



IMARA DAIMA

B.A.T. KENYA LIMITED



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REPORT AND ACCOUNTS 1993

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FINANCIAL CALENDAR

Annual General Meeting held April 1994

Reports & Dividends:

Results for the year to 31 December 1994	announced February 1995
Report and Accounts to 31 December 1994	issued March 1995
Proposed final for year to 31 December 1993	payable April 1994
Proposed final for year to 31 December 1994	payable May 1995

SUBSIDIARY COMPANIES IN THE B.A.T KENYA LIMITED GROUP

All non-trading

	% equity shares held
Kenya Tobacco Company Limited	100
African Cigarette Company (Overseas) Limited	100
East African Tobacco Company (Kenya) Limited	100

THE YEAR AT A GLANCE

B.A.T KENYA LIMITED GROUP



	1993 K. Shs.'000	1992 K.Shs.'000	CHANGE %
Turnover	7,225,756	5,052,628	+ 43.01
Excise Duty/V.A.T	4,132,803	3,076,854	+ 34.32
Net Turnover	3,092,953	1,975,774	+ 56.54
Profit before taxation	1,392,005	754,703	+ 84.44
Taxation	494,929	308,000	+ 60.69
Effective tax rate (%)	35.56	40.81	- 12.86
Profit attributable to shareholders of B.A.T Kenya Limited after extraordinary item	897,076	465,693	+ 92.63
Dividends	543,750	354,375	+ 53.44
Dividend cover (times)	1.65	1.26	+ 30.95
B.A.T Kenya Limited shareholders' funds	2,409,294	2,046,481	+ 17.73
Dividends per share (K.Shs.)	14.50	9.45	+ 53.44
Earnings per share (K.Shs.)	23.92 ↓ 11.96	11.90	+ 101.01
Capital expenditure	354,977	138,593	+ 156.13
Depreciation charge	198,502	117,054	+ 69.58
Contribution to Government Re		3,427,276	+ 39.19



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1 British American Tobacco (K) Limited - Periodicals

1993



Board of Directors

***Dr. B.M. Gecaga C.B.S.**
Chairman

T.P.G. McDowell
Managing Director

Other Directors

J.R. Patrick
*R.S. Hartley
M.O. Owiti
*W.P. Murty
T.S. Kaloki
E.A. Luseno

**Non-executive directors*

Audit Committee

Dr. B.M. Gecaga C.B.S., *Chairman*
T.P.G. McDowell
J.R. Patrick
M.O. Owiti

Secretary and Registered Office

J.N. Kiragu
Likoni Road
P.O. Box 30000, Nairobi

Auditors

Price Waterhouse
P.O. Box 41968, Nairobi

Advocates

Kaplan & Stratton
Queensway House
P.O. Box 40111, Nairobi

Bankers

Kenya Commercial Bank Limited
Moi Avenue
P.O. Box 30081, Nairobi

Standard Chartered Bank
Kenya Limited
Industrial Area
P.O. Box 18081, Nairobi

Barclays Bank Kenya Limited
Enterprise Road
P.O. Box 18060, Nairobi

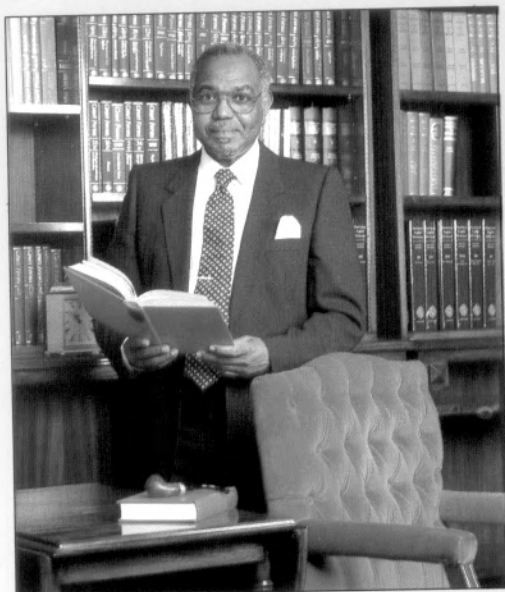
Citibank N.A.
Wabera Street
P.O. Box 30711, Nairobi

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Cover Pictures:

L – Aerial view of Malakisi Leaf Research and Training Centre.
R – Threshing tobacco at the ultra modern Thika GLT plant.

BOARD OF DIRECTORS



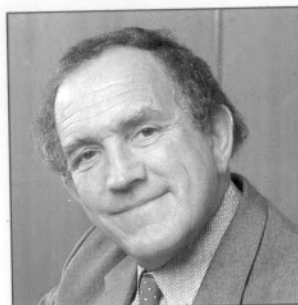
Dr. B.M. Gecaga C.B.S.
Chairman



J.R. Patrick
Finance Director



T.S. Kaloki
Leaf Director



R.S. Hartley
Non-executive



E.A. Luseno
Marketing Director



T.P.G. McDowell
Managing Director



W.P. Murty
Non-executive



M.O. Owiti
Production Director

CHAIRMAN'S STATEMENT

In my speech to shareholders at the last Annual General Meeting, I expressed concern at Government's attitude to key issues on the Structural Adjustment measures prescribed by the World Bank, the IMF and the donor community. In consequence, the stand-off between the Government and the IMF had serious long-term repercussions: the foreign exchange crisis worsened and a series of devaluations of the Kenya Shilling against key hard currencies fanned inflation to alarming levels. The money market continued to be dominated by the effects of liquidity expansion inherited from late 1992 where money supply grew far in excess of the official inflation rate. Interest rates soared to an all time-high and domestic credit remained expensive throughout the year. The unfolding scenario showed businesses inability to replenish raw materials on time and in its wake this brought threats of closures and massive lay-offs.

It is against this economic background that the results of 1993 should be viewed. The domestic sales volume declined by 7.8% but happily, the export side of our business showed satisfactory growth of 40.5% on 1992.

Taking the domestic and export sales together, the total sales volume for 1993 declined by some 1.3%.

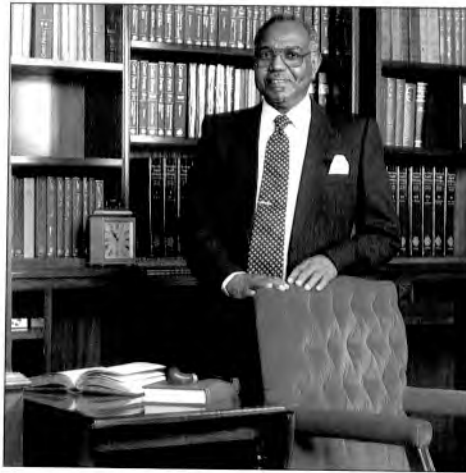
Two devaluations of the local currency together with high local inflation made it necessary for B.A.T Kenya to adjust its prices no less than three times.

As a consequence of these increases the company weathered the economic hardships of 1993 rather better than most other Kenyan businesses, and although the company's financial results show a comfortable growth in Kenya shillings, much of this is attributable to the performance of the export market.

The detailed results discussed elsewhere in the Report & Accounts show a growth in net turnover of 56.5% and a corresponding growth in profits after tax of 100.8%.

Our expectations on leaf purchases from Nyanza were frustrated by the severe drought that hit this zone and the subsequent irregularities in marketing leaf by company-sponsored farmers. However, the quality and quantity of leaf grown in the East was good and this area continues to steadily increase production.

Despite the surplus in the world tobacco stock position, your company exported almost 1000 tons of Kenyan leaf, the value of which was US\$ 2.9 million. Exports remain a significant life-line for this country and are



becoming an increasingly important part of B.A.T's business. Our endeavours to improve performance in this area cannot be overemphasised.

Substantial investments, modifications and improvements in both our GLT Plant at Thika and the Nairobi factory were undertaken. Much of this investment was directed specifically towards improving the quality of the finished product. Product quality has been, and will continue to be, a top priority of your company.

During 1993 the company-sponsored Imara Daima Housing project was formally launched and some houses in phase one are now ready for occupation by staff. When the project is complete it will comprise approximately 800 houses and is likely to be one of the most attractive residential areas of its type in Nairobi.

Let me now comment on the subject of dividends: last September, an interim dividend of K.Shs. 1.00 per share was paid and in December a second interim of K.Shs. 2.00 was paid. Your Board is recommending a final payment of K.Shs 11.50 per share for approval at the forthcoming Annual General Meeting. If approved this gives a total distribution of K.Shs 14.50 per share for 1993 and is 53.4% up on 1992.

I am also pleased to announce that subject to obtaining the necessary consents, your Board is recommending that the sum of K.Shs. 375.0 million of the Company's retained profit be capitalised by way of a Capitalisation Issue in the proportion of one share for every one share, to shareholders in the Register of Members on 4th March, 1994. These new shares will not, however, qualify for payment of dividends for the year ended 31 December, 1993. I will comment on the prospects for 1994 in my speech at the forthcoming Annual General Meeting to be held in April this year.

I should like to conclude by once again thanking all our staff throughout B.A.T Kenya for all they have done to help in the achievement of these results. We look forward to enhancing the good relations which exist between the company, its employees and all those connected with our business.



Dr. B.M. Gecaga, C.B.S.

Katika hotuba yangu kwa wenyehisa kwenye Mkutano Mkuu wa Mwaka, mwaka jana, nilieleza wasiwasi wangu kuhusu maoni ya Serikali dhidi ya mambo muhimu kuhusu shuruti za mradi wa SAP zilizowekwa na Banki ya Dunia, IMF na wafadhili. Kwa hivyo mgogoro kati ya Serikali na IMF ulikuwa na matokeo mazito ya muda mrefu: hali ya sarafu za kigeni ikawa mbaya zaidi na mfululizo wa mwanguko wa thamani ya shilingi ya Kenya dhidi ya fedha zenye nguvu za kigeni, zikafanya mfumko wa bei kuongezeka kwa viwango vilivyoleta wasiwasi.

Soko la fedha likaendelea kutawaliwa na mfumko wa fedha taslimu, jambo lililokuwako tangu mwaka 1992 wakati ambapo fedha ziliongezeka zaidi kuliko kiwango cha Serikali cha mfumko wa bei. Viwango vya riba viliongezeka na kufikia upeo wa juu zaidi na mkopo nchini ukawa na gharama kubwa kwa muda wa mwaka mzima. Hali hiyo dhahiri ilionyesha jinsi makampuni yalivyoshindwa kununua malighafi kwa wakati ufaao, na baadaye kukatokea tishio la kufunga makampuni na kuwafuta kazi watu wengi.

Matokeo ya mwaka 1993 yanapaswa kuchambuliwa tukitia maanani hali hiyo. Mauzo ya humu nchini yalipungua kwa asilimia 7.8, lakini kwa bahati njema, kwa upande wa bidhaa za kuuzwa nchi za nje biashara yetu ilipata ongezeko la kuridhisha la asilimia 40.5 kuliko mwaka 1992.

Tukijumlisha mauzo ya humu nchini na yale ya nchi za nje, jumla ya mauzo ya mwaka 1993 yalipungua kwa asilimia 1.3.

Kupunguzwa mara mbili kwa thamani ya shilingi pamoja na mfumko mkubwa wa bei kulilazimu B.A.T Kenya kurekebisha bei za bidhaa zake mara tatu.

Kwa ajili ya maongezeko hayo ya bei kampuni ikaweza kupambana vizuri zaidi na yale matatizo ya mwaka 1993 kuliko makampuni mengi ya Kenya. Na ingawa matokeo ya fedha ya kampuni yaonyesha ongezeko la kuridhisha kwa sarafu za Kenya, sehemu kubwa ya ongezeko hili imeletwa na yale mapato ya bidhaa zilizouzwa nchi za nje.

Matokeo kamili yaliyochapishwa katika kurasa fulani za taarifa na Hesabu yaonyesha ongezeko halisi la kipato la asilimia 56.5 na ongezeko linalolingana la faida baada ya kutoa fungu la kodi la asilimia 100.8.

Matumainio yetu kuhusu ununuzi wa tumbaku kutoka Nyanza hayakufua dafu kwa ajili ya ukame mbaya uliokumba eneo hili na taratibu mbaya za kuuza tumbaku zilizofuatwa baadaye na wakulima waliodhaminiwa na kampuni. Ingawaje, ubora na wingi wa tumbaku iliyokuzwa katika eneo la Mashariki vilikuwa nzuri na eneo hili linaendelea pole pole kuongeza mazao yake.

Ingawa kulikuwepo tumbaku nyingi kwenye soko la

dunia, kampuni yenu iliiza katika nchi za nje karibu tani 1000 hivi za tumbaku ya Kenya, ambayo thamani yake ilikuwa Dollar za Marekani milioni 2.9. Mauzo katika nchi za nje bado ni chanzo muhimu cha mapato kwa nchi hii na bado mauzo haya ya ng'ambo yanaendelea kuwa sehemu muhimu kabisa ya biashara ya B.A.T Kenya. Juhudi zetu za kuimarisha shughuli zetu kwa upande huu zinatiwa mkazo sana.

Fedha nyingi pamoja na marekebisho vilitumika katika viwanda vyetu viwili katika Thika na Nairobi. Sehemu kubwa ya fedha hizo zilitumika ili kuimarisha ubora wa bidhaa zetu. Ubora wa bidhaa umekuwa, na bado utapewa umuhimu wa kwanza, katika kampuni yenu.

Mnamo mwaka 1993 Mradi wa Nyumba wa Imara Daima uliodhaminiwa na kampuni ulizinduliwa rasmi na baadhi ya nyumba katika awamu ya kwanza sasa ni tayari kuingiwa na wafanyakazi. Wakati mradi huu utakapokamilizika utakuwa na nyumba 800 hivi na huenda mradi huu ukawa mojawapo wa mitaa ya aina yake inayovutia sana Nairobi.

Hebu basi sasa niongee juu ya migawo: Septemba mwaka jana, mgawo wa muda wa shilingi 1.00 kwa hisa ulilipwa na mnamo Desemba mgawo wa pili wa muda wa shilingi 2.00 ukalipwa. Halmashauri yenu inapendekeza mgawo wa mwisho wa shilingi 11.50 kwa hisa kupewa kibali kwenye Mkutano Mkuu wa Mwaka utakaofanywa hivi punde. Pendekezo hili likikubaliwa jumla ya fedha zitakazotolewa itakuwa shilingi 14.50 kwa kila hisa kwa mwaka 1993 na hii ni asilimia 53.4 zaidi ya kile kiwango cha mwaka 1992.

Nina furaha pia kutangaza kwamba iwapo tutapata vibali vinavyolazimu, Halmashauri yenu inapendekeza kwamba kiasi cha shilingi milioni 375.0 za faida za kampuni zilizowekwa ziingizwe kama rasilmali kwa kiwango cha hisa moja kwa kila hisa moja, kwa wale wenyehisa ambao majina yao yanaonekana katika daftari ya wanachama mnamo Machi 4, 1994. Hisa hizo mpya, ingawaje, hazitastahili malipo ya migawo kwa mwaka unaoishia Desemba 31, 1993.

Nitaongea juu ya matumainio yetu kwa mwaka 1994 katika hotuba nitakayotoa kwenye Mkutano Mkuu wa Mwaka utakaofanywa Aprili mwaka huu.

Ningependa kumaliza taarifa yangu kwa kuwashukuru tena wafanyakazi wote wa B.A.T Kenya kwa yale yote waliyofanya kusaidia kuleta matokeo haya. Tunatazamia kuimarisha uhusiano bora ulioko kati ya kampuni, wafanyakazi wake na wote wanaohusika na biashara yetu.



Dkt. B. M. Gecaga, CBS



IMARA DAIMA

REVIEW OF THE YEAR

REVIEW OF THE YEAR

This review covers B.A.T Kenya Group of Companies and incorporates the results of the only one operating company, B.A.T Kenya Limited for the twelve months ending 31 December 1993.

The Chairman will comment on prospects for the current year, 1994, in his speech at the Annual General Meeting to be held on 21 April 1994.

OVERALL RESULTS

The combined sales volumes of the domestic and export markets decreased by 1.3%. Gross turnover increased by 43.0% reflecting the impact of domestic price increases during the year and very favourable exchange rates for our cigarette exports. Export sales volumes achieved another record growth of 40.5%. The growth in net turnover of 56.5% reflects the important role played by our export sales in our business.

Profit before taxation of K.Shs. 1392.0 million was 84.4% above 1992. This growth was achieved through the help of earnings from our cigarettes and leaf exports together with exchange gains on foreign currency retention account balances during the year. A reduction in corporation tax rates to 35% from 37.5% in 1992 together with higher investment deductions led to an overall effective tax rate of 35.6% (1992 40.8%).

Profit after taxation increased by 100.8% to K.Shs. 897.1 million (1992 K.Shs. 446.7 million) and is all attributable to B.A.T Kenya Limited shareholders. B.A.T Kenya Developments (in liquidation) did not trade during the year.

The Group Source and Application of Funds Statement on page 19 presents the total funds generated from all sources amounting to K.Shs. 1606.8 million. After allowing for expenditure on fixed assets and payment of taxation and dividends during 1993 there was a surplus of K.Shs. 416.2 million compared with a deficit of K.Shs. 42.4 million in 1992.

The contribution to Government Revenue in the form of excise duties, corporate and value added tax as indicated on page 24 in the five year summary increased by 39.2% to K.Shs. 4.8 billion in 1993 from K.Shs. 3.4 billion in 1992.

B.A.T Kenya Limited's contribution to Kenya's foreign exchange resources arising from the exports of cigarettes and leaf tobacco was US\$ 14.0 million, and was higher than its foreign exchange expenditure of US\$ 8.9 million on importation of wrapping materials as well as spares for new machinery.

The Domestic Market

Sales volume in 1993 declined by 7.8% on 1992. Viewed against the adverse socio-economic conditions that faced

the country during the year, this performance exceeded expectations. High inflation, high interest rates, tight liquidity, unemployment, low foreign aid inflows, decline in tourism and poor performance of the agricultural sector were the main contributing factors to lower sales. Various incidents of insecurity also affected performance by our dealers and stockists in their distribution networks.

The devaluation of the Kenya shilling, coupled with high inflation pushed production and raw material costs to new levels. To adjust to these higher expenses it was necessary to implement no less than three price increases during the year.

Several new advertising, merchandising, sales promotion and sponsorship concepts were implemented. The most notable of these was the introduction of Sportsman Clubs which were organised throughout the country. These Clubs proved to be extremely popular. They became a medium through which our sales force now interacts with our consumers.



Kenyan rally ace Patrick Njiru seen in action in Sportsman colours.

Sponsorship of motor sports was another very popular activity. The Company sponsored the local ace rally driver Patrick Njiru in Sportsman colours. This generated much publicity and goodwill for the Sportsman brand.

Development work on new brands to meet identified consumer needs was commenced. SCORE Filter on test market in limited areas did well.

The Export Market

Exports grew steadily and the 1993 sales volume was an impressive 40.5% over 1992. These sales accounted for 19% of B.A.T Kenya's total sales volume and the turnover growth in dollars was 49.7% up on 1992.

This excellent performance from the export division

substantially reduced the impact of what was otherwise a disappointing domestic sales performance.

Tobacco Growing

Tobacco production in 1993 was seriously impaired by the drought which affected much of the country. In particular the crop from South Nyanza and Western Kenya came in well below targeted volumes. Eastern Kenya, however, received relatively good rains and production from that division was satisfactory.



A tobacco crop with afforestation in the background. Over 30 million surviving trees have been planted.

The total weight of leaf bought from B.A.T's 10,000 registered farmers amounted to 6057 tons. This figure is some 2686 tons or approximately 31% less than B.A.T's purchases from its farmers in 1992. The drought accounted for much of this reduction, but the other contributing factor was the lack of adequately defined growing and marketing modalities in the tobacco producing areas. The current position permits a third party to purchase tobacco from farmers even if no contribution towards financing the crop has been made by him. Clearly this is an unsatisfactory situation and talks with the Ministry of Agriculture to resolve these difficulties continue.

The importance of this cash crop to the farming communities is well established. All growers receive payment for their produce within a few hours of a sale taking place. Cash payments from B.A.T to its registered farmers in 1993 amounted to K.Shs. 184 million.

Leaf Exports

The world tobacco market in 1993 was in an over supply situation and prices were down in all areas with the exception of fire-cured, the prices of which, remained firm.

We exported a total of 986 tonnes of Kenya tobacco which comprised 298 tonnes of fire-cured, 679 tonnes of flue-cured and 9 tonnes of burley air-cured. In

addition, we exported 427 tonnes of tobacco leaf by-products.

During the same period we processed and exported 2265 tonnes of Zairean flue-cured tobacco, for which we received a processing fee.

Foreign exchange earnings from 1993 Leaf exports amounted to nearly US\$ 3.7 million or K.Shs.188 million.

There was a marked improvement in both flue and fire-cured leaf. This was evidenced by the favourable comments we received from our overseas customers.

Afforestation

The tree planting programme continued to receive maximum attention during the year. Some 3.5 million tree seedlings were planted out by the company and its registered farmers.

To date through B.A.T efforts, our tobacco farmers have planted 33.2 million surviving trees since we started the afforestation project.

Tobacco Processing and Manufacturing

Quality improvement continued to be the main thrust of the Green Leaf Threshing Plant operations at Thika and also at the Nairobi factory on Likoni Road.



Processing tobacco at the GLT Plant – over K.Shs. 50 million was spent on modifications in 1993.

Major modifications were undertaken on the first-stage of the threshing line during the year at a cost of K.Shs. 51 million. Improvements were also made to the on-line shakers, picking tables and the by-products handling area. As a result of these modifications a lamina yield increase of 2% was realised over the 1992 results and the Plant was able to meet customer specifications at higher throughput rates.

International buyers commented favourably on the quality improvements achieved following the Plant upgrade and they also expressed their satisfaction on the cleanliness of the threshed lamina.

3678 tonnes of Kenyan and Zairean tobaccos were packed for export. This fell short of the planned target, due in part to a fire in a warehouse that destroyed 627 tonnes of tobacco.

In Primary Manufacturing, in our Likoni Road factory, K.Shs. 46 million was invested on the stem line to improve the quality of our cut tobacco. The Stem line optimisation will continue into 1994.

In Secondary Manufacturing, to increase the capacity of our cigarette packing, an investment of K.Shs. 69 million was made to cope with increased export demand. Production for exports grew by 41% during the year.

During the course of the year a new computer network and manufacturing system was installed in the Nairobi factory. It is expected that this investment will greatly enhance plant efficiency and will enable improved stock control to take place leading to lower levels of investment in stock. The second phase of the system installation which captures the financial aspects of the Company's operations will be completed by June 1994.

The drive to improve safety throughout the Company continued during the year and to promote the subject further, a "Safety Week" was held in May, which involved all employees.



BAT Kenya fire fighting team in display during the Safety Week celebrations.

Personnel

During the year, Personnel Department continued with its objective of staff training and development. Several programmes were organised and of special note was the Enterprise Development Course for retirees and the Defensive Driving and Safety Seminar.

The objective of the former programme was to help retirees change comfortably from what, in many instances has been a long career with B.A.T., to a totally new chapter in their lives. This is the first time B.A.T. has undertaken such a programme and it was very much appreciated by those who attended.



The Chairman Dr. B.M. Gecaga C.B.S. laying the foundation stone of the Imara Daima housing project.

In the technical area, the youth training programme which brings to the company young apprentices from the Kenya Polytechnic was also a marked success. The achievement of these youths in national technical examinations has been commendable and the company took into its employment eleven of these promising youngsters from among those who successfully passed the trade examinations.

The year's Long Service Awards ceremony was graced by His Worship the Mayor of Nairobi, Councillor Steve Mwangi, where, the exemplary and dedicated service of 250 employees who had served B.A.T. Kenya for a total of 4,065 years was recognised.



Nairobi Mayor Councillor Steve Mwangi presenting a prize to one of the recipients.

Public Affairs

Community support, employee and customer communication as well as government relations were among the major Public Affairs activities of the year.



Permanent Secretary Prof. K. Mutahi demonstrating a Jua Kali machine at the Embu Exhibition. Looking on are Dr. B.M. Gecaga (centre) and Mr. E.A. Luseno (extreme right).

Key highlights in the area of community involvement and support included the B.A.T/Kenya Government exhibition sponsorship of Jua Kali. This, the fourth in the provincial series, was held at Embu in Eastern Province. It was opened by the Minister for Research, Technical Training & Technology and was attended by thousands of people who came to see and buy from the exhibitors who numbered more than 150. This exhibition, like others in previous years, was enormously successful and received exceptionally good media coverage.



The BAT high tech exhibit was once again a major crowd puller at the 1993 ASK Shows.

The Company continued its active support of the Agricultural Society of Kenya shows with exhibits which present graphically the results achieved in recent years by the business. The show stand was complimented by the presence of ace driver, Patrick Njiru, who, under the Sportsman sponsorship was a major crowd-puller. His Excellency President Daniel arap Moi toured the Nairobi, Kisumu and Kakamega B.A.T stands.

The very popular B.A.T Harvest golf tournament series was promoted enthusiastically during the year featuring sponsorships in various clubs. These included participation by Pro golfers under an agreement between the company and the Professional Golfers of Kenya. The participation of the professionals proved most popular and was greatly appreciated by the amateur golfers.



Former Leaf Director Tim Kaloki (right) presenting a prize to the winner of the Harvest golf tourney held at Nyali Club in Mombasa.

CMA-1113

UCHAMBUZI WA MWAKA

Uchambuzi huu unazungumzia matokeo ya Kundi la Makampuni ya B.A.T Kenya Limited na unashirikisha matokeo ya kampuni moja pekee inayoendelea na shughuli zake yaani B.A.T Kenya Limited, kwa muda wa miezi kumi na miwili iliyomalizika Desemba 31, 1993.

Mwenyekiti atazungumzia matumainio ya mwaka tulio nao wa 1994 katika hotuba yake kwenye Mkutano Mkuu wa Mwaka utakaofanyika mnamo Aprili 21, 1994.

MATOKEO KWA JUMLA

Jumla ya mauzo ya sigara humu nchini na yale ya nchi za nje yalipungua kwa asilimia 1.3. Kipato kwa jumla kiliongezeka kwa asilimia 43.0 ikidhihirisha ule uzito wa nyongeza za bei za sigara zinazouzwa humu nchini mwakani na kile kiwango cha kuvutia sana cha ubadilishaji wa fedha za kigeni kwa sigara zetu zinazouzwa nchi za nje. Mauzo ya nchi za nje yalivunja rekodi tena kwa asilimia 40.5. Ongezeko la kipato halisi la asilimia 56.5 laonyesha kazi muhimu inayofanywa na idara yetu ya mauzo ya nchi za nje katika biashara yetu.

Faida kabla ya kutoa fungu la kodi ya shilingi milioni 1392.0 ilikuwa asilimia 84.4 zaidi ya mwaka 1992. Ongezeko hilo lilipatikana kutokana na mapato kutoka sigara zetu na tumbaku zilizouzwa ng'ambo pamoja na yale manufaa yaliyotokana na ubadilishaji wa fedha tulizoweka kwenye mfuko wa fedha za kigeni mwakani.

Kupunguzwa kwa viwango vya kodi ya makampuni hadi asilimia 35 kutoka asilimia 37.5 mnamo mwaka 1992 pamoja na fidia kubwa iliyotolewa kwa ajili ya kuweka fedha nyingi katika viwanda vyetu viwili jijini Nairobi na Thika kulileta kwa jumla kiwango cha kodi cha asilimia 35.6 (1992 ilikuwa asilimia 40.8).

Faida baada ya kutoa fungu la kodi iliongezeka kwa asilimia 100.8 hadi shilingi milioni 897.1 (1992 ilikuwa shilingi milioni 446.7) na yote inahusiana na wenyehisa wa B.A.T Kenya Limited, B.A.T Kenya Developments (kampuni iliyofungwa) haikufanya biashara mwakani.

Taarifa ya Mapato ya Matumizi ya Kundi kwenye ukurasa wa 19 inaonyesha jumla ya fedha zilizopatikana pande zote zilifikia shilingi milioni 1606.8. Baada ya kulipa gharama za rasilimali za kudumu na malipo ya kawaida ya kodi na migawo mnamo mwaka 1993, kulikuwako ongezeko la fedha la shilingi milioni 416.2 ikilinganishwa na nakisi ya shilingi milioni 42.4 mnamo mwaka 1992.

Mchango kwa mapato ya Serikali, kwa njia za ushuru, kodi ya makampuni na VAT kama ilivyoonyeshwa kwenye ukurasa wa 24 wa Muhtasari wa Matokeo ya

Miaka Mitano, uliongezeka kwa asilimia 39.2 hadi shilingi bilioni 4.8 mnamo mwaka 1993 kutoka shilingi bilioni 3.4 mnamo mwaka 1992.

Mchango wa B.A.T Kenya Limited kuhusu fedha za kigeni za Kenya zilizotokana na sigara na tumbaku zilizouzwa nchi za nje ulikuwa Dollar za Marekani milioni 14.0 na kiasi hicho kilikuwa kikubwa zaidi kuliko zile gharama za Dollar za Marekani milioni 8.9 zilizotumika kununua malighafi za kufungia bidhaa pamoja na vipuri vya mashine mpya.

Mauzo ya Sigara Humu Nchini

Mauzo katika mwaka 1993 yalipungua kwa asilimia 7.8 zaidi ya mwaka 1992. Tukitia maanani zile hali mbaya za uchumi zilizokabili nchi hii mwakani, matokeo hayo yalikuwa makubwa kuliko ilivyotazamiwa. Mfumko mkubwa wa bei, viwango vya juu vya riba, uhaba wa fedha taslimu, ukosefu wa kazi, uhaba wa fedha kutoka kwa wafadhili wa ng'ambo, kuzoroteka kwa biashara ya utalii na kufifia kwa sekta ya kilimo vilikuwa ndiyo hasa sababu kubwa zilizofanya mauzo haya kupungua. Visa kadha vya usalama pia viliathiri juhudi za wauzaji wetu na wakala katika harakati zao za usambazaji.

Kule kupunguka kwa thamani ya shilingi ya Kenya, pamoja na mfumko wa bei kulifanya gharama za kuendesha kazi pamoja na bei za malighafi kufikia viwango vipya vya juu. Ili kusawazisha gharama hizi za juu ilikuwa ni lazima kupandisha bei kwa kiasi kisichopungua mara tatu mwakani.



A sales representative (left) on a Sportsman promotion campaign.

Mifumo mipya mingi ya utangazaji, kuimarisha shughuli za uuzaji na udhamini ilitekelezwa. Mfumo mmojawapo uliovutia sana ulikuwa kule kuzinduliwa kwa Vilabu vya Sportsman vilivyoanzishwa kote nchini. Vilabu hivi vilivutia sana. Vilabu vyenyewe vimekuwa maskani ambapo sasa hivi wauzaji wetu hukutana na wateja wetu.

Udhamini wa mashindano ya magari ndio harakati mojawapo inayovutia zaidi. Kampuni ilimdhamini dereva bingwa Patrick Njiru akivaa mavazi yenye rangi ya Sportsman. Jambo hili likawa ni tangazo zuri lililowafanya watu kuipenda chapa Sportsman.

Harakati kuhusu utengenezaji wa chapa mpya za sigara kulingana na mahitaji ya wateja yaliyotambuliwa ilianzishwa. Sigara chapa SCORE yenye kichujio, ambayo inafanyiwa majaribio kwenye maduka machache iliendelee vyema.

Mauzo ya Nchi za Nje

Mauzo ya nchi za nje yaliendelee vizuri na mauzo ya mwaka 1993 yalishinda yale ya mwaka 1992 kwa asilimia 40.5. Mauzo hayo yaonyesha asilimia 19 za jumla ya mauzo ya B.A.T Kenya Limited na ongezeko la kipato kwa sarafu za Dollar za Marekani lilikuwa asilimia 49.7 zaidi ya mwaka 1992.

Matokeo haya mazuri ya idara ya mauzo ya nchi za nje yalizuia sana ule mpigo wa mauzo yasiyoridhisha ya humu nchini.

Ukuzaji wa Tumbaku

Ukuzaji wa tumbaku mnamo mwaka 1993 uliathiriwa sana na ukame ambao ulikumba sehemu kubwa ya nchi hii. Hasa mavuno ya kutoka sehemu za Nyanza Kusini na Magharibi ya Kenya yalizalisha kiasi kidogo cha tumbaku kulingana na lile lengo lililokuwa limewekwa. Ingawaje, Mashariki ya Kenya ilipata mvua ya kutosha na mazao kutoka sehemu hiyo yalikuwa ya kuridhisha.

Jumla ya uzito wa mazao ya tumbaku iliyonunuliwa kutoka kwa wakulima 10,000 waliosajiliwa na B.A.T Kenya Limited ilikuwatani 6057. Kiasi hicho kinapungua kwa tani 2686 hivi ama asilimia 31 hivi ikilinganishwa na kile kiasi kilichonunuliwa mnamo mwaka 1992. Ukame ndio ulioleta upungufu mkubwa zaidi lakini, hata hivyo, ukosefu wa mfumo ufao kuhusu ukuzaji na uuzaji wa tumbaku katika maeneo yanayopandwa tumbaku ulikuwa ni athari nyingine. Hali iliyoko sasa hivi inawaruhusu wanunuzi wengine kununua tumbaku kutoka kwa wakulima hata kama hawajatoa mchango wote kuhusu gharama za ukuzaji. Hali hii inaonyesha wazi kwamba hilo si tendo la kuridhisha na mazungumzo kuhusu namna ya kutatua matatizo haya yanaendelee na Wizara ya Kilimo.

Umuhimu wa zao hili la kuleta fedha unatambuliwa na wakulima. Wakulima wote wanapokea malipo yao baada ya masaa machache tu ya kuuza mazao yao ya tumbaku. Malipo taslimu yaliyopokewa na wakulima wa B.A.T mnamo mwaka 1993 yalikuwa shilingi milioni 184.

Eastern Kenya BAT farmers pictured after attending a Leaf Baraza. Inset: Former Meru DC Mr. Peter Saisi planting a commemorative tree before he addressed the baraza.



Mauzo ya Tumbaku Nchi za Nje

Soko la dunia la tumbaku mnamo mwaka 1993 lilijaa tumbaku nyingi zaidi na bei zikateremka pande zote isipokuwa kuhusu tumbaku iliyokaushwa kwa moshi, ambayo bei yake ilikuwa imara.

Tuliua nchi za nje jumla ya tani 986 za tumbaku ya Kenya zikiwemo tani 298 za tumbaku iliyokaushwa kwa moshi, tani 679 za tumbaku iliyokaushwa kwa mvuke wa joto na tani 9 za tumbaku ya chapa Burley. Pamoja na hayo, tuliua nje tani 427 za bidhaa nyingine za tumbaku.

Wakati huo huo tulitayarisha na kuuza nje tani 2265 za tumbaku ya Zaire iliyokaushwa kwa mvuke wa joto, na tukalipwa kwa kufanya kazi hiyo.

Mapato ya fedha za kigeni kutoka tumbaku ya mwaka 1993 iliyouzwa ng'ambo yalikuwa karibu Dollar za Marekani milioni 3.7 ama shilingi milioni 188.

Kulikuwepo imarisho la kuvutia kuhusu tumbaku iliyokaushwa kwa mvuke wa joto na ile iliyokaushwa kwa moshi. Hii ilidhihirishwa na yale matamshi mazuri tuliyopokea kutoka kwa wateja wetu wa ng'ambo.

Misitu

Mradi wa kupanda miti uliendelea kutiwa sana maanani mwakani. Miche 3.5 milioni hivi ya miti ilipandwa na kampuni pamoja na wakulima wake waliosajiliwa.

Hii leo, kwa ajili ya juhudi za B.A.T, wakulima wetu wa tumbaku wamepanda miti milioni 33.2 iliyostawi tangu tuanzishe mradi huu wa kupanda miti.

Uchambuzi wa Tumbaku na Utengenezaji

Uboza wa bidhaa umekuwa ndilo lengo kubwa la kiwanda chetu cha Thika cha kuchambua tumbaku na vile vile katika kiwanda chetu kilichoko Likoni Road, Nairobi.

Marekebisho makubwa yalifanywa katika awamu ya kwanza ya mtambo mwakani kwa gharama ya shilingi milioni 51. Marekebisho yalifanywa pia katika sehemu nyinginezo za kiwanda. Kutokana na marekebisho hayo ubora wa tumbaku iliyochambuliwa uliongezeka kwa asilimia 2 zaidi ya yale matokeo ya mwaka 1992 na kiwanda kikaweza kutosheleza mahitaji ya wateja kwa kiwango cha juu cha kipato.

Wateja wa ng'ambo waliusifu ubora wa bidhaa zetu baada ya mtambo kufanyiwa marekebisho huku wakiongea juu ya usafi wa tumbaku iliyochambuliwa.

Tani 3678 za tumbaku za Kenya na Zaire zilipakiwa na kupelekwa kuuzwa ng'ambo. Kiasi hicho kilipungua lile lengo lililowekwa kwa ajili ya – kwa upande mwingine – kisa cha moto kilichotokea katika bohari yetu na kuteketeza tani 627 za tumbaku.

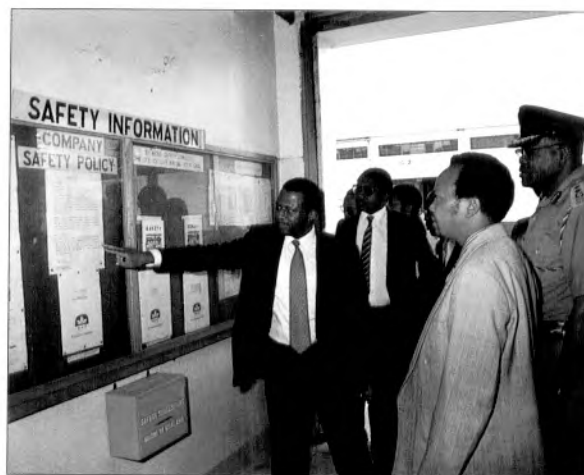
Shilingi milioni 46 zilitumika katika kiwanda chetu cha Nairobi ili kuimarisha ubora wa tumbaku. Marekebisho ya mtambo yataendelea hadi mwaka 1994.



The Tetra Chamelion MRP II (computer system) went live in 1993 – BAT staff seen in action on the new system.

Kwa upande wa utengenezaji wa sigara—ili kuongeza uwezo wa mtambo huo kutengeneza idadi kubwa ya sigara — shilingi milioni 69 zilitumiwa ili kutosheleza yale mahitaji ya ng'ambo. Mazao ya kwenda ng'ambo yaliongezeka kwa asilimia 41 mwakani.

Mwakani mtambo wa kompyuta uliwekwa kwenye kiwanda cha Nairobi. Inatumainiwa kwamba mashine hii mpya itaimarisha sana shughuli za kiwanda kuzalisha bidhaa za hali ya juu na hivyo kupunguza uharibifu wa malighafi. Awamu ya pili ya marekebisho yanayohusu utendaji mintaarafu ya fedha itakamilishwa mnamo Juni 1994.



Production Director Martin Owiti (left) conducting guests round the Safety Week exhibition.

Harakati za kuimarisha usalama kote katika Kampuni ziliendelea mwakani. Ili kutilia nguvu zaidi harakati hizo, sherehe ya "Wiki ya Usalama" ilifanywa mwezi Mei na ikawahusu wafanyakazi wote.

Wafanyakazi

Mwakani, Idara ya Wafanyakazi iliendelea na lengo lake la kutoa mafunzo kwa wafanyakazi. Miradi kadha iliandaliwa na mradi uliokuwa maalum zaidi ni ule uitwao "Maisha baada ya Kustaafu" ambao ni mradi ulioandaliwa wafanyakazi wanaostaafu. Kulikuwepo pia warsha kuhusu "Uendeshaji wa Magari na Usalama Barabarani".



Managing Director T.P.G. McDowell addressing managers at the 1993 Management Information Meeting. The theme was Review of 1992 and Plans for 1993.

Lengo la mradi huo kwanza ni kuwasaidia wafanyakazi wanaojiuzulu kujioesha na maisha marefu ya kikazi katika B.A.T na yale maisha tofauti kabisa yatakayowakumba baadaye. Hii ni mara ya kwanza kwa B.A.T kuandaa mradi kama huu na mradi wenyewe ukapendwa sana na wale waliouhudhuria.

Kwa upande wa uhandisi, ule mradi wa mafunzo ya vijana unaowaleta vijana wanaojifunza kazi kutoka Kenya Polytechnic, pia ulifaulu sana. Kufaulu kwa vijana hawa katika mitihani ya kitaifa ya kiufundi kunasifiwa na kampuni ikawaajiri vijana 11 miongoni mwa wale waliofaulu mitihani ya kiufundi.

Sherehe ya mwaka ya kutoa tuzo kwa wale waliohudumia kampuni kwa muda mrefu ilifunguliwa na Meya wa Nairobi, Diwani Steve Mwangi, ambapo utumishi mwaminifu wa wafanyakazi 250 waliotumikia B.A.T Kenya kwa jumla ya miaka 4,065 ukasifiwa.

Mambo ya Umma

Kuungwa mkono na jamii, uhusiano mzuri miongoni mwa wateja na Serikali vilikuwa miongoni mwa harakati za Idara ya Uhusiano wa Umma mwakani.



Minister for Research, Technical Training & Technology, Dr. Z. Onyonka (centre in glasses) admires Jua Kali made blocks at the Embu Exhibition which he officially opened.

Mambo muhimu kuhusu harakati za jamii yalikuwa pamoja na maonyesho ya Jua Kali yaliyodhaminiwa na B.A.T wakishirikiana na Serikali. Maonyesho hayo, ya nne mikoani yalifanywa huko Embu, Mkoa wa Mashariki. Maonyesho hayo yalifunguliwa na Waziri wa Utafiti, Mafunzo ya Ufundi na Teknolojia na yakahudhuriwa na maelfu ya watu waliokuja kujionea maonyesho na kununua vitu kutoka kwa waonyeshaji waliokuwa zaidi ya 150. Maonyesho hayo, kama yale mengineyo yaliyofanywa miaka ya majuzi, yalifaulu sana na kutangazwa sana magazetini.

Kampuni iliendelea kuunga mkono maonyesho ya ASK ikitumia ustadi mwingi katika kuandaa maonyesho yake yanayoonyesha kwa mapicha matokeo ya kibiashara yaliyopatikana katika miaka ya majuzi.

Kibanda cha Kampuni kilichangamshwa na bingwa Patrick Njiru, ambaye, kwa udamini wa Sportsman, aliwawutia sana watu. Mtukufu Rais Daniel arap Moi alizuru vibanda vya B.A.T Nairobi, Kisumu na Kakamega.

Mashindano ya gofu yanayoitwa B.A.T Harvest Golf Tournament yanayopendwa sana yaliandaliwa mwakani pamoja na udamini katika vilabu mbali mbali. Hii ni pamoja na kushiriki kwa mabingwa wa gofu michezoni chini ya mapatano kati ya Kampuni na mabingwa wa gofu nchini Kenya. Kushiriki kwa mabingwa michezoni kulikuwa jambo la kuvutia sana na kusifiwa na wachezaji wa kawaida wa gofu.



REPORT OF DIRECTORS

The Directors have pleasure in submitting their Report and the Audited Accounts for the year ended 31 December 1993.

Profit and Appropriations

K.Shs.'000

K.Shs.'000

Profit after Taxation available for appropriation

897,076

Appropriated as follows:

Dividends:

First Interim of K.Shs. 1.00 per share

37,500

Second Interim of K.Shs. 2.00 per share

75,000

Proposed Final of K.Shs. 11.50 per share

431,250

543,750

Retained Profit

353,326

Board of Directors

The following changes have taken place in the Board of Directors since the last Annual General Meeting:-

Mr. T.S. Kaloki retired from the Board and was replaced by Mr. P.J. Payne.

In accordance with Article 89 of the Articles of Association Messrs J.R. Patrick, M.O. Owiti and E.A. Luseno retire from the Board by rotation and being eligible, offer themselves for re-election.

In accordance with Article 95 of the Articles of Association Mr. P.J. Payne retires from the Board at the Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 98 of the Articles of Association Dr. B.M. Gecaga retires from the Board at the Annual General Meeting and, being eligible, offers himself for re-election.

Auditors

Messrs Price Waterhouse will continue in office in accordance with Section 159(2) of the Companies Act.

14 March 1994
Likoni Road
P.O. Box 30000, Nairobi

By Order of the Board
J.N. Kiragu
Secretary

RIPOTI YA WAKURUGENZI



Wakurugenzi wanafurahiwa kutoa Ripoti yao na Hesabu za fedha zilizokaguliwa kwa mwaka uliomalizikia Desemba 31, 1993.

	K.Shs.'000	K.Shs.'000
Faida iliyopatikana na ilivyogawanywa:		
Faida iliyopatikana katika mwaka huo baada ya kodi ilikuwa		897,076
Iligawanywa kama ifuatavyo:		
Migawo ya faida kwa wenyehisa:		
Mgawo wa kwanza wa K.Shs. 1.00 kwa kila hisa	37,500	
Mgawo wa pili wa K.Shs. 2.00 kwa kila hisa	75,000	
Mgawo wa mwisho unaopendekezwa wa K.Shs. 11.50 kwa kila hisa	431,250	543,750
Faida iliyowekwa Akiba		353,326

Halmashauri ya Wakurugenzi

Tangu Mkutano Mkuu wa Mwaka jana mabadiliko yafuatayo yalitokea katika Halmashauri ya Wakurugenzi:-

Bw. T.S. Kaloki alistaafu kutoka kwa Halmashauri na mahali pake pakachukuliwa na Bw. P.J. Payne.

Kwa Mujibu wa Kifungu cha 89 cha Katiba ya Kampuni Mabw. J.R. Patrick, M.O. Owiti na E.A. Luseno watastaafu kwa zamu na, kwa vile wanastahili, wanajitolea kuchaguliwa tena.

Kwa Mujibu wa Kifungu cha 95 cha Katiba ya Kampuni Bw. P.J. Payne anastaafu kwa zamu katika Mkutano Mkuu wa Mwaka, na kwa vile anastahili, anajitolea kuchaguliwa tena.

Kwa Mujibu wa Kifungu cha 98 cha Katiba ya Kampuni Dkt. B.M. Gecaga anajiuzulu kutoka kwa Halmashauri katika Mkutano Mkuu wa Mwaka, na kwa vile anastahili, anajitolea kuchaguliwa tena.

Wakaguzi wa Hesabu

Price Waterhouse wataendelea na ukaguzi wa vitabu kwa mujibu wa Kifungu cha 159 (2) cha Sheria za Makampuni.

Kwa Amri ya Halmashauri
J.N. Kiragu
Katibu

Machi 14 1994
Likoni Road
P.O. Box 30000, Nairobi

(a) **Basis of Preparation of the Accounts**

The accounts are prepared in accordance with the historical cost convention, which permits the inclusion of certain assets at a valuation.

(b) **Basis of Consolidation**

Assets, liabilities and results of subsidiary companies are consolidated on the basis of audited accounts to 31 December.

(c) **Turnover**

Turnover represents sales to external customers and includes excise duty and value added tax.

(d) **Depreciation**

Depreciation is not provided on freehold land or long leasehold land with unexpired term of more than 40 years.

Depreciation on the remaining fixed assets is calculated to write off the cost or valuation to their estimated residual values over their expected useful lives by equal annual instalments at the following rates:-

Short leasehold land (less than 40 years)	Over the unexpired portion of the lease
Freehold buildings	2½%
Leasehold buildings	2½ – 10% or over the period of the lease if less than 40 years
Plant, machinery, vehicles and equipment	7% to 30% depending on the type of asset

(e) **Goodwill and Trade Marks**

Goodwill and trade marks, including those arising in connection with the acquisition of subsidiaries, associated companies and other investments are written off during the year of purchase against reserves.

(f) **Stocks**

Stocks are stated at the lower of weighted average cost and estimated net realisable value. For tobacco products, cost includes materials, labour and factory overheads.

(g) **Current Taxation**

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

(h) **Deferred Taxation**

Deferred taxation is provided for using the liability method on differences which may arise from timing between the treatment of certain items for accounting and taxation purposes, except where the differences are not expected to reverse in the foreseeable future.

(i) **Foreign Currencies**

All assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year in foreign currencies are translated at the rates ruling at the date of transaction. Exchange differences are dealt with in the Profit and Loss Account.

(j) **Unfunded Retirement Benefit Scheme**

Provision is made for the potential liability arising from an unfunded retirement benefit scheme. The adequacy of such provision is confirmed periodically by independent actuarial valuations.

GROUP PROFIT AND LOSS ACCOUNT

Including the Statement of
Retained Profit



FOR THE YEAR ENDED 31 DECEMBER

	Note	1993 K.Shs.'000	1992 K.Shs.'000
Turnover		7,225,756	5,052,628
Excise duty/V.A.T		4,132,803	3,076,854
Net Turnover		3,092,953	1,975,774
Profit before Taxation	1	1,392,005	754,703
Taxation	2	494,929	308,000
Profit after Taxation	3	897,076	446,703
Profit attributable to minority shareholders		—	568
Profit Attributable to Shareholders of B.A.T Kenya Limited before extraordinary item	4	897,076	446,135
Extraordinary item		—	19,558
Profit Attributable to Shareholders of B.A.T Kenya Limited		897,076	465,693
Transfer from Retentions		—	6,851
Dividends of B.A.T Kenya Limited (Gross)		543,750	354,375
First Interim of K.Shs. 1.00 per share		37,500	26,250
Second Interim of K.Shs. 2.00 per share		75,000	48,750
Proposed final of K.Shs. 11.50 per share		431,250	279,375
Transfer to Capital Reserves		—	16,826
Retained Profit for the Year		353,326	101,343

CMA-LIBRARY

STATEMENT OF RETAINED PROFIT

At 1 January	377,685	277,481
Transfer to Profit and Loss Account	—	(1,139)
Realised Inter-Company Profits	12,147	—
Disposal of Subsidiary	(4)	—
Retained Profit for the Year	353,326	101,343
At 31 December	743,154	377,685
Earnings per Share (K.Shs.)	5	23.92
		11.90



BALANCE SHEETS

AS AT 31 DECEMBER

		GROUP		COMPANY	
	Note	1993 K.Shs.'000	1992 K.Shs.'000	1993 K.Shs.'000	1992 K.Shs.'000
Fixed Assets	6	2,079,280	1,929,569	2,079,280	1,941,716
Investments at Cost					
Subsidiary companies		—	—	—	6,000
Current Assets					
Stocks	7	1,301,687	731,610	1,301,687	731,610
Debtors	8	792,724	333,826	792,724	333,808
Short term deposits		60,600	161,176	60,600	161,176
Cash at bank and in hand		119,879	121,789	119,879	110,260
		<u>2,274,890</u>	<u>1,348,401</u>	<u>2,274,890</u>	<u>1,336,854</u>
Current Liabilities					
Creditors		919,487	602,253	919,487	601,078
Inter-company accounts	9	102,111	41,530	102,111	41,530
Bank borrowings		132,457	—	132,457	—
Taxation		286,376	252,700	286,376	252,335
Dividends (<i>Gross</i>)		504,445	331,003	504,445	331,003
		<u>1,944,876</u>	<u>1,227,486</u>	<u>1,944,876</u>	<u>1,225,946</u>
Net Current Assets		<u>330,014</u>	<u>120,915</u>	<u>330,014</u>	<u>110,908</u>
Net Assets		<u>2,409,294</u>	<u>2,050,484</u>	<u>2,409,294</u>	<u>2,058,624</u>
Financed by					
Share capital	10	375,000	375,000	375,000	375,000
Capital reserves	11	1,291,140	1,293,796	1,291,140	1,276,970
Retained profit	12	743,154	377,685	743,154	406,654
Shareholders' funds		2,409,294	2,046,481	2,409,294	2,058,624
Minority interests		—	4,003	—	—
Net Funds Employed		<u>2,409,294</u>	<u>2,050,484</u>	<u>2,409,294</u>	<u>2,058,624</u>

The accounts on pages 16 to 23 were approved by the Board of Directors on 14 March 1994 and were signed on its behalf by:

T.P.G. McDowell	Director
M.O. Owiti	Director

GROUP SOURCE AND APPLICATION OF FUNDS STATEMENT



FOR THE YEAR ENDED 31 DECEMBER

	1993 K.Shs.'000	1992 K.Shs.'000
Source of funds		
Profit before taxation	1,392,005	754,703
Items not involving the movement of funds:		
Depreciation	198,502	117,054
Profit on disposal of fixed assets	(5,799)	(2,593)
Realised inter-company profits	12,147	—
Disposal of subsidiary	(4)	—
Total Generated from Operations	1,596,851	869,164
Funds from Other Sources		
Proceeds from sale of fixed assets	9,907	48,621
	1,606,758	917,785
Application of Funds		
Purchase of fixed assets	354,977	138,593
Taxation paid	461,253	215,235
Dividends paid (<i>including minority</i>)	370,308	606,336
Minority interest in subsidiary	4,003	—
	1,190,541	960,164
	416,217	(42,379)
Movement in Working Capital		
Stocks	570,077	1,731
Debtors	458,898	144,529
Creditors and inter-company accounts	(377,815)	(189,296)
Movement in Liquid Funds		
Short term deposits	(100,576)	(159,757)
Cash	(1,910)	102,805
Bank borrowings	(132,457)	57,609
	416,217	(42,379)

1. Group Profit

Group profit is arrived at after taking into account the following:

	1993 K.Shs.'000	1992 K.Shs.'000
Depreciation	198,502	117,054
Emoluments of Directors of B.A.T Kenya Limited:		
Fees	130	154
Other emoluments	29,126	31,277
Auditors' remuneration (Company K.Shs.2,012,500; 1992 K.Shs.1,280,000)	2,012	1,360
Interest on bank borrowings	15,204	1,656

2. Taxation

Taxation at 35.0% (1992: 37.5%) on the taxable profit for the year	494,929	308,000
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3. Profit after Taxation

Profit after taxation dealt with in the accounts of B.A.T Kenya Limited is K.Shs. 897,075,737 (1992 K.Shs.445,281,829)

4. Extraordinary item

	GROUP		COMPANY	
	1993 K.Shs.'000	1992 K.Shs.'000	1993 K.Shs.'000	1992 K.Shs.'000
Disposal of fixed assets	—	19,558	—	—

The extraordinary item in 1992 relates to the Group's share of profits on sale of the fixed assets of B.A.T Kenya Developments Limited, a subsidiary company, under liquidation.

5. Earnings per Share

Earnings per share for 1993 and 1992 are based on profits of K.Shs.897,075,737 and K.Shs.446,134,604 respectively, calculated on issued capital of 37,500,000 ordinary shares of K.Shs. 10 each.

NOTES TO THE BALANCE SHEETS



6. Fixed Assets

	Freehold land and buildings K.Shs.'000	Leasehold land and buildings K.Shs.'000	Plant, Machinery and equipment K.Shs.'000	Total K.Shs.'000
(a) GROUP				
Cost or valuation:				
At 1 January 1993	6,500	875,828	2,607,868	3,490,196
Expenditure/re-allocation	—	27,512	327,465	354,977
Disposals	—	—	(20,179)	(20,179)
At 31 December 1993	6,500	903,340	2,915,154	3,824,994
Depreciation:				
At 1 January 1993	—	13,236	1,547,391	1,560,627
Charge for the year	125	26,623	171,754	198,502
Disposals	—	—	(13,415)	(13,415)
At 31 December 1993	125	39,859	1,705,730	1,745,714
Net book values:				
At 31 December 1993	6,375	863,481	1,209,424	2,079,280
Original cost	445	300,764	797,465	1,098,674
Revaluation element	5,930	562,717	411,959	980,606
Net book values:				
At 31 December 1992	6,500	862,592	1,060,477	1,929,569
Original cost	455	280,933	582,073	863,461
Revaluation element	6,045	581,659	478,404	1,066,108
(b) COMPANY				
Cost or valuation:				
At 1 January 1993	6,500	887,975	2,607,868	3,502,343
Expenditure/re-allocation	—	15,365	327,465	342,830
Disposals	—	—	(20,179)	(20,179)
At 31 December 1993	6,500	903,340	2,915,154	3,824,994
Depreciation:				
At 1 January 1993	—	13,236	1,547,391	1,560,627
Charge for the year	125	26,623	171,754	198,502
Disposals	—	—	(13,415)	(13,415)
At 31 December 1993	125	39,859	1,705,730	1,745,714
Net book values:				
At 31 December 1993	6,375	863,481	1,209,424	2,079,280
Original cost	445	300,764	797,465	1,098,674
Revaluation element	5,930	562,717	411,959	980,606
Net book values:				
At 31 December 1992	6,500	874,739	1,060,477	1,941,716
Original cost	455	293,080	582,073	875,608
Revaluation element	6,045	581,659	478,404	1,066,108

NOTES TO THE BALANCE SHEETS Continued

- (c) With the exception of motor vehicles and equipment, the fixed assets are stated at a valuation carried out as at 31 December 1992.

The assets were revalued on the following bases:

- (i) open market value, as determined by professional valuers, for residential properties in major urban areas and all land;
- (ii) net current replacement cost on existing use basis, as determined by professional valuers, for all other properties;
- (iii) depreciated replacement cost, determined by the use of relevant cost indices, for plant and machinery.

7. Stocks

	COMPANY	
	1993 K.Shs.'000	1992 K.Shs.'000
Raw materials	1,053,927	594,484
Finished goods and work in progress	132,229	89,478
Consumable stores	115,531	47,648
	<u>1,301,687</u>	<u>731,610</u>

8. Debtors

Included in debtors is a sum of K.Shs. 387 million advanced to a related company, Imara Daima Housing Development Company Limited, to finance the development of residential housing for B.A.T Kenya Ltd staff. The full amount is due for repayment in 1994.

9. Inter-Company Accounts

	GROUP		COMPANY	
	1993 K.Shs.'000	1992 K.Shs.'000	1993 K.Shs.'000	1992 K.Shs.'000
Amounts due to:				
Holding company	10,038	7,288	10,038	7,288
Fellow subsidiaries	92,073	34,242	92,073	34,242
	<u>102,111</u>	<u>41,530</u>	<u>102,111</u>	<u>41,530</u>

The liabilities to fellow subsidiaries comprise the purchase of raw materials acquired on terms similar to those from unrelated parties.

10. Share Capital

	COMPANY	
	1993 K.Shs.'000	1992 K.Shs.'000
37,500,000 Authorised issued and fully paid Ordinary Shares of K.Shs. 10 each	<u>375,000</u>	<u>375,000</u>

11. Capital Reserves

	GROUP		COMPANY	
	1993 K.Shs.'000	1992 K.Shs.'000	1993 K.Shs.'000	1992 K.Shs.'000
At 1 January	1,293,796	591,007	1,276,970	550,195
Surplus arising on revaluation (Note 6c)	—	734,663	—	734,663
Transfer to Profit and Loss Account	—	(5,712)	—	—
Transfer from Profit and Loss Account	—	16,826	16,826	—
Reversal of revaluation reserve on disposal of assets	(2,656)	(42,988)	(2,656)	(7,888)
At 31 December	<u>1,291,140</u>	<u>1,293,796</u>	<u>1,291,140</u>	<u>1,276,970</u>

Included in Capital reserve is a share premium of K.Shs. 23,000.

NOTES TO THE BALANCE SHEETS Continued



12. Retained Profit

	GROUP		COMPANY	
	1993 K.Shs.'000	1992 K.Shs.'000	1993 K.Shs.'000	1992 K.Shs.'000
At 1 January	377,685	277,481	406,654	276,342
Transfer to Profit and Loss Account	—	(1,139)	—	—
Transfer to Capital Reserves	—	—	(16,826)	—
Realised Inter-Company Profits	12,147	—	—	—
Disposal of subsidiary	(4)	—	—	—
Retained profit for the year	353,326	101,343	353,326	130,312
At 31 December	743,154	377,685	743,154	406,654

The inter-company profits arising on acquisition of certain properties by the parent company in 1992 have now been realised following the liquidation of the subsidiary, B.A.T Kenya Developments Limited.

13. Loans to Officers

Loans made to officers of the Company which require disclosure under section 198 of Companies Act amount to K.Sh.660,691 (1992 K.Shs.799,627).

14. Deferred Taxation

In accordance with note (h) in the Accounting Policies, no provision for deferred taxation is required. The amount of the potential deferred tax liability not provided for in the accounts is as follows:-

	K.Shs.'000
At 1 January 1993	108,611
Arising in the year	42,884
At 31 December 1993	151,495

15. Capital Commitments

	GROUP	
	1993 K.Shs.'000	1992 K.Shs.'000
Amounts authorised by the Directors of B.A.T Kenya Limited or its subsidiaries but not provided for in these accounts are estimated at :	190,244	95,849
of which contracts have been placed for	58,733	86,719

AUDITORS' REPORT

To the Members of B.A.T Kenya Limited

We have audited the accounts set out on pages 16 to 23 and have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. The balance sheet of the company is in agreement with its books of account.

In our opinion proper books of account have been kept and the accounts give a true and fair view of the state of financial affairs of the company and the group at 31 December 1993 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act.

PRICE WATERHOUSE
Certified Public Accountants

14 March 1994

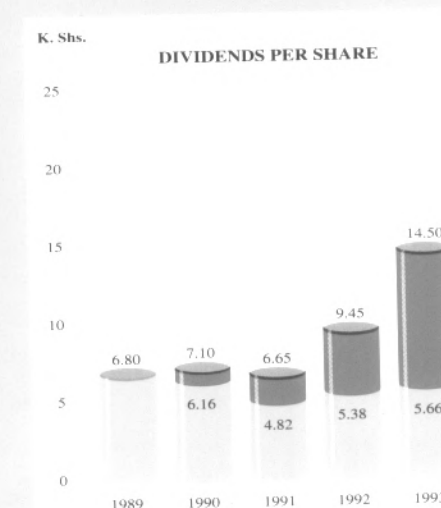
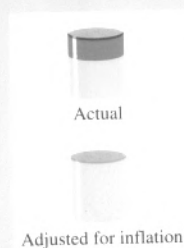
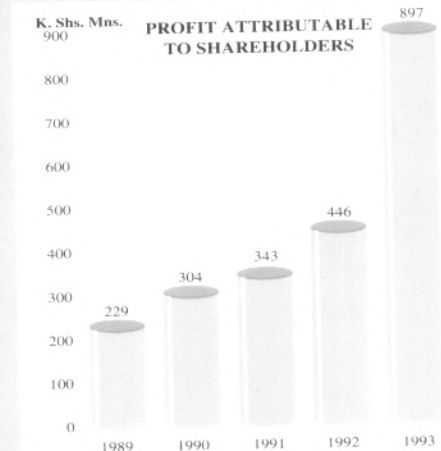
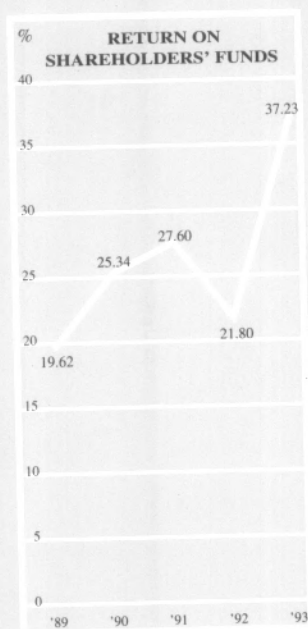
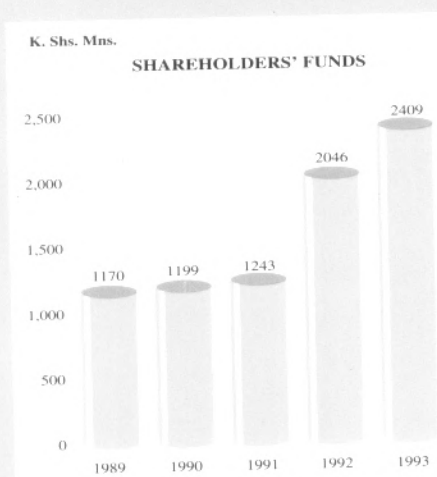
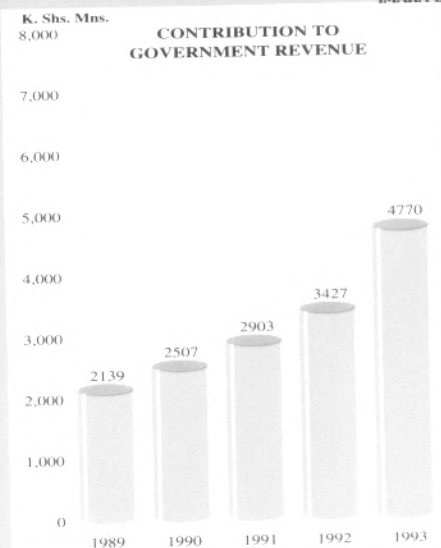
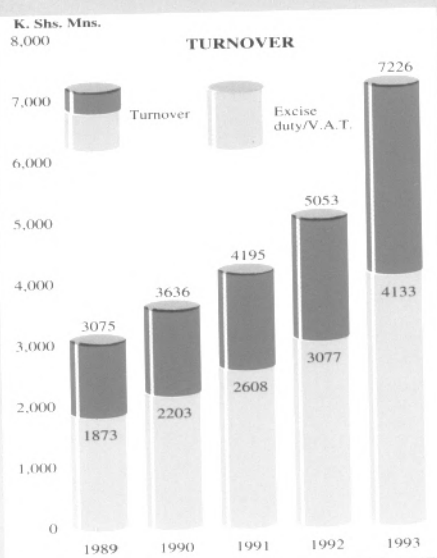
GROUP FIVE YEARS SUMMARY

Figures in K.Shs.'000

	1993	1992	1991	1990	1989
Turnover	7,225,756	5,052,628	4,195,282	3,635,540	3,074,506
Excise Duty/V.A.T	4,132,803	3,076,854	2,608,346	2,202,979	1,872,891
Net Turnover	<u>3,092,953</u>	<u>1,975,774</u>	<u>1,586,936</u>	<u>1,432,561</u>	<u>1,201,615</u>
Profit					
Profit before taxation	1,392,005	754,703	536,514	535,978	416,195
Profit after taxation	897,076	446,703	343,615	304,439	229,694
Profit attributable to shareholders of B.A.T Kenya Limited before extraordinary items	897,076	446,135	343,234	303,897	229,431
Dividends declared	543,750	354,375	294,375	266,250	247,500
Assets Employed					
Fixed Assets	2,079,280	1,929,569	1,245,087	1,217,127	1,209,506
Stocks	1,301,687	731,610	729,879	700,945	678,271
Other Current Assets/(Liabilities) – net	<u>(971,673)</u>	<u>(610,695)</u>	<u>(699,511)</u>	<u>(687,081)</u>	<u>(686,519)</u>
Net Assets	<u>2,409,294</u>	<u>2,050,484</u>	<u>1,275,455</u>	<u>1,230,991</u>	<u>1,201,258</u>
Financed By					
Interest of Ordinary Shareholders – Note (ii)	2,409,294	2,046,481	1,243,488	1,199,105	1,169,614
Interest of Minority Shareholders in subsidiaries	—	4,003	31,967	31,886	31,644
	<u>2,409,294</u>	<u>2,050,484</u>	<u>1,275,455</u>	<u>1,230,991</u>	<u>1,201,258</u>
Return on shareholders' funds (%)	37.23	21.80	27.60	25.34	19.62
Shares					
Shares in issue ('000)	37,500	37,500	37,500	37,500	37,500
Number of shareholders	4,350	4,373	4,408	4,447	4,485
Earnings per share (K.Shs.) – Note (i)	23.92	11.90	9.15	8.10	6.12
Dividends per share (K.Shs.) – Note (i)	14.50	9.45	6.65	7.10	6.80
Capital Expenditure	354,977	138,593	145,127	136,232	147,295
Contribution to Government Revenue	4,770,456	3,427,276	2,903,178	2,506,602	2,139,100
Foreign Exchange					
Earned on exports	US \$'000	13,993	12,603	7,495	8,847
	K.Shs.'000	701,985	393,291	196,483	202,645
				8,847	4,792
Spent on raw materials imports	US \$'000	8,897	4,337	7,185	7,845
	K.Shs.'000	612,662	138,560	200,619	188,181
					6,030
					124,980

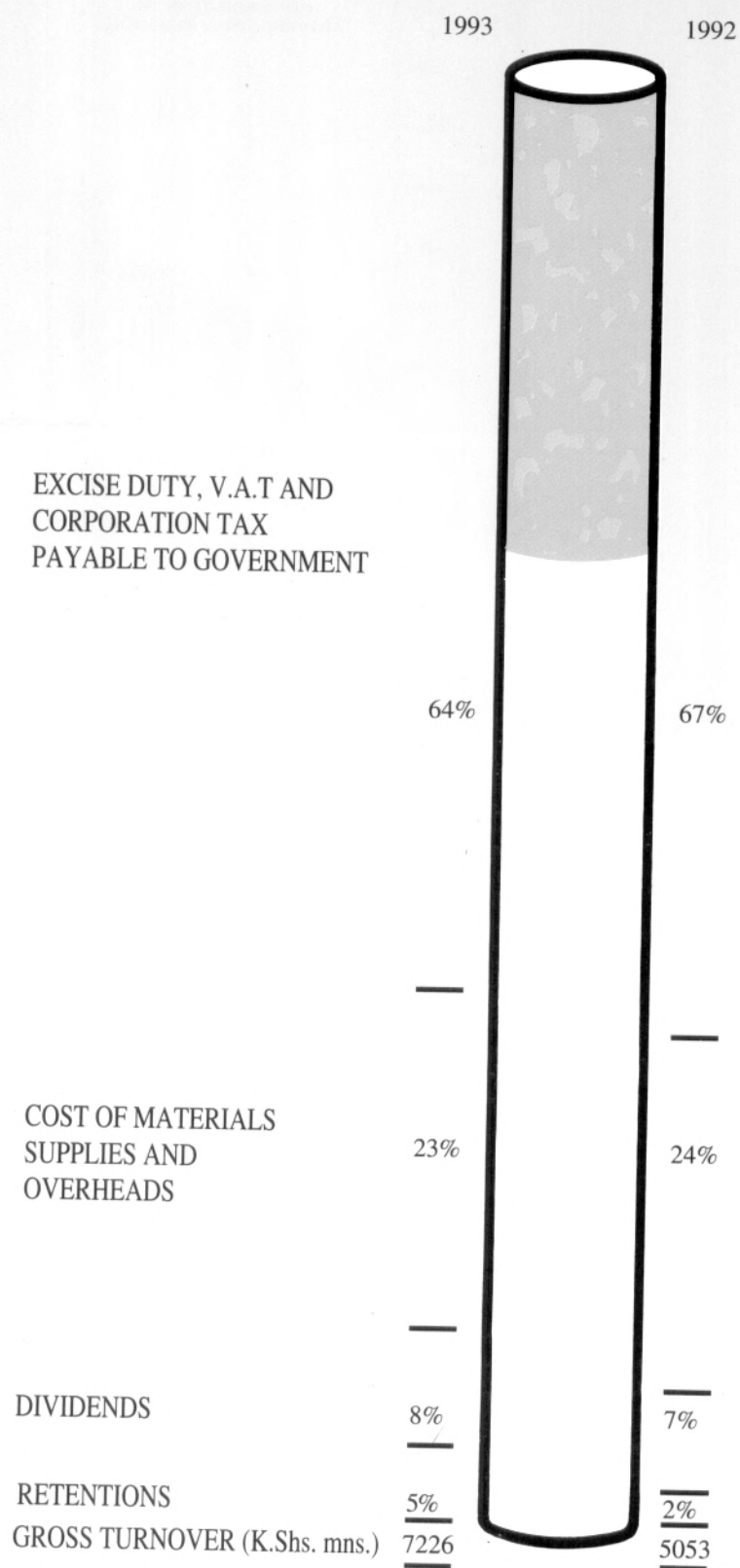
Notes:

- Dividends and earnings per share are calculated on 37,500,000 shares for all the years.
- The interest of ordinary shareholders includes surpluses arising on revaluations.



The inflation adjusted figures have been calculated using the Nairobi cost of living indices supplied by the Central Bureau of Statistics in the Ministry of Planning and National Development.

DISTRIBUTION OF TURNOVER



FORM OF PROXY



To:
The Secretary
B.A.T Kenya Limited
P.O. Box 30000
Nairobi

I/We

of P.O. Box

member/members of B.A.T Kenya Limited appoint

.....
.....
or failing him, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 21 April 1994 in the Ball Room, The Serena Hotel, Kenyatta Avenue/Nyerere Road, Nairobi or at any adjournment thereof.

As witness my/our hand/s this

day of 1994

.....
(Signature)

NOTES:

1. If a member is unable to attend this meeting personally this Form of Proxy should be completed and returned to reach the Company's Registered Office not later than 3.00 p.m. on Wednesday 20 April 1994.
2. A person appointed to act as a proxy need not be a member of the Company.
3. If the appointer is a corporation, this Form of Proxy must be under its common Seal or under the hand of the officer or attorney duly authorised in that behalf.



CHASHI-AMO

FOLD 2
KISHA KUNJA HAPA

AFFIX
STAMP

COMPANY SECRETARY
B.A.T KENYA LIMITED
P.O. BOX 30000
NAIROBI

FOLD 1
KUNJA HAPA KWANZA

FOLD 3
HALAFU KUNJA HAPA

INSERT FLAP INSIDE
SASA INGIZA, SEHEMU HII YA KARATASI YA MKUNJO NDANI ILI IONEKANE KAMA BAHASHA

NOTICE OF MEETING



NOTICE IS HEREBY GIVEN that the Forty Second Annual General Meeting of B.A.T Kenya Limited will be held in the Ball Room, The Serena Hotel, Nairobi on Thursday 21 April 1994 at 3.00 p.m. for the following purposes:-

Ordinary Business

1. To receive and consider the Accounts for the year ended 31 December 1993 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend
3. To elect Directors
4. To reappoint Auditors and authorise the Directors to fix their remuneration.

Special Business

To consider and if approved adopt the following Resolutions which will be proposed as Ordinary Resolutions:

1. THAT the authorised share capital of the Company be increased to 75,000,000 ordinary shares by the creation of an additional 37,500,000 ordinary shares of K.Shs. 10 each.
2. THAT it is desirable to capitalise the sum of K.Shs. 375 million being part of the sum standing to the credit of the Company's Retained Profit account and such sum be set free for distribution amongst the holders of ordinary shares registered at the close of business on 4 March 1994 on condition that the same be not paid in cash but be applied in paying up in full at par 37,500,000 newly created shares of K.Shs. 10 each in the capital of the Company and that such shares be credited as fully paid up and accordingly be allotted amongst such shareholders respectively in the proportion of one new share for every one ordinary share then held and that the shares so allotted shall from 5 March 1994 rank for all purposes *pari passu* with existing ordinary shares of the company and the Directors be and are hereby authorised and directed to give effect to this Resolution.
3. THAT the proposed new shares shall not rank for any dividend declared or paid out of the year ended 31 December 1993.

NOTE

The documents relating to the bonus issue have been lodged with the Capital Markets Authority (CMA). The CMA has approved the issue with no responsibility as to the accuracy of the documents so lodged.

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company.

A proxy form is provided with this Report which shareholders who do not propose to be at the Meeting are requested to complete and return to the Registered Office of the Company so as to arrive not later than 3.00 p.m. on Wednesday 20 April, 1994.

By Order of the Board
J.N. Kiragu
Secretary

