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CARBACID INVESTMENTS LIMITED

REPORT AND ACCOUNTS 1992

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CARBACID INVESTMENTS LIMITED

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CARBACID INVESTMENTS LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty - second Annual General Meeting of the Company will be held at the Professional Centre (Council Chamber), Parliament Way, Nairobi, on Friday, 4th December 1992 at 12 noon for the following purposes:-

1. To receive the Directors' Report and audited accounts for the year ended 31st July 1992.
2. To approve Directors' fees.
3. To declare a final dividend.
4. To re-elect a Director.
5. To authorize the Directors to fix the remuneration of the auditors, Deloitte & Touche (formerly Deloitte Haskins & Sells).

By Order of the Board

N.P. KOTHARI
Secretary

Nairobi
2nd November 1992

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2007/0793

CARBACID INVESTMENTS LIMITED

TAARIFA YA MWENYEKITI YA MWAKA ULIOISHIA TAREHE JULAI 31 1992

HALI KWA JUMLA

Kampuni iliendelea kufanya vyema katika mwaka ulioishia tarehe Julai 31 1992.

UUZAJI

Kutokana na hali dhaifu ya uchumi kwa jumla mauzo ya gas ya carbon dioxide kwa mwaka unaojadiliwa yalishuka. Mauzo ya bidhaa nchi za nje yalionyesha ongezeko.

MAENDELEO

Kampuni imenunua jengo katika eneo la viwanda. Jengo hili litatoa ofisi za nyongeza na sehemu za kuhifadhia na kuuzia bidhaa wakati upanuzi wa kampuni utakapohitajika kutekelezwa. Kwa sasa jengo hili limepangishwa.

MGAWO WA FAIDA

Mgawo wa kwanza wa faida kiasi cha asilimia kumi (10%) ulilipwa katika mwezi wa Aprili, na sasa

CARBACID INVESTMENTS LIMITED

Directors:	S.G. SMITH (Chairman)
	B.A. KAMPF
	R.A. SHEPHERD
	J.M. WANJIGI
Secretary:	N.P. KOTHARI
Registrars:	SPECIALIST CORPORATE CONSULTANTS, P.O. Box 30633, NAIROBI
Registered Office:	COMCRAFT HOUSE, HAILE SELASSIE AVENUE, P.O. Box 30633, NAIROBI
Auditors:	DELOITTE & TOUCHE P.O. Box 40092, NAIROBI
Bankers:	KENYA COMMERCIAL BANK LIMITED, P.O. Box 30081, NAIROBI STANDARD CHARTERED BANK KENYA LIMITED, P.O. Box 18081, NAIROBI.

CARBACID INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the group accounts for the year ended 31st July 1992.

ACTIVITIES

The company is a holding company with one wholly owned operating subsidiary, Carbacid (CO_2) Limited, whose principal activity is the mining of carbon dioxide gas.

PROFIT AND DIVIDENDS

	K£
The group profit for the year before taxation was	806,428
Group taxation for the year amounted to	365,358
Leaving a group profit available for appropriation of	441,070
An interim dividend of K£ 75, 247 was paid on 27th April 1992 and a final dividend of 15% is proposed on the issued capital. The dividends amount to	188,117
Leaving a retained profit for the year transferred to revenue reserve	252,953

DIRECTORS

The directors since 1st August 1991 have been:

S.G.Smith (Chairman)
B.A. Kampf
R.A. Shepherd
J.M. Wanjigi

Mr. J.M. Wanjigi retires by rotation and, being eligible, offers himself for re-election.

AUDITORS

On 1st October 1992, the auditors, Deloitte Haskins & Sells, changed their name to Deloitte & Touche and, therefore, they have signed their audit report under their new name. The auditors, Deloitte & Touche (formerly Deliotte Haskins & Sells) will continue in office in accordance with the provisions of section 159 (2) of the Companies Act (Cap. 486).

By Order of the Board

N.P. KOTHARI
Secretary

Nairobi

8th October 1992

... of directors and our shareholders I wish to convey our appreciation to all of them.

Nairobi
15th October 1992

S G SMITH
Chairman

REPORT OF THE AUDITORS
TO THE MEMBERS OF CARBACID INVESTMENTS LIMITED

We have examined the accounts on pages 8 to 18 and have obtained all the information and explanations considered necessary for our audit.

In our opinion:

1 Proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.

2 The accounts, which comply with the Companies Act, give a true and fair view of the state of affairs of the company and the group at 31st July 1992 and of the profit and source and application of funds of the group for the year ended on that date.

DELOITTE & TOUCHE

Certified Public Accountants (Kenya)

Nairobi
8th October 1992

CARBACID INVESTMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 1992

	Note	1992 K£	1991 K£
TURNOVER		1,958,962	2,174,022
PROFIT BEFORE TAXATION	2	806,428	1,015,557
TAXATION	3	365,358	462,845
PROFIT AVAILABLE FOR APPROPRIATION	4	441,070	552,712
DIVIDENDS	5	188, 117	188,117
RETAINED PROFIT FOR THE YEAR	15	252,953	364,595
EARNINGS PER SHARE	6	Sh 2.93	Sh 3.67

CARBACID INVESTMENTS LIMITED

BALANCE SHEETS 31ST JULY 1992

	Note	GROUP 1992 K£	GROUP 1991 K£	COMPANY 1992 K£	COMPANY 1991 K£
FIXED ASSETS	7	6,909,326	7,029,186	429,080	—
SUBSIDIARY	8	—	—	7,025,999	7,175,081
INVESTMENTS	9	11,030	171,387	11,030	11,030
LOAN (secured)	10	—	360,000	—	—
CURRENT ASSETS					
Stocks	11	212,577	167,627	—	—
Debtors	12	389,496	394,154	870	28,457
Dividend receivable from subsidiary		—	—	128,000	128,000
Short term deposits		1,660,678	1,260,193	—	—
Bank balances and cash		60,604	67,787	32,742	20,252
		2,323,355	1,889,761	161,612	176,709
CURRENT LIABILITIES					
Creditors	13	335,041	312,494	43,424	31,476
Taxation		432,573	649,696	—	—
Proposed dividend (gross)		112,870	112,870	112,870	112,870
		880,484	1,075,060	156,294	144,346
NET CURRENT ASSETS		1,442,871	814,701	5,318	32,363
		8,363,227	8,375,274	7,471,427	7,218,474
Financed by:					
SHARE CAPITAL	14	752,468	752,468	752,468	752,468
RESERVES	15	6,718,959	6,466,006	6,718,959	6,466,006
SHAREHOLDERS' FUNDS		7,471,427	7,218,474	7,471,427	7,218,474
TAX EQUALISATION ACCOUNT	16	891,800	1,156,800	—	—
		8,363,227	8,375,274	7,471,427	7,218,474

The accounts on pages 8 to 18 were approved by the Board of Directors on 8th October 1992 and were signed on its behalf by:

S.G. SMITH
B.A. KAMPF
Directors

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST JULY 1992

	1992 K£	1991 K£
SOURCE OF FUNDS		
Profit before taxation	806,428	1,015,557
Adjustment for items not involving the movement of funds:		
Depreciation	730,735	694,101
Profit on disposal of fixed assets	(20,201)	(33,470)
Loss on disposal of investments	357	—
Total generated from operations	1,517,319	1,676,188
Loan repaid	360,000	—
Proceeds on issue of fractional shares	—	37
Proceeds on disposal of fixed assets	68,062	62,813
Proceeds on disposal of investments	160,000	—
INFLOW OF FUNDS	2,105,381	1,739,038
APPLICATION OF FUNDS		
Taxation paid	847,481	83,592
Dividends paid	188,117	165,543
Fixed assets purchased	658,736	483,063
Investments purchased	—	160,357
OUTFLOW OF FUNDS	1,694,334	892,555
NET INFLOW OF FUNDS	411,047	846,483
Represented by:		
MOVEMENT IN WORKING CAPITAL:		
Stocks	44,950	1,037
Debtors	(4,658)	5,910
Creditors	(22,547)	(8,547)
	17,745	(1,600)
Movement in net liquid funds		
Bank balances and cash	(7,183)	39,998
Short term deposits	400,485	808,085
	393,302	848,083
	411,047	846,483

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 1992

1 **ACCOUNTING POLICIES**

(a) **BASIS OF ACCOUNTING**

The group prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of certain fixed assets.

(b) **TURNOVER**

Turnover represents gross sales value of carbon dioxide gas and dry ice.

(c) **STOCKS**

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and labour, together with the relevant production overheads.

(d) **DEPRECIATION**

Depreciation is calculated to write off the cost or valuation of fixed assets in equal annual instalments over their estimated useful lives at the following rates:

Leasehold land and buildings	2% - 5%
Boreholes	5%
Roads	10%
Motor vehicles	25%
Plant and equipment	5% - 33.33 %

(e) **TAXATION**

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

(f) **TAX EQUALISATION ACCOUNT**

The tax equalisation account balance represents the unutilised amount previously provided for as deferred taxation, which is no longer required. The movement in the balance on this account represents an annual transfer to taxation account of an amount equal to the excess of the actual taxation charge over the derived current taxation charge on the accounting profit at the ruling tax rate.

(g) **CONSOLIDATION OF GROUP COMPANIES**

The consolidated accounts include the assets, liabilities and revenue results of the company and its subsidiary company made up to 31st July.

NOTES TO THE ACCOUNTS *Continued*

2 PROFIT BEFORE TAXATION

	1992 K£	1991 K£
The group profit before taxation is arrived at after charging:		
Depreciation	730,735	694,101
Auditors' remuneration	13,553	12,081
Directors' emoluments		
Emoluments as directors	23,209	22,885
Other emoluments	76,685	67,376
and after crediting:		
Profit on disposal of fixed assets	20,201	33,470
Dividends from quoted investments	3,911	2,571
Interest on loan	69,403	52,000
Interest on deposits	203,961	140,896

3 TAXATION

	1992 K£	1991 K£
Income tax on adjusted profit for the year at 45%	629,771	666,977
Withholding tax		
- qualifying dividends	587	—
Transfer from tax equalisation account	(265,000)	(208,200)
	365,358	458,777
Adjustment in respect of prior year:		
Underprovision of income tax	—	4,068
	365,358	462,845

The taxable profit is materially greater than the accounting profit mainly due to the excess of depreciation over capital allowances.

At 31st July 1992, there were tax losses amounting to K£ 20,106 (1991 - K£ 12,271) carried forward in respect of the holding company.

NOTES TO THE ACCOUNTS *Continued*

4 PROFIT AFTER TAXATION

Of the group profit for the year after taxation K£ 198,496 (1991 - K£ 199,557) has been dealt with in the accounts of the holding company.

5 DIVIDENDS

	1992 K£	1991 K£
Dividends are shown gross and comprise:		
Interim paid at 10% of issued share capital	75,247	75,247
Final proposed at 15% of issued share capital	112,870	112,870
	188,117	188,117

6 EARNINGS PER SHARE

Earnings per share is based on the profit after taxation for the year and on the shares in issue at the balance sheet date.

7 FIXED ASSETS

COMPANY

	Leasehold and buildings K£
COST	
Additions	429,080
At 31st July 1992	429,080
NET BOOK VALUE	
At 31st July 1992	429,080
At 31st July 1991	—

NOTES TO THE ACCOUNTS *Continued*

7 FIXED ASSETS *(Continued)*

GROUP	Leasehold land, buildings and boreholes K£	Roads K£	Motor vehicles K£	Plant and equipment K£	Total K£
COST OR VALUATION					
At 1st August 1991	490,267	25,000	779,597	6,503,779	7,798,643
Additions	435,254	33,783	179,826	9,873	658,736
Disposals	—	—	(56,250)	(3,275)	(59,525)
At 31st July 1992	925,521	58,783	903,173	6,510,377	8,397,854
Comprising:					
Valuation at 1st September 1990	—	—	77,538	—	77,538
Valuation at 31st July 1990	490,001	25,000	355,250	6,180,581	7,050,832
Valuation at 31st July 1986	—	—	—	445	445
Valuation at 31st July 1983	—	—	—	1,322	1,322
Cost	435,520	33,783	470,385	328,029	1,267,717
	925,521	58,783	903,173	6,510,377	8,397,854
DEPRECIATION					
At 1st August 1991	19,263	2,500	191,499	556,195	769,457
Charge for the year	19,572	5,878	184,753	520,532	730,735
On disposals	—	—	(11,500)	(164)	(11,664)
At 31st July 1992	38,835	8,378	364,752	1,076,563	1,488,528
NET BOOK VALUE					
At 31st July 1992	886,686	50,405	538,421	5,433,814	6,909,326
At 31st July 1991	471,004	22,500	588,098	5,947,584	7,029,186

At 31st July 1992, fixed assets valued at K£ 39,078 (1991 K£ 25,706) had been fully depreciated. The normal annual depreciation charge would have been K£ 10,624 (1991 - K£ 6,751).

NOTES TO THE ACCOUNTS *Continued*

	1992 K£	1991 K£
8 SUBSIDIARY		
Shares at net asset valuation	6,848,267	6,605,693
Amount due by subsidiary	177,732	569,388
	7,025,999	7,175,081

9 INVESTMENTS

	GROUP		COMPANY	
	1992 K£	1991 K£	1992 K£	1991 K£
Quoted investments —				
Cost	11,030	11,030	11,030	11,030
Market value	49,751	27,064	49,751	27,064
Residential properties at cost	—	160,357	—	—
	11,030	171,387	11,030	11,030

The residential properties were sold during the year.

10 LOAN (secured)

	1992 K£	1991 K£
	—	360,000

The loan was repaid during the year.

NOTES TO THE ACCOUNTS *Continued*

11 STOCKS

	1992 K£	1991 K£
GROUP		
Carbon dioxide gas and dry ice	15,041	15,408
Spare parts, fuel and chemicals	197,536	152,219
	212,577	167,627

12 DEBTORS

	GROUP 1992 K£	GROUP 1991 K£	COMPANY 1992 K£	COMPANY 1991 K£
Trade debtors	343,441	318,821	—	—
Prepayments	—	42,586	—	27,586
Other debtors	46,055	32,747	870	871
	389,496	394,154	870	28,457

13 CREDITORS

	GROUP 1992 K£	GROUP 1991 K£	COMPANY 1992 K£	COMPANY 1991 K£
Trade creditors	35,306	34,114	—	—
Cylinder deposits	150,647	133,566	—	—
Other creditors	108,379	115,404	2,715	2,066
Unclaimed dividends	40,709	29,410	40,709	29,410
	335,041	312,494	43,424	31,476

14 SHARE CAPITAL

	1992 K£	1991 K£
Authorised:		
3,200,000 ordinary shares of sh 5 each	800,000	800,000
Issued and fully paid:		
3,009,873 ordinary shares of sh 5 each	752,468	752,468

NOTES TO THE ACCOUNTS *Continued*

15 RESERVES

	GROUP		COMPANY	
	1992	1991	1992	1991
	K£	K£	K£	K£
CAPITAL				
At 1st August	4,303,755	4,410,787	6,438,256	6,175,101
Revaluation of investment in subsidiary	—	—	242,574	263,155
Revaluation surplus realised on disposal of fixed assets transferred to revenue reserve	—	(17,032)	—	—
Deficit on revaluation of fixed assets	—	(90,000)	—	—
At 31st July	4,303,755	4,303,755	6,680,830	6,438,256
REVENUE				
At 1st August	2,162,251	1,905,998	27,750	141,684
Retained profit for the year	252,953	364,595	10,379	11,440
Revaluation surplus realised on disposal of fixed assets transferred from capital reserve	—	17,032	—	—
Capitalisation issue	—	(125,374)	—	(125,374)
At 31st July	2,415,204	2,162,251	38,129	27,750
TOTAL RESERVES	6,718,959	6,466,006	6,718,959	6,466,006

16 TAX EQUALISATION ACCOUNT

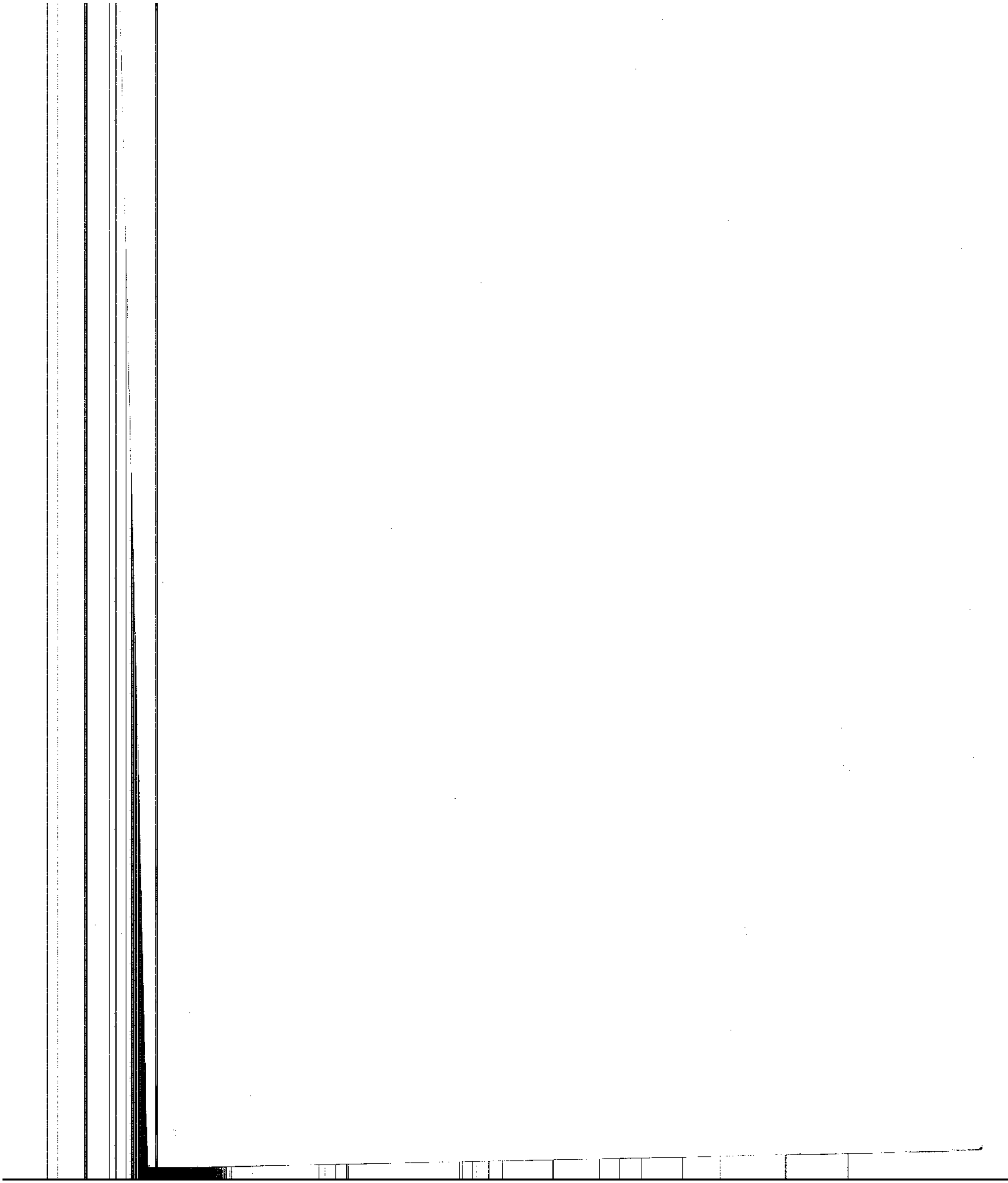
GROUP

	1992	1991
	K£	K£
At 1st August	1,156,800	—
Transfer from deferred taxation account	—	1,403,350
Movement in timing differences during the year	—	(38, 350)
Transfer to current taxation account	(265,000)	(208,200)
At 31st July	891,800	1,156,800

NOTES TO THE ACCOUNTS *Continued*

17 CAPITAL COMMITMENTS

	1992 K£	1991 K£
GROUP		
Contracted but not provided for in these accounts	—	98,037



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CARBACID INVESTMENTS LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at the Professional Centre (Council Chamber), Parliament Way, Nairobi, on Friday, 15th December 1989 at 12 noon for the following purposes:

1. To receive the Directors' Report and the audited accounts for the year ended 31st July 1989.
2. To approve Directors' fees.
3. To declare a final dividend.
4. To re-elect Directors.
5. To authorize the Directors to fix the remuneration of the auditors, Deloitte Haskins & Sells.

By Order of the Board
SPECIALIST SECRETARIAL SERVICES LIMITED - Secretaries
N.P. KOTHARI
Secretary

Nairobi
6th November 1989

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2007/0795

CARBACID INVESTMENTS LIMITED

Directors:	S.G. SMITH (Chairman)
	B.A. KAMPF
	K.S.N. MATIBA
	R.A. SHEPHERD
	Hon. J.M. WANJIGI, M.P.
Secretary and Registrars:	SPECIALIST SECRETARIAL SERVICES LIMITED
Registered Office:	COMCRAFT HOUSE, HAILE SELASSIE AVENUE, P.O. Box 30633, NAIROBI
Auditors:	DELOITTE HASKINS & SELLS
Bankers:	KENYA COMMERCIAL BANK LIMITED, P.O. Box 30081, NAIROBI STANDARD CHARTERED BANK KENYA LIMITED, P.O. Box 18081, NAIROBI.

CARBACID INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31st July 1989.

ACTIVITIES

The company is a holding company with one operating subsidiary, Carbacid (CO_2) Limited, whose principal activity is the mining of carbon dioxide gas.

PROFIT AND DIVIDENDS

	K£
The group profit for the year before taxation was	806,554
Group taxation for the year amounted to	352,094
Leaving a group profit after taxation of	454,460
A first interim dividend of 8% was paid on 27th April 1989 and a final dividend of 12% is proposed.	
The dividends amount to	125,411
Leaving a retained profit for the year	329,049

DIRECTORS

Directors during the year were:

S.G.Smith (Chairman)
B.A. Kampf
K.S.N. Matiba
R.A. Shepherd
Hon. J.M. Wanjigi, M.P.

Hon. J.M. Wanjigi, M.P., and Mr. S.G. Smith retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

The auditors, Deloitte Haskins & Sells, will continue in office in accordance with section 159 (2) of the Companies Act (Cap.486).

By Order of the Board
SPECIALIST SECRETARIAL SERVICES LIMITED - SECRETARIES

N.P. KOTHARI

SECRETARY

NAIROBI
13th October 1989

CARBACID INVESTMENTS LIMITED
and its Subsidiary Company

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31ST JULY 1989

GENERAL

The year ended 31st July 1989 was another very successful one for the Company and its operating subsidiary Carbacid (CO2) Limited.

SALES

Sales volumes continued to improve as has been the trend in recent years.

PROFITS

Profits have increased in line with the Company's good performance.

DEVELOPMENTS

The additional plant to which I referred in my last report has now started to arrive and is being installed. This is an important step in ensuring your Company's ability to meet future demands for its products.

DIVIDENDS

An interim dividend of 8% was paid in April and the Directors have recommended a final dividend of 12% to be paid in December. Both dividends are of course paid on the share capital as increased by the bonus issue last year.

FUTURE PROSPECTS

With current sales and profit trends and with the new plant now being installed the continued good health of your Company appears to be assured.

STAFF

Our management and staff are of a very high calibre. On behalf of the Board of Directors and our Shareholders I convey to them our renewed thanks.

Nairobi
13th October 1989

S.G. SMITH
Chairman

TAARIFA YA MWENYEKITI YA MWAKA ULIOISHIA TAREHE 31 JULAI 1989

HALI YA JUMLA

Mwaka ulioishia tarehe 31 Julai 1989 ulikuwa mwaka mwingine uliofanikiwa sana kwa Kampuni yenu pamoja na Kampuni yake ndogo ya Carbacid (CO2) Limited.

UUZAJI

Kama ilivyokuwa katika miaka hii ya karibuni uuzaji wa bidhaa ulizidi kuongezeka.

FAIDA

Faida pia iliongezeka kufuatana na kufanikiwa kwa shughuli za Kampuni.

MAENDELEO

Ile mitambo mipya niliyoitaja katika taarifa yangu ya mwaka jana imeanza kufika na sasa inatayarishwa ianze kazi. Jambo hili ni hatua muhimu ya kuihakikishia Kampuni yenu kwamba itaweza kutosheleza mahitaji ya wateja kwa siku zijazo.

MGAWO WA FAIDA

Mgawo wa kwanza wa kiasi cha asilimia nane (8%) ulilipwa katika mwezi wa Aprili, na sasa Wakurugenzi wenu wanapendekeza mgawo wa mwisho wa asilimia kumi na mbili (12%) ulipwe katika mwezi wa Desemba. Migawo hii yote miwili italipwa kwa hisa zote, yaani pamoja na zile za bahashishi walizopewa Wenyehisa mwaka jana.

MATARAJIO YA MBELE

Kulingana na hali bora ya biashara na mitambo mipya inayotayarishwa, bila shaka Kampuni yenu itazidi kufanikiwa.

WAFANYA KAZI

Wafanya kazi wetu wote wana ujuzi na sifa ya hali ya juu. Kwa niaba ya Wakurugenzi na Wenyehisa nawatolea shukurani tele.

Nairobi
13 Oktoba 1989

S.G.SMITH
Mwenyekiti

REPORT OF THE AUDITORS
TO THE MEMBERS OF CARBACID INVESTMENTS LIMITED

We have examined the accounts on pages 8 to 15 and have obtained all the information and explanations considered necessary for our audit.

In our opinion:

1 Proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.

2 The accounts, which comply with the Companies Act, give a true and fair view of the state of affairs of the company and the group at 31st July 1989 and of the profit and source and application of funds of the group for the year ended on that date.

DELOITTE HASKINS & SELLS
Certified Public Accountants (Kenya)

Nairobi
13th October 1989

CARBACID INVESTMENTS LIMITED
and its Subsidiary Company

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 1989

	Note	1989 K£	1988 K£
PROFIT BEFORE TAXATION	2	806,554	765,822
TAXATION	3	352,094	362,005
PROFIT AFTER TAXATION ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY	4	454,460	403,817
DIVIDENDS	5	125,411	117,050
RETAINED PROFIT FOR THE YEAR	12	329,049	286,767
EARNINGS PER SHARE	6	Sh 3.62	Sh 3.22

CARBACID INVESTMENTS LIMITED

PROXY FORM

I/We...

of ....

....being a member/s of

Carbacid Investments Limited, hereby appoint ....

.... of ....

or failing him ....

of .... or failing him the duly appointed Chairman of the meeting to be 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 Friday, 15th December 1989 at 12 noon, or at any adjournment thereof.

Dated .... 1989 Signature ....

Notes:

1. A proxy need not also be a member of the Company.
2. To be valid, this form must be completed and deposited at the Registered Office of the Company, 4th Floor, Comcraft House, Haile Selassie Avenue, P.O. Box 30633, Nairobi, not less than twenty four hours before the time fixed for holding the meeting or adjourned meeting.
3. In the case of a corporation the proxy must be under its common seal.

CARBACID INVESTMENTS LIMITED
and its Subsidiary Company

BALANCE SHEETS 31ST JULY 1989

		GROUP		COMPANY	
		1989	1988	1989	1988
	Note	K£	K£	K£	K£
FIXED ASSETS	7	2,982,849	2,800,272	—	—
SUBSIDIARY	8	—	—	2,995,344	2,657,785
INVESTMENTS	9	11,030	10,190	11,030	10,190
LOAN TO A DIRECTOR		1,528	3,699	—	—
CURRENT ASSETS					
Stocks	10	158,183	140,966	—	—
Debtors		659,785	301,045	1,478	1,341
Dividend receivable from subsidiary		—	—	149,836	158,197
Short term deposits		837,827	1,221,736	—	—
Bank balances and cash		88,661	21,332	8,088	6,050
		1,744,456	1,685,079	159,402	165,588
CURRENT LIABILITIES					
Creditors		252,341	219,240	19,607	16,513
Taxation		265,453	454,450	—	—
Dividends - proposed (gross)		75,247	75,247	75,247	75,247
		593,041	748,937	94,854	91,760
NET CURRENT ASSETS		1,151,415	936,142	64,548	73,828
		4,146,822	3,750,303	3,070,922	2,741,803
Financed by:					
SHARE CAPITAL	11	627,057	522,547	627,057	522,547
RESERVES	12	2,443,865	2,219,256	2,443,865	2,219,256
SHAREHOLDERS' FUNDS		3,070,922	2,741,803	3,070,922	2,741,803
DEFERRED TAXATION	13	1,075,900	1,008,500	—	—
		4,146,822	3,750,303	3,070,922	2,741,803

The accounts on pages 8 to 15 were approved by the board of directors on 13th October 1989 and were signed on its behalf by:

B.A . KAMPF
R.A.SHEPHERD Directors

CARBACID INVESTMENTS LIMITED
and its Subsidiary Company

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST JULY 1989

	1989 K£	1988 K£
SOURCE OF FUNDS		
Profit before taxation	806,554	765,822
Adjustment for items not involving the movement of funds:		
Depreciation	294,797	286,859
Profit on disposal of fixed assets	(4,215)	(6,052)
Total generated from operations	1,097,136	1,046,629
Proceeds on issue of fractional shares	70	—
Proceeds on sale of fixed assets	6,875	36,501
Repayment of loan by a director	2,171	862
	1,106,252	1,083,992
APPLICATION OF FUNDS		
Taxation paid	473,691	287,551
Dividends paid	125,411	104,509
Purchase of fixed assets	480,034	143,084
Purchase of investment	840	—
	1,079,976	535,144
NET INFLOW OF FUNDS	26,276	548,848
Represented by:		
Movement in working capital:		
Stocks	17,217	40,978
Debtors	358,740	114,503
Creditors	(33,101)	10,276
	342,856	165,757
MOVEMENT IN NET LIQUID FUNDS		
Bank balances and cash	67,329	(37,830)
Short term deposits	(383,909)	420,921
	26,276	548,848

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 1989

1 **ACCOUNTING POLICIES**

(a) **BASIS OF ACCOUNTING**

The group prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of certain assets.

(b) **STOCKS**

Stocks have been valued at the lower of cost and net realisable value. Cost comprises direct materials and labour, together with the relevant production overheads.

(c) **DEPRECIATION**

Depreciation is calculated to write off the cost or valuation of fixed assets in equal annual instalments over their useful lives at the following rates:

Leasehold land and buildings	2% - 5%
Boreholes	5%
Roads	10%
Motor vehicles	25%
Plant and equipment	5% - 33 1/3%

(d) **DEFERRED TAXATION**

Deferred taxation arises when items are recognised for tax purposes in different periods from their recognition for accounting purposes. Provision for deferred taxation is made on the liability method on all timing differences.

(e) **CONSOLIDATION OF GROUP COMPANIES**

The consolidated accounts include the assets, liabilities and revenue results of the company and its subsidiary company as defined in the Companies Act, Cap. 486.

2 **PROFIT BEFORE TAXATION**

	1989 K£	1988 K£
The group profit before taxation is arrived at after charging:		
Depreciation	294,797	286,859
Auditors' remuneration	8,941	8,778
Directors' emoluments		
Emoluments as directors	15,000	15,409
Other emoluments	52,303	42,536
and after crediting:		
Dividends from quoted investments	1,963	1,933

NOTES TO THE ACCOUNTS *Continued*

3 TAXATION

	1989 K£	1988 K£
Based on the profit for the year:		
Income tax at 45%	281,533	434,505
Deferred taxation	67,400	(72,500)
	348,933	362,005
Adjustment in respect of prior year:		
Underprovision of income tax	3,161	—
	352,094	362,005

4 PROFIT AFTER TAXATION

Of the group profit for the year after taxation K£194,735 (1988 - K£200,754) has been *dealt with in the accounts of the holding company.*

5 DIVIDENDS

	1989 K£	1988 K£
Dividends are shown gross and comprise:		
Interim paid 27th April 1989 - 8%	50,164	41,803
Final proposed - 12%	75,247	75,247
	125,411	117,050

6 EARNINGS PER SHARE

Earnings per share are based on the profit after taxation for the year and on the shares in issue at 31st July. The 1988 figure has been adjusted to take into account the effect of the shares issued *during the year ended* 31st July 1989.

NOTES TO THE ACCOUNTS *Continued*

7 FIXED ASSETS

	Leasehold land, buildings and boreholes K£	Roads K£	Motor vehicles K£	Plant and equipment K£	Total K£
COST OR VALUATION					
At 1st August 1988	223,838	47,500	421,803	2,673,906	3,367,047
Additions	65,743	—	47,117	367,174	480,034
Disposals	—	—	(7,965)	(1,980)	(9,945)
At 31st July 1989	289,581	47,500	460,955	3,039,100	3,837,136
Comprising:					
Valuation at 31st July 1986	212,500	15,000	191,000	2,352,379	2,770,879
Valuation at 31st July 1983	—	—	13,500	7,540	21,040
Cost	77,081	32,500	256,455	679,181	1,045,217
	289,581	47,500	460,955	3,039,100	3,837,136
DEPRECIATION					
At 1st August 1988	15,912	7,875	153,323	389,665	566,775
Charge for the year	9,681	4,750	83,096	197,270	294,797
On disposals	—	—	(7,186)	(99)	(7,285)
At 31st July 1989	25,593	12,625	229,233	586,836	854,287
NET BOOK VALUES					
At 31st July 1989	263,988	34,875	231,722	2,452,264	2,982,849
At 31st July 1988	207,926	39,625	268,480	2,284,241	2,800,272

NOTES TO THE ACCOUNTS *Continued*

8 SUBSIDIARY

	1989 K£	1988 K£
Shares at net asset valuation	2,541,346	2,281,621
Amount due by subsidiary	453,998	376,164
	2,995,344	2,657,785

9 INVESTMENTS

	GROUP		COMPANY	
	1989 K£	1988 K£	1989 K£	1988 K£
Quoted investments -				
Cost	11,030	10,190	11,030	10,190
Market value	27,052	28,098	27,052	28,098

10 STOCKS

	1989 K£	1988 K£
Carbon dioxide gas and dry ice	9,433	6,843
Spare parts	148,750	134,123
	158,183	140,966

11 SHARE CAPITAL

	1989 K£	1988 K£
Authorised: 3,200,000 ordinary shares of Sh 5 each (1988 - 2,100,000 shares)	800,000	525,000
Issued and fully paid: 2,508,227 ordinary shares of Sh 5 each (1988 - 2,090,186 shares)	627,057	522,547

NOTES TO THE ACCOUNTS *Continued*

12 RESERVES

	GROUP		COMPANY	
	1989 K£	1988 K£	1989 K£	1988 K£
CAPITAL				
At beginning of the year	963,520	963,520	2,114,184	1,911,121
Revaluation of investment in subsidiary	—	—	259,725	203,063
	963,520	963,520	2,373,909	2,114,184
REVENUE				
At beginning of the year	1,255,736	968,969	105,072	21,368
Retained profit for the year	329,049	286,767	69,324	83,704
Capitalisation issue	(104,440)	—	(104,440)	—
At end of the year	1,480,345	1,255,736	69,956	105,072
TOTAL RESERVES	2,443,865	2,219,256	2,443,865	2,219,256

13 DEFERRED TAXATION

	1989 K£	1988 K£
Potential liability to taxation at 45% on:		
Excess of net book value over tax written down value of motor vehicles, plant and equipment	1,086,792	1,018,700
Other timing differences	(10,892)	(10,200)
	1,075,900	1,008,500

14 CAPITAL COMMITMENTS

	1989	1988
Authorised by directors but not contracted for	—	792,000
Authorised by directors and contracted for	747,000	—