



CMA-LIBRARY

**Report
and Accounts
1992**

Dunlop Kenya Limited



DUNLOP KENYA LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the **TWENTY THIRD ANNUAL GENERAL MEETING OF** Dunlop Kenya Limited will be held at the Norfolk Hotel on Tuesday 3 August 1993 at 12.00 noon.

The agenda is:

- 1 To read the notice convening the meeting.
- 2 To approve the minutes of the twenty-second annual general meeting held on 19 May 1992.
- 3 To receive and consider the accounts for the year ended 31 December 1992 and the directors' and auditors' reports thereon.
- 4 To consider the recommendation of the board to declare a dividend of Sh 6.50 per share on the issued and fully paid capital, subject to Central Bank approval, on or about 30 November 1993 to shareholders appearing on the register on 2 August 1993.
- 5 To re-elect Mr C J Kirubi and Mr P H Okondo who retire by rotation and, being eligible, offer themselves for re-election.
- 6 To approve the directors' remuneration as provided in the accounts.
- 7 To authorise the directors to fix the auditors' remuneration.
- 8 To note that the auditors, Deloitte & Touche, formerly Deloitte Haskins & Sells, will continue in office in accordance with section 159 (2) of the Companies Act (cap. 486).
- 9 To transact any other business of the company which may be transacted at an annual general meeting.

BY ORDER OF THE BOARD

J L G MAONGA
Secretary

9 June 1993

P O Box 30029
Nairobi

Note:

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to vote in his stead. Such proxy need not be a member of the company. To be valid proxy forms must be deposited at the registered office of the company not later than 12.00 a.m. on 2 August 1993. A proxy form is provided at the end of the report and accounts.

DUNLOP KENYA LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 1992

CONTENTS	PAGES
Directors and officials	2
Chairman's statement	3
Directors' report	4
Report of the auditors	5
Profit and loss account	6
Balance sheet	7
Statement of source and application of funds	8
Notes to the accounts	9 - 12

CMA-100-81

ND
SPECIALS

DIRECTORS

J D N Silvester - Chairman
A McDonald - Managing
C J Kirubi
P M ...ndo
P H ...uyse
M ...olliver

REGISTRARS

Specialist Corporate Consultants
... House
P O Box 30633
Nairobi

ADVOCATES

Hamilton Harrison & Mathews
ICEA Building, Kenyatta Avenue
P O Box 30333
Nairobi

AUDITORS

Deloitte & Touche
"Kirungii", Ring Road, Westlands
P O Box 40092
Nairobi

BANKERS

Standard Chartered Bank Kenya Limited
Harambee Avenue
P O Box 20063
Nairobi

REGISTERED OFFICE

Nanyuki Road
Industrial Area
P O Box 78265
Nairobi

DUNLOP KENYA LIMITED

CHAIRMAN'S STATEMENT

Activities in the building and construction industries upon which the company largely depends were restrained throughout 1992. Potential in the market for VINYLEX floor tiles declined by approximately 20%. Management action in covering well forward for imported raw materials resulted in a steady cost base with consequent benefits in profitability. Allowing for the restrained market environment, demand for the company's products remained steady and the trading result was most satisfactory.

RESULTS

1992 turnover recovered well and increased by 37% compared with the previous year. This advance, together with successful control of overheads, resulted in operating profits more than double the 1991 figures. Profit after tax increased to Sh 9,569,000 (1991 - Sh 4,126,000).

DIVIDEND

Your directors believe that the good results justify a significant increase in dividend and therefore recommend payment of Sh 6.50 per share, subject to consent by the exchange control department of the Central Bank of Kenya for payment to the overseas shareholder.

SHAREHOLDING AND DIRECTORSHIP

BTR PLC retains ultimate ownership of 60% of the equity and will continue to support Dunlop Kenya Limited.

OUTLOOK

Market fundamental remain depressed but the company's favourable stockholdings have enabled it to take advantage of all opportunities so far. The general economic situation and uncertainty concerning availability and cost of imported materials and overheads are creating unusual difficulty in forecasting our prospects for the remainder of the year. Management will continue to exercise careful control and flexibility in attempting to consolidate further profitable progress.

J D M SILVESTER

Chairman

Nairobi

12 May 1993

DUNLOP KENYA LIMITED

DIRECTORS' REPORT

The directors submit their report together with the accounts for the year ended 31 December 1992.

PRINCIPAL ACTIVITIES

The principal activities of the company are the manufacture and sale of vinyl tiles and adhesives and marketing of various Dunlop sports and consumer goods.

RESULTS

	Sh'000
Profit before taxation	15,975
Taxation	6,406
	<hr/>
Profit after taxation	9,569
Proposed dividend (gross)	2,600
	<hr/>
Retained profit for the year transferred to revenue reserve	6,969 =====

DIVIDEND

The directors recommend a dividend of Sh 6.50 per share (1991 Sh 3.00 per share).

DIRECTORS

Mr C J Kirubi and Mr P H Okondo retire by rotation in accordance with article 17(1) of the Articles of Association and, being eligible, offer themselves for re-election.

AUDITORS

On 1 October 1992, the auditors, Deloitte Haskins & Sells, changed their name to Deloitte & Touche and accordingly, Deloitte & Touche will continue in office in accordance with the provisions of section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

J L G MAONGA

Secretary

Nairobi

12 May 1993

REPORT OF THE AUDITORS
TO THE MEMBERS OF DUNLOP KENYA LIMITED

We have examined the accounts on pages 6 to 12 and have obtained all the information and explanations considered necessary for our audit.

In our opinion proper books of account have been kept by the company and the accounts, which are in agreement therewith, comply with the Companies Act and give a true and fair view of the state of the company's affairs at 31 December 1992 and of its profit and source and application of funds for the year ended on that date.

DELOITTE & TOUCHE

Certified Public Accountants (Kenya)

Nairobi

13 May 1993

DUNLOP KENYA LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 1992

	Notes	1992 Sh'000	1991 Sh'000
TURNOVER		61,839 =====	45,164 =====
PROFIT BEFORE TAXATION	2	15,975	7,752
TAXATION	3	6,406 -----	3,626 -----
PROFIT AFTER TAXATION		9,569	4,126
PROPOSED DIVIDEND (gross)		2,600 -----	1,200 -----
RETAINED PROFIT	8	6,969 =====	2,926 =====
EARNINGS PER SHARE (Sh)	4	23.92 =====	10.31 =====

DUNLOP KENYA LIMITED

BALANCE SHEET
31 DECEMBER 1992

	Notes	1992 Sh'000	1991 Sh'000
FIXED ASSETS	5	<u>11,760</u>	<u>10,823</u>
CURRENT ASSETS			
Inventories	6	7,493	11,761
Accounts receivable		12,991	10,640
Bank balances and cash		<u>11,032</u>	<u>322</u>
		<u>31,516</u>	<u>22,723</u>
CURRENT LIABILITIES			
Accounts payable		8,316	8,541
Amounts due to group company		166	763
Taxation		5,110	2,328
Dividend proposed (gross)		2,600	1,200
Dividend payable		1,159	1,680
Finance leases		-	78
		<u>17,351</u>	<u>14,590</u>
NET CURRENT ASSETS		<u>14,165</u>	<u>8,133</u>
		25,925	18,956
		=====	=====
Financed by:			
SHARE CAPITAL	7	2,000	2,000
RESERVES	8	<u>23,883</u>	<u>16,914</u>
SHAREHOLDERS' FUNDS		25,883	18,914
LOAN FROM GROUP COMPANY	9	42	42
		<u>25,925</u>	<u>18,956</u>
		=====	=====

The accounts on pages 6 to 12 were approved by the board of directors on 12 May 1993 and were signed on its behalf by:

J D M SILVESTER)
)
) Directors
)
A McDONALD)

DUNLOP KENYA LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1992

	1992 Sh'000	1991 Sh'000
SOURCE OF FUNDS		
Profit before taxation	15,975	7,752
Adjustment for items not involving the movement of funds:		
Depreciation	1,801	1,668
Profit on disposal of fixed assets	(259)	(20)
	<hr/>	<hr/>
Total generated from operations	17,517	9,400
Funds from other sources		
Proceeds on disposal of fixed assets	413	20
	<hr/>	<hr/>
	17,930	9,420
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Fixed assets purchased	2,892	1,296
Taxation paid	3,624	6,005
Dividends paid	1,721	800
Finance lease payments	78	369
	<hr/>	<hr/>
	8,315	8,470
	<hr/>	<hr/>
NET SOURCE OF FUNDS	9,615	950
	*****	*****
MOVEMENT IN WORKING CAPITAL		
Inventories	(4,268)	6,310
Accounts receivable	2,351	(2,917)
Accounts payable	225	(1,507)
Group company balance	597	(112)
	<hr/>	<hr/>
	(1,095)	1,774
Movement in liquid funds:		
Bank balances and cash	10,710	(824)
	<hr/>	<hr/>
	9,615	950
	*****	*****

DUNLOP KENYA LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1992

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts have been prepared using the historical cost convention adjusted for the revaluation of certain fixed assets.

TURNOVER

Turnover represents the invoiced value of goods supplied excluding value added tax and commission.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into Kenya Shillings at rates of exchange ruling at the year end. Transactions during the year in foreign currencies are translated at the rates ruling at the transaction dates. Gains and losses on exchange are included in the profit and loss account except for unrealised differences arising from certain group company balances which are taken to reserves.

DEPRECIATION OF FIXED ASSETS

Fixed assets are depreciated over their estimated useful lives at the following rates applied to original cost or subsequent valuation:

Leasehold land	Over unexpired period of lease
Leasehold buildings - factory	Over 35 years
- offices	Over 40 years
Plant and equipment	7.5% - 20% p.a.
Motor vehicles	15% - 25% p.a.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises the actual cost of raw materials and an appropriate proportion of labour and overheads in the case of work in progress and finished goods. Provision is made for obsolete and slow moving items.

DUNLOP KENYA LIMITED

NOTES TO THE ACCOUNTS (Continued)

1 ACCOUNTING POLICIES (Continued)

TAXATION

Current taxation is provided on the basis of the results for the year as shown in the accounts, adjusted in accordance with tax legislation. Deferred tax is accounted for to the extent that it is probable that timing differences will reverse in the foreseeable future.

	1992 Sh'000	1991 Sh'000
2 PROFIT BEFORE TAXATION		
The profit before taxation is arrived at after charging:		
Auditors' remuneration	372	390
Depreciation	1,801	1,668
Directors' emoluments:		
Fees	96	96
Other emoluments	959	995
Interest payable on bank loan and overdraft	85	227
and after crediting:		
Export compensation	109	-
Profit on disposal of fixed assets	259	-
Write back of Dunlop Group Account	251	-
	=====	=====
3 TAXATION		
Based on the taxable profit for the year at 37.5% (1991 - 40%)	6,406	3,626
	=====	=====

The adjusted taxable profit is higher than the profit before taxation shown in the accounts mainly due to an excess of depreciation over capital allowances and expenses disallowable for taxation purposes.

4 EARNINGS PER SHARE

Earnings per share has been calculated on profit after taxation of Sh 9,569,000 (1991 - Sh 4,126,000) and 400,000 (1991 - 400,000) ordinary shares.

DUNLOP KENYA LIMITED

NOTES TO THE ACCOUNTS (Continued)

5 FIXED ASSETS

	Long leasehold land and buildings Sh'000	Plant, equipment and motor vehicles Sh'000	Total Sh'000
COST OR VALUATION			
At 1 January 1992	7,364	13,955	21,319
Additions	-	2,892	2,892
Disposals	-	(1,183)	(1,183)
	<hr/>	<hr/>	<hr/>
At 31 December 1992	7,364	15,664	23,028
Comprising:			
At cost	5,764	15,664	21,428
At valuation - 1980	1,600	-	1,600
	<hr/>	<hr/>	<hr/>
	7,364	15,664	23,028
DEPRECIATION			
At 1 January 1992	1,620	8,876	10,496
Charge for the year	187	1,614	1,801
On disposals	-	(1,029)	(1,029)
	<hr/>	<hr/>	<hr/>
At 31 December 1992	1,807	9,461	11,268
NET BOOK VALUE			
At 31 December 1992	5,557	6,203	11,760
	*****	*****	*****
At 31 December 1991	5,744	5,079	10,823
	*****	*****	*****

Fixed assets with a cost of Sh 2,424,000 were fully depreciated at 31 December 1992. The appropriate depreciation charge in respect of these assets for the year would have been Sh 228,000.

	1992 Sh'000	1991 Sh'000
6 INVENTORIES		
Finished goods	2,547	4,047
Raw materials	4,887	7,554
Consumables	59	160
	<hr/>	<hr/>
	7,493	11,761
	*****	*****

DUNLOP KENYA LIMITED

NOTES TO THE ACCOUNTS (Continued)

		1992 Sh'000	1991 Sh'000
7	SHARE CAPITAL		
	Authorised, issued and fully paid 400,000 ordinary shares of Sh 5 each	2,000 *****	2,000 *****
8	RESERVES		
		Share premium account Sh'000	Fixed assets revaluation surplus Sh'000
		Currency revaluation reserve Sh'000	Profit and loss account Sh'000
			Total Sh'000
	At 1 January 1992	1,916	653
	Retained profit	-	-
	Depreciation release	-	(1)
		-----	-----
	At 31 December 1992	1,916 *****	652 *****
		3,801 *****	10,544 6,969 1 ----- 17,514 *****
			16,914 6,969 - ----- 23,883 *****
9	LOAN FROM GROUP COMPANY		
	The loan is due to Dunlop East Africa Limited, a company incorporated in Uganda. The loan is interest free and there is no fixed date for repayment.		
10	CONTINGENT LIABILITIES		
		1992 Sh'000	1991 Sh'000
	Discounted bills of exchange	1,307	697
	Guarantees in respect of immigration bonds	32	32
		-----	-----
		1,339 *****	729 *****

