EAST AFRICAN BREWERIES LIMITED

# Annual Report and Accounts

**for the year ended 30 June 1987**

## East African Breweries Limited
P O Box 30161
NAIROBI Kenya
Telephone 802701
Telex 22628
Cables TUSKER NAIROBI

## Contents

# Directorate and Administration

**Board of Directors**
**Chairman**
B H Hobson

**Managing Director**
R M Maina

**Directors**
N G Ajania FCA
Dr M J Aliker (Ugandan)
C Goodall (British)
M J Karanja
M H Madoka
G F Masbay
J J Mbaki
J M Muchura
N Ng'ang'a EBS
D A Omari MBE
G W Tetu
S N Waruhiu
R O'B Wilson

**Secretary**
J J Ogwapit B Com ACIS Dip ED (Lon)

**Registrar**
W K Munguti FCIS

**Registered Office**
Tusker House Ruaraka
P O Box 30161
Nairobi Kenya

**Auditors**
Gill & Johnson
P O Box 40092
Nairobi

**Advocates**
Kaplan & Stratton
P O Box 40111
Nairobi

**Subsidiary Companies**
Kenya Breweries Limited
Uganda Breweries Limited
Central Glass Industries Limited
Masterplan (Kenya) Limited

**Associated Companies**
Seychelles Breweries Limited
Tanzania Breweries Limited

**Bankers**
Barclays Bank of Kenya Limited
P O Box 30116
Nairobi

Citibank NA
P O Box 30711
Nairobi



Standard Chartered Bank Kenya Limited
P O Box 72585
Nairobi

# Financial Calendar

| | | |
|---|---|---|
| **Financial Year** | ended | 30 June 1987 |
| Interim results | announced | 25 February 1987 |
| Final results | announced | 11 September 1987 |
| **Report and Accounts** | | |
| Annual Report | issued | 28 October 1987 |
| Annual General Meeting | held | 19 November 1987 |
| **Dividends** | | |
| Interim | announced | 25 February 1987 |
| | closing date | 16 April 1987 |
| | paid | 15 May 1987 |
| Final | announced | 11 September 1987 |
| | closing date | 19 November 1987 |
| | payable | 18 December 1987 |

# Kalenda ya Fedha

| | | |
|---|---|---|
| **Mwaka wa Fedha** | uliomalizika | 30 Juni 1987 |
| Matokeo ya Kwanza | yalitanganzwa | 25 Februari 1987 |
| Matokeo ya Mwisho | yalitangazwa | 11 Septemba 1987 |
| **Ripoti na Hesabu** | | |
| Ripoti ya Mwaka | itatolewa | 28 Oktoba 1987 |
| Mkutano Mkuu wa Mwaka | utafanywa | 19 Novemba 1987 |
| **Mgao** | | |
| Wa Kwanza | ulitangazwa | 25 Februari 1987 |
| | Kufungwa kwa daftari | 16 Aprili 1987 |
| | ulilipwa | 15 Mei 1987 |
| Wa Mwisho | ulitangazwa | 11 Septemba 1987 |
| | Kufungwa kwa daftari | 19 Novemba 1987 |
| | utalipwa | 18 Desemba 1987 |

# Notice of Meeting

Notice is hereby given that the sixty-fifth Annual General Meeting of Shareholders will be held at Kenya Institute of Administration, Kabete on Thursday 19 November, 1987 at 12.00 Noon.

**Ordinary Business**

1 To receive the accounts for the year ended 30 June 1987, and the reports of the Directors and Auditors thereon.

2 To confirm the payment of the interim dividend of 50 cents per share, and to consider the recommendation of the Board to declare a final dividend of Shs 1.50 per share payable on or about 18 December 1987 to shareholders registered on 19 November 1987. Payment to shareholders resident outside Kenya can only be made after obtaining Exchange Control approval.

3 To elect Directors in accordance with the Company's Articles of Association.

4 To confirm the Directors' remuneration.

5 To authorise the directors to fix the Auditors' remuneration.

6 To transact any other ordinary business of the Company.

A shareholder entitled to attend and vote may appoint a proxy to attend and vote for him on his behalf. A proxy need not be a member of the Company.

*By Order of the Board*

**J J Ogwapit**
*Secretary*
*P O Box 30161, Nairobi, Kenya*
*28 October 1987*

A form of proxy is on page 27 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 12.00 noon on Wednesday, 18 November 1987.

# Tangazo la Mkutano

Tangazo linatolewa hapa kwamba Mkutano Mkuu wa Mwaka wa sitini na tano wa wenyehisa, utafanywa katika Kenya Institute of Administration, Kabete siku ya Alhamisi, tarehe 19 Novemba 1987, saa sita za mchana.

**Shughuli za kawaida**

1 Kupokea taarifa ya hesabu ya pesa ya mwaka uliomalizikia tarehe 30 Juni 1987, za taarifa za Wakurugenzi na Wakaguzi wa Vitabu vya Hesabu.

2 Kuthibisha malipo ya mgao wa kwanza ya senti hamsini kwa kila hisa, na kufikiria mapendekezo ya Halmashauri kutangaza malipo ya mwisho ya shilingi 1.50 kwa kila hisa yanayotarajiwa kutolewa mnamo tarehe 18 Desemba 1987 kwa wenyehisa ambao majina yao yako katika daftari ya Kampuni mnamo tarehe 19 Novemba 1987. Malipo ya mgao kwa wenyehisa wanaoishi nje ya Kenya yanaweza kulipwa tu kukiwa na idhini ya Exchange Control.

3 Kuchagua Wakurugenzi kufuatana na sheria za Kampuni.

4 Kuidhinisha malipo ya Wakurugenzi.

5 Kutoa kibali kwa Wakurugenzi kuweka kipimo cha malipo ya Wakaguzi wa vitabu.

6 Kuzungumza mambo mengine yo yote yanayohusu shughuli za Kampuni.

Mwenyehisa aliye na haki ya kuhudhuria mkutano na kupiga kura, anaweza kutuma mtu mwingine kumwakilisha. Si lazima mwakilishi kama huyo kuwa mwanachama wa Kampuni.

*Kwa amri ya Halmashauri*

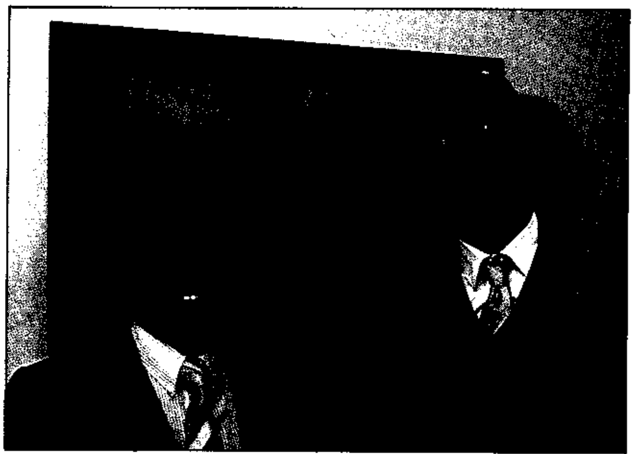
**J J Ogwapit**
*Katibu*
*Sanduku la Posta 30161, Nairobi, Kenya*
*28 Oktoba 1987*

Ikiwa mwenyehisa hataweza kuhudhuria mkutano kuna fomu kwenye ukurasa 27 anayoweza kuijaza na kuirudisha kwenye Ofisi Kuu ya Kampuni ili iweze kufika huko kabla ya Jumatano tarehe 18 Novemba 1987, saa sita mchana.

# Chairman's Statement

After last year's dramatic increase in profitability prompted mainly by a sharp increase in sales both locally and in export markets, a profit before tax of K£16,766,517 has been achieved in the financial year ended 30 June, 1987. This is marginally better than the last year's profit of K£16,714,238. Furthermore, this figure was reached despite receiving no increase in our margins since June 1985.

Our profit after tax of K£11,101,264 shows an increase of K£3,048,965 over the previous year's figure of K£8,052,299, mainly because we received substantial investment allowance on completion of the extensions to our Kisumu Brewery.



*The Chairman af East African Breweries Limited Mr. Brian Hobson (right) with EABL Managing Director, Mr. Richard Maina (left).*

*Mwenyekiti wa East African Breweries Limited, Bw. Brian Hobson (kulia) akiwa na Mkurugenzi Mkuu wa EABL, Bw. Richard Maina (kashoto).*

In the last few months of the financial year under review, the upward trend of sales slowed down somewhat. I believe this was caused by a reduction in the purchasing power resulting from the lower world market prices for tea and coffee. Also, as forecast in my report last year, sales to Uganda fell following the completion of the new bottling line at the Port Bell Brewery and the ability of Uganda Breweries Limited to produce considerable additional quantities of beer for the Uganda market.

A further limiting factor on Kenya sales was the frequent shortage of available bottles. I am pleased to report that this setback has been totally remedied now by the manufacture of bottles at our new factory, Central Glass Industries Limited, Kasarani.

The higher prices for beer from the time of the 1987 June Kenya budget seem only to have had a minor impact on beer sales in the Republic and these may well improve when the reduction of income tax takes effect as from 1 January, 1988.

The rise of input costs caused by inflation since our last increase of permitted margins in June 1985, which include recent increases in the prices we pay to our barley farmers and an increase in commission rates payable to our distributors, will be contained largely by the increase of our margins permitted by Government in the 1987 budget.

It is difficult at this early stage to quantify the precise impact of these conflicting factors, but we are hopeful that, for the financial year commencing 1 July 1987, we should achieve at least the same level of profits as for the year ended 30 June 1987.

However, the recent fall in sales expansion levels may well be reversed during the next two years. So it would be unwise for us not to plan for increased production capacity before the peak end-of-year months of 1989; and also for some additional malting capacity by 1991. While we have obtained a promise of bank loans to cater, to a considerable degree, for these eventualities, we will still need to generate substantial funds from our own resources.

# Taarifa ya Mwenyekiti

Baada ya lile ongezeko la ghafula la faida ya mwaka jana lililosababishwa hasa na ongezeko la ghafula la uuzaji humu nchini na katika nchi za nje pia, faida kabla ya kutozwa kodi ya K£16,766,517, ilipatikana katika mwaka ulioishia Juni 30, 1987. Faida hiyo ilikuwa nzuri kidogo ikilinganishwa na ile ya mwaka jana ya K£16,714,238. Zaidi ya hayo, faida hiyo ilipatikana hata ingawa hatukuongezewa kiwango cha bei ya bia tangu Juni mwaka 1985.

Faida yetu ya K£11,101,264 baada ya kutoa fungu la kodi inaonyesha ongezeko la K£3,048,965 ikilinganishwa na ile ya mwaka jana ya K£8,052,299, hasa kwa sababu tulipunguziwa kodi kwa ajili ya kukamilisha zile shughuli za kupanua kiwanda chetu cha Kisumu.

Katika miezi michache ya mwishoni mwa mwaka tunaouchunguza, kile kiwango cha uuzaji kilichokuwa kikiongezeka kilianza kuonyesha dalili za kupungua kidogo. Nafikiri jambo hili lilisababishwa na kupanda kwa gharama za maisha, jambo ambalo lililetwa na bei za chini za majani chai na kahawa zilizokuwa zikilipwa kwenye masoko ya dunia. Kadhalika kama nilivyobashiri katika taarifa yangu mwaka jana, uuzaji wa bia zetu kule Uganda ulipungua baada ya kukamilika kwa mtambo mpya wa kutia bia katika chupa kwenye kiwanda chetu cha Port Bell na pia kwa sababu Uganda Breweries Limited iliweza kutengeneza kiasi kikubwa zaidi cha bia ya kuuzwa katika soko la Uganda.

Kikwazo kingine kuhusu uuzaji wa bia nchini Kenya ni ukosefu wa mara kwa mara wa chupa. Nina furaha kutangaza kwamba tatizo hili sasa limekwisha tatuliwa kabisa kwa vile sasa hivi chupa hutengenezwa na kiwanda chetu kipya cha Central Glass Industries Limited kilichoko Kasarani.

Lile ongezeko la bei za bia tangu Makisio ya Matumizi ya Serikali ya Kenya yatangazwe mwezi Juni 1987, halikutatiza sana uuzaji wa bia nchini Kenya na hali hiyo huenda ikaimarika zaidi wakati ile kodi ya mapato ya watu binafsi iliyopunguzwa itakapoanza kufanya kazi kutoka Januari mosi 1988.

Kuongezeka kwa gharama za malighafi kulikoletwa na kupanda kwa gharama za maisha tangu tulipokubaliwa, kwa mara ya mwisho, kugeuza kiwango cha bei ya bia mnamo mwezi Juni 1985 pamoja na bakshishi tunazolipa wakulima wetu wanaokuza shayiri na vile vile nyongeza kuhusu marupurupu tunayotoa kwa wagawanyaji wetu kutanufaishwa hasa na ongezeko la kiwango cha bei mpya iliyotangazwa na Serikali kwenye Makisio ya Matumizi ya Serikali ya mwaka 1987.

Ni vigumu sasa hivi kueleza jinsi mambo haya yatakavyoweza kutuathiri, lakini, iwayo yote, tunatumai kwamba, katika mwaka wa fedha unaoanzia Julai mosi 1987, tutaweza kupata faida iliyo sawa na ile ya mwaka ulioishia Juni 30, 1987.

For the sake of prudence, therefore, your directors have decided that it would be inadvisable to increase shareholders' benefits this year and are recommending to the forthcoming Annual General Meeting that our final dividend of shs. 1/50 should be the same as that of last year.

**Guinness Stout**

The relaunch of this product in Kenya was originally scheduled for late 1986 but unfortunately it had to be postponed owing to the shortage of bottles. However, on 1 August 1987, Guinness was reintroduced in the Kenya market and has been well received by our customers.

The new agreement between Guinness Overseas Limited and ourselves is on a basis which benefits your Company far better than the original one in existence prior to the discontinuation of Guinness production in September, 1983.

**Central Glass Industries Limited**

The new Glass Factory at Kasarani commenced production in April 1987 some months ahead of schedule, thanks to an excellent co-operative effort between the machinery suppliers, the local contractors and our Technical Services Division. This enabled an embarrassing situation to be redressed where we were losing beer production and sales as our former bottle suppliers fell drastically behind on supply schedules.

*EABL Chairman, Mr. Brian Hobson with other seniar executives of EABL at the commissioning af the Central Glass Industries' production line in April 1987 when Mr. E.P. Ferrari Managing Director of Coca Cola Africa Ltd attended to watch the first order of Coca Cola bottles being made at the plant.*

*Mwenyekiti wa EABL, Bw. Brian Hobson akiwa na wakuu wa EABL wokati wa kufunguliwa kwa mtambo wa kutengeneza chupa wa Central Glass Industries mwezi Aprili 1987, wakati Bw. E.P. Ferrari, Mkurugenzi Mkuu wa Coco Cola Africa Ltd, alipohudhuria sherehe hiyo na kushuhudia chupa za kwanza za Coca Cola zikitengenezwa kwenye mtambo huo.*

The excellent plant and machinery obtained through Messrs Coutinho Caro in Germany has produced bottles of top world quality from the outset. We have cut down the bottle breakage rates dramatically in our production units, and we had no difficulty in persuading soft drink manufacturers in Kenya and in the East African Region to purchase these bottles. I am pleased to say that order books are virtually full for the whole of 1987.

Though the local cost element of this project was well within the original budget, the remarkable recent strengthening of the German Mark in terms of the Kenya Shilling has tended to inflate considerably the capital and interest repayments of the suppliers loan needed to finance the plant. As a result some subsidy from our own resources during the early years of operation will be necessary. In practice this will be offset, to a large extent, by the reduction of our losses in bottled beer production by the use of Central Glass Industries bottles.

**Barley Malt**

The 1986 crop was both of good quality and quantity and to-date the 1987 crop has been given a satisfactory start by prevailing climatic conditions.

Our experiments in the field of barley grown under irrigation have now been switched to the Taita-Taveta area and are showing promising results.

Ingawaje, kule kupunguka kwa hivi majuzi kwa uuzaji wa bia huenda kukatoweka na uuzaji ukaongezeka katika muda wa miaka miwili ijayo. Kwa hivyo itakuwa si jambo la busara kwetu ikiwa hatutaweza kufanya mpango wa mbeleni wa kuongeza utoaji wa kiasi cha bia tunayotengeneza kabla ya miezi ya mwisho ya mwaka 1989, wakati ambapo bia hunywewa sana; na pia tuwe tumejiandaa ili tuweze kuwa na nafasi ya ziada ya kimea katika mwaka 1991. Ingawa tayari tumeishapata ahadi ya benki ya kutukopesha fedha za kutosha kupambana na tukio kama hili, bado itatubidi kutenga akiba kando kutokana na shughuli zetu wenyewe.

Kwa hivyo, kama jambo la busara tu, Wakurugenzi wenu wanapendekeza kwamba haifai kuongeza kiwango cha mgao kwa wenyehisa mwaka huu lakini wakapendekeza azimio kwenye Mkutano Mkuu wa Mwaka, ambao unatayarishwa hivi sasa kwamba mgao wa mwisho wa Shs 1.50 uwe kama vile tulivyolipa mwaka jana.

**Guinness Stout**

Mpango wa kutengeneza tena bia hii yenye nguvu humu nchini ulipangwa hapo wali, utekelezwe mwishoni mwa mwaka 1986, lakini kwa bahati mbaya shughuli hiyo ikaahirishwa kwa ajili ya ukosefu wa chupa. Ingawaje, mnamo Agosti mosi 1987, Guinness ilianza kuuzwa tena nchini kote Kenya na ikapokelewa vyema na wateja wetu.

Mkataba mpya kati yetu na Guinness Overseas Limited una faida nyingi zaidi kwa kampuni yenu kuliko ule mkataba wa awali uliofanywa kabla ya utengenezaji wa Guinness kusimamishwa mwezi Septemba mwaka 1983.

**Central Glass Industries Limited**

Kiwanda hiki kipya cha kutengeneza bidhaa za chupa katika Kasarani kilianza kufanya kazi mwezi wa Aprili 1987, miezi kadha mbele ya ule muda uliokadiriwa, na hayo yote yaliletwa na ushirikiano na juhudi kati ya wale waliotuuzia mtambo huo, wenye kandarasi wa humu nchini na pia idara yetu ya ufundi. Jambo hili likatuondolea aibu kwa vile hatungeweza kutengeneza na kuuza kiasi cha kutosha cha bia, kwani wauzaji wetu wa zamani wa chupa walishindwa kutengeneza chupa za kutosha mahitaji yetu.

Mtambo huu wa kisasa ulionunuliwa kupitia kampuni ya Coutinho Caro huko Ujerumani ulianza kutengeneza chupa za hali ya juu kabisa ya kimataifa tangu ulipofunguliwa. Idadi za chupa zilizokuwa zikivunjika wakati zilipokuwa zikijazwa bia zilipungua mara moja na ilikuwa si vigumu kwetu kuwashawishi watengenezaji wa soda humu nchini na katika sehemu ya Afrika Mashariki kununua chupa hizi. Nina furaha kusema kwamba vitabu vya kuuza chupa hizi tayari ni kama vimejaa kwa mwaka mzima wa 1987.

Ingawa gharama za mradi huu kulingana na sarafu yetu zinalingana na yale makadirio yetu ya awali, kule kuongezeka kwa thamani ya fedha za Ujerumani, yaani

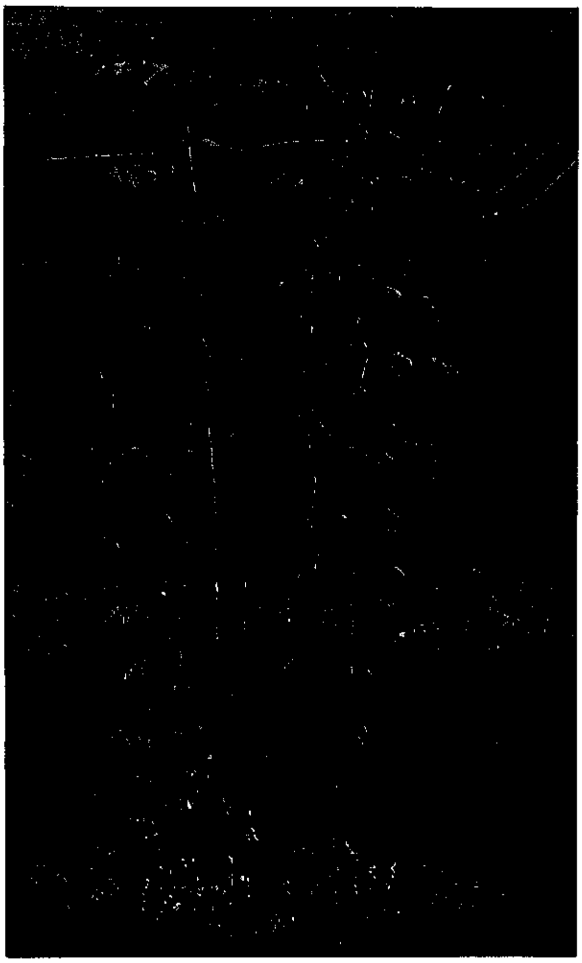
## Chairman's Statement *(continued)*

### Hop Growing

Our experiments to-date in the viability of growing hops in Kenya are suggesting that success will need some years to achieve mainly because of the erratic performance of the various varieties which we have tried out so far. However, parallel experiments by National Breweries Limited, Zimbabwe, who have been pursuing the same goal, appear to have located a very successful variety, which last year produced excellent results, both in terms of quality for brewing, and economic viability in climatic conditions somewhat similar to ours in Kenya.

Under our co-operation agreement, our Zimbabwean friends are furnishing us with all the relevant details and, providing that areas can be found in Kenya where the soil and climatic conditions are similar, we hope that we can duplicate their successes. We are losing no time in pursuing this avenue vigorously. In this connection we have made a contribution to enable the Government Research Unit at Muguga to install a mist propagation unit for hop plants.

If these new developments succeed, it may well be that we can produce a commercially viable hop crop far earlier than we had anticipated. This would cut down our requirement of foreign exchange in the one remaining major area of production material imports.



*Hops research cantinues at Mau Narak. Under the co-operatian agreement with National Breweries Limited Zimbabwe, experiments with a new variety could prove successful in similar climatic conditions as in Zimbabwe.*

*Utafiti kuhusu hops waendelea huko Mau Narok. Chini ya Mkataba wa Uelewano na National Breweries Limited Zimbabwe, majaribio kuhusu aina mpya ya hops, huenda yakufaulu katiku hali ya anga yetu inayofanana na ile ya Zimhabwe.*

## Taarifa ya Mwenyekiti *(inaendelea)*

Deutsche Mark, ikilinganishwa na Shilingi za Kenya kumeongeza sana thamani ya mikopo yetu ya awali na vile vile riba tunazowalipa watu waliotukopesha fedha tulizozihitaji ili kununua mtambo huu. Kwa hivyo msaada fulani kutoka kwa uchumi wetu wenyewe wakati mtambo huu unaopendelea kufanya kazi katika miaka ya mwanzo ni lazima uhitajike. Kwa kawaida gharama hizi huenda zikanusurishwa zaidi na kule kupunguka kwa idadi ya chupa zilizokuwa zikivunjika wakati wa kutia bia chupani kabla ya kuanza kutumia chupa za Central Glass Industries.

### Shayiri ya Kimea

Katika mwaka 1986 zao hilo lilistawi vyema na kuvunwa kwa wingi, na sasa hivi lile zao la mwaka 1987 limebahatika kwa kuanza kuimarika kwa hali njema ya anga iliyoko sasa.

Utafiti wetu kuhusu shayiri iliyokuzwa kwa kunyunyiziwa maji, sasa umehamishwa hadi huko sehemu ya Taita-Taveta na utafiti wenyewe unaonyesha matokeo mema.

### Ukuzaji wa zao la Hops

Utafiti wetu wa sasa kuhusu ukuzaji wa zao la 'hops' ambao ni mmea maalum unaotia ukali na ladha katika bia, humu nchini, waonyesha kwamba tutafaulu, lakini baada ya miaka kadha, hasa kwa ajili ya matokeo yenye kubadilikabadilika ya aina mbalimbali za 'hops' zilizofanyiwa majaribio mpaka hivi sasa. Ingawaje, utafiti kama huo ambao unafanywa na National Breweries Limited huko Zimbabwe, kiwanda ambacho kimekuwa kikijitahidi kufanya majaribio kama hayo, unaonekana umegundua aina fulani ya 'hops' iliyofaulu na ambayo mwaka jana ilionyesha matokeo ya kuridhisha sana kuhusu hali ya juu ya kuweza kutumiwa kiwandani na hata kuweza kuuzwa wakitumia aina ya ardhi kama yetu hapa Kenya.

Chini ya mkataba wetu wa Ushirikiano, hao marafiki zetu wa Zimbabwe wanatuletea matokeo ya utafiti wao, na iwapo sehemu fulani itapatikana nchini Kenya, yenye udongo na hali sawa ya anga, tunatumai kwamba tutaweza kufaulu kufanya majaribio kama hayo yao. Hatupotezi wakati hata kidogo katika harakati za kutekeleza mradi huu. Kwa hali kama hiyo tumeishatoa mchango wetu ili kuiwezesha taasisi ya utafiti ya Serikali huko Muguga kuweka mtambo wenye kukabili ukungu kwenye zao la 'hops'.

Majaribio hayo mapya yakifaulu, yamkini tutaweza kukuza zao la 'hops' litakaloweza kuuzwa kabla ya ule muda uliokadiriwa hapo awali.

Jambo hili litapunguza mahitaji yetu ya fedha za kigeni kuhusu aina hiyo moja tu ya malighafi ambayo ni muhimu sana na ambayo bado tunainunua kutoka nchi ya ng'ambo.

### Uganda Breweries Limited

Tumekwisha kufaulu kutekeleza ile shughuli ya kuweka mtambo mpya wa kutia bia chupani katika Port Bell Brewery, hata ingawa tulikumbwa, mara kwa mara, na shida za ukosefu wa maji. Hata hivyo tumepiga hatua kubwa katika harakati za utoaji wa bia ya kutosheleza mahitaji ya sehemu kubwa ya Uganda. Mradi huu utaimarisha sana faida ya kampuni yenu kutokana na rasilmali yake katika Uganda Breweries Limited.

## Chairman's Statement *(continued)*

**Uganda Breweries Limited**

We have just successfully completed the installation of a new bottling line at the Port Bell Brewery which, despite unreliable water supplies, is a major step towards satisfying most of Uganda's domestic requirements of beer. This will substantially improve the profitability of your Company's investment in Uganda Breweries Limited.

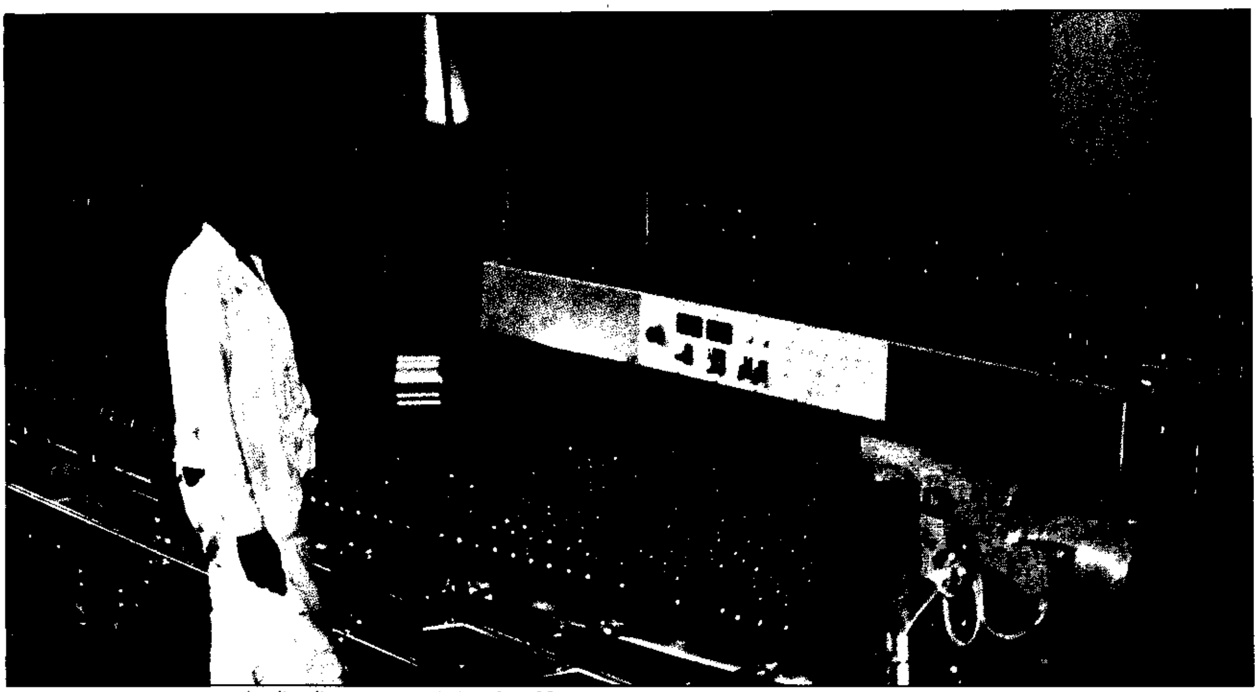
The Company has already made a profit for the first time for a number of years in the financial year ending 30 June 1987. This is no mean an achievement considering the low production levels prior to the new bottling line coming into operation. Before the start up of our bottling line we had an arrangement with Nile Breweries Limited who had surplus bottling capacity but a limited brewing facility. Thus we tankered beer from Port Bell to the Jinja Brewery where it was bottled providing additional beer for the Uganda market to the benefit of both companies.

Whereas the future for your Company's Uganda investment now looks promising, there will not be any material benefits for Uganda Breweries Limited's external shareholders until Uganda's foreign exchange position strengthens and dividends can be repatriated. However in the interim your Company is providing time, manpower and skills from its Technical Services Division to make Uganda Breweries Limited a profitable investment once more. We therefore feel justified in pressing the Uganda Government at least to commence repatriation of the value of what your Company is actually providing to Uganda Breweries Limited under the Technical Services Agreement with them.

## Taarifa ya Mwenyekiti*(inaendelea)*

Tayari kampuni hiyo imeishapata faida kwa mara ya kwanza katika mwaka ulioishia mwezi Juni mwaka 1987, baada ya kipindi cha miaka mingi. Hii, bila shaka, si kazi rahisi, hasa tukikumbuka kile kiasi kidogo cha bia kilichokuwa kikitengenezwa kabla ya mtambo huo mpya kuanza kufanya kazi. Hapo kitambo kidogo, tulifanya mpango na Nile Breweries Limited, ambao walikuwa na mtambo mkubwa wa kutia bia chupani, lakini shida yao ilikuwa ni kwamba mtambo wao wa kutengeneza bia ulikuwa mdogo zaidi. Kwa hivyo ikatubidi kusafirisha bia kwa magari makubwa kutoka Port Bell hadi Jinja Brewery ambako bia hiyo ilitiwa kwenye chupa. Hapo tukaweza kutoa bia ya ziada kwa soko la Uganda na pia kwa manufaa ya kampuni zote mbili.

Ingawa sasa kuna matumaini mema siku za usoni kuhusu rasilmali yenu iliyotumika katika kiwanda cha Uganda, wenyehisa waishio nje ya Uganda hawatapata faida halisi kutokana na machumo ya Uganda Breweries Limited mpaka hali ya fedha za kigeni ya nchi hiyo itakapoimarika na pia malipo ya mgao yaweze kutumwa nje. Hata hivyo, katika kipindi hiki cha muda, Kampuni yenu inatoa wasaa, wafanyakazi na ujuzi kutoka kwa idara yake ya ufundi ili kuifanya Uganda Breweries Limited iweze tena kuwa yenye faida. Kwa hivyo tunaona tunastahili kuiomba Serikali ya Uganda kuanza kutoa malipo ya fedha zinazolingana na huduma tunazotoa kwa Uganda Breweries kulingana mkataba wetu nao kuhusu huduma za ufundi wa mitambo.



*Uganda Breweries new bottling line was commissioned on 25 August 1987.*

*Mtambo mpya wa kutia bia katika chupa wa Uganda Breweries ulifunguliwa tarehe 25 Agosti mwaka 1987.*

**Tanzania Breweries Limited**

Unfortunately there has been no progress on this front. According to the Memorandum of Understanding concluded in 1980, the amount owed to us in respect of the acquisition of the remaining 45% of East African Breweries Limited's shares in Tanzania Breweries Limited, together with the current account, has, meanwhile shrunk in terms of Kenya shillings to less than 30% of its

**Tanzania Breweries Limited**

Kwa bahati mbaya hakuna maendeleo yo yote yaliyofuzu kuhusu jambo hili. Kulingana na ule Mkataba wa Uelewano uliotiwa sahihi mwaka 1980, yale madeni yetu kuhusu umilikaji wa asilimia 45 ya hisa zilizosalia, zikiwa fungu la East African Breweries Limited katika Tanzania Breweries Limited, pamoja na madeni mengine, yanaonekana hivi sasa, yamepungua thamani yake

## Chairman's Statement *(continued)*

value. In consequence we are initiating a dialogue with the Tanzania Government in an attempt to arrive at an equitable settlement of the matter. We are also considering a possibility that it could be in the mutual interest of both parties to consider a settlement which would allow East African Breweries Limited to retain their shareholding and to resume their participation in the ownership and management of Tanzania Breweries Limited.

**Seychelles Breweries Limited**
I am happy to report that this Company continues to prosper and we have received this year an increased dividend amounting to K£16,722.

**Co-operation with other Companies**
Our co-operation agreement with National Breweries Limited, Zimbabwe is proving valuable to both parties. Its major achievements this year included the likely benefit to your Company from the success of National Breweries Limited, Zimbabwe in the field of hops growing as mentioned earlier. National Breweries Limited have also intimated to us that the information we have given them regarding our methods in prolonging the life of heavy vehicles is likely to result in large savings to them. I would like to be so bold as to suggest to other companies that they might also benefit from similar co-operation agreements with companies in the region in similar fields of activities.

Our links with Allied-Lyons PLC, in the UK continued to be of great assistance to us.

**Technical Services Division**
Very shortly we will have made our decision as to the form of expansion to be undertaken to ensure production of sufficient beer to meet anticipated needs from 1989 onwards, together with our ever growing necessity to malt adequate barley from 1991 onwards.

Such major developments, in addition to numerous minor ones likely to be required, and coupled with the provision of higher technical services to Uganda Breweries Limited, will keep our Technical Services Division at full stretch for the foreseeable future.

**General**
With the rapid growth of our activities in Kenya, a greater number of problems tend to arise which require the assistance of our Government and we must record our thanks to Government officials at all levels for their ready help given in solving such problems.

Finally our Directors, and particularly myself as Chairman of the Board, would like to express our sincere thanks to our staff at all levels for their continued loyalty and hard work.

**B H Hobson**
*Chairman*

## Taarifa ya Mwenyekiti *(inaendelea)*

ikilinganishwa na thamani ya Shilingi ya Kenya na yakawa chini ya asilimia 30 ya thamani yake. Tunaanzisha mazungumzo na Serikali ya Tanzania kujaribu kufikia suluhisho lililo bora. Tunadhamiria juu ya uwezekano wa pande zote mbili kufaidika kwa kufikia suluhisho litakalokubali East African Breweries Limited kuendelea kuimiliki rasilmali yake katika Tanzania Breweries na kuanzisha ushirikiano wake katika kumiliki na kusimamia uendeshaji wa Tanzania Breweries Limited.

**Seychelles Breweries Limited**
Nina furaha kutangaza kwamba kampuni hiyo inaendelea kustawi na tumepokea, mwaka huu, mgao ulioongezeka wa kiasi cha £16,722.

**Ushirikiano na kampuni nyinginezo**
Mkataba wetu wa Ushirikiano na National Breweries Limited, kampuni ya Zimbabwe, unazidi kuonekana kuwa wa manufaa kwa pande zote mbili. Moja kati ya mambo muhimu ambayo yameletwa na mkataba huu ni yale manufaa ambayo kampuni yetu itaanza kupata kutokana na kufaulu kwa National Breweries Limited ya Zimbabwe kuhusu utafiti wa zao la hops uliotajwa hapo awali. National Breweries Limited wameishatufichulia kwamba zile habari tulizowapa kuhusu mbinu zetu za kufanya magari yetu kudumu zaidi, huenda zikawafanya waokoe fedha nyingi. Ningependa kupendekeza kwa makampuni mengineyo kwamba hata wao wanaweza kufaidika kutokana mikataba kama hiyo na makampuni mengine yaliyoko katika sehemu ya kwao kwa shughuli kama hizo.

Uhusiano wetu na Allied-Lyons PLC, kampuni ya huko Uingereza unaendelea kuwa wa manufaa kabisa kwetu.

**Idara ya Ufundi**
Hivi punde tutakata shauri kuhusu upanuzi utakaofanywa kuhakikisha kwamba bia ya kutosha imetengenezwa ili kutosheleza kiasi kinachokadiriwa kutumiwa katika mwaka 1989 na baadaye, pamoja na ile haja yetu kubwa ya kuandaa kiasi cha kutosha cha shayiri ya kimea kutoka mwaka 1991 na kuendelea mbele.

Maendeleo makubwa kama hayo, pamoja na mengineyo mengi madogo madogo yatakayohitajika na vile vile utoaji wa hali ya juu ya huduma za ufundi kwa Uganda Breweries Limited yataifanya idara yetu ya ufundi wa mitambo kuwa na shughuli nyingi mno katika siku za usoni.

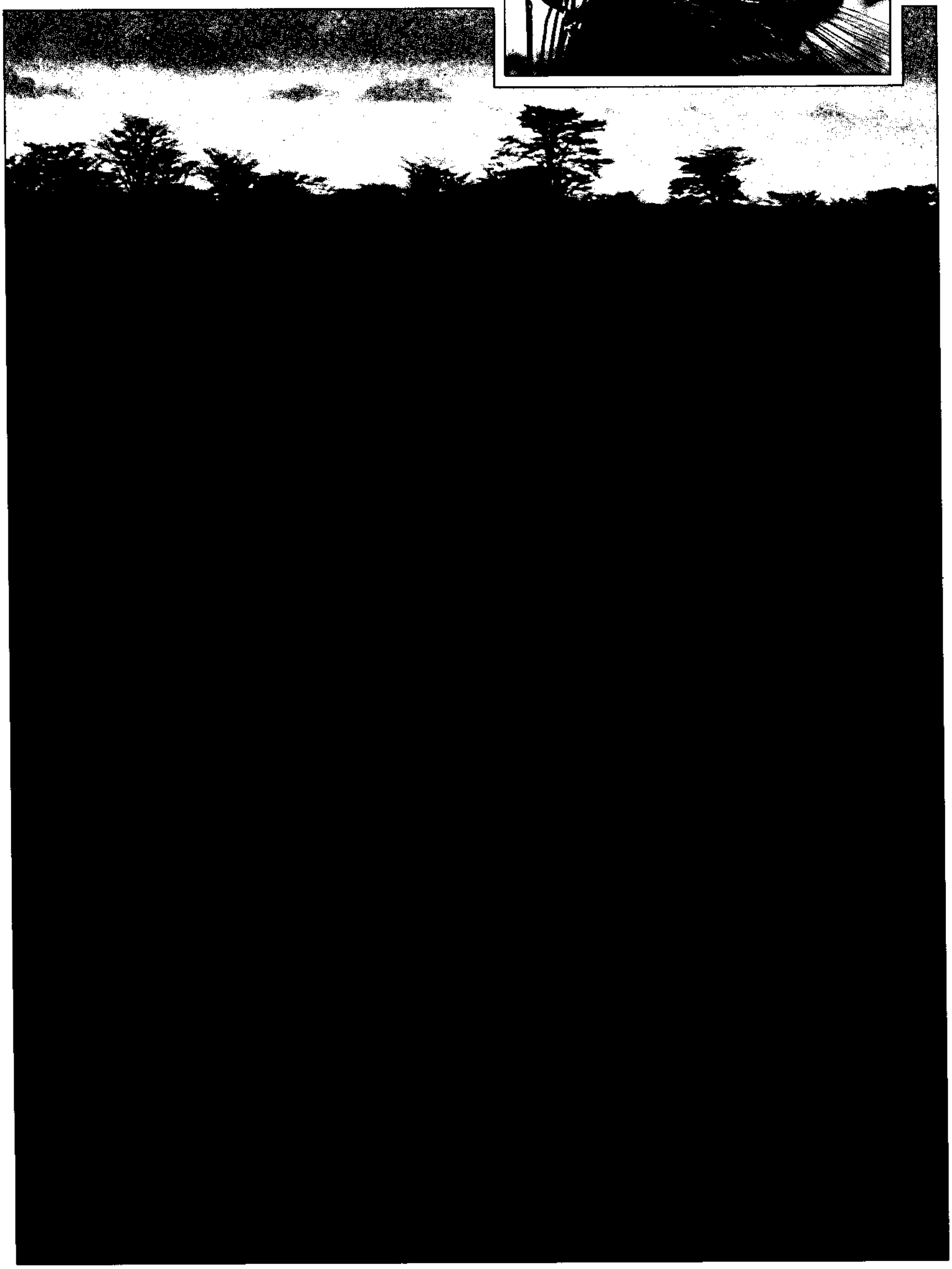
**Mambo kwa jumla**
Kwa ajili ya maendeleo ya haraka ya nchi yetu ya Kenya hakuna budi kwamba matatizo mengi hutokea na kutukumba na ambayo yanahitaji msaada wa Serikali yetu kuyatatua, nasi tunatoa shukrani nyingi kwa maafisa wa Serikali wa daraja zote kwa msaada waliotupatia kwa kutatua matatizo yetu.

Mwisho, Wakurugenzi wetu na mimi kama Mwenyekiti wa Halmashauri ya Wakurugenzi tunatoa shukrani nyingi kwa wafanyikazi wetu wa ngazi zote kwa utiifu na juhudi zao.

**B H Hobson**
*Mwenyekiti*

*Experiments for growing barley under irrigation at Taita-Taveta and inset of quality malting barley.*

*Majaribio ya kukuza shayiri kwa kunyunyiziwa maji huko Taita-Taveta na kwenye picha ndogo zao la shayiri ya kimea inaanekana.*



# Report of the Directors

## for the year ended 30 June 1987

To be submitted to the shareholders at the sixty-fifth Annual General Meeting of the Company to be held at Kenya Institute of Administration, Kabete, on 19 November 1987 at 12 noon. The directors have pleasure in presenting to the shareholders the accounts for the year ended 30 June 1987.

| **Consolidated profit and Loss Account** | **K£** | **1987 K£** |
|---|---|---|
| Profit before taxation | | 16,766,517 |
| Taxation provision | | 5,665,253 |
| Profit after taxation available for distribution | | 11,101,264 |
| **Dividends** | | |
| Interim paid: | | |
| Sh. 0.50 per share | 1,066,426 | |
| Final proposed: | | |
| Sh. 1.50 per share | 3,199,278 | 4,265,704 |
| | | 6,835,560 |
| Transfer to general reserve | | 6,800,000 |
| Profit retained | | 35,560 |

**Directors**

In accordance with Article 93 of the Articles of Association, Mr S N Waruhiu and Dr M J Aliker, retire by rotation and, being eligible, offer themselves for re-election.

Mr J J Mbaki was appointed to the Board on 7 January 1987. In accordance with Article 97 of the the Articles of Association, he retires and, being eligible, offers himself for re-election.

**Auditors**

Gill & Johnson will continue in office in accordance with section 159(2) of the Companies Act.

**Staff**

The directors have much pleasure in once again recording their appreciation for the untiring efforts of all employees throughout the organisation.

*By Order of the Board*

**J J Ogwapit**
*Secretary*
*P O Box 30161 Nairobi*
*11 September 1987*

# Ripoti ya Wakurugenzi

## ya mwaka uliomalizikia tarehe 30 Juni 1987

Itakayotolewa kwa wenyehisa kwenye Mkutano Mkuu wa Kampuni wa Mwaka ambao ni wa sitini na tano utakaofanywa katika Kenya Institute of Administration, Kabete tarehe 19 Novemba, 1987 saa sita kamili adhuhuri. Wakurugenzi wana furaha kuwatolea wenyehisa hesabu za mwaka uliomalizikia tarehe 30 Juni 1987.

| **Faida na hasara za hesabu iliyojumlishwa pamoja na kutengwa kwa matumizi maalum** | **K£** | **1987 K£** |
|---|---|---|
| Faida kabla ya kutoa fungu la kodi | | 16,766,517 |
| Fungu la malipo ya kodi | | 5,665,253 |
| Faida baada ya kutoa fungu la kodi na ambayo inaweza kugawanywa | | 11,101,264 |
| **Migao ya faida** | | |
| Malipo ya mgao wa kwanza yaliyolipwa: Senti 0.50 kwa hisa moja | 1,066,426 | |
| Malipo ya mgao wa mwisho yaliyopendekezwa: | | |
| Shs. 1.50 kwa kila hisa | 3,199,278 | 4,265,704 |
| | | 6,835,560 |
| Nyongeza katika akiba kuu | | 6,800,000 |
| Faida iliyotengwa | | 35,560 |

**Wakurugenzi**

Kwa mujibu wa Kanuni 93 ya Katiba ya Kampuni, Bw S N Waruhiu na Dr M J Aliker wanaondoka vitini mwao kwa zamu, lakini nao pia kwa kuwa wanastahili kuchaguliwa tena, wamejitolea wachaguliwe.

Bw J J Mbaki aliyeteuliwa katika Halmashauri tarehe 7 Januari 1987 anaondoka kitini mwake kwa zamu, na kwa vile anastahili kuchaguliwa tena amejitolea kuchaguliwa.

**Wakaguzi wa Hesabu**

Kampuni ya Gill & Johnson imekubali kuendelea na kazi za ukaguzi wa vitabu vya hesabu kwa mujibu wa sehemu ya 159(2) ya Sheria za Makampuni. Azimio la kuweka kiasi cha malipo yao litatolewa katika Mkutano Mkuu.

**Wafanyikazi**

Wakurugenzi wana furaha kubwa kwa mara nyingine kwa juhudi kubwa iliyofanywa na wafanyikazi wote wa Kampuni hii.

*Kwa amri ya Halmashauri*

**J J Ogwapit**
*Katibu*
*Sanduku la Posta 30161 Nairobi*
*11 Septemba 1987*

# Report of the Auditors

## to the members of East African Breweries Limited

1 We have examined the accounts on pages 12 to 19 and have obtained all the information and explanations considered necessary for our audit.

2 As indicated in note 8, the value of the company's assets in Tanzania is dependent on the outcome of negotiations for their disposal. We are therefore unable to form an opinion as to the value of these assets.

3. As indicated in note 9, ownership of the assets held in Uganda has been returned to the control of the Company, but their value is currently uncertain. We are therefore unable to form an opinion as to the value of these assets.

4 In our opinion:

a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;

b) subject to the matters mentioned in paragraphs 2 and 3 above, the accounts comply with the Companies Act and give a true and fair view of the state of affairs of the company and the group at 30 June 1987 and of the profit and source and application of funds of the group for the year ended on that date.

**Gill & Johnson**
*Certified Public Accountants (Kenya)*
*Nairobi*
*14 September 1987*

# Taarifa ya Wakaguzi

## wa Hesabu kwa wanachama wa East African Breweries Limited

1 Tumekagua hesabu hizi zilizoko kwenye ukurasa wa 12 hadi 19 na tulipatiwa habari zote na maelezo muhimu kwa ukaguzi wetu.

2 Kama inavyoonyesha katika maelezo ya 8, thamani ya mali za kampuni nchini Tanzania inategemea kuweka rasmi sahihi za mkataba, kupata kibali cha ubadilishanaji wa fedha na pia pesa za kigeni kuweza kupatikana. Kwa hivyo hatuwezi kufikia maoni yo yote kuhusu thamani ya mali hizi.

3 Kama inavyoonyesha katika maelezo ya 9, umilikaji wa mali zilizoko Uganda umerudishiwa kampuni hii, lakini hatuna hakika na thamani zake sasa hivi. Kwa hivyo hatuwezi kufikia maoni yo yote kuhusu thamani ya mali hizi.

4 Kwa maoni yetu:

a) Vitabu vya hesabu vimewekwa kwa njia sahihi na Kampuni hii na kwa hivyo hesabu za kampuni zinakubaliana na vitabu hivyo.

b) Isipokuwa mambo yaliyotajwa kwenye vifungu vya 2 na 3 hapo juu, hesabu hizi zimefuata zile Sheria za Makampuni na zinaeleza ukweli na maoni ya haki na hali ya kampuni hii na ile ya kundi kama ilivyokuwa mnamo tarehe 30 Juni 1987 na kuhusu upatikanaji na matumizi ya fedha za kundi kwa mwaka ulioishia tarehe hiyo.

**Gill & Johnson**
*Certified Public Accountants (Kenya)*
*Nairobi*
*14 Septemba 1987*

# Consolidated Profit and Loss Account

**for the year ended 30 June 1987**

| | Note | 1987 K£ | 1986 K£ |
|---|---|---|---|
| **Trading profit** | 2 | 16,275,101 | 16,038,796 |
| **Income from investments** | | | |
| Associated company | 7 | 16,722 | 62,791 |
| Other investments | | 474,694 | 612,651 |
| **Profit before taxation** | | 16,766,517 | 16,714,238 |
| **Taxation** | 3 | 5,665,253 | 8,661,939 |
| **Profit after taxation** | 4 | 11,101,264 | 8,052,299 |
| **Retained profit brought forward** | 11 | 311,860 | 347,527 |
| | | 11,413,124 | 8,399,826 |
| **Dividends** (gross) | | | |
| Interim paid | | 1,066,426 | 888,688 |
| Final proposed | | 3,199,278 | 3,199,278 |
| **Transfer to general reserve** | 11 | 6,800,000 | 4,000,000 |
| **Retained profit carried forward** | 11 | 347,420 | 311,860 |

# Consolidated Balance Sheet

**30 June 1987**

| | Note | 1987 K£ | 1986 K£ |
|---|---|---|---|
| **Fixed assets** | 5 | 100,952,773 | 75,406,828 |
| **Investment in associate at cost** | 7 | 35,114 | 35,114 |
| **Tanzanian assets** | 8 | 1,885,970 | 1,885,970 |
| **Ugandan assets** | 9 | 1,341,710 | 1,341,710 |
| | | 104,215,567 | 78,669,622 |
| **Current assets** | | | |
| Stocks | | 32,275,887 | 22,535,492 |
| Debtors | | 5,786,905 | 4,463,723 |
| Government Treasury Bills | | — | 6,253,058 |
| Bank balances and cash | | 599,624 | 1,329,503 |
| | | 38,662,416 | 34,581,776 |
| **Current liabilities** | | | |
| Creditors | | 25,004,407 | 20,936,925 |
| Taxation | 3 | 5,694,628 | 9,443,557 |
| Loan instalments due within 12 months | 12 | 7,559,491 | 4,476,657 |
| Short term loans | | 2,000,000 | — |
| Bank overdraft (secured) | | 5,848,720 | 2,303,116 |
| Proposed dividend | | 3,199,278 | 3,199,278 |
| | | 49,306,524 | 40,359,533 |
| **Net current liabilities** | | ( 10,644,108) | ( 5,777,757) |
| **Long term liabilities** | 12 | ( 21,804,852) | ( 7,960,818) |
| **Net assets** | | 71,766,607 | 64,931,047 |
| *Financed by:* | | | |
| **Share capital** | 10 | 21,328,520 | 17,773,766 |
| **Reserves** | 11 | 50,438,087 | 47,157,281 |
| **Shareholders' funds** | | 71,766,607 | 64,931,047 |

The accounts on pages 12 to 19 were approved by the board of directors on 11 September 1987 and were signed on its behalf by:

**B H Hobson**
*Director*

**R M Maina**
*Director*

# Balance Sheet

**30 June 1987**

| | Note | 1987 K£ | 1986 K£ |
|---|---|---|---|
| **Investment in subsidiary** | 6 | 38,672,233 | 31,142,347 |
| **Investment in associate at cost** | 7 | 35,114 | 35,114 |
| **Tanzanian assets** | 8 | 1,885,970 | 1,885,970 |
| **Ugandan assets** | 9 | 1,341,710 | 1,341,710 |
| | | 41,935,027 | 34,405,141 |
| **Current assets** | | | |
| Debtors | | 22,416 | 29,478 |
| Bank balances | | 190,048 | 383,014 |
| | | 212,464 | 412,492 |
| **Current liabilities** | | | |
| Creditors | | 1,705,268 | 1,548,404 |
| Taxation | 3 | 273,268 | 261,634 |
| Proposed dividend | | 3,199,278 | 3,199,278 |
| | | 5,177,814 | 5,009,316 |
| **Net current liabilities** | | ( 4,965,350) | ( 4,596,824) |
| **Net assets** | | 36,969,677 | 29,808,317 |
| *Financed by:* | | | |
| **Share capital** | 10 | 21,328,520 | 17,773,766 |
| **Reserves** | 11 | 15,641,157 | 12,034,551 |
| **Shareholders' funds** | | 36,969,677 | 29,808,317 |

The accounts on pages 12 to 19 were approved by the board of directors on 11 September 1987 and were signed on its behalf by:

**B H Hobson**
*Director*

**R M Maina**
*Director*

# Statement of source and Application of Funds

**for the year ended 30 June 1987**

| | 1987 K£ | 1986 K£ |
|---|---|---|
| **Source of funds** | | |
| Profit before taxation | 16,766,517 | 16,714,238 |
| Adjustments for items not involving movement of funds: | | |
| Depreciation | 5,508,792 | 5,949,496 |
| Profit on sale of fixed assets | ( 80,340) | ( 97,859) |
| Funds generated from operations | 22,194,969 | 22,565,875 |
| **Funds from other sources** | | |
| Sale of fixed assets | 89,965 | 230,429 |
| Sales of investment in associate | — | 49 |
| Loans received | 24,163,469 | — |
| | 46,448,403 | 22,796,353 |
| **Application of funds** | | |
| Purchase of fixed assets (including capital work in progress) | 31,064,362 | 6,836,779 |
| Loans repaid | 5,236,601 | 1,024,786 |
| Dividends paid | 4,265,704 | 3,554,753 |
| Taxation paid | 9,414,182 | 5,337,744 |
| Stamp duty paid | — | 50,000 |
| | 49,980,849 | 16,804,062 |
| | ( 3,532,446) | 5,992,291 |
| **Movement in working capital** | | |
| Stocks | 9,740,395 | 1,357,271 |
| Debtors | 1,323,182 | 2,259,389 |
| Creditors | ( 4,067,482) | ( 5,047,547) |
| | 6,996,095 | ( 1,430,887) |
| **Movement in liquid funds** | | |
| Government Treasury Bills | ( 6,253,058) | 6,253,058 |
| Money at call and on deposit | — | ( 12,195) |
| Bank balances and cash | ( 729,879) | 326,532 |
| Bank overdraft | ( 3,545,604) | 855,783 |
| | ( 3,532,446) | 5,992,291 |

# Notes to the Accounts

**for the year ended 30 June 1987**

## 1 Accounting Policies

**a Basis of Accounting**

The accounts are prepared on the historical cost basis of accounting modified to include the revaluation of certain assets.

**b Consolidation**

The group accounts combine the results, assets and liabilities of the company and of its subsidiaries. Amounts due from foreign related companies are included as income only when received in Kenya. The group accounts do not combine the results and reserves of the associate company.

**c Stocks**

Bottles and crates are stated at the lower of cost and deposit price.

Other stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price, or direct production cost, together with customs and excise duties and manufacturing overheads as appropriate.

**d Depreciation**

No depreciation is provided on land which is freehold, or leasehold for an unexpired term

**Depreciation** *(continued)*

exceeding 99 years, or on capital work in progress. Other assets are depreciated to write off the cost or valuation in equal annual instalments at the following rates:

| | |
|---|---|
| Short leasedhold land | Over the unexpired portion of the lease |
| Buildings | 2 per cent or over the unexpired portion of the lease, if less than 50 years |
| Plant and equipment | 4 per cent to 20 per cent |
| Vehicles: Commercial | 20 per cent |
| Cars | 25 per cent |

**e Exchange Rates**

Assets and liabilities expressed in foreign currency are translated into Kenya shillings at the rate of exchange ruling at the end of the financial year. Transactions during the year are translated at the rate ruling at the date of the transaction. The accounts are expressed in Kenya currency, K£1 being equivalent to twenty shillings.

## 2 Trading profit

| | 1987 K£ | 1986 K£ |
|---|---|---|
| Trading profit is arrived at after charging: | | |
| Loan interest | 2,448,765 | 2,721,419 |
| Depreciation | 5,508,792 | 5,949,496 |
| Auditors' remuneration | 42,983 | 41,972 |
| Directors' emoluments for services as: | | |
| Directors | 28,050 | 22,000 |
| Executives | 359,725 | 297,752 |
| Executives of subsidiary | 179,067 | 130,682 |

## 3 Taxation

| | 1987 K£ | 1986 K£ |
|---|---|---|
| **Profit and Loss Account** | | |
| Taxation on the adjusted profit for the year at 45% | 5,665,253 | 8,661,404 |
| Adjustments relating to prior years | — | 535 |
| | 5,665,253 | 8,661,939 |
| **Balance Sheet** | | |
| *Group* | | |
| Current year | 5,665,253 | 8,661,404 |
| Prior years | 29,375 | 782,153 |
| | 5,694,628 | 9,443,557 |
| *Company* | | |
| Current year | 242,500 | 250,100 |
| Prior years | 30,768 | 11,534 |
| | 273,268 | 261,634 |

## Notes to the accounts *(continued)*

### 4 Profit after taxation

| | 1987 K£ | 1986 K£ |
|---|---|---|
| The result for the year is dealt with as follows: | | |
| East African Breweries Limited | 11,427,064 | 8,061,240 |
| Subsidiary companies | (325,800) | (8,941) |
| | 11,101,264 | 8,052,299 |

### 5 Fixed assets

| | Freehold properties K£ | Leasehold properties K£ | Plant and equipment K£ | Vehicles K£ | Total K£ |
|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | |
| At 1 July 1986 | 23,063,181 | 16,200,740 | 51,993,946 | 7,485,421 | 98,743,288 |
| Additions | 126,430 | 2,338,484 | 31,315,074 | 2,149,906 | 35,929,894 |
| Disposals | — | — | (2,496) | (159,525) | (162,021) |
| At 30 June 1987 | 23,189,611 | 18,539,224 | 83,306,524 | 9,475,802 | 134,511,161 |
| *Comprising:* | | | | | |
| At cost | 987,648 | 9,085,109 | 57,829,483 | 9,475,802 | 77,378,042 |
| At valuation in 1980 | 22,201,963 | 9,454,115 | 25,477,041 | — | 57,133,119 |
| | 23,189,611 | 18,539,224 | 83,306,524 | 9,475,802 | 134,511,161 |
| **Depreciation** | | | | | |
| At 1 July 1986 | 2,623,643 | 1,792,042 | 20,273,005 | 5,304,065 | 29,992,755 |
| Charge for the year | 444,577 | 352,205 | 3,713,313 | 998,697 | 5,508,792 |
| On disposals | — | — | (1,639) | (150,757) | (152,396) |
| At 30 June 1987 | 3,068,220 | 2,144,247 | 23,984,679 | 6,152,005 | 35,349,151 |
| **Net book value** | | | | | |
| At 30 June 1987 | 20,121,391 | 16,394,977 | 59,321,845 | 3,323,797 | 99,162,010 |
| Capital work in progress | | | | | 1,790,763 |
| | | | | | 100,952,773 |
| At 30 June 1986 | 20,439,538 | 14,408,698 | 31,720,941 | 2,181,356 | 68,750,533 |
| Capital work in progress | | | | | 6,656,295 |
| | | | | | 75,406,828 |

### 6 Investment in subsidiary

| | 1987 K£ | 1986 K£ |
|---|---|---|
| Shares at cost | 20,250,000 | 20,250 000 |
| Current account including dividend since declared | 18,422,233 | 10,892,347 |
| | 38,672,233 | 31,142,347 |

### 7 Investment in associate at cost

| | | |
|---|---|---|
| Seychelles Breweries Limited | 35,114 | 35,114 |

## Notes to the accounts *(continued)*
### 30 June 1987

### 8 Tanzanian assets

The amount shown in the balance sheet represents the cost of the shares in Tanzania Breweries Limited and the balance of the current account. No progress has been made during the year on the disposal of the shares held in Tanzania Breweries Limited and settlement of the current account; however the company is continuing to negotiate for an equitable settlement of these matters.

### 9 Ugandan assets

On 5 July 1984, the Uganda Government returned ownership of Uganda Breweries Limited to the pre-nationalisation shareholders. The amount shown in the balance sheet represents the cost of the investment in Uganda Breweries Limited and the current account. The directors are confident that, in the future, the company's investment in Uganda Breweries Limited will prove beneficial.

### 10 Share capital

| | 1987 K£ | 1986 K£ |
|---|---|---|
| Authorised<br>50,000,000 ordinary shares of Sh. 10 each | 25,000,000 | 25,000,000 |
| Issued and fully paid<br>42,657,040 (1986 — 35,547,532) ordinary shares of Sh. 10 each | 21,328,520 | 17,773,766 |

At the Annual General Meeting held on 20 November 1986 a bonus issue of 1:5 shares at par was approved.

### 11 Reserves

| | Share Premium K£ | Capital Reserve K£ | General Reserve K£ | Retained Profit K£ | Total K£ |
|---|---|---|---|---|---|
| *Group* | | | | | |
| At 1 July 1986 | 52,896 | 26,039,210 | 20,753,315 | 311,860 | 47,157,281 |
| Bonus issue | — | — | ( 3,554,754) | — | ( 3,554,754) |
| Profit and loss account | — | — | 6,800,000 | 35,560 | 6,835,560 |
| At 30 June 1987 | 52,896 | 26,039,210 | 23,998,561 | 347,420 | 50,438,087 |
| *Company* | | | | | |
| At 1 July 1986 | 52,896 | 229,665 | 11,733,074 | 18,916 | 12,034,551 |
| Bonus issue | — | — | ( 3,554,754) | — | ( 3,554,754) |
| Profit and loss account | — | — | 6,800,000 | 361,360 | 7,161,360 |
| At 30 June 1987 | 52,896 | 229,665 | 14,978,320 | 380,276 | 15,641,157 |

## Notes to the accounts *(continued)*

| | 1987 K£ | 1986 K£ |
|---|---|---|
| **12 Long term liabilities** | | |
| Secured bank loans repayable by semi-annual instalments by 30 June 1988 | 2,390,650 | 4,937,550 |
| Secured bank loans repayable by semi-annual instalments by 31 July 1988 | 1,500,000 | 2,500,000 |
| Secured bank loans repayable by semi-annual instalments by 31 December 1991 | 3,600,000 | — |
| Secured bank loans repayable by semi-annual instalments by 31 May 1992 | 5,000,000 | 2,000,000 |
| Secured insurance company loans repayable by semi-annual instalments by 31 March 1990 | 385,716 | 514,287 |
| Secured Tembo Co-operative Savings and Credit Society Limited loan repayable by semi-annual instalments by 31 March 1990 | 321,429 | 428,572 |
| Overseas bank loans repayable by semi-annual instalments by 10 September 1989 | 3,956,805 | 1,272,740 |
| Overseas bank loan repayable by semi-annual instalments by 31 May 1994 | 12,209,743 | 784,326 |
| | 29,364,343 | 12,437,475 |
| Less instalments due within 12 months shown as current liabilities | 7,559,491 | 4,476,657 |
| | 21,804,852 | 7,960,818 |

## 13 Capital commitments

| | 1987 K£ | 1986 K£ |
|---|---|---|
| *Group* | | |
| Expenditure contracted for but not provided in the accounts | 2,180,640 | 23,239,892 |
| Expenditure authorised by the board but not contracted for | 765,499 | 5,646,791 |

## 14 Contingent liabilities

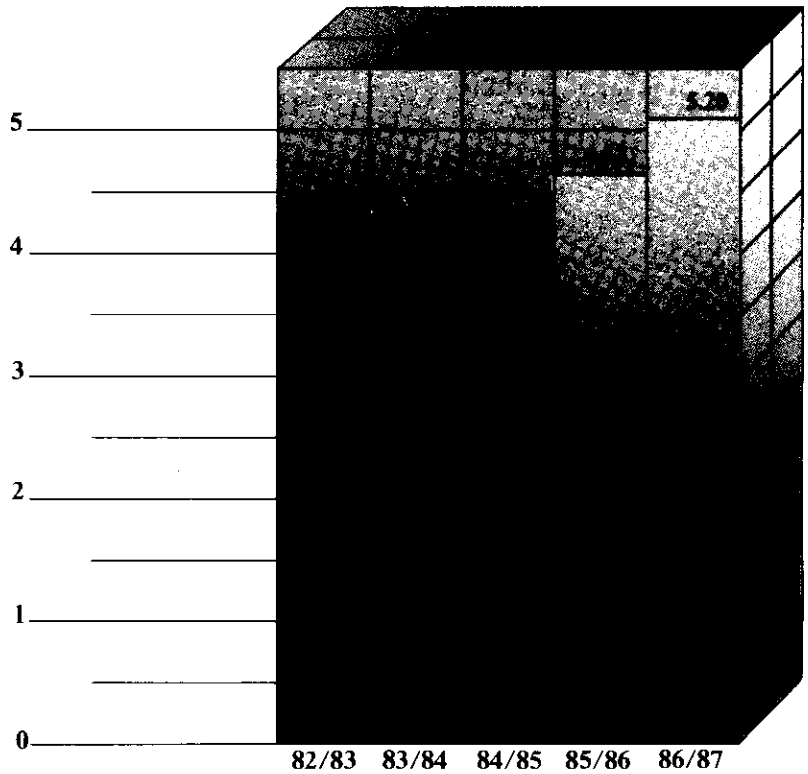
| | 1987 K£ | 1986 K£ |
|---|---|---|
| *Group* | | |
| Guaranteed bank advances to barley farmers | 645,695 | 425,967 |
| Guarantees to secure the overseas liabilities of group companies | 16,166,548 | 12,295,493 |
| | 16,812,243 | 12,721,460 |
| *Company* | | |
| Guarantees to secure the overseas liabilities of: | | |
| Kenya Breweries Limited | 3,956,805 | 2,268,323 |
| Central Glass Industries Limited | 12,209,743 | 7,111,896 |
| | 16,166,548 | 9,380,219 |

# Five-year Review of Profit and Earnings

| | 1986/87 K£'000 | 1985/86 K£'000 | 1984/85 K£'000 | 1983/84 K£'000 | 1982/83 K£'000 |
|---|---|---|---|---|---|
| Trading profit | 16,275 | 16,039 | 10,722 | 8,381 | 7,570 |
| Income from investments | 491 | 675 | 119 | 22 | 13 |
| Profit before taxation | 16,766 | 16,714 | 10,841 | 8,403 | 7,583 |
| Taxation | 5,665 | 8,662 | 5,925 | 4,677 | 2,354 |
| Profit attributable to shareholders | 11,101 | 8,052 | 4,916 | 3,726 | 5,229 |
| Dividends | 4,266 | 4,088 | 3,555 | 3,199 | 2,666 |
| Profit retained | 6,835 | 3,964 | 1,361 | 527 | 2,563 |
| | | | | | |
| Earnings per ordinary share (Sh) | 5.20 | 4.53 | 2.77 | 2.10 | 2.94 |
| Dividend per ordinary share (Sh) | 2.00 | 2.00 | 2.00 | 1.80 | 1.50 |
| Number of issued shares in millions | 42.7 | 35.5 | 35.5 | 35.5 | 35.5 |

## Earnings per share

SHILLINGS

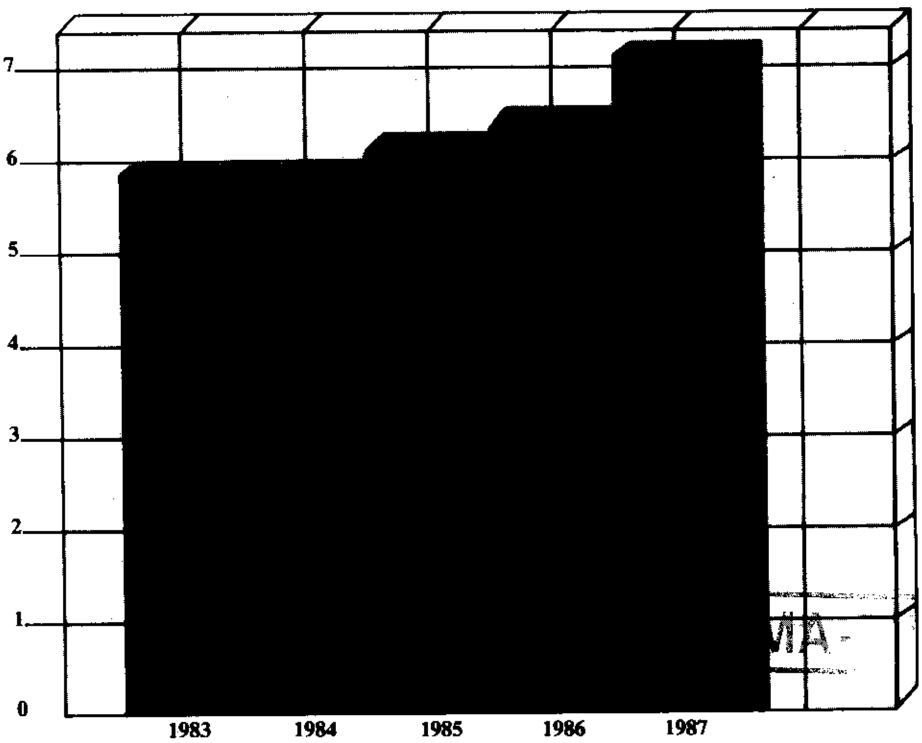


# Five-year Review of Assets Employed

| | 1987 K£'000 | 1986 K£'000 | 1985 K£'000 | 1984 K£'000 | 1983 K£'000 |
|---|---|---|---|---|---|
| **Assets employed** | | | | | |
| Fixed assets | 100,953 | 75,407 | 74,652 | 74,687 | 76,993 |
| Investments | 35 | 35 | 35 | 35 | 35 |
| Tanzanian assets | 1,886 | 1,886 | 1,886 | 1,886 | 1,886 |
| Ugandan assets | 1,342 | 1,342 | 1,427 | 1,284 | 1,284 |
| Long term liabilities | ( 21,805) | ( 7,961) | ( 9,290) | ( 12,701) | ( 12,533) |
| Net current liabilities | ( 10,644) | ( 5,778) | ( 7,694) | ( 5,535) | ( 8,120) |
| **Net assets** | 71,767 | 64,931 | 61,016 | 59,656 | 59,545 |
| **Financed by** | | | | | |
| Share capital | 21,329 | 17,774 | 17,774 | 17,774 | 17,774 |
| Reserves | 50,438 | 47,157 | 43,242 | 41,882 | 41,771 |
| **Shareholders' funds** | 71,767 | 64,931 | 61,016 | 59,656 | 59,545 |
| **Net current liabilities** | | | | | |
| Stocks | 32,276 | 22,535 | 21,178 | 19,153 | 19,882 |
| Debtors | 5,787 | 4,464 | 2,118 | 1,314 | 1,713 |
| Creditors | ( 38,259) | ( 34,857) | ( 26,181) | ( 22,108) | ( 24,623) |
| Proposed dividend | ( 3,199) | ( 3,199) | ( 2,666) | ( 2,311) | ( 1,777) |
| Net liquid funds | ( 7,249) | 5,279 | ( 2,143) | ( 1,583) | ( 3,315) |
| | ( 10,644) | ( 5,778) | ( 7,694) | ( 5,535) | ( 8,120) |
| **Net assets per ordinary share** (Sh) | 33.65 | 36.53 | 34.33 | 33.56 | 33.50 |

# Net Assets Employed

K£ MILLIONS



# Statement of value added

| | 1987 K£ | % |
|---|---|---|
| **Turnover** | 244,642 | |
| Deduct: Cost of material, supplies and services bought and depreciation set aside | 72,640 | |
| **Value Added** | 172,002 | |
| Add: Investment income | 491 | |
| | 172,493 | |
| **This was shared as follows:-** | | |
| To employees as payroll costs, excluding P.A.Y.E. | 16,052 | 9.3 |
| To Government as taxes | 142,891 | 82.8 |
| To banks and other lenders | 2,449 | 1.4 |
| To shareholders | 4,266 | 2.5 |
| Retained in the group | 6,835 | 4.0 |
| | 172,493 | 100.0 |

# Taarifa ya ongezeko la thamani

**Uuzaji kwa jumla**

Toa: Gharama za vifaa, bidhaa zilizonunuliwa, huduma zilizolipiwa na upungufu wa thamani

**Thamani iliyoongezwa**

Ongeza: Faida kutokana na akiba.

**Fedha hizi zilitumiwa ifuatavyo:**

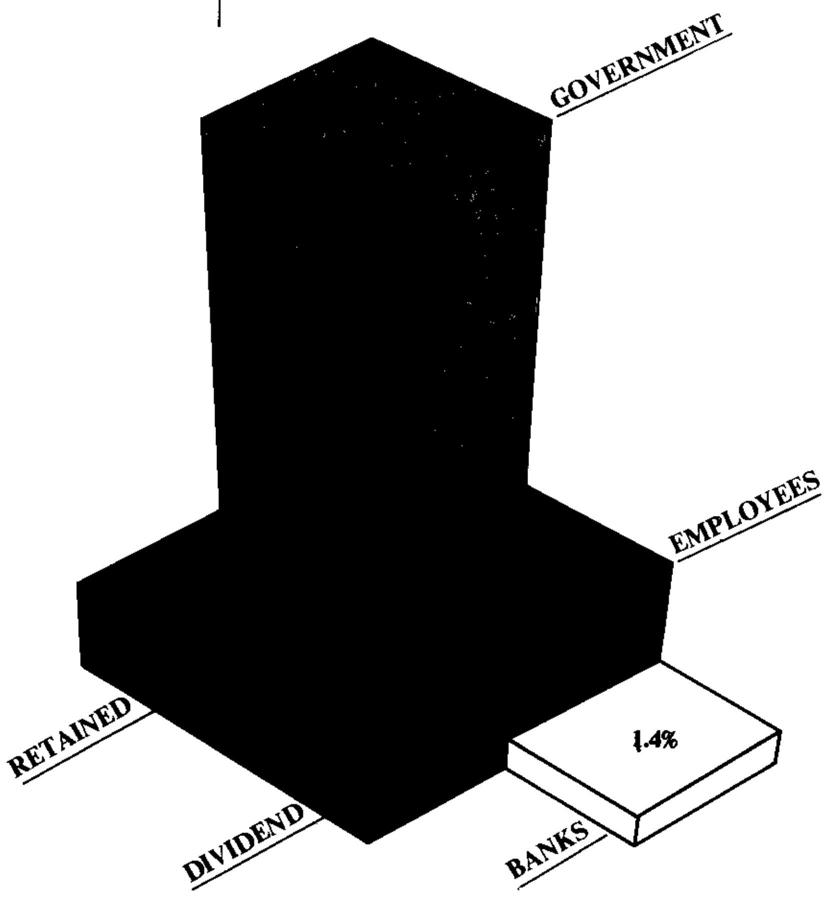
Kwa wafanyikazi kama gharama ya mishahara bila kodi ya binafsi

Ushuru wa Serikali

Malipo kwa benki na makampuni mengine yaliyokopesha kampuni pesa

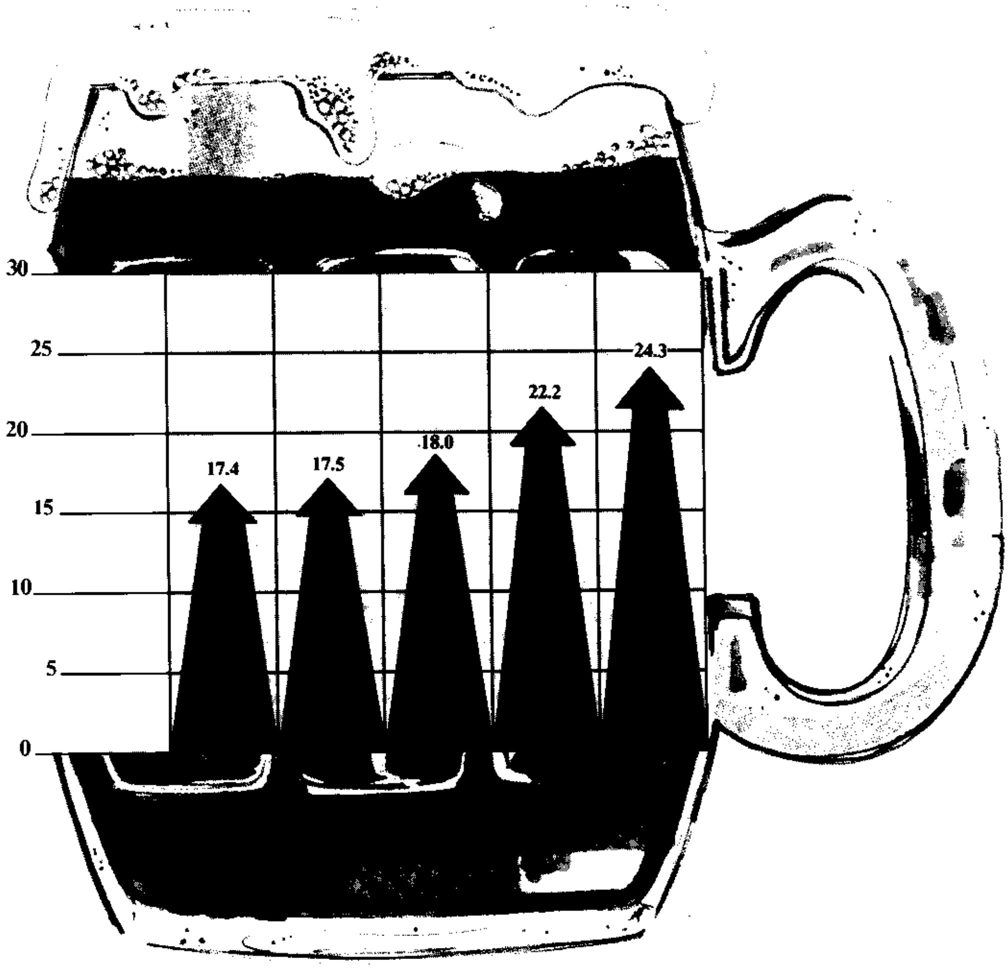
Migao kwa wenyehisa

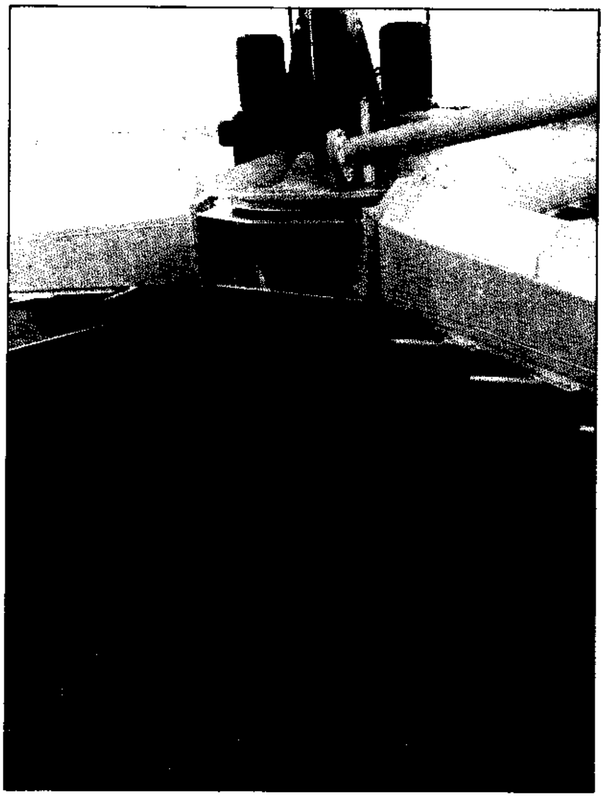
Fedha zilizotengwa kama akiba ya ustawi wa baadaye



# Beer Sales

METRIC CASES (MILLIONS)





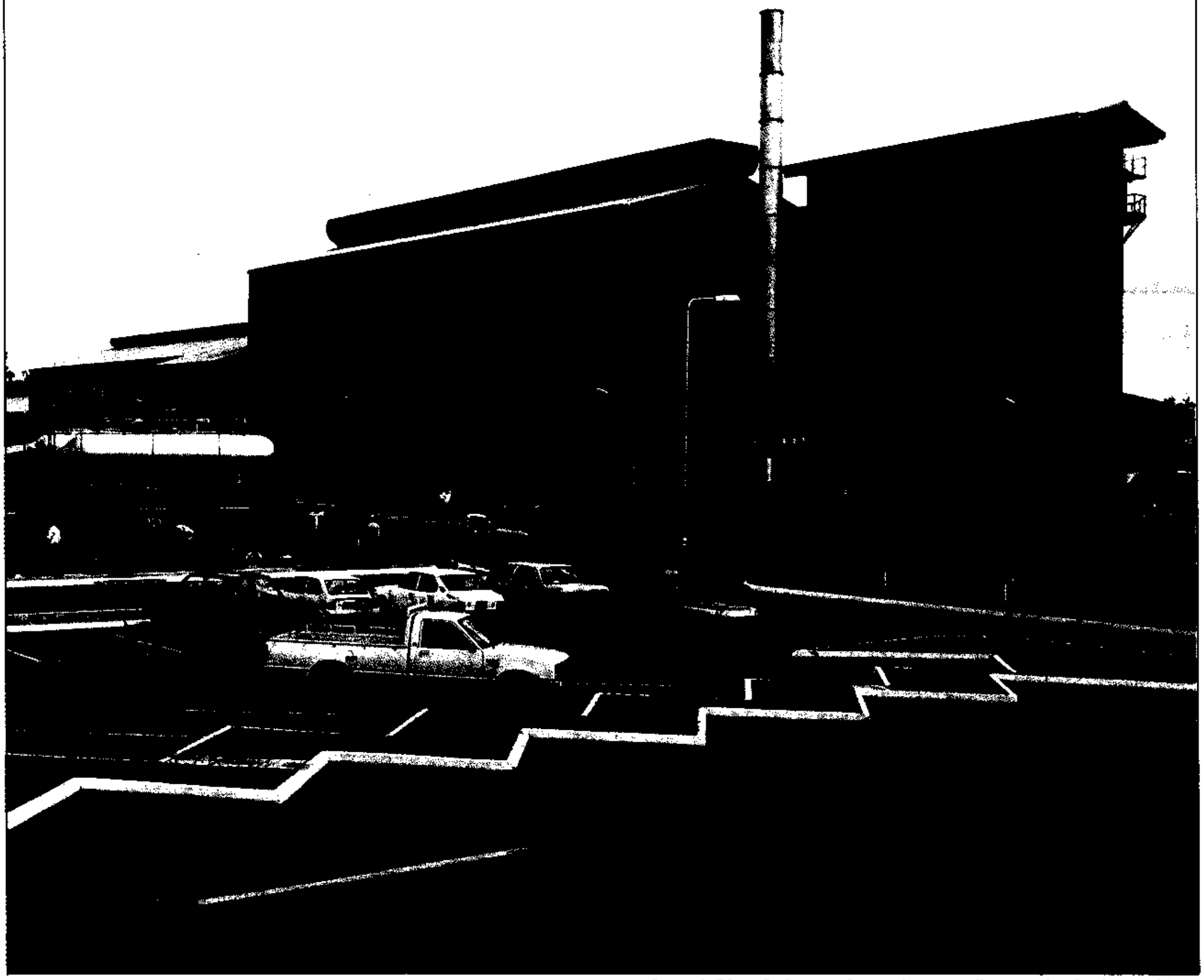
*Harvested barley in storage.*
*Shayiri iliyovunwa inahifadhiwa kwenye ghala.*


***Tusker Keg - Kenya's new draft lager is now available at a number of Nairobi's leading hotels and restaurants.***

*'Tusker Keg Lager' -- aina mpya ya bia ya Kenya inayotiwa kwenye mapipa hapatikana katika mahoteli na mikahawa mikubwa jijini Nairobi.*

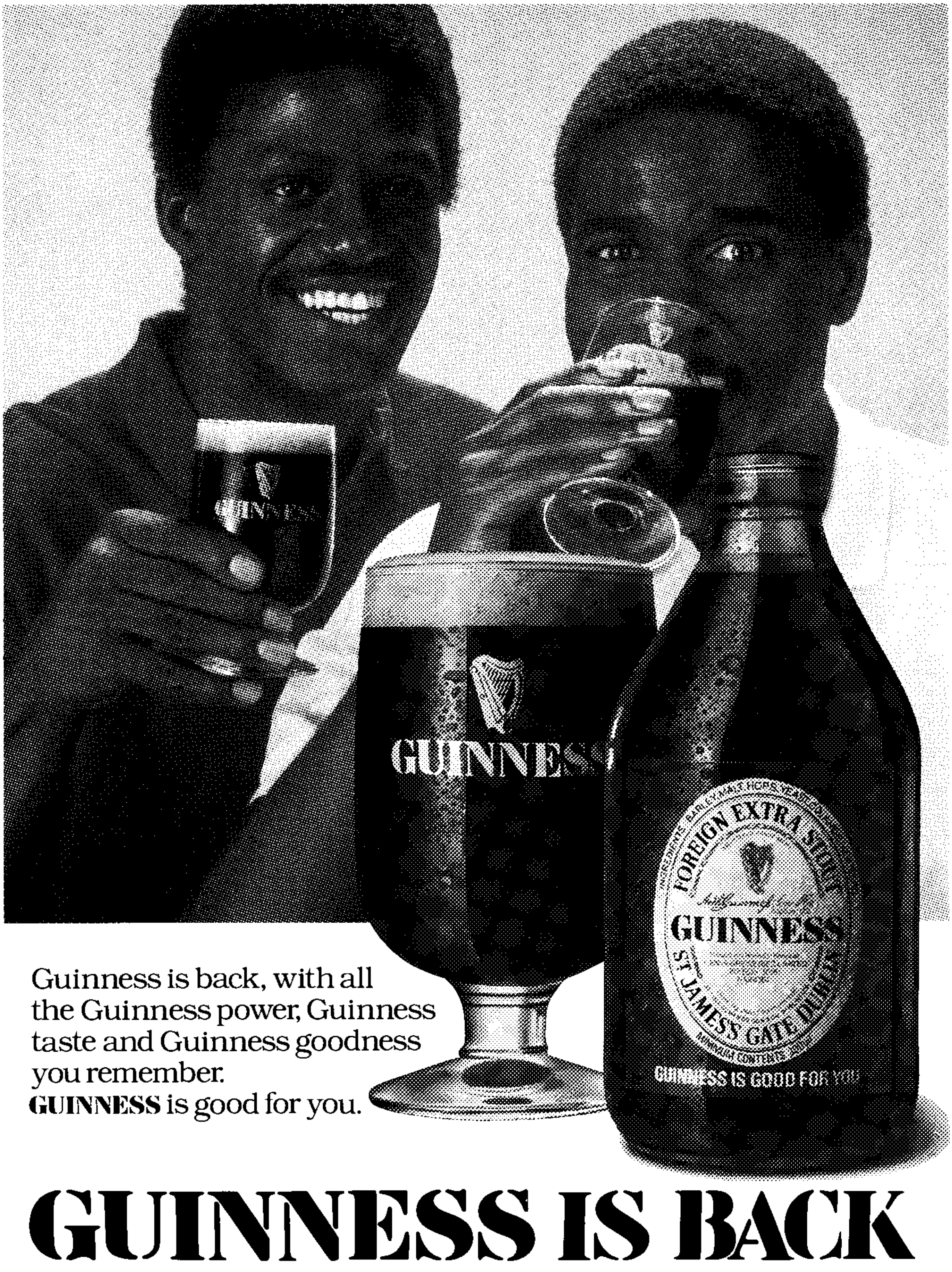

*Quality bottles for local and export markets as well as for Kenya Breweries Limited's total Euro and dumpy bottle needs, are now being manufactured at Central Glass Industries.*

*Chupa za hali ya juu za kuuzwa humu nchini na ng'ambo na pia chupa fupi na nene zinazohitajiwa na KBL sasa zinatengenzwa katika Central Glass Industries.*



*Central Glass Industries Limited - a wholly awned subsidiary of East African Breweries Limited, became fully operational in April 1987.*

*Central Glass Industries, kampuni inayamilikiwa na East African Breweries Limited ilianza kazi mwezi Aprili 1987.*


GUINNESS
FOREIGN EXTRA STOUT
GUINNESS
ST JAMES'S GATE DUBLIN
GUINNESS IS GOOD FOR YOU
Guinness is back, with all the Guinness power, Guinness taste and Guinness goodness you remember.
GUINNESS is good for you.
GUINNESS IS BACK

# Proxy

I/We ..........................................................................................

of ..............................................................................................

............................................................................................ being a member/s of

East African Breweries Limited, hereby appoint ..............................................

of ........................................ or failing him ........................................

duly appointed chairman of the meeting to be my/our proxy, to vote for me/us and on my/our behalf at Annual General Meeting of the Company to be held on Thursday, the Nineteenth day of November 1987 at 12.00 Noon or at any adjournment thereof.

As witness my/our hand/s this ............................ day of ............................ 1987

Signature ........................................

**Notes:**

1. This proxy is to be delivered to the Company's registered office not later than 12 Noon on Wednesday, 18 November, 1987 failing which it will be invalid.
2. In case of a corporation the proxy must be under its common seal.

# Mwakilishi

Mimi/Sisi ......................................................................................

wa ..............................................................................................

............................................................................ kama mwanachama/wanachama wa

East African Breweries Limited, hapa namchagua/ tunamchagua ....................................

wa ........................................ ama akikosa yeye ........................................

wa ..............................................................................................

ama akikosa, basi namchagua/tunamchagua yule aliyechaguliwa kuwa mwenyekiti wa mkutano huu kuwa mwakilishi wangu/wetu, katika kunipigia/kutupigia kura kwa niaba yangu/yetu, katika Mkutano Mkuu wa Kampuni wa Mwaka, utakaofanywa siku ya Alhamisi, tarehe 19 Novemba 1987 saa sita za mchana ama siku yo yote ile iwapo mkutano utaahirishwa.

Kama ushahidi natia/tunatia sahihi hii/hizi ............................................ siku hii

ya .............................................................................................. 1987

Sahihi ........................................

**Ukumbusho:**

1. Uwakilishi huu upelekwe kwa afisi ya Kampuni, kabla ya saa sita adhuhuri siku ya Jumatano, tarehe 18 Novemba 1987 ikikosa hivyo hautafaa kitu.
2. Kwa upande wa shirika, uakilishi ni lazima uwe umebandikwa ule muhuri wao wa kawaida.

FOLD 2
KISHA KUNJA HAPA

STAMP

FOLD 1
KUNJA HAPA KWANZA

**Company Registrar**
**East African Breweries Limited**
**P O Box 30161**
**NAIROBI**
**Kenya**

FOLD 3
HALAFU KUNJA HAPA

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