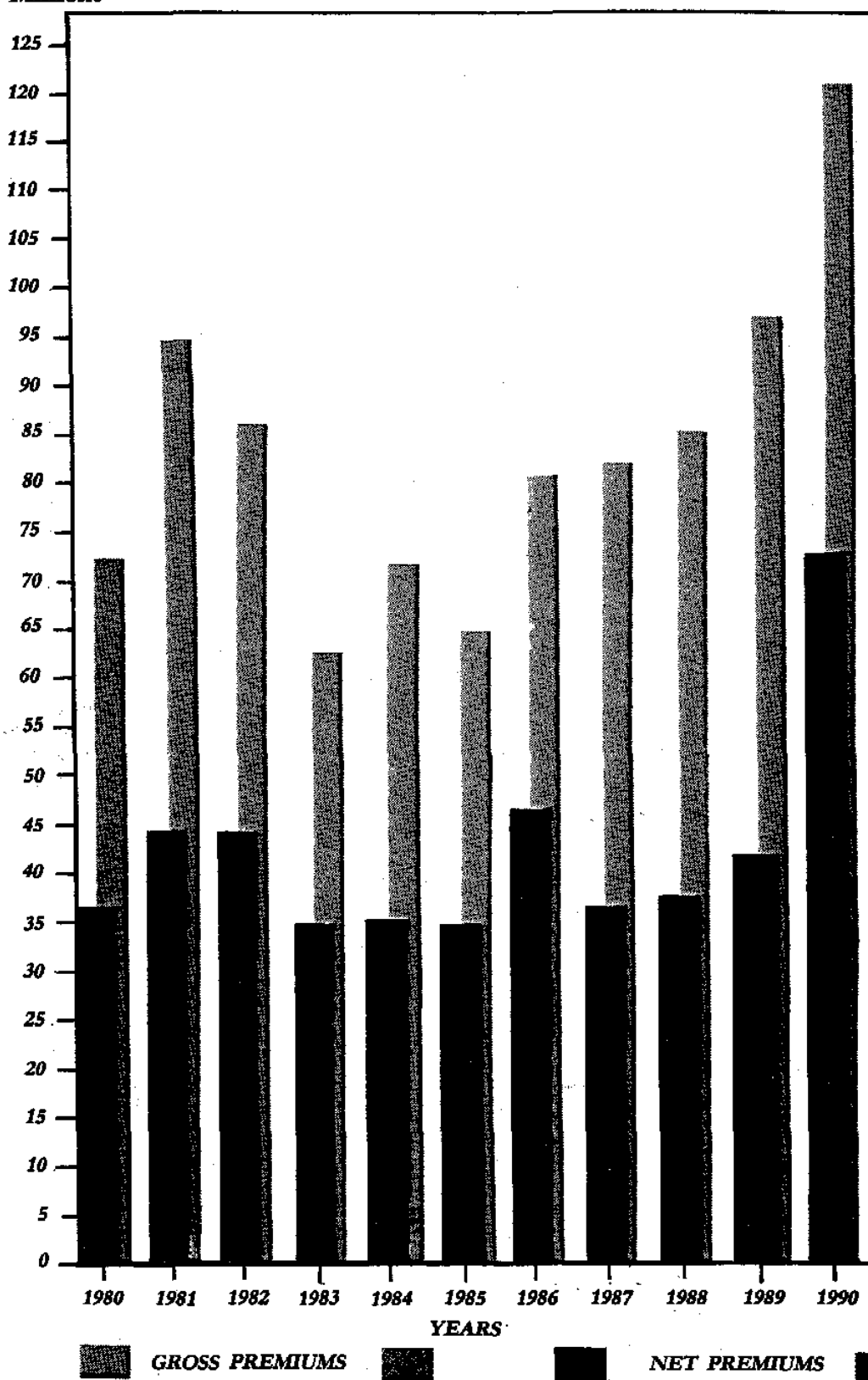


PAN AFRICA INSURANCE COMPANY LIMITED



NON-LIFE PREMIUM INCOME

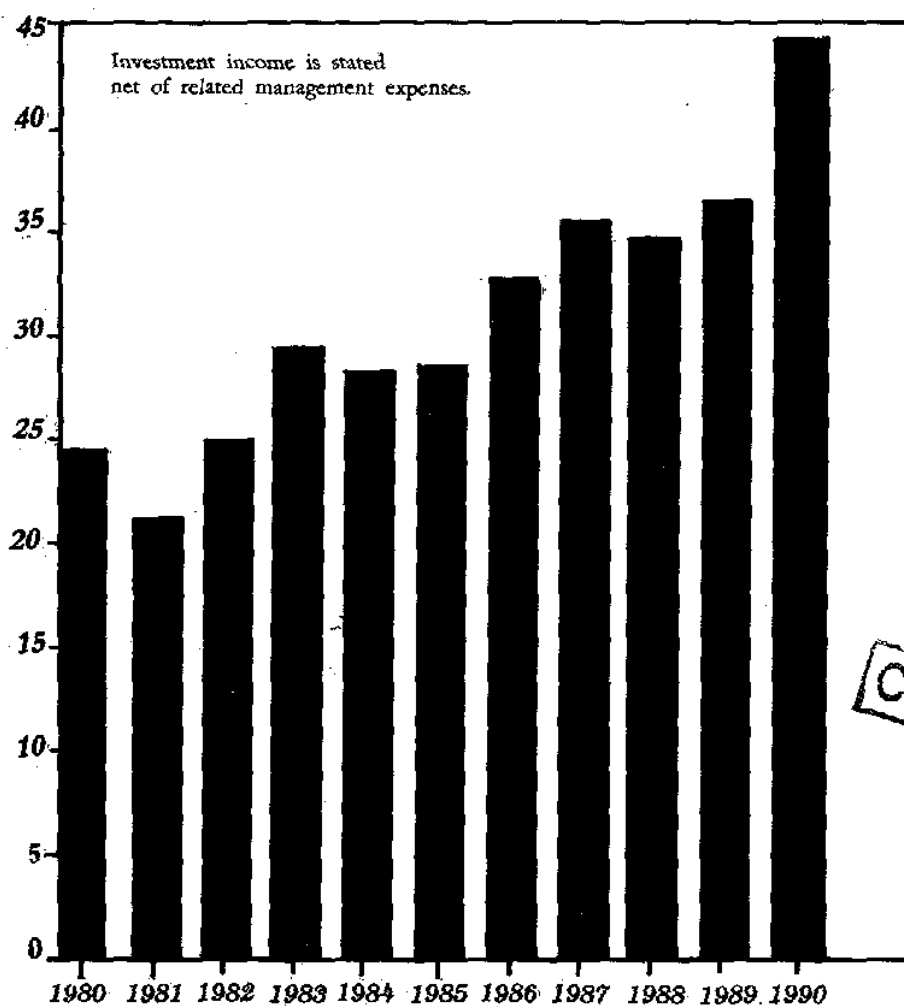
Millions





NET INVESTMENT INCOME

Millions



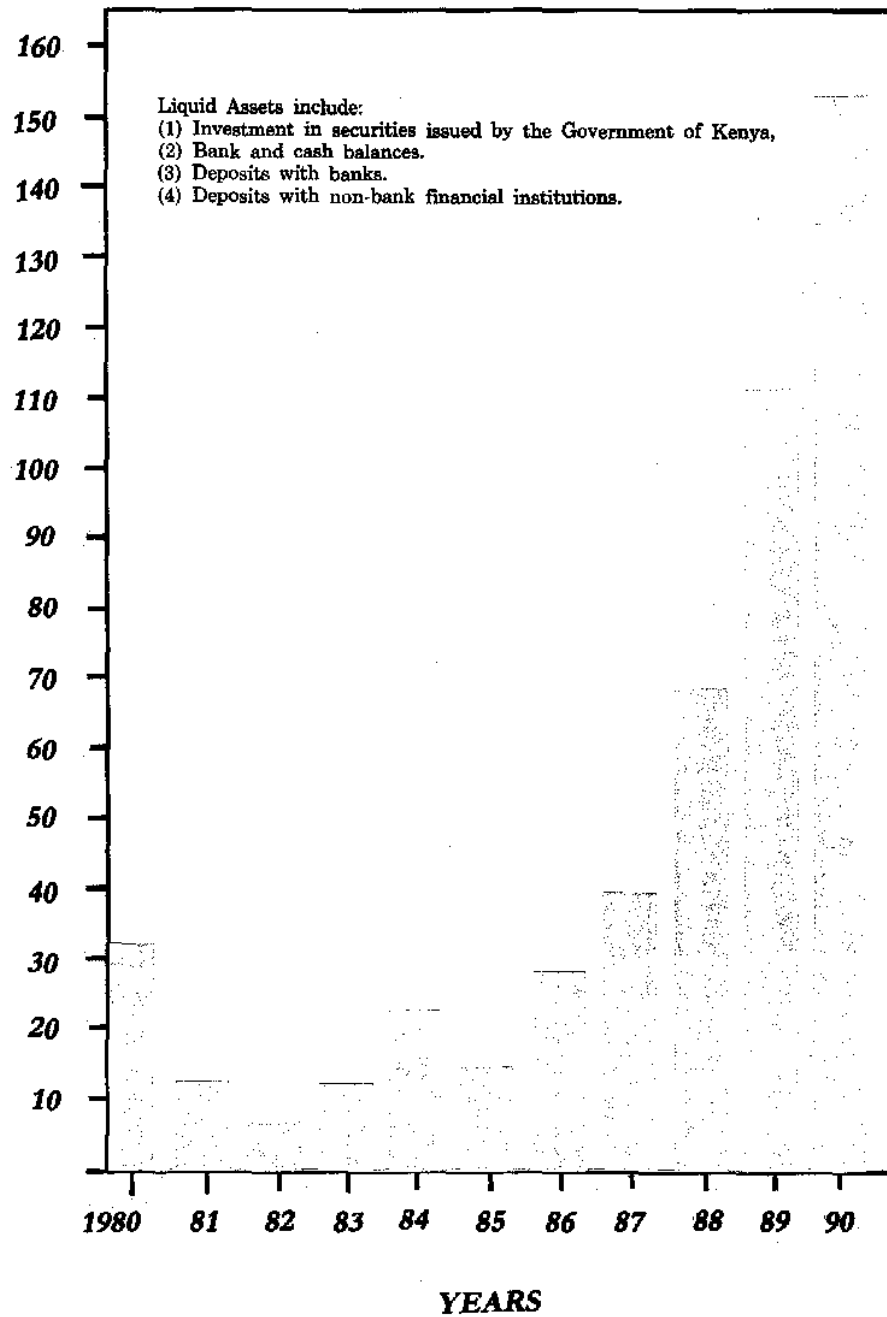
YEARS

CMA-LIBRARY



LIQUID ASSETS

Millions





Report of the Directors

Directors

J. K. Kanja (Chairman)
D. K. Ngini
A. G. C. Doig
S. C. Kohli
D. M. Mutiso
F. T. Nyammo
J. M. Githere

Secretary

W. K. Mungai

1. The directors have pleasure in submitting their report together with the audited accounts for the year ended 31st December, 1990.

Results:

2. The consolidated profit for the year and the appropriation thereof are set out in the profit and loss account, on Page 21

Dividends:

3. The directors recommend the payment of Shs 6.0 million being the first and final dividend for the year.

Directors:

4. In accordance with the Company's Articles of Association, Messrs A. G. C. Doig, S. C. Kohli retire by rotation and being eligible, offer themselves for re-election.

Auditors:

5. The Auditors, Coopers & Lybrand, being eligible offer themselves for re-appointment in accordance with the provisions of Section 159(2) of the Companies Act (Cap. 486).

Nairobi

By Order of the Board
W. K. Mungai
Secretary

7th June, 1991

PAN AFRICA INSURANCE COMPANY LIMITED



Report of the Auditors to the Members of Pan Africa Insurance Company Limited.

We have audited the accounts set out on pages 16 to 37. The accounts of the Company set out on pages 18 to 25 and 29 to 30 are in agreement with the books which have been properly kept. We obtained the information and explanations we required.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1990 and of the results of the Company and the Group and source and application of funds of the General Insurance business of the Company and the Group for the year then ended and comply with the Companies Act (Cap. 486).

Coopers & Lybrand
Certified Public Accountants of Kenya
Nairobi, Kenya.

7th June, 1991



PAN AFRICA INSURANCE COMPANY LIMITED

Statement of Principal Accounting Policies

The accounts are prepared in accordance with the historical cost convention, including the revaluation of certain of the Group's fixed assets and investments. The following is a summary of the more important accounting policies used:

(a) Basis of consolidation

The consolidated non-life profit and loss account and balance sheet include the accounts of the company and its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition to the date of their disposal. The excess of the purchase price over the value of the net tangible assets of subsidiary companies is written off against reserves. Inter-group transactions are eliminated on consolidation and all profit figures relate to external transactions only.

(b) Underwriting results

(i) General insurance business

The underwriting results are determined after taking into account, inter alia, unearned premiums and outstanding claims.

Unearned premiums represent that portion of the premiums written in periods up to the accounting date which are attributable to subsequent accounting periods. The amount is calculated as follows:

Direct Business:	using the 1/24ths basis
Inward Business: (except the Kenya Motor Insurance Pools):	using 1/8ths basis
Kenya Motor Insurance Pools:	The Company's share of the provision set up in the Motor Pools' accounts.

Outstanding claims represent claims arising from incidents occurring prior to the accounting date but not settled at that date computed on the basis of the best information available at the time the records for the year are closed.

(ii) Reinsurance inward

Reinsurance inward is accounted for on the basis of the first four quarters returns received within the year. Where inevitable delays are experienced in receiving information, an estimation is made on the basis of the information available in order to account for four quarters.

(iii) Kenya Motor Insurance Pools

Results of the company's share of the two Kenya Motor Insurance Pools are accounted for in the revenue accounts in accordance with the Pools' accounting year which runs from October to September of the following year. As a result, the Pools' results for the 4th quarter of the company's accounting year are accounted for in the subsequent year. A proportion of the company's management expenses is charged to the Pools' revenue accounts on the basis of the percentage of the Pools' contribution to the total direct business.

(iv) Long term insurance business

An investigation into the financial position of the life fund is carried out triennially by the company's Consulting Actuaries. Surpluses arising are allocated by the directors with the advice of the Actuaries and in accordance with the Articles of Association to policy-holders' bonuses and profit and loss account. Any balance remaining is carried forward in the General Fund.

Premiums are accounted for on a basis which approximates to a pre-debit method of accounting as adjusted for estimated lapses.

PAN AFRICA INSURANCE COMPANY LIMITED



Statement of Principal Accounting Policies (continued)

(c) Investment income

Investment income comprises interest, rent and dividends receivable. The investment income is stated after deducting the related property and management expenses.

(d) Expenses and commissions

Expenses and commissions 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.

Direct expenses in respect of the claims department are charged directly to claims incurred, for General insurance business.

Certain expenses of the general insurance business are not allocated but are charged directly to the profit and loss account.

(e) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

	%	Basis
Buildings in subsidiary	1.5-5.0	reducing balance
Motor vehicles	25.0	straight line
Furniture, fittings and equipment	12.5-33.33	straight line

(f) Investments

Investments are stated at the following values:

- (i) Mortgages and other loans – at redemption values.
- (ii) Freehold and leasehold properties in parent company – at open market values determined by the directors and as confirmed by periodic professional valuations. Depreciation is only charged on leasehold properties if the unexpired period of lease is 20 years or less.
- (iii) Quoted stocks and shares – at market value.
- (iv) Government securities – at redemption values. Any unearned discount is included in creditors and credited to income over the period of issue.
- (v) All other investments – at the lower of cost or directors' valuation.

Unrealised gains or losses arising from the valuation of investments are shown as:

- (i) General Insurance business – movements in investment fluctuation reserve, unless the reserve is insufficient to cover a deficit in which case the excess is charged to the profit and loss account.
- (ii) Long term insurance business – dealt with in the revenue accounts.

(g) Land and development

Land and development, which relates to a subsidiary company, is stated at open market value.

(h) Stocks

Stocks, comprising mainly coffee held by a subsidiary company, are valued at the lower of cost and net realisable value. Cost is determined using average production costs based on total direct production costs incurred during the year.

(i) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated to Kenya shillings at the rate of exchange ruling at the year end. Differences arising on translation are charged to the long-term insurance business revenue account in respect of the long-term business and profit and loss account in respect of the general insurance business.

(j) Deferred taxation

Provision is made at the rate ruling at the year end for any deferred taxation liability arising except in respect of taxation on timing differences which can reasonably be expected to continue to be deferred for the foreseeable future.

(k) Provision for bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

PAN AFRICA INSURANCE COMPANY LIMITED



The Company's Long Term Business Revenue Accounts for the year ending 31st December, 1990

	Note	Statutory Funds		General fund Shs	Total Shs	1989 Shs
		Ordinary Life Shs	Superannuation Shs			
Ner premium		46,666,668	2,973,954	-	49,640,622	45,208,220
Claims Incurred						
Death		1,340,320	1,010,235	-	2,350,555	3,424,125
Maturity		21,973,274	-	-	21,973,274	16,372,795
Other		12,988,541	-	-	12,988,541	10,748,996
Total Claims		36,302,135	1,010,235	-	37,312,370	30,545,916
Surrender (Incl. Surrender of bonus)		4,927,635	-	-	4,927,635	2,603,443
Annuities paid		472,732	-	-	472,732	508,493
Total benefit payments		(41,702,502)	(1,010,235)	-	(42,712,737)	(33,657,852)
Commission		6,010,620	-	-	6,010,620	5,167,651
Expenses of management		21,115,200	1,346,900	-	22,462,100	20,009,013
Other Expenses		858,516	52,410	983,034	1,893,960	4,268,441
Total Expenses		(27,984,336)	(1,399,310)	(983,034)	(30,366,680)	(29,445,105)
Investment Income	2	20,513,565	554,421	6,653,048	27,721,034	22,483,234
Transfer to profit & loss Account	3	-	-	(7,000,000)	(7,000,000)	(5,513,490)
(Decrease)/Increase in Life Funds	1	(2,506,605)	1,118,830	(1,329,986)	(2,717,761)	(924,993)
Funds at the beginning of the year		237,354,447	3,462,000	73,985,000	314,801,447	315,726,440
Funds at the end of the year		234,847,842	4,580,830	72,655,014	312,083,686	314,801,447

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Principal Accounting Policies - pages 16 to 17

The notes on pages 31 to 37 form part of these accounts.

PAN AFRICA INSURANCE COMPANY LIMITED



The Company's General Insurance Business Revenue Accounts for the year ending 31st December, 1990

	C.A.R. & Engineering Sha.	Fire Domestic Sha.	Fire Industrial Sha.	Liability Insurance Sha.	Marine & Transit Sha.	M Priv
Net written premium	579,110	939,351	6,420,253	756,990	1,656,901	8,860,
Unearned premium Reserves brought forward	210,363	419,233	2,588,878	431,747	587,911	3,468,
	789,473	1,358,584	9,009,131	1,188,737	2,244,812	12,329,
Unearned premium Reserves carried forward	(219,579)	(455,117)	(2,237,927)	(256,639)	(527,736)	(3,621,7
Net earned premium	569,894	903,467	6,771,204	932,098	1,717,076	8,707,1
Claims paid	155,333	526,812	3,893,252	216,759	284,752	6,007,8
Amounts outstanding at 31st December, 1990	604,535	229,014	2,292,490	2,863,657	841,009	8,865,0
	759,868	755,826	6,185,742	3,080,416	1,125,761	14,872,8
Amounts outstanding at 1st January, 1990	(642,206)	(291,815)	(2,551,684)	(2,779,291)	(1,218,940)	(7,738,9)
Claims incurred	117,662	464,011	3,634,058	301,125	(93,179)	7,133,9
Commissions	(97,037)	(79,118)	1,570,947	96,910	(29,716)	489,2
Management Expenses	313,403	333,407	2,232,159	221,716	758,501	1,788,7
Commission and Expenses	216,366	254,289	3,803,106	318,626	728,785	2,277,9
Underwriting profit/(Loss) transferred to Profit and Loss Account	235,866	185,167	(665,960)	312,347	1,081,470	(704,5)

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The notes on pages 31 to 37 form part of these accounts.

PAN AFRICA INSURANCE COMPANY LIMITED



Motor Commercial Shs.	Motor Pools Shs.	Personal Accident & Medical Shs.	Theft Insurance Shs.	Workmen's Compensation Shs.	Miscellaneous Accident Shs.	Total 1990 Shs.	1989 Shs.
43,292,236	2,049,603	2,441,161	1,206,896	3,262,034	1,472,670	72,937,451	42,053,691
4,123,548	2,915,444	629,739	359,455	835,657	579,683	17,150,522	15,069,370
47,415,784	4,965,047	3,070,900	1,566,351	4,097,691	2,052,353	90,087,973	57,123,061
(21,594,270)	(272,060)	(509,554)	(479,163)	(969,784)	(478,057)	(31,621,615)	(17,150,522)
25,821,514	4,692,987	2,561,346	1,087,188	3,127,907	1,574,296	58,466,358	39,972,539
12,076,855	4,079,351	1,858,801	512,537	2,088,716	844,797	32,545,829	26,061,360
25,652,759	31,587,880	633,169	1,592,054	5,376,746	863,747	81,402,089	66,782,698
37,729,614	35,667,231	2,491,970	2,104,591	7,465,462	1,708,544	113,947,918	92,844,058
(14,348,097)	(29,476,361)	(506,282)	(1,559,692)	(4,757,977)	(911,416)	(66,782,698)	(60,571,860)
23,381,517	6,190,870	1,985,688	544,899	2,707,485	797,128	47,165,220	32,272,198
875,137	(26,538)	(157,373)	(819,456)	509,757	502,502	2,835,215	(49,815)
8,061,943	676,652	610,135	640,141	656,812	376,750	16,670,347	17,363,787
8,937,080	650,114	452,762	(179,315)	1,166,569	879,252	19,505,562	17,313,972
(6,497,083)	(2,147,997)	122,896	721,604	(746,147)	(102,084)	(8,204,424)	(9,613,631)

PAN AFRICA INSURANCE COMPANY LIMITED



Profit and Lost Account For the year ending 31st December, 1990

		1990 Group Shs	1990 Company Shs	1989 Group Shs	1989 Company Shs
Income	Note				
Surplus transferred from Life funds	3	7,000,000	7,000,000	5,513,490	5,513,490
Investment income		16,644,759	16,644,759	12,488,657	13,988,657
Subsidiaries' profit before taxation		2,313,772	-	3,713,746	-
Total Income		25,958,531	23,644,759	21,715,893	19,502,147
Outgoings					
Loss transferred from General insurance business revenue accounts		(8,204,424)	(8,204,424)	(9,613,631)	(9,613,631)
Income/(Expenses) not charged to any particular account		318,824	318,824	(36,986)	(36,986)
Total outgoings		(7,885,600)	(7,885,600)	(9,650,617)	(9,650,617)
Profit before taxation and extraordinary item	1	18,072,931	15,759,159	12,065,276	9,851,530
Provision for taxation	5	(1,484,397)	-	(2,766,073)	(174,154)
Profit before extraordinary item		16,588,534	15,759,159	9,299,203	9,677,376
Transfer from unappropriated profit	9	-	-	607,466	-
Extraordinary loss		-	-	(1,646,794)	(1,646,794)
Profit after taxation and extraordinary item		16,588,534	15,759,159	8,259,875	8,030,582
Minority interests		(331,750)	-	(1,056,196)	-
Profit attributable to shareholders of P.A.I.C.	7	16,256,784	15,759,159	7,203,679	8,030,582
Appropriations					
Unappropriated profit brought forward	21	33,752,441	30,536,956	18,679,805	14,029,951
Transfer to profit and loss account	9	-	-	(607,466)	-

PAN AFRICA INSURANCE COMPANY LIMITED



Transfer from Reserves held outside Kenya	8	-	-	13,476,423	13,476,423
Profit available for appropriation		50,009,225	46,296,115	38,752,441	35,536,956
Proposed dividends		(6,000,000)	(6,000,000)	(5,000,000)	(5,000,000)
Unappropriated profit carried forward		44,009,225	40,296,115	33,752,441	30,536,956
Earnings per share	10	4.07	3.94	2.21	2.42

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Principal Accounting Policies - pages 16 to 17

The notes on pages 31 to 37 form part of these accounts.

PAN AFRICA INSURANCE COMPANY LIMITED



The Company Balance Sheet as at 31st December, 1990

	Note	Long Term Insurance Business Shs	General Insurance Business Shs	Total 1990 Shs	1989 Shs
Share Capital Issued:					
Nominal Share Capital	11	-	20,000,000	20,000,000	20,000,000
Paid-up Share Capital	11	-	20,000,000	20,000,000	20,000,000
Reserves:					
Available for distribution:					
General		-	8,612,445	8,612,445	8,612,445
Unappropriated profit		-	40,296,115	40,296,115	30,536,956
		-	48,908,560	48,908,560	39,149,401
Not available for distribution:					
Investment fluctuation	12(b)	-	70,265,534	70,265,534	70,265,534
Reserves held outside Kenya	8	-	7,195,604	7,195,604	8,973,899
		-	77,461,138	77,461,138	79,239,433
Life Funds					
Statutory Fund		239,428,672	-	239,428,672	240,816,447
General Fund		72,655,014	-	72,655,014	73,985,000
		312,083,686	-	312,083,686	314,801,447
Total paid-up capital, reserves and Life Funds					
		312,083,686	146,369,698	458,453,384	453,190,281
Assets					
Fixed Assets					
Motor vehicles		4,613,276	-	4,613,276	4,703,197
Less depreciation		(3,382,790)	-	(3,382,790)	(3,057,360)
		1,230,486	-	1,230,486	1,645,837
Furniture, fixtures, fittings and Office equipment		13,471,689	880,705	14,352,394	13,945,985
Less depreciation		(11,874,370)	(860,309)	(12,734,679)	(12,221,173)
		1,597,319	20,396	1,617,715	1,724,812
	13(a)	2,827,805	20,396	2,848,201	3,370,649

PAN AFRICA INSURANCE COMPANY LIMITED



The Company Balance Sheet – 31st December, 1990 (continued)

Investments:				
Securities issued by the Government of Kenya				
Freehold & leasehold properties	16	40,900,000	46,750,000	87,650,000
		33,250,000		
Ordinary shares quoted on the Nairobi Stock Exchange		198,388,057	83,127,706	281,515,763
Ordinary Shares (unquoted)	17			294,342,092
Loans secured by mortgages on real property		18,094,376	465,920	18,560,296
Loans on Life Insurance policies within their surrender values		–	132,605	132,605
Deposits with banks		23,511,472	44,791,473	68,302,945
Deposits with non-bank financial institutions				68,850,977
Securities held outside Kenya		45,725,934	–	45,725,934
		–	5,334,950	47,219,863
				3,596,827
		–	40,552,224	40,552,224
		11,896	–	52,284,561
				10,979
		326,631,735	221,154,878	547,786,613
				517,693,866
Current Assets				
Cash and bank		5,424,774	8,624,913	14,049,687
Premiums outstanding		–	32,262,611	11,665,148
Amounts retained under reinsurance contracts				25,201,090
Amounts due from related bodies corporate		840,729	38,126,871	38,967,600
Tax recoverable		–	10,849	29,110,295
Sundry Debtors		124,954	2,024,365	10,849
		15,301,477	2,149,319	1,811,356
			21,643,943	19,936,812
		21,691,934	87,392,075	109,084,009
				87,735,550
Total Assets		351,151,474	308,567,349	659,718,823
				608,800,065
Liabilities				
Underwriting Provisions				
Unearned premium		–	31,621,615	31,621,615
Outstanding claims		22,695,313	81,402,089	17,150,522
				104,097,402
		22,695,313	113,023,704	87,055,416
		22,695,313	113,023,704	135,719,017
				104,205,938
Current Liabilities				
Dividends payable		–	8,988,478	8,988,478
Amounts due to reinsurers		524,216	32,969,972	7,436,688
Due to related bodies corporate		336,699	–	33,494,188
				25,022,878
				243,429

PAN AFRICA INSURANCE COMPANY LIMITED



The Company Balance Sheet – 31st December, 1990 (continued)

Sundry creditors	15,511,560	7,215,497	22,727,057	18,700,851
	16,372,475	49,173,947	65,546,422	51,403,846
Total Liabilities	39,067,788	162,197,651	201,265,439	155,609,784
	312,083,686	146,369,698	458,453,384	453,190,281

Principal Officer

Director

Director

The accounts were approved by the board of directors on 30th May, 1991.
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The notes on pages 31 to 37 form part of these accounts.

PAN AFRICA INSURANCE COMPANY LIMITED



Consolidated Balance Sheet as at 31st December, 1990

	Note	Long Term Insurance Business Shs.	General Insurance Business Shs.	1990 Shs.	1989 Shs.
Share Capital Issued:					
Nominal Share Capital	11	—	20,000,000	20,000,000	20,000,000
Paid up share capital	11	—	20,000,000	20,000,000	20,000,000
Reserves:					
Available for distribution:					
General	21	—	8,612,445	8,612,445	8,612,445
Unappropriated profit	21	—	44,009,225	44,009,225	33,752,441
		—	52,621,670	52,621,670	42,364,886
Not available for distribution:					
Capital reserve arising on consolidation	12(a)	—	1,080,000	1,080,000	1,080,000
Investment fluctuation	12(a)	—	118,686,578	118,686,578	118,027,117
Reserves held outside Kenya	8	—	7,195,604	7,195,604	8,973,899
		—	126,962,182	126,962,182	128,081,016
Life Funds					
Statutory fund		239,428,672	—	239,428,672	240,816,447
General fund		72,655,014	—	72,655,014	73,985,000
		312,083,686	—	312,083,686	314,801,447
Total paid up Capital, Reserves, and Life Funds		312,083,686	199,583,852	511,667,538	505,247,349
Minority interest	18	—	35,564,504	35,564,504	35,793,115
Deferred taxation	18	—	59,649,111	59,649,111	62,994,912
		312,083,686	294,797,467	606,881,153	604,035,376
Assets					
Fixed Assets:					
Land and buildings		—	4,942,122	4,942,122	4,942,122
Less depreciation		—	(1,174,606)	(1,174,606)	(1,024,799)
		—	3,767,516	3,767,516	3,917,323
Motor vehicles		4,613,276	2,782,609	7,395,885	7,408,831
Less depreciation		(3,382,790)	(2,212,695)	(5,595,485)	(5,160,512)

PAN AFRICA INSURANCE COMPANY LIMITED



Consolidated Balance Sheet as at 31st December, 1990 (continued)

		1,230,486	569,914	1,800,400	2,248,319
Furniture, fixtures, fittings and office equipment		13,471,689	5,192,662	18,664,351	18,162,942
Less depreciation		(11,874,370)	(4,469,850)	(16,344,220)	(15,692,334)
		1,597,319	722,812	2,320,131	2,470,608
Land and Development Investments	13(b) 14	2,827,805	5,060,242	7,888,047	8,636,250
		-	139,530,000	139,530,000	141,780,000
Securities issued by the Government of Kenya		40,900,000	46,750,000	87,650,000	33,250,000
Freehold & leasehold properties	16	198,388,057	83,127,706	281,515,763	294,342,092
Ordinary shares quoted on the Nairobi Stock Exchange		18,094,376	523,016	18,617,392	18,063,058
Loans secured by mortgages on real property		23,511,472	44,791,473	68,302,945	68,850,977
Loans on life insurance policies within their surrender values		45,725,934	-	45,725,934	47,219,863
Deposits with banks		-	5,334,950	5,334,950	3,596,827
Deposits with non-bank financial institutions		-	40,552,224	40,552,224	52,284,561
Securities held outside Kenya		11,896	-	11,896	10,979
		326,631,735	221,079,369	547,711,104	517,618,357
Current Assets:					
Cash and bank		5,424,774	14,357,394	19,782,168	21,424,276
Premiums outstanding		-	32,262,611	32,262,611	25,201,090
Amounts retained under reinsurance contracts		840,729	38,126,871	38,967,600	29,110,295
Sundry debtors	21	15,301,477	9,713,026	25,014,503	19,012,233
Stocks		-	1,800,853	1,800,853	2,705,773
Tax recoverable		124,954	2,024,365	2,149,319	1,811,356
		21,691,934	98,285,120	119,977,054	99,265,023
Total Assets		351,151,474	463,954,731	815,106,205	767,299,630
Liabilities					
Underwriting Provisions:					
Unearned premium		-	31,621,615	31,621,615	17,150,522
Outstanding claims		22,695,313	81,402,089	104,097,402	87,055,416
		22,695,313	113,023,704	135,719,017	104,205,938

PAN AFRICA INSURANCE COMPANY LIMITED



Consolidated Balance Sheet - 31st December, 1990 (continued)

Current Liabilities

Due to related bodies corporate	336,699	—	336,699	243,429
Taxation	—	743,763	743,763	2,755,225
Dividends payable	—	8,988,478	8,988,478	7,436,688
Amounts due to reinsurers	524,216	32,969,972	33,494,188	25,022,878
Sundry creditors	15,511,560	13,431,347	28,942,907	23,600,096

16,372,475	56,133,560	72,506,035	59,058,316
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Total Liabilities

39,067,788	169,157,264	208,225,052	163,264,254
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312,083,686	294,797,467	606,881,153	604,035,376
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Principal Officer

Director

Director

The accounts were approved by the Board of Directors on 30th May, 1991.

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Principal Accounting Policies - pages 16 to 17

The notes on pages 31 to 37 form part of these accounts.

PAN AFRICA INSURANCE COMPANY LIMITED



General Insurance Business Statement of Source and Application of Funds – 31st December, 1990

	1990 Group Shs	1990 Company Shs	1989 Group Shs	1989 Company Shs
Source of Funds:				
Profit after taxation, extra-ordinary item and minority interests	16,256,784	15,759,159	7,203,679	8,030,582
Adjustments for items not involving movement of funds:				
Transfer from Reserves	—	—	(607,466)	—
Minority interests	331,750	—	1,056,196	—
Provision for taxation	1,484,397	—	2,591,919	174,154
Dividends written back	—	—	(505,232)	(505,232)
Provision for loss on disposal of investments	—	—	1,556,793	1,556,793
Depreciation	545,587	37,832	722,367	36,986
Profit on sale of fixed assets	(113,025)	—	(79,894)	(45,219)
Adjustment to market value of stocks and shares	(52,416)	(52,416)	61,734	61,734
Funds generated from operations	18,453,077	15,744,575	12,000,096	9,309,798
Mortgage loan repayment	178,793	178,793	200,730	200,730
Proceeds on sale of:				
Investments	—	—	35,216,954	40,365,443
Properties	10,065,000	10,065,000	8,289,000	8,289,000
Fixed assets	279,525	—	336,963	91,164
Decrease in debtors	—	1,017,315	10,322,381	5,595,278
Increase in reinsurance balances	8,243,875	8,243,875	4,966,712	4,966,712
Increase in sundry creditors and accruals	1,660,253	343,648	2,744,679	1,199,845
Tax recovered	—	—	2,184,897	2,184,897
Increase in underwriting liabilities and provisions	29,090,484	29,090,484	8,291,990	8,291,990
Decrease in stocks	904,920	—	—	—
Increase in Land and Development	3,299	—	4,398	—
	68,879,226	64,683,690	84,558,800	80,494,857
Application of Funds:				
Purchase of investment in Government securities	27,820,000	27,820,000	12,030,000	12,030,000
Purchase of fixed assets	455,250	6,750	325,200	3,000
Investment in loans on mortgage	—	—	40,000,000	40,000,000
Tax paid	3,798,237	302,378	3,881,046	382,192
Dividends paid	5,448,210	4,448,210	4,007,922	4,007,922
Increase in stocks	—	—	983,890	—
Increase in agents balances	7,061,521	7,061,521	—	—
Increase in Re-insurance balances	9,696,632	9,696,632	—	—

PAN AFRICA INSURANCE COMPANY LIMITED



Increase in debtors	1,812,020	-	-	-
	56,091,870	49,335,491	61,228,058	56,423,114
Increase/(Decrease) in liquid funds	11,321,552	15,348,199	23,330,742	24,071,743
Bank and Cash Balances	11,321,552	15,348,199	23,330,742	24,071,743

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Principal Accounting Policies pages 16 to 17

The notes on pages 31 to 37 form part of the these accounts.

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PAN AFRICA INSURANCE COMPANY LIMITED



Notes to the Accounts - 31st December, 1990

1. Profit before taxation and extraordinary item (Decrease)/increase in the life fund

	Long Term Insurance Business Shs	General Insurance Business Shs	1990 Shs	1989 Shs
The Group				
The results are stated after charging:				
Depreciation	1,374,658	545,587	1,920,245	2,037,511
Auditors' remuneration	409,500	476,850	886,350	687,050
Premium Tax	510,926	1,114,080	1,625,006	1,360,985
And after crediting investment income:				
Government securities	5,029,566	5,029,566	10,059,132	3,294,102
Quoted shares	2,015,853	-	2,015,853	1,874,965
Interested on Mortgage loans	2,874,894	4,296,490	7,171,384	5,043,686
The Company				
The results are stated after charging:				
Depreciation	1,374,658	37,832	1,412,490	1,352,130
Auditors' remuneration	409,500	368,550	778,050	570,000
Premium Tax	510,926	1,114,080	1,625,006	1,360,985
And after crediting investment income:				
Government Securities	5,029,566	5,029,566	10,059,132	3,294,102
Quoted shares	2,015,853	-	2,015,853	1,874,965
Interest on mortgage loans	2,874,894	4,296,490	7,171,384	5,043,686

2. Investment Income: Long Term Insurance Business:

Investment income has been allocated to the various funds on the basis of the proportionate fund balances at the beginning of the year.

3. Actuarial Valuation:

An Actuarial Valuation of the Life Fund was carried out at 31st December, 1989. As a result, the consulting Actuaries recommended a transfer of Shs.36.648 million to shareholders. A transfer of Shs. 7.0 million has been incorporated in these accounts. The balance of Shs29.648 million will be transferred in future years.

4. Statutory Funds:

Statutory funds were established on 1st January 1990 by the company in respect of its longterm insurance business as required under section 45 of the Insurance Act, 1984. Income arising from the investment of the Assets of the statutory funds is credited to and forms part of that fund.

PAN AFRICA INSURANCE COMPANY LIMITED



Notes to the Accounts – 31st December, 1990 (Continued)

5. Taxation	1990	1989
The Group	Shs	Shs
On the profit for the year	1,484,397	2,591,919
Adjustment for previous years	-	174,154
	<u>1,484,397</u>	<u>2,766,073</u>

6. Post Balance Sheet Event

The Company intends to sell some of its investments. Present indications are that the Company may not be able to recover the full balance sheet values on these investments. The anticipated loss amounting to Shs1,778,295 in respect of General insurance business has been adjusted for by reducing reserves not available for appropriation, while Shs.983,034, in respect of long term insurance business has been charged to the General fund.

7. Profit attributable to shareholders of Pan Africa Insurance Company Limited:

The parent company's net profit for the year can be reconciled to the group accounts as follows:

	1990	1989
	Shs	Shs
Parent company's net profit for the year	15,759,159	8,030,582
Add/(Less):		
Parent company's share of subsidiary companies' net profit/(loss) for the year	497,625	(826,903)
Group profit attributable to shareholders of Pan Africa Insurance Co. Ltd	<u>16,256,784</u>	<u>7,203,679</u>

The profit attributable to shareholders of Pan Africa Insurance Co. Ltd. is before provision for proposed dividends of Shs6 million.

8. Reserves held outside Kenya: The Group and the Company

	1990	1989
	Shs	Shs
At 1st January	8,973,899	22,450,322
Reduction (Note 6)	(1,778,295)	(13,476,423)
At 31st December	<u>7,195,604</u>	<u>8,973,899</u>

PAN AFRICA INSURANCE COMPANY LIMITED



Notes to the Accounts - 31st December, 1990 (Continued)

9. Transfer of reserves:

The transfer relates to excess dividends paid by a subsidiary company, over the retained profits for the year, to its minority interests.

10. Earnings per Share:

Earnings per share are calculated by reference to the profit after taxation and minority interests but before extraordinary items, calculated on the average number of shares in issue during the year.

11. Share Capital:

	1990 Shs	1989 Shs
Authorised, issued and fully paid Ordinary shares of Shs. 5 each:	20,000,000	20,000,000

12. Investment fluctuation reserve:

(a) The Group

	1990 Shs	1989 Shs
At 1st January	118,027,117	117,338,222
Transfer from deferred Taxation account as a result of change in the rate on Corporation Tax	2,390,953	-
Transfer to investments (Note 12c)	-	(700,000)
Revaluation surplus in respect of a subsidiary disposed of	-	2,377,444
Transfer of the realised surplus on plots sold, to profit and loss account	(2,246,701)	(2,995,602)
Release of deferred taxation provision in respect of plots sold (Note 18)	954,848	1,348,021
	119,126,217	117,368,085
Minority interest in net movement for the year	(439,639)	659,032
At 31st December	118,686,578	118,027,117

(b) The Company

	1990 Shs	1989 Shs
At 1st January	70,265,534	70,965,534
Transfer to investments (Note 12c)	-	(700,000)
At 31st December.	70,265,534	70,265,534

(C) This transfer relates to revaluation surpluses in the past which have been realised.



Notes to the Accounts - 31st December, 1990 (Continued)

13. FIXED ASSETS:

(a) (i) The company

	Motor vehicles Shs	Furniture Fittings & equipment Shs	Total Shs
Cost or valuation:			
1st January 1990	4,703,197	13,945,985	18,649,182
Additions	629,033	406,409	1,035,442
Disposals	5,332,230 (718,954)	14,352,394 —	19,684,624 (718,954)
31st December, 1990			
Cost	4,613,276	4,073,096	8,686,372
Valuation	—	10,279,298	10,279,298
	4,613,276	14,352,394	18,965,670
Depreciation:			
1st January 1990	3,057,360	12,221,173	15,278,533
Charge for the year	898,986	513,506	1,412,492
Disposals	3,956,346 (573,556)	12,734,679 —	16,691,025 (573,556)
	3,382,790	12,734,679	16,117,469
Net Book Value - 31st December, 1990			
Long term insurance business	1,230,486	1,597,319	2,827,805
General insurance business	—	20,396	20,396
Total - 31st December 1990	1,230,486	1,617,715	2,848,201
31st December, 1989	1,645,837	1,724,812	3,370,649

PAN AFRICA INSURANCE COMPANY LIMITED



Notes to the Accounts - 31st December, 1990 (continued)

- (ii) No depreciation has been charged in arriving at the results for the year in respect of certain fixed assets with a gross value of Shs. 11,263,284/- (1989 Shs. 11,691,438) which are still in service but fully depreciated. If depreciation has been charged during the year on the gross value of these assets at normal rates, it would have amounted to approximately Shs. 3,203,098/- (1989 Shs. 3,219,983).

(b) (i) The Group

	Land & buildings in subsidiary companies Shs.	Motor vehicles Shs.	furniture fittings & equipment Shs.	Total Shs.
Cost or valuation:				
1st January, 1990	4,942,122	7,408,831	18,162,942	30,513,895
Additions	-	982,533	501,409	1,483,942
	4,942,122	8,391,364	18,664,351	31,997,837
Disposals	-	(995,479)	-	(995,479)
	4,942,122	7,395,885	18,664,351	31,002,358
31st December, 1990				
Cost	921,188	7,395,885	8,385,053	16,702,126
Valuation	4,020,934	-	10,279,298	14,300,232
	4,942,122	7,395,885	18,664,351	31,002,358
Depreciation:				
1st January, 1990	1,024,799	5,160,512	15,692,334	21,877,645
Charge for the year	149,807	1,118,554	651,886	1,920,247
	1,174,606	6,279,066	16,344,220	23,797,892
Disposals	-	(683,581)	-	(683,581)
	1,174,606	5,595,485	16,344,220	23,114,311
31st December, 1990				
Net Book Value -				
31st December, 1990				
Long term business	-	1,230,486	1,597,319	2,827,805
General insurance	3,767,516	569,914	722,812	5,060,242
business				
Total - 31st December 1990	3,767,516	1,800,400	2,320,131	7,888,047
31st December, 1989	3,917,323	2,248,319	2,470,608	8,636,250



Notes to the Accounts - 31st December, 1990 (continued)

- (ii) The valuation of a farm house in one of the company's subsidiaries was carried out in 1987 by independent professional valuers. The basis of valuation was open market value with existing use. The surplus arising thereon amounting to Shs. 2,658,497 was credited to investment fluctuation reserve in 1987.
- (iii) No depreciation has been charged in arriving at the results for the year in respect of certain fixed assets with a gross value of Shs. 11,263,284 (1989 Shs. 11,691,438) which are still in service but fully depreciated. If depreciation had been charged during the year on the gross value of these assets at normal rates, it would have amounted to approximately Shs. 3,203,098 (1989 Shs. 3,219,983).

14. Land and development:

(i) The Group:	1990 Shs.	1989 Shs.
At 1st January	141,780,000	178,374,914
Plots sold	(2,250,000)	(3,000,000)
Value of land and development disposed of in the year	-	(33,594,914)
At 31st December	139,530,000	141,780,000

15. Director's emoluments:

	1990 Shs. As Directors	1990 Shs. For Management	1989 Shs. As Directors	1989 Shs. For Management
Emoluments	347,218	1,109,198	389,349	863,576
Payable by subsidiary companies	120,000	300,000	120,000	310,000
	467,218	1,409,198	509,349	1,173,576

16. Freehold and leasehold properties:

The valuation of freehold and leasehold properties situated in Kenya was carried out by professional independent valuers in 1987. The basis of valuation was open market value. The surplus arising thereon of Shs. 34,860,000 in respect of General Insurance Business was credited to the investment fluctuations reserve. The surplus of Shs. 69,632,077 in respect of life properties was credited to the life fund.

PAN AFRICA INSURANCE COMPANY LIMITED



Notes to the Accounts – 31st December, 1990 (continued)

17. Subsidiary Companies:

The Company:

Included under investments in unquoted ordinary shares are investments held in subsidiary companies as shown hereunder:

	1990 Shs.	1989 Shs.
Shares at Cost		
General Insurance Business	132,605	132,605

Proportion of
Nominal
Value
of Ordinary
Shares held

The Subsidiary Companies are:

General insurance business:

Mae Properties Limited	60%
Runda Water Limited	60%

18. Deferred taxation:

	1990 Shs.	1989 Shs.
<i>The Group-relating to a subsidiary</i>		
1st January	62,994,912	64,342,933
Release of provision in respect of plots sold (Note 12)	(954,848)	(1,348,021)
31st December	62,040,064	62,994,912

19. Mortgage Loans:

The Group and the Company

	1990 Shs.	1989 Shs.
Amount approved by the directors but not advanced at 31st December	17,100,000	18,813,000

20. Capital Commitments:

	1990 Shs.	1989 Shs.
The Group		
Approved and contracted for	-	583,692

Report of the auditors – page 15

PAN AFRICA INSURANCE COMPANY LIMITED



Pan Africa Insurance Company Limited
P.O. Box 62551, Nairobi, Kenya

PROXY

I/We.....
of P.O. Box.....
being a Member/of the above Company, hereby appoint Messrs/Mr/Mrs/Miss
.....
of P.O. Box.....
or on them/him her failing to attend, the Chairman of the Meeting as my/our Proxy, to
vote for me/us and on my behalf at the next Annual General Meeting of the said
Company, to be held on 25th July 1991 at 2.30 p.m. and at any adjournment thereof.

Signed this.....day of.....1991

.....
(Signature)

*Please note Carefully: If this Proxy is to be executed on, or on behalf of a Company
which is a Shareholder, the same should be signed under Seal.*

Pan Africa Insurance Company Limited ,

MWAKILISHI

Mimi/Sisi
wa Sanduku la Posta.....
kama mwanachama/wanachama wa kampuni ambayo imetajwa hapa juu, hapa
namchagua/twamchagua
wa Sanduku la Posta.....
ama kama hayuko mwenyekiti wa mkutano huu awe mwakilishi wangu/wetu, anipigie/
atupigie kura kwa niaba yangu/yetu kwenye mkutano mkuu wa kampuni
utakaofanywa mnamo Julai 25 1991 saa nane unusu au wakati wowote ikiwa mkutano
utaahirishwa.

Iliwekwa sahihi tarehe siku ya1991

.....
(Sahihi)

Kumbusho:

Kwa upande wa Shirika, ni lazima uwakilishi uwe na muhuri wa kawaida wa shirika
hilo.