



PAN
AFRICA
INSURANCE
COMPANY
LIMITED

CMA 119001

ANNUAL
REPORT
AND
ACCOUNTS
1997

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ANNUAL REPORT AND ACCOUNTS 1994

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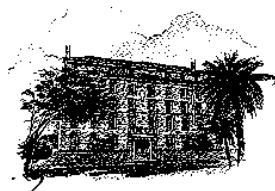


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2007/0590



PAN AFRICA INSURANCE COMPANY LIMITED BOARD OF DIRECTORS



F. T. Nyammo



A. A. A. Ekirapa
(Chairman)



D. K. Ngini



D. M. Mutiso



D. N. Gachuche



S. M. Ethangatta



J. G. Kibe

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M. W. Muigai (Mrs)



W. Olotch
(Managing)



J. M. Kituri



RE-LAUNCH



Company's Chairman Mr. A. A. Ekirapa addressing guests during the company's re-launch cocktail party at Serena Hotel, Nairobi.



The Chairman Mr. A. A. Ekirapa, Managing Director, Mr William Olotch and Mr R. N. G. Ajania during the cocktail party.



During the company re-launch cocktail party, the Managing Director, Mr. William Olotch presented the Company's Agents with long service awards. The picture above shows one of Pan Africa's long serving agent, Mr. P.K. Wachira, based in Nyeri, receiving a high performance award.



COMPANY DETAILS

Branch offices:

Mombasa: Ambalal House,
Nkrumah Avenue,
P.O. Box 90383,
Tel: 225582,
Telex: 21011,
Fax: 223622,
Mombasa.

Kisumu: Wedco Centre,
Oginga Odinga Road,
P.O. Box 1884,
Tel: 41899,
Kisumu.

Nyeri: Mbaki House,
Gakere Road,
P.O. Box 618,
Tel: 2073,
Fax: 4720,
Nyeri.

Meru: Kenya Finance House,
Tom Mboya Street,
P.O. Box 1329,
Tel: 20436,
Fax: 20336,
Meru.

Eldoret: National Bank House,
Uganda Road,
P.O.Box 596,
Tel: 33072,
Fax: 62680,
Eldoret.

Kisii: Shabana Building,
P.O.Box 288,
Tel: 20480,
Fax: 31049,
Kisii.

Subsidiary companies:

General Insurance Business:
Mae Properties Limited
Runda Water Limited

Consulting Actuaries:

Hymans Robertson & Company,
London.

Bankers:

Kenya:

Commercial Bank of Africa Ltd
Bank of Baroda
Barclays Bank of Kenya Ltd
Kenya Commercial Bank Ltd
Standard Chartered Bank Ltd
Banque Indosuez

Tanzania:

National Bank of Commerce Ltd

Auditors:

Coopers & Lybrand,
P.O.Box 30158,
Nairobi.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General meeting of Pan Africa Insurance Company Limited will be held on 30th June, 1995 at the New Stanley Hotel Nairobi, at 12.00 noon to transact the following business:

1. To confirm the Minutes of the Annual General Meeting held on 1st July, 1994.
2. To receive the audited accounts for the year ended 31st December, 1994 and the Report of the Chairman and Directors.
3. To approve the payment of a first and final dividend of Shs. 17.5 million being 50% of the issued share capital.
4. To elect Directors and fix their fees.
5. To appoint Auditors and authorise the Directors to fix their fees for the following year.
6. (a) To approve the increase of the authorised share capital of the Company from the present Shs. 35.0 million to Shs. 100 million by the creation of 13 million ordinary shares of Shs.5.00 each.
(b) To approve the transfer of Shs.15 million from the retained and distributable reserves of the Company and capitalisation of the same by the issue of three fully paid shares of Shs.5.00 each for every seven held by shareholders registered in the Company's Register on 22nd June, 1995 and that such bonus shares shall rank pari passu in all respects with the existing shares in the capital of the Company except that the bonus shares will not rank for dividend for the year ended 31st December, 1994 and earmarked for payment on or around 14th July, 1995.
7. 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,

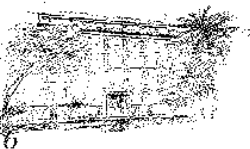
S. M. Muhia
Secretary

5 May, 1995

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.



ILANI YA MKUTANO MKUU WA MWAKA

ILANI INATOLEWA KWAMBA mkutano mkuu wa kampuni ya Pan Africa Insurance Company Limited utafanyika katika New Stanley Hotel Nairobi, siku ya Ijumaa, Juni 30, 1995, saa sita mchana kujadili mambo yafuatayo:

1. Kuthibitisha kumbukumbu za mkutano mkuu wa mwaka uliofanywa mnamo tarehe 1 Julai, 1994.
2. Kupokea taarifa ya hesabu ya pesa kwa mwaka uliomalizika tarehe 31 Desemba, 1994 pamoja na taarifa ya Mwenyekiti na wakurugenzi.
3. Kuidhinisha malipo ya mgao wa kwanza na wa mwisho wa shilingi 17.5 milioni hiyo ikiwa ni asilimia 50 ya hisa ya mtaji.
4. Kuwachagua wakurugenzi na kuamua malipo yao.
5. Kuwateua wakaguzi-hesabu na kuwaidhinisha wakurugenzi waamua malipo yao.
6. (a) Kuidhinisha ya kwamba rasilimali ya hisa iliyoruhusiwa iongezwe kutoka shilingi 35 milioni hadi shilingi 100 milioni kwa kuongeza hisa 13 milioni za ziada za kawaida za shilingi 5 kwa kila hisa.
(b) Kuidhinisha kutolewa kwa kiasi cha shilingi 15 milioni kutoka kwa hazina ya faida iliohifadhiwa kwa ajili ya malipo ya bakshishi ya hisa tatu mpya kwa kila hisa saba za kawaida kwa wenye hisa walioandikishwa katika orodha ya kitabu cha wenye hisa wa kampuni hii mnamo tarehe 22 Juni, 1995 na kwamba hizi hisa zitasawazishwa kwa njia zote na hizo za kawaida za kampuni hii lakini hazitahusika katika mgao wa faida uliopendekezwa wa mwaka wa fedha uliomalizika Desemba 31, 1994 unaotarajiwa kulipwa hapo ama karibu Julai 14, 1995.
7. Kujadili mambo mengine yoyote yatakatolewa kwa idhini ya Mwenyekiti.

Ofisi Kuu:
Pan Africa House,
Kenyatta Avenue,
S.I.P. 62551,
Nairobi

Kwa Amri ya Halmashauri
S. M. Muhia
Katibu

5 May, 1995

Maelezo:

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

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



CHAIRMAN'S STATEMENT

It is my pleasure to welcome you to your Company's Annual General Meeting and to present to you its results for 1994 financial year. I wish in addition to make the following comments to put the performance of the Company in perspective and provide a guide on future expectations.

1. ECONOMIC ENVIRONMENT:

As predicted in my statement in the last Annual Report to the Shareholders, 1994 benefited from a series of measures which the Government implemented in its efforts to liberalize and to introduce appropriate fiscal policies in the country's economy and although the process of liberalization is not yet complete, measures already taken, began to show positive results. The rate of inflation for example averaged 18% while the exchange rate of the shilling stabilized. Bank interest rates also declined throughout the year and continued up to the first quarter of 1995. The Government has on several occasions reconfirmed its commitment to complete economic liberalization and this will ensure continued investor confidence and a steady growth of the economy.

Regrettably, the positive developments on the economic front have not been matched by similar achievements on the political front. The high degree of intolerance among the various political groups and lack of dialogue have tended to promote antagonism among the political parties. The situation is not only worrying to investors and the business community in general, but also negates the positive results registered in the economy. Sustenance of a vibrant economy is dependent on proper economic policies as much as on political goodwill and stability. It is therefore my hope and wish that the Government and the political parties will take seriously the need to provide a stable political environment by engaging in constructive dialogue.

2. COMPANY PERFORMANCE:

I stated in my last report that the Board had taken a number of measures to strengthen the management base of the Company. These measures which included introduction of new talent into the management team, and greater investment in training at all levels, have begun to bear fruit. In 1994, gross premium income for general business grew by 65% from Shs. 237 million in 1993 to Shs. 392 million, while life business gross premium increased by a modest 7% from Shs. 70 million to Shs. 75 million. As expected, the measures taken to improve performance have already produced improved results in general business. While the same level of growth cannot be realised in life business, indications are that from 1995 the growth in the account will be substantially greater than in the previous years.

The Company made an underwriting loss of Shs. 7 million on the non-life classes of business, which is a major improvement over the Shs. 22 million underwriting loss recorded in 1993. While all accounts responded positively to loss minimisation measures including motor, the portfolio is still the largest loss maker and during the year under review, the account produced an underwriting loss of Shs. 27.9 million (1993: Shs. 39.1 million). I have emphasized previously that the problems experienced in the Motor business through thefts of motor vehicles and high Court awards on third party body injury claims, need coordinated effort involving the Government, the insuring public and the insurance companies. The economy is losing large sums of money in accidents which occur due to the poor state of our roads, the negligence of motorists and the apathy of the police and other law enforcement agencies. The economy can utilise the resources currently wasted through the accidents better if the root cause of the problem is addressed.

The Company will however continue to provide motor insurance, but must regularly review and adjust underwriting guidelines





to ensure that the long-term interests of shareholders and policyholders are not unduly undermined by the poor performance of the portfolio.

3. GROUP RESULTS:

Group results of operation produced a pre-tax profit of Shs. 101 million. This is a 110% improvement over the Shs. 48 million pre-tax profit for 1993. The Group paid tax of Shs. 33 million during the year and contributed Shs. 2.4 million in Drought Levy, to realise a net profit of Shs. 66.5 million for the year.

4. DIVIDENDS:

As a result of the good performance of the Company your Board has recommended for your approval, a 50% cash dividend (1993 - 35%). The total appropriation on the dividend is Shs. 17.5 million (1993: 12.25 million) which translates to Shs. 2.50 for each share of Shs. 5.00 (1993: Shs. 1.75).

5. BONUS ISSUE AND SHARE CAPITAL:

The Board is also recommending for your approval, capitalisation of Shs. 15 million out of the available distributable reserves of the Company, by the issue of 3 million fully paid up bonus shares of Shs. 5.00 each to shareholders in the proportion of 3 bonus shares for every 7 shares currently held, subject to the approval of the Capital Markets Authority. This measure will increase the paid up share capital of the Company from Shs. 35 million to Shs. 50 million at which level the company will have complied with the relevant requirement proposed in the Insurance Amendment Bill 1994.

In order to create flexibility for future capitalisation of the company, it is further recommended that the authorised share capital of the Company be increased to Shs. 100 million.

The necessary resolutions required to give effect to these measures will be put to the shareholders and are set out in the Agenda.

6. THE FUTURE:

I am happy to report that your Company is firmly set on a growth path that should launch it into the league of leading insurance companies in the East African region in the near future. The Company has embarked on a modernisation programme for all its offices and other properties which will continue throughout 1995, as will a major publicity and advertising campaign, which began last year, to enhance the image of your Company.

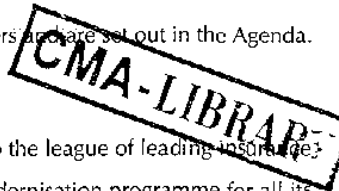
7. CONCLUSION:

To conclude, I wish to acknowledge the services rendered to the Company by Messrs A. G. C. Doig and S. C. Kohli, both of whom retired from the Company's Board of Directors on 1st July, 1994 after many years of dedicated service to your Company, and I welcome Messrs S. M. Ethangatta, J. G. Kibe, J. M. Kituri and Mrs. Mary Muigai onto the Company's Board of Directors. The new Directors were appointed to the Board from 1st July, 1994.

Finally, I wish to express my appreciation for the support I received throughout the year from Directors, management and staff of the Company which enabled the results recorded here to be achieved and for the continued support from shareholders, policyholders and our esteemed clients.

A. A. A. EKIRAPA

CHAIRMAN





TAARIFA YA MWENYEKITI

Ni furaha yangu kuwakaribisheni kwenye mkutano wa mwaka wa kampuni yenu na kuwasilisha matokeo ya mwaka 1994 ya kampuni. Ningependa kugusia yafuatayo kuhusu shughuli za kampuni hii na kutoa mwongozo kuhusu matarajio ya siku zijazo.

MAZINGIRA YA KIUCHUMI:

Kama nilivyobashiri katika ripoti ya mwaka uliopita wa 1993, hali ya uchumi iliendelea kuimarika kutokana na hatua zilizochukuliwa na Serikali mwaka wa 1994 katika jitihada za kuweka uchumi kuwa huru na kuanzishwa kwa maongozi kabambe ya kifedha. Ingawaje huu mpango haujakamilika, hatua ambazo tayari zimechukuliwa, zimeonyesha mafanikio. Kiwango cha gharama ya maisha kwa mfano kilikuwa asilimia 18, ilhali, na kiwango cha ubadilishanaji pesa kikathibitika pia. Kiwango cha riba kilipungua mwaka huo na kuendelea hadi robo ya kwanza ya mwaka huu wa 1995.

Serikali mara kwa mara imekariri kujitolea kwake kukamilisha mpango wa kuuweka uchumi kuwa huru na hatua hii itathibiti imani ya wawekaji rasilimali humu nchini na pia kukuza haraka uchumi.

Ingawa serikali inatekeleza mipango mizuri ya kiuchumi, mafanikio hayo hayajakuwa sambamba na matukio ya kisiasa. Kuna mabishano kati ya makundi mbali mbali nchini juu ya uendeshaji wa shughuli za nchi hii. Hii inahofisha wawekaji rasilimali na jamii ya wafanyi biashara kwa jumla. Kanuni za kiuchumi zinataka pia kuwe na kuthibitika kisiasa sio tu kwa mienendo ya kiuchumi. Inatakiwa haya makundi yawache kuzozana na yatie mkazo umuhimu wa kutengeneza mazingara yenye kufaidi nchi hii.

MATOKEO YA KAMPUNI:

Mwaka jana niliwaarifu ya kwamba halmashauri ya wakurugenzi imechukua hatua kadhaa kuimarisha orodha ya wasimamizi na inaendelea kuwaajiri watu walio na maarifa zaidi, na kuisisitiza haja ya kuwapa mafunzo maafisa wa ngazi zote.

Nina furaha kusema kwamba kutokana na juhudi hizi, matokeo ya kampuni yameimarika.

Katika mwaka 1994, mapato ya jumla yaliongezeka kwa asilimia 65 katika biashara ya kawaida ya bima na ikapanda kutoka Shs.237 milioni hadi Shs.392 milioni. Biashara ya bima ya maisha iliongezeka kwa kiwango wastani cha asilimia 7 kutoka Shs.70 milioni hadi Shs.75 milioni. Kama ilivyotarajiwa, juhudi zilizochukuliwa zimeleta matokeo mema na ya haraka katika biashara ya kawaida. Ingawaje kiwango hicho cha ukuaji sio rahisi kupatikana katika bima ya maisha, kuna ishara kuwa, kuanzia mwaka 1995 ukuaji katika biashara hii utaimarika kuliko miaka iliyopita. Kampuni ilipata hasara ya Shs. 7 milioni. Haya ni matokeo mazuri ikilinganishwa na mwaka uliopita, ambapo hasara ilikuwa Shs. 22 milioni.

Licha ya mbinu mbali mbali zilizochukuliwa na kampuni za kupunguza hasara katika akaunti zote na hasa bima ya magari, hasara inaendelea kuongezeka katika biashara hii. Hasara ya Shs.27.9 milioni ilikumba kampuni hii kutokana na shughuli za bima ya magari mwaka 1994 (1993: shs 39.1 milioni).

Nimekuwa nikisisitiza ya kuwa matatizo yanayokumba shughuli za biashara ya bima za magari, kupitia wizi wa magari, na uamuzi wa mahakama, wa kuwafidia madai ya kulipwa kutokana na majeraha wanayopata katika ajali za magari, yanahitaji juhudi za pamoja kati ya serikali, wananchi waliochukua bima, na makampuni ya bima. Uchumi unapoteza kiasi kikubwa cha pesa kutokana na ajali ambazo hutokea kutokana na hali mbaya za barabara, hali ya kutojali kwa waendeshaji magari, na udhaifu miongoni mwa maafisa wa polisi na mashirika mengine ya udumishaji sheria. Pesa zinazopotea kupitia ajali hizo





zinaweza kutumiwa kwa njia yenye manufaa zaidi ikiwa chanzo cha tatizo hilo kitabainishwa na hatua kuchukuliwa.

Hata hivyo kampuni hii itaendelea na biashara ya bima ya magari lakini itakuwa ikikagua masharti ya uwekaji ili matokeo yasiye yakazorosha maslahi ya wenye hisa na wawekaji wengine wa bima.

MATOKEO YA KUNDI:

Matokeo ya shughuli mbali mbali za kundi kwa mwaka huu ni ya kuridhisha. Faida iliongezeka kwa asilimia 110 kutoka Sh.48 milioni mwaka wa 1993 kufikia Sh.101 milioni mwaka huu. Kundi limelipa ushuru Sh.33 milioni na kuchanga Sh.2.4 milioni kwa mpango wa kupigana na ukame hapa nchini. Faida iliobaki ni Sh. 66.5 milioni.

MALIPO YA MGAO:

Kutokana na matokeo bora ya kampuni, halmashauri inatoa pendekezo kwa wanachama waidhinisha marupurupu ya asilimia 50 (1993: asilimia 35). Pendekezo hilo likikubaliwa Sh. 17.5 milioni zitatumika kuyalipa haya marupurupu (1993: Sh. 12.25 milioni) na itakuwa ni mgao wa Sh. 2.50 kwa kila hisa ya Sh. 5.00 (1993: Sh 1.75).

HISA ZA BAKSHISHI NA HISA ZILIZOTOLEWA:

Wakurugenzi pia wanapendekeza ikiwa itaruhusiwa na shirika linaloshugulika na uwekaji rasilimali nchini, - Capital Markets Authority, kibali cha ziada 3 kwa kila hisa ya Sh. 5.00 kwa hisa 7 za wenye hisa waliondikishwa kwenye orodha ya kampuni hapo Juni 22, 1995, kwa kutenga Sh.15.0 milioni kutokana na fungu la faida lilotengwa kwa mgao wa kampuni. Hii inamaanisha ya kwamba hisa zilizotolewa zitaongezeka kutoka Sh. 35 milioni na kufikia Sh. 50 milioni na itawezesha kampuni kutimiza masharti ya sheria za bima.

Ili kuwezesha kampuni kuwa na uwezo wa kuongeza rasilimali, wakurugenzi pia wanapendekeza ongezeko la hisa zilizo orodheshwa kutoka Sh. 35 milioni hadi Sh. 100 milioni. Hoja hizo ziko katika ilani ya mkutano huu.

MATARAJIO:

Nina furaha kuwaelezea ya kwamba, kampuni yenu imejiandaa kuwa kiongozi katika shughuli za bima hapa nchini na kutangaa katika Afrika ya mashariki, kutoka sasa hadi karne ijayo. Pan Africa Insurance imeanzisha mipango kabambe ya kuratibu ofisi na mijengo yake. Hii mipango itaendelea mpaka mwisho wa mwaka 1995. Kampuni pia ina mpango unaoendelea wa kujitokeza na kujitangaza hadi mwaka 1996.

MWISHO:

Nikimaliza, nataka kuwashukuru mabwana A.G.C. Doig na S.C. Kohli waliostaafu tarehe 1 Julai, 1994 kwa kazi nzuri waliofanyia kampuni. Pia, ninachukua nafasi hii kuwakaribisha mabwana S.M.Ethangatta, J.G. Kibe, J.M.Kituri na Bi Mary Muigai waliotoculiwa kwenye halmashauri ya wakurugenzi tarehe 1 Julai, 1994.

Mwisho, napenda kuwashukuru wakurugenzi wetu kwa kuniunga mkono mwakani 1994, wasimamizi kwa kazi nzuri waliofanya iliy owezesha haya matokeo mema kupatikana, na wenye hisa, na wateja wetu kwa usaidizi waliotupatia katika mwaka huo. Naomba waendeleo kutusaidia pia katika miaka ijayo.

A.A.A. EKIRAPA

MWENYEKITI





REPORT OF THE DIRECTORS

DIRECTORS:

A. A. A. Ekirapa (Chairman)
W. Olotch (Managing)
F. T. Nyammo
D. M. Mutiso
D. K. Ngini
D. N. Gachuche
M. W. Muigai (Mrs)
J. M. Kituri
J. G. Kibe
S. M. Ethangatta

SECRETARY:

1. The Directors have pleasure in submitting their report together with the audited accounts for the year ended 31st December, 1994.

RESULTS:

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

DIVIDENDS:

3. The Directors recommend the payment of Shs. 17,500,000 being the first and final dividend for the year.

SHARE CAPITAL:

4. The Directors recommend the increase of the company's authorised share capital from shs 35 million to Shs. 100 million.

CAPITALISATION AND BONUS ISSUE:

5. The Directors recommend the transfer of Shs. 15 million from the Company's reserves and Capitalisation of the same by issue of three fully paid up shares of Shs. 5.00 each for every seven held by shareholders registered on 22nd June, 1995.

DIRECTORS:

6. Mr. A. G. C. Doig and Mr. S. C. Kohli retired on 1st July, 1994.

Messrs S. M. Ethangatta, J. G. Kibe, M. W. Muigai (Mrs) and J. M. Kituri were appointed Directors on 1st July, 1994.

In accordance with the Company's Articles of association, Messrs A.A. A. Ekirapa, D.N. Gachuche and D.M. Mutiso retire by rotation and being eligible, offer themselves for re-election.

AUDITORS:

7. 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).

By Order of the Board,
S. M. Muhia
Secretary





We have audited the accounts set out on pages 14 to 32. The accounts of the Company set out on pages 17 to 22 and 25 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, 1994 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

31st May, 1995





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 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 the 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 premium written in periods up to the accounting date which are attributable to subsequent 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 INWARDS:

Reinsurance inwards 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' result 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 approximate to a pre-debit method of accounting as adjusted for estimated lapses.

(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 receivable 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 a subsidiary company	5.0	Reducing balance
Motor vehicles	25.0-37.5	Straight line
Furniture, fittings, plant and equipment	12.5-20.0	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.





STATEMENT OF PRINCIPAL ACCOUNTING POLICIES CONTINUED

(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 fluctuations 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. Infrastructure costs are written off as and when incurred.

(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.



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1994

	Note	1994 Group Shs.	1994 Company Shs.	1993 Group Shs.	1993 Company Shs.
INCOME					
Investment income		60,351,526	60,351,526	58,064,059	58,064,059
Subsidiaries' profits before taxation		<u>48,431,402</u>	<u>—</u>	<u>9,032,719</u>	<u>—</u>
TOTAL INCOME		<u>108,782,928</u>	<u>60,351,526</u>	<u>67,096,778</u>	<u>58,064,059</u>
OUTGOINGS					
Loss transferred from General insurance revenue accounts		(7,327,890)	(7,327,890)	(22,553,716)	(22,553,716)
Income not credited to other accounts		<u>202,341</u>	<u>202,341</u>	<u>3,938,081</u>	<u>3,938,081</u>
TOTAL OUTGOINGS		<u>(7,125,549)</u>	<u>(7,125,549)</u>	<u>(18,615,635)</u>	<u>(18,615,635)</u>
Profit before taxation	1	101,657,379	53,225,977	48,481,143	39,448,424
Provision for taxation	4	(32,684,706)	(17,512,821)	(24,832,835)	(20,376,875)
Drought levy		<u>(2,430,846)</u>	<u>(1,347,140)</u>	<u>—</u>	<u>—</u>
Profit after taxation		<u>66,541,827</u>	<u>34,366,016</u>	<u>23,648,308</u>	<u>19,071,549</u>
Profit attributable to shareholders of P.A.I.C	5	66,541,827	34,366,016	23,648,308	19,071,549
APPROPRIATIONS					
Unappropriated profit brought forward		83,100,017	68,886,407	81,403,815	71,766,964
Bonus shares issued		—	—	(10,000,000)	(10,000,000)
Unclaimed statute barred dividends written back		<u>172,105</u>	<u>172,105</u>	<u>297,894</u>	<u>297,894</u>
Profit available for appropriation		149,813,949	103,424,528	95,350,017	81,136,407
Proposed dividends		<u>(17,500,000)</u>	<u>(17,500,000)</u>	<u>(12,250,000)</u>	<u>(12,250,000)</u>
Unappropriated profit carried forward		<u>132,313,949</u>	<u>85,924,528</u>	<u>83,100,017</u>	<u>68,886,407</u>
Earnings per share	6	9.51	4.91	3.94	3.18

Report of the auditors - page 13.

Principal accounting policies - pages 14 to 16.

The notes on pages 26 to 32 form part of these accounts.





GENERAL INSURANCE BUSINESS REVENUE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1994

	Motor Pool Shs.	C.A. R & Engineering Shs.	Fire Domestic Shs	Fire Industrial Shs.	Liability Insurance Shs.	Ma Ti
Net Written Premium	—	10,965,994	1,718,399	42,170,221	2,011,483	18,529
Unearned premium at 1.1.1994	—	2,153,203	1,069,781	9,101,755	680,018	2,130
Unearned premium at 31.12.1994	—	(1,923,753)	(1,282,918)	(10,559,658)	(837,486)	(5,535)
Net Earned Premium	—	11,195,444	1,505,262	40,712,318	1,854,015	15,123
Claims Paid	3,884,651	377,838	256,163	2,349,004	731,121	3,108
Claims outstanding at 31.12.1994	16,197,218	839,906	694,432	9,116,019	8,362,147	2,236
Claims outstanding at 1.1.1994	(18,644,501)	(470,798)	(1,060,480)	(4,844,478)	(4,928,876)	(4,432)
Claims Incurred	1,437,368	746,946	(109,885)	6,620,545	4,164,392	912
Commission	(43,288)	1,717,846	(136,819)	10,758,055	18,919	(1,046)
Expenses	—	801,389	480,604	11,543,673	414,056	7,137
Premium tax & levies	—	82,697	49,595	1,191,220	42,727	736
Commission and Expenses	(43,288)	2,601,932	393,380	23,492,948	475,702	6,827
Underwriting (Loss)\Profit						
Transferred to						
Profit & Loss Account	(1,394,080)	7,846,566	1,221,767	10,598,825	(2,786,079)	7,383

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<i>Motor Private Shs.</i>	<i>Motor Commercial Shs.</i>	<i>P.A. & Medical Shs.</i>	<i>Theft Insurance Shs.</i>	<i>Workmen's Compensation Shs.</i>	<i>Misc. Accident Shs.</i>	<i>Total 1994 Shs.</i>	<i>Total 1993 Shs.</i>
48,229,166	46,778,475	12,844,470	3,338,560	4,466,771	7,247,322	198,300,019	113,082,035
15,236,410	12,712,162	1,241,018	705,817	1,390,822	2,771,994	49,193,312	38,558,419
(27,037,702)	(20,293,133)	(3,125,409)	(1,209,336)	(1,572,532)	(3,167,282)	(76,545,123)	(49,193,312)
36,427,874	39,197,504	10,960,079	2,835,041	4,285,061	6,852,034	170,948,208	102,447,142
20,918,224	53,834,308	5,958,301	1,315,094	4,550,171	1,799,202	99,082,828	63,956,158
32,526,061	86,491,996	4,768,494	3,510,208	15,244,015	923,147	180,910,070	168,903,336
(18,995,817)	(97,901,753)	(1,225,959)	(3,124,061)	(12,340,924)	(933,471)	(168,903,336)	(143,508,981)
34,448,468	42,424,551	9,500,836	1,701,241	7,453,262	1,788,878	111,089,562	89,350,513
4,256,095	3,812,196	780,921	(1,888,154)	905,935	630,757	19,765,761	8,847,130
8,529,349	8,298,576	2,305,310	1,540,961	784,350	1,149,097	42,985,041	24,059,185
880,165	856,351	237,891	159,016	80,939	118,578	4,435,734	2,744,030
13,665,609	12,967,123	3,324,122	(188,177)	1,771,224	1,898,432	67,186,536	35,650,345
(11,686,203)	(16,194,170)	(1,864,879)	1,321,977	(4,939,425)	3,164,714	(73,327,890)	(22,553,716)





LONG TERM BUSINESS REVENUE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1994

		Statutory Funds	General	Total	Total	
		Ordinary Life	Superannuation	Fund	1994	1993
	Note	Shs.	Shs.	Shs.	Shs.	Shs.
Net premium		<u>70,275,704</u>	<u>1,226,937</u>	<u>—</u>	<u>71,502,641</u>	<u>66,924,791</u>
Claims Incurred:						
Death		3,423,112	3,865,539	—	7,288,651	6,691,750
Maturity		21,975,851	—	—	21,975,851	27,757,390
Other		<u>12,453,778</u>	<u>—</u>	<u>—</u>	<u>12,453,778</u>	<u>12,177,188</u>
Total claims		37,852,741	3,865,539	—	41,718,280	46,626,328
Surrender						
(including surrender of bonus)		2,904,122	—	—	2,904,122	2,664,703
Annuities paid		<u>1,081,416</u>	<u>—</u>	<u>—</u>	<u>1,081,416</u>	<u>697,445</u>
Total benefits payments		<u>(41,838,279)</u>	<u>(3,865,539)</u>	<u>—</u>	<u>(45,703,818)</u>	<u>(49,988,476)</u>
Commission		11,059,755	—	—	11,059,755	9,935,294
Expenses of management		54,666,709	954,421	—	55,621,130	40,271,142
Other expenses		<u>1,007,869</u>	<u>17,460</u>	<u>—</u>	<u>1,025,329</u>	<u>701,339</u>
Total expenses		(66,734,333)	(971,881)	—	(67,706,214)	(50,907,775)
Investment income	2	22,578,337	778,256	8,264,951	31,621,544	32,816,323
Revaluation surplus	7	<u>1,436,934</u>	<u>49,530</u>	<u>525,999</u>	<u>2,012,463</u>	<u>32,134,413</u>
(Decrease)/Increase						
in Life Funds	1	(14,281,637)	(2,782,697)	8,790,950	(8,273,384)	30,979,276
Funds at						
the beginning of the year		<u>318,373,586</u>	<u>10,974,063</u>	<u>116,542,778</u>	<u>445,890,427</u>	<u>414,911,151</u>
Funds at the end of the year		<u>304,091,949</u>	<u>8,191,366</u>	<u>125,333,728</u>	<u>437,617,043</u>	<u>445,890,427</u>

Report of the auditors - page 13.

Principal accounting policies - pages 14 to 16.

The notes on pages 26 to 32 form part of these accounts.



THE COMPANY BALANCE SHEET AS AT 31ST DECEMBER, 1994

	Note	Long Term Insurance Business Shs.	General Insurance Business Shs.	Total 1994 Shs.	Total 1993 Shs.
Share Capital	9	—	35,000,000	35,000,000	35,000,000
RESERVES:					
Available for appropriation:					
General		—	8,612,445	8,612,445	8,612,445
Unappropriated profit		—	85,924,528	85,924,528	68,886,407
		—	94,536,973	94,536,973	77,498,852
Not available for appropriation:					
Surplus transferred from life fund		—	37,337,000	37,337,000	37,337,000
Investment fluctuations	10	—	249,563,908	249,563,908	198,782,801
		—	286,900,908	286,900,908	236,119,801
LIFE FUNDS :					
Statutory Funds	11	312,283,315	—	312,283,315	329,347,649
General Fund		125,333,728	—	125,333,728	116,542,778
		437,617,043	—	437,617,043	445,890,427
Total paid up capital, reserves and life funds		437,617,043	416,437,881	854,054,924	794,509,080
ASSETS :					
Fixed Assets :					
Motor vehicles		13,637,473	—	13,637,473	13,092,255
Less : Depreciation		(7,949,394)	—	(7,949,394)	(5,417,511)
		5,688,079	—	5,688,079	7,674,744
Furniture and office equipment		73,758,060	20,685,667	94,443,727	64,188,204
Less : Depreciation		(21,176,911)	(1,597,872)	(22,774,783)	(14,344,346)
		52,581,149	19,087,795	71,668,944	49,843,858
	14(a)	58,269,228	19,087,795	77,357,023	57,518,602
INVESTMENTS:					
Securities issued by the Government of Kenya		78,900,000	69,190,000	148,090,000	148,090,000
Freehold & Leasehold properties	7	285,000,000	256,027,150	541,027,150	541,027,150
Ordinary shares quoted on the Nairobi Stock Exchange	7	28,146,101	111,456,312	139,602,413	84,441,143
Ordinary shares (Unquoted)	8	—	90,753,605	90,753,605	42,003,605





THE COMPANY BALANCE SHEET AS AT 31ST DECEMBER, 1994 CONTINUED

Loans secured by mortgages
on real property
Loans on life insurance policies
within their surrender values
Deposits with banks
Deposits with non bank
financial institutions

CURRENT ASSETS:

Cash & bank balances
Outstanding premiums
Amounts retained under
reinsurance contracts
Tax recoverable
Due from related corporate body
Sundry debtors

TOTAL ASSETS

LIABILITIES :

UNDERWRITING PROVISIONS:

Unearned premium
Outstanding claims

CURRENT LIABILITIES:

Dividends payable
Amounts due to reinsurers
Tax payable
Sundry creditors
Due to related corporate body

TOTAL LIABILITIES:

	93,842,665	93,842,665	93,555,66
48,872,727	—	48,872,727	46,651,22
3,231,742	—	3,231,742	25,009,37
3,000,000	24,512,190	27,512,190	12,989,499
447,150,570	645,781,922	1,092,932,492	993,767,653
3,203,419	3,854,466	7,057,885	31,909,380
—	138,123,972	138,123,972	103,740,791
167,995	45,486,574	45,654,569	51,087,285
86,748	6,833,964	6,920,712	5,675,460
396,370	—	396,370	466,429
13,628,580	31,635,242	45,463,822	34,499,690
17,683,112	225,934,218	243,617,330	227,379,035
523,102,910	890,803,935	1,413,906,845	1,278,665,290
—	76,545,123	76,545,123	49,193,311
40,283,950	180,910,070	221,194,020	203,325,157
40,283,950	257,455,193	297,739,143	252,518,468
17	—	—	—
1,436,338	23,109,340	23,109,340	16,435,793
—	130,861,508	132,297,846	98,077,040
43,765,579	20,718,876	20,718,876	20,376,875
—	10,621,137	54,386,716	75,148,034
—	31,600,000	31,600,000	21,600,000
45,201,917	216,910,861	262,112,778	231,637,742
85,485,867	474,366,054	559,851,921	484,156,210
437,617,043	416,437,881	854,054,924	794,509,080

Principal Officer

Director

The accounts were approved by the Board of Directors on 4th May, 1995.
Report of the auditors - page 13.
Principal accounting policies - pages 14 to 16.
The notes on pages 26 to 32 form part of these accounts.

Director



CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 1994

	Note	Long Term Insurance Business Shs.	General Insurance Business Shs.	Total 1994 Shs.	Total 1993 Shs.
Share Capital	9	—	35,000,000	35,000,000	35,000,000
RESERVES:					
Available for appropriation:					
General		—	8,612,445	8,612,445	8,612,445
Unappropriated profit		—	132,313,949	132,313,949	83,100,017
		—	140,926,394	140,926,394	91,712,462
Not available for appropriation:					
Capital reserves arising on consolidation		—	805,291	805,291	805,291
Surplus transferred from life fund		—	37,337,000	37,337,000	37,337,000
Investment fluctuations	10	—	282,072,400	282,072,400	238,107,105
		—	320,214,691	320,214,691	276,249,396
LIFE FUNDS:					
Statutory Funds	11	312,283,315	—	312,283,315	329,347,649
General Fund		125,333,728	—	125,333,728	116,542,778
		437,617,043	—	437,617,043	445,890,427
Total paid up capital, reserves and life funds		437,617,043	496,141,085	933,758,128	848,852,285
Deferred taxation	12	—	34,388,908	34,388,908	38,058,959
Long term loan	13	—	—	—	4,664,500
		437,617,043	530,529,993	968,147,036	891,575,744
ASSETS :					
Fixed Assets:					
Motor vehicles		13,637,473	4,843,848	18,481,321	17,936,103
Less : Depreciation		(7,949,394)	(3,585,462)	(11,534,856)	(8,568,635)
		5,688,079	1,258,386	6,946,465	9,367,468
Furniture and office equipment		73,758,060	25,775,620	99,533,680	69,144,798
Less : Depreciation		(21,176,911)	(5,790,409)	(26,967,320)	(18,483,239)
		52,581,149	19,985,211	72,566,360	50,661,559
Land and buildings		—	9,386,703	9,386,703	7,330,343
Less : Depreciation		—	(1,967,395)	(1,967,395)	(1,682,185)
		—	7,419,308	7,419,308	5,648,158
Land and development	14(b) 15	58,269,228	28,662,905	86,932,133	65,677,265
		—	99,925,000	99,925,000	110,440,000





CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 1994 CONTINUED

INVESTMENTS :

Securities issued by the Government of Kenya		78,900,000	69,190,000	148,090,000	148,090,000
Freehold & Leasehold properties	7	285,000,000	256,027,150	541,027,150	541,027,150
Ordinary shares quoted on the Nairobi Stock Exchange	7	28,146,101	111,456,312	139,602,413	84,441,143
Ordinary shares (Unquoted)		—	49,921,000	49,921,000	1,171,000
Loans secured by mortgages on real property		—	93,842,665	93,842,665	93,555,660
Loans on life insurance policies within their surrender values		48,872,727	—	48,872,727	46,651,224
Deposits with banks		3,231,742	15,000,000	18,231,742	25,009,372
Deposits with non bank financial institutions		3,000,000	24,512,190	27,512,190	12,989,499
		<u>447,150,570</u>	<u>619,949,317</u>	<u>1,067,099,887</u>	<u>952,935,048</u>

CURRENT ASSETS :

Cash & bank balances		3,203,419	13,232,479	16,435,898	36,008,841
Outstanding premiums		—	138,123,972	138,123,972	103,740,791
Amounts retained under Reinsurance contracts		167,995	45,486,574	45,654,569	51,087,285
Tax recoverable		86,748	6,833,964	6,920,712	5,675,460
Due from related corporate body		396,370	—	396,370	466,429
Stocks	16	—	10,931,132	10,931,132	11,069,610
Sundry debtors		13,828,580	34,235,008	48,063,588	40,578,931
		<u>17,683,112</u>	<u>248,843,129</u>	<u>266,526,241</u>	<u>248,627,347</u>

TOTAL ASSETS

	<u>523,102,910</u>	<u>997,380,351</u>	<u>1,520,483,261</u>	<u>1,377,679,660</u>
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LIABILITIES :

UNDERWRITING PROVISIONS :

Unearned premium		—	76,545,123	76,545,123	49,193,311
Outstanding claims		40,283,950	180,910,070	221,194,020	203,325,157
		<u>40,283,950</u>	<u>257,455,193</u>	<u>297,739,143</u>	<u>252,518,468</u>

CURRENT LIABILITIES :

Dividends payable	17	—	23,109,340	23,109,340	16,435,793
Amounts due to reinsurers		1,436,338	130,861,508	132,297,846	98,077,040
Tax payable		—	33,762,615	33,762,615	24,081,249
Sundry creditors		43,765,579	21,661,702	65,427,281	94,991,366
		<u>45,201,917</u>	<u>209,395,165</u>	<u>254,597,082</u>	<u>233,585,448</u>

TOTAL LIABILITIES

	<u>85,485,867</u>	<u>466,850,358</u>	<u>552,336,225</u>	<u>486,103,916</u>
	<u>437,617,043</u>	<u>530,529,993</u>	<u>968,147,036</u>	<u>891,575,744</u>

Principal Officer

Director

Director

The accounts were approved by the Board of Directors on 4th May, 1995.

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Principal accounting policies - pages 14 to 16.

The notes on pages 26 to 32 form part of these accounts.

GENERAL INSURANCE BUSINESS STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER, 1994

	1994 Group Shs.	1994 Company Shs.	1993 Group Shs.	1993 Company Shs.
Source of funds:				
Profit before taxation	101,657,379	53,225,977	48,481,143	39,448,424
Adjustments for items not involving movement of funds:				
Unclaimed statute barred dividends written back	172,105	172,105	297,894	297,894
Depreciation	1,602,873	718,555	971,698	6,244
Capital gains on stocks & shares	—	—	508,977	508,977
Loss on disposal of fixed assets	106,694	—	—	—
Funds generated from operations	103,539,051	54,116,637	50,259,712	40,261,539
Mortgage loan repayments	5,316,081	5,316,081	3,225,838	3,225,838
Proceeds of long term loan	—	—	16,000,500	—
Matured Government securities	—	—	2,410,000	2,410,000
Movement in reinsurance balances	38,949,056	38,949,056	27,523,655	27,523,655
Increase in underwriting provisions	39,358,547	39,358,547	36,029,247	36,029,247
Decrease in land & development	29,138	—	7,147	—
Decrease in stocks	138,478	—	—	—
	<u>187,330,351</u>	<u>137,740,321</u>	<u>135,456,099</u>	<u>109,450,279</u>
Application of Funds:				
Purchase of fixed assets	22,177,321	19,769,862	2,392,174	35,100
Investments transferred from life	—	—	15,523,435	15,523,435
Ordinary shares (quoted)	2,367,700	2,367,700	—	—
Ordinary shares (unquoted)	48,750,000	48,750,000	—	—
Loans on mortgage	5,603,085	5,603,085	9,392,801	9,392,801
Tax paid	25,434,188	18,517,960	10,265,432	6,092,445
Dividends paid	10,826,453	10,826,453	8,288,012	8,288,012
Increase in debtors & group balances	47,090,650	50,570,126	57,703,773	55,948,242
Decrease in creditors	24,539,164	5,536,397	12,401,563	6,094,177
Increase in stocks	—	—	9,730,640	—
Long term loan repaid	4,664,500	—	—	—
	<u>191,453,061</u>	<u>161,941,583</u>	<u>125,697,830</u>	<u>101,374,212</u>
(Decrease)/Increase in liquid funds	<u>(4,122,710)</u>	<u>(24,201,262)</u>	<u>9,758,269</u>	<u>8,076,067</u>
Cash and bank balances	<u>(4,122,710)</u>	<u>(24,201,262)</u>	<u>9,758,269</u>	<u>8,076,067</u>

Report of the auditors - page 13.

Principal accounting policies - pages 14 to 16.

The notes on pages 26 to 32 form part of these accounts.





NOTES TO THE ACCOUNTS – 31ST DECEMBER, 1994

1. PROFIT BEFORE TAXATION AND INCREASE IN THE LIFE FUNDS:

	Long term Insurance Business Shs.	General Insurance Business Shs.	Total 1994 Shs.	Total 1993 Shs.
THE GROUP				
The results are stated after charging:				
Depreciation	10,711,679	1,602,873	12,314,552	4,435,336
Auditors' remuneration	538,080	877,920	1,416,000	1,252,560
Premium tax & Levy	<u>1,025,329</u>	<u>4,435,732</u>	<u>5,461,061</u>	<u>3,445,369</u>
And after crediting investment income:				
Government securities	16,087,271	18,434,079	34,521,350	32,531,551
Quoted shares	1,227,576	4,163,298	5,390,874	4,424,859
Interest on mortgage loans	<u>—</u>	<u>11,080,402</u>	<u>11,080,402</u>	<u>9,675,959</u>
THE COMPANY				
The results are stated after charging:				
Depreciation	10,711,679	718,555	11,430,234	3,469,882
Auditors' remuneration	538,080	582,920	1,121,000	1,000,000
Premium tax & Levy	<u>1,025,329</u>	<u>4,435,732</u>	<u>5,461,061</u>	<u>3,445,369</u>
And after crediting investment income:				
Government securities	16,087,271	18,434,079	34,521,350	32,531,551
Quoted shares	1,227,576	4,163,298	5,390,874	4,424,859
Interest on mortgage loans	<u>—</u>	<u>11,080,402</u>	<u>11,080,402</u>	<u>9,675,959</u>

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:

A triennial valuation of the life fund was carried out by the Consulting Actuaries as at 31st December, 1992. The Actuaries recommended a transfer of shs.30.0 million to the shareholders. None of this amount has been transferred to date. The transfer will be effected in future years.

4. TAXATION:

	1994 Shs.	1993 Shs.
(a) THE GROUP		
On the profit for the year	32,684,706	17,499,420
Drought levy	2,430,846	—
Adjustment for previous years	<u>—</u>	<u>7,333,415</u>
	<u>35,115,552</u>	<u>24,832,835</u>





(b) THE COMPANY	1994	1993
	Shs.	Shs.
On the profit for the year	17,512,821	13,806,948
Drought levy	1,347,140	—
Adjustment for previous years	—	6,569,927
	<u>18,859,961</u>	<u>20,376,875</u>

5. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF PAN AFRICA INSURANCE COMPANY LIMITED:

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

	1994	1993
	Shs.	Shs.
Parent company's net profit for the year	34,366,016	19,071,549
Add:		
Parent company's share of subsidiary companies' net profit for the year	<u>32,175,811</u>	<u>4,576,759</u>
Group profit attributable to shareholders of Pan Africa Insurance Co. Ltd.	<u>66,541,827</u>	<u>23,648,308</u>

6. EARNINGS PER SHARE:

Earnings per share are calculated by reference to the profit after taxation calculated on the average number of shares in issue during the year.

7. INVESTMENTS:

(a) Freehold and Leasehold Properties:

The valuation of freehold and leasehold properties was carried out by Lloyd Masika, professional independent valuers in 1992. The basis of valuation was open market value with current use. The surplus arising thereon of Shs. 105,000,000 in respect of General insurance business was credited to the investment fluctuations reserve. The surplus of Shs. 159,000,000 in respect of Long term business properties was credited to the life funds.

(b) Quoted Ordinary Shares:

Investment in shares quoted on the Nairobi Stock Exchange are stated at market value. Unrealised gains arising from movement in share prices amounting to Shs. 2,012,463 in respect of Long term business were credited to the life funds. The gains amounting to Shs. 50,781,107 in respect of General business were credited to the investment fluctuations reserve.

8. SUBSIDIARY COMPANIES:

General Insurance Business:

Included under investments in unquoted ordinary shares are investments held in wholly owned subsidiary companies as shown here under:

	1994	1993
	Shs.	Shs.
Shares at cost	<u>42,003,605</u>	<u>42,003,605</u>
The subsidiary companies are:		
Mae Properties Limited and		
Runda Water Limited.		





NOTES TO THE ACCOUNTS – 31ST DECEMBER, 1994 CONTINUED

9. SHARE CAPITAL:

	1994	1993
	Shs.	Shs.
Authorised:		
Ordinary shares of Shs. 5 each	35,000,000	35,000,000
Issued and fully paid:		
1st January	35,000,000	25,000,000
Issue of bonus shares	—	10,000,000
31st December	<u>35,000,000</u>	<u>35,000,000</u>

10. INVESTMENT FLUCTUATIONS RESERVE:

(a) THE GROUP	1994	1993
	Shs.	Shs.
1st January	238,107,105	216,349,942
Revaluation surplus (Note 7)	50,781,107	23,517,267
Transfer of the realised surplus on plots sold to profit and loss account	(10,485,863)	(2,707,853)
Release of deferred taxation provision in respect of plots sold (Note 12)	<u>3,670,051</u>	<u>947,749</u>
31st December	<u>282,072,400</u>	<u>238,107,105</u>
(b) THE COMPANY		
1st January	198,782,801	175,265,534
Revaluation surplus (Note 7)	<u>50,781,107</u>	<u>23,517,267</u>
31st December	<u>249,563,908</u>	<u>198,782,801</u>

11. STATUTORY FUNDS:

Statutory funds were established on 1st January, 1990 by the company in respect of its long term 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 those funds.

12. DEFERRED TAXATION:

The Group Relating to a subsidiary

	1994	1993
	Shs.	Shs.
1st January	38,058,959	39,006,708
Release of provision in respect of plots sold (Note 10)	<u>(3,670,051)</u>	<u>(947,749)</u>
31st December	<u>34,388,908</u>	<u>38,058,959</u>

13. LONG TERM LOAN:

The Group: Relating to a subsidiary:

The long term loan negotiated by a subsidiary company in 1991 amounting to shs. 16.0 million and disbursed in 1992 and 1993 was fully liquidated in 1994.



NOTES TO THE ACCOUNTS – 31ST DECEMBER, 1994 CONTINUED

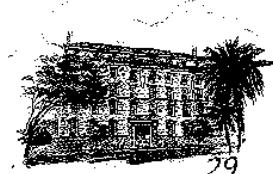
14. FIXED ASSETS:

(a) The company

(i)

	Motor vehicles Shs.	Furniture, fittings & equipment Shs.	Total Shs.
COST OR VALUATION:			
1st January, 1994	13,092,255	64,188,204	77,280,459
Additions	962,552	30,330,403	31,292,955
Disposals	(417,334)	(74,880)	(492,214)
31st December, 1994	<u>13,637,473</u>	<u>94,443,727</u>	<u>108,081,200</u>
COMPRISING:			
Cost	13,637,473	84,164,429	97,801,902
Valuation	—	10,279,298	10,279,298
	<u>13,637,473</u>	<u>94,443,727</u>	<u>108,081,200</u>
DEPRECIATION:			
1st January, 1994	5,417,511	14,344,346	19,761,857
Charge for the year	2,949,218	8,481,017	11,430,235
Disposals	(417,335)	(50,580)	(467,915)
31st December, 1994	<u>7,949,394</u>	<u>22,774,783</u>	<u>30,724,177</u>
NET BOOK VALUE:			
Long term business	5,688,079	52,581,149	58,269,228
General business	—	19,087,795	19,087,794
31st December, 1994	<u>5,688,079</u>	<u>71,668,944</u>	<u>77,357,023</u>
31st December, 1993	<u>7,674,744</u>	<u>49,843,858</u>	<u>57,518,602</u>

- (ii) No depreciation has been charged in arriving at the results of the year in respect of certain fixed assets with a gross value of Shs.13,848,147 (1993:Shs. 13,935,610), which are still in use but fully depreciated. If depreciation had been charged during the year on the gross value of these assets, it would have amounted to approximately Shs. 3,626,103 (1993: Shs. 3,689,436).





NOTES TO THE ACCOUNTS – 31ST DECEMBER, 1994 CONTINUED

(b) The Group

(i)	Land & buildings Shs.	Motor vehicles Shs.	Furniture, Fittings and equipment Shs.	Total Shs.
COST OR VALUATION:				
1st January, 1994	7,330,343	17,936,103	69,144,798	94,411,244
Additions	2,056,360	962,552	30,681,502	33,700,414
Disposals	—	(417,334)	(292,623)	(709,957)
31st December, 1994	<u>9,386,703</u>	<u>18,481,321</u>	<u>99,533,677</u>	<u>127,401,701</u>
COMPRISING:				
Cost	9,386,703	18,481,321	89,254,379	117,122,403
Valuation	—	—	10,279,298	10,279,298
31st December, 1994	<u>9,386,703</u>	<u>18,481,321</u>	<u>99,533,677</u>	<u>127,401,701</u>
DEPRECIATION:				
1st January, 1994	1,682,105	8,568,635	18,483,239	28,733,979
Charge for the year	285,287	3,383,556	8,645,709	12,314,552
Disposals	—	(417,334)	(161,629)	(578,963)
31st December, 1994	<u>1,967,392</u>	<u>11,534,857</u>	<u>26,967,319</u>	<u>40,469,568</u>
NET BOOK VALUE:				
Long term business	—	5,688,079	52,581,149	58,269,228
General business	<u>7,419,308</u>	<u>1,258,386</u>	<u>19,985,211</u>	<u>28,662,905</u>
31st December, 1994	<u>7,419,308</u>	<u>6,946,465</u>	<u>72,566,360</u>	<u>86,932,133</u>
31st December, 1993	<u>5,648,238</u>	<u>9,367,468</u>	<u>50,661,559</u>	<u>65,677,265</u>

- (ii) No depreciation has been charged in arriving at the results of the year in respect of certain fixed assets with a gross value of Shs. 13,848,147 (1993: Shs. 13,935,610), which are still in use but fully depreciated. If depreciation had been charged during the year on the gross value of these assets it would have amounted to approximately Shs. 3,626,103 (1993: Shs. 3,689,436).
- (iii) 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 fluctuations reserve in 1987.



NOTES TO THE ACCOUNTS – 31st DECEMBER, 1994 CONTINUED

5. LAND AND DEVELOPMENT:

THE GROUP	1994 Shs.	1993 Shs.
1st January	110,440,000	113,155,000
Plots sold	(10,515,000)	(2,715,000)
31st December	<u>99,925,000</u>	<u>110,440,000</u>

16. STOCKS:

THE GROUP	1994 Shs.	1993 Shs.
Stocks comprise:		
Coffee stock	10,718,498	10,847,718
Fertilizers and chemicals	<u>212,634</u>	<u>221,892</u>
	<u>10,931,132</u>	<u>11,069,610</u>

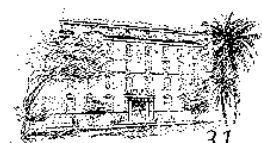
17. DIVIDENDS PAYABLE:

The Group and the company :	1994 Shs.	1993 Shs.
Proposed dividends for the year	17,500,000	12,250,000
Unpaid dividends from previous years	<u>5,609,340</u>	<u>4,185,793</u>
	<u>23,109,340</u>	<u>16,435,793</u>

18. MORTGAGE LOANS:

The Group and the Company :	1994 Shs.	1993 Shs.
Amount approved by the directors but not advanced at 31st December	<u>5,429,500</u>	<u>9,690,000</u>

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NOTES TO THE ACCOUNTS – 31ST DECEMBER, 1994 CONTINUED

19. CAPITAL COMMITMENTS:

	1994	1993
	Shs.	Shs.
The Group and the Company :		
Approved but not contracted for	—	50,300,000

20 DIRECTORS' EMOLUMENTS:

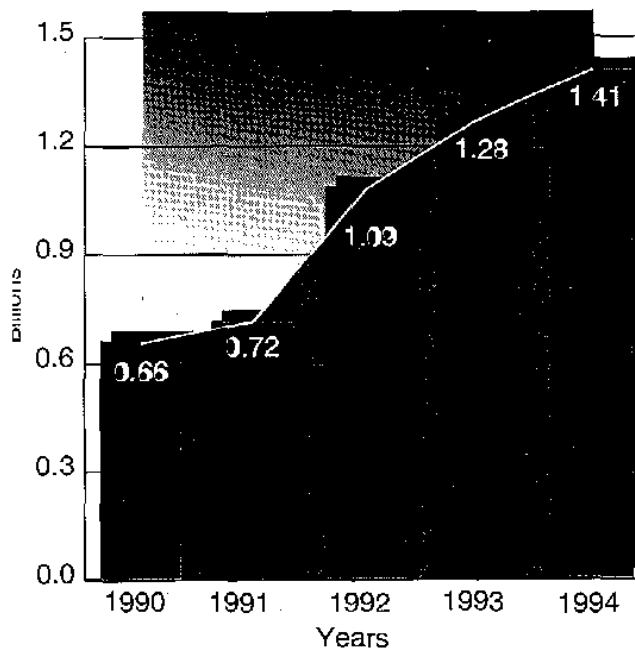
	1994	1994	1993	1993
	As	For	As	For
	Directors	Management	Directors	Management
	Shs.	Shs.	Shs.	Shs.
Emoluments	529,200	3,548,400	417,685	1,877,650
Payable by subsidiary companies	1,621,896	—	225,000	1,076,875
	<u>2,151,096</u>	<u>3,548,400</u>	<u>642,685</u>	<u>2,954,525</u>

Report of the auditors - page 13 .

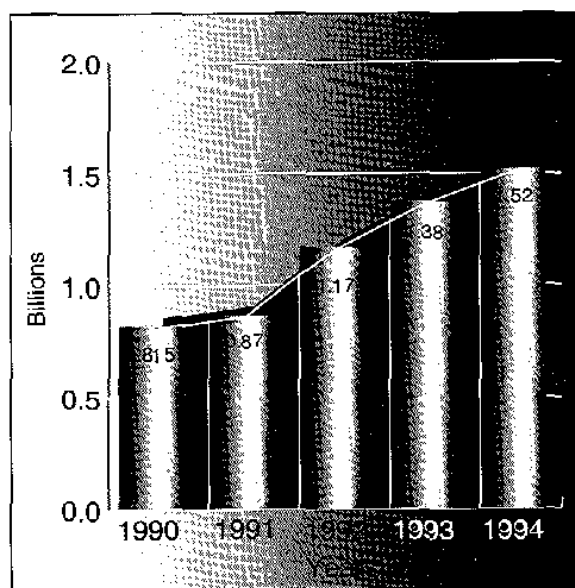


FINANCIAL HIGHLIGHTS

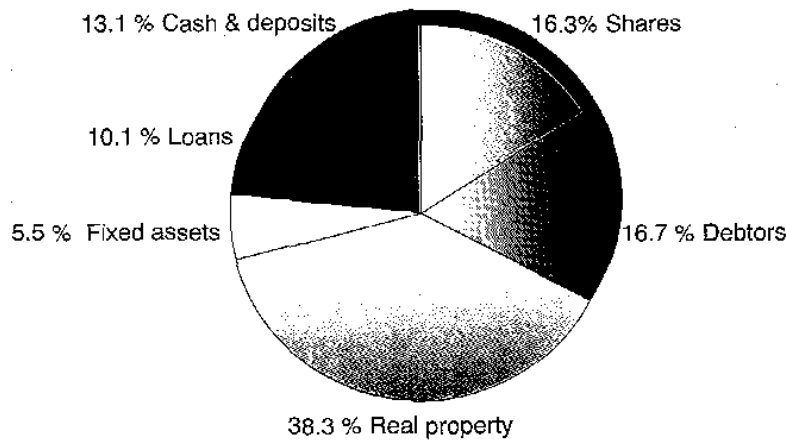
COMPANY ASSETS



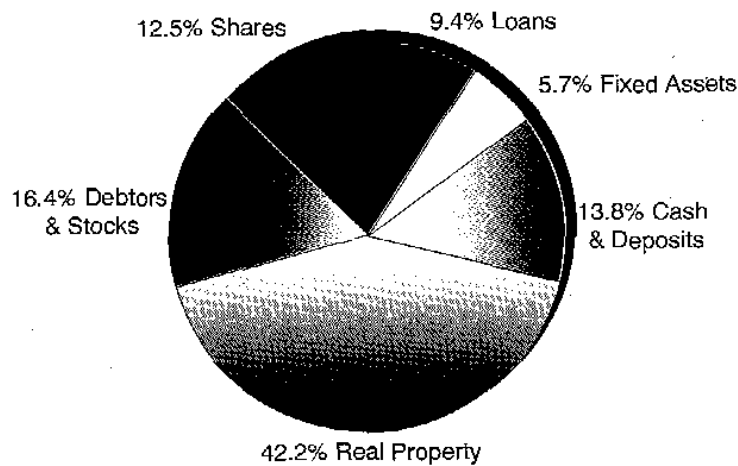
GROUP ASSETS



COMPANY ASSETS



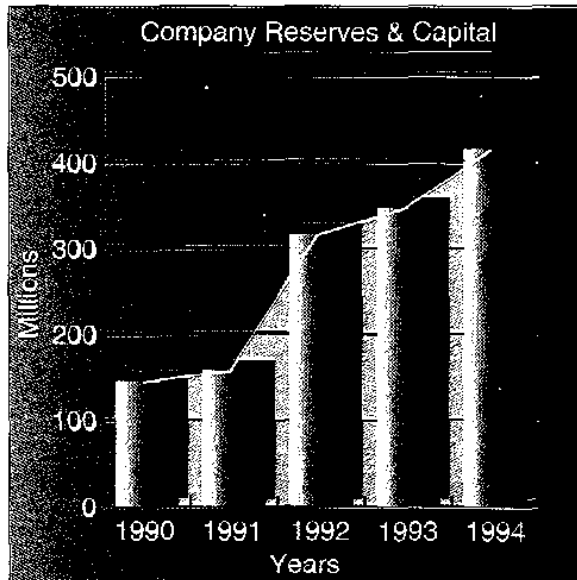
GROUP ASSETS



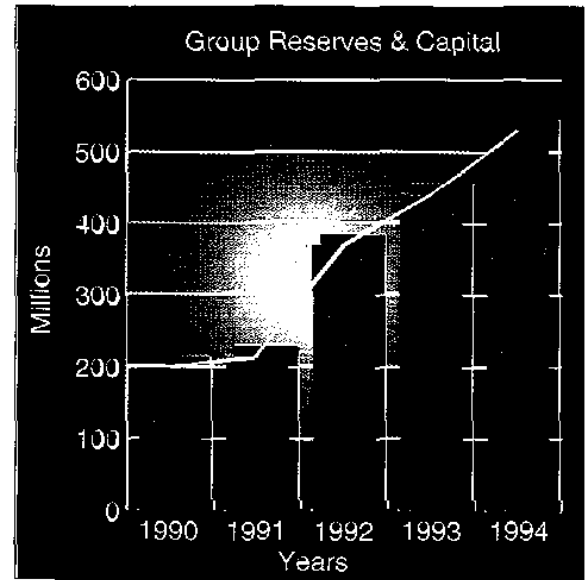


FINANCIAL HIGHLIGHTS CONTINUED

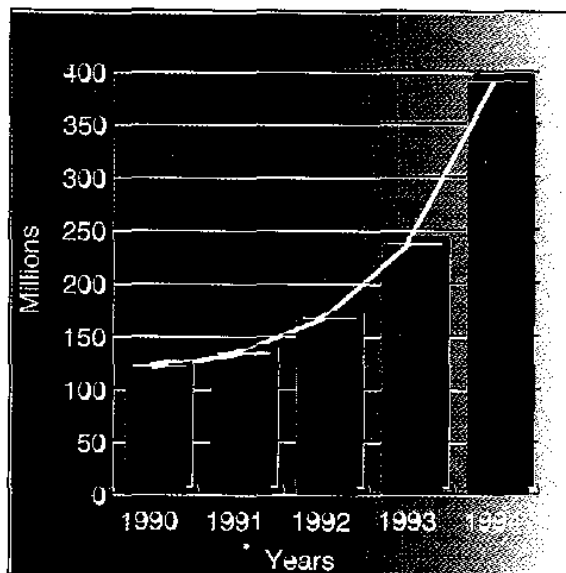
COMPANY



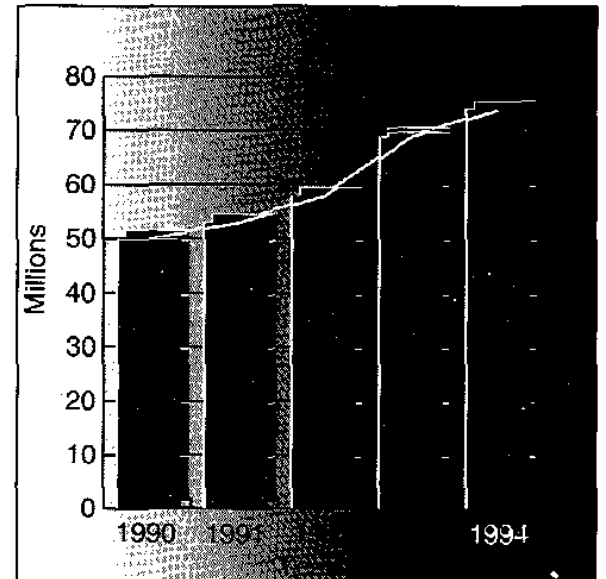
GROUP



GROSS PREMIUMS - NON LIFE



GROSS PREMIUMS - LIFE





PAN AFRICA INSURANCE COMPANY LIMITED
PROXY

I/We

Of P. O. Box

being a member /members 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/our behalf at the next Annual General Meeting of the said Company, to be held on 30th June, 1995 at 12.00 noon and at any adjournment thereof.

Signed this day of 1995

Signature

If this Proxy is to be executed 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/tunam chagua

.....
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 Juni 30, 1995 saa sita mchana au wakati wowote ikiwa mkutano utaahirishwa.

Iliwekwa sahihi tarehe siku ya 1995

(Sahihi)

Kumbusho:

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

