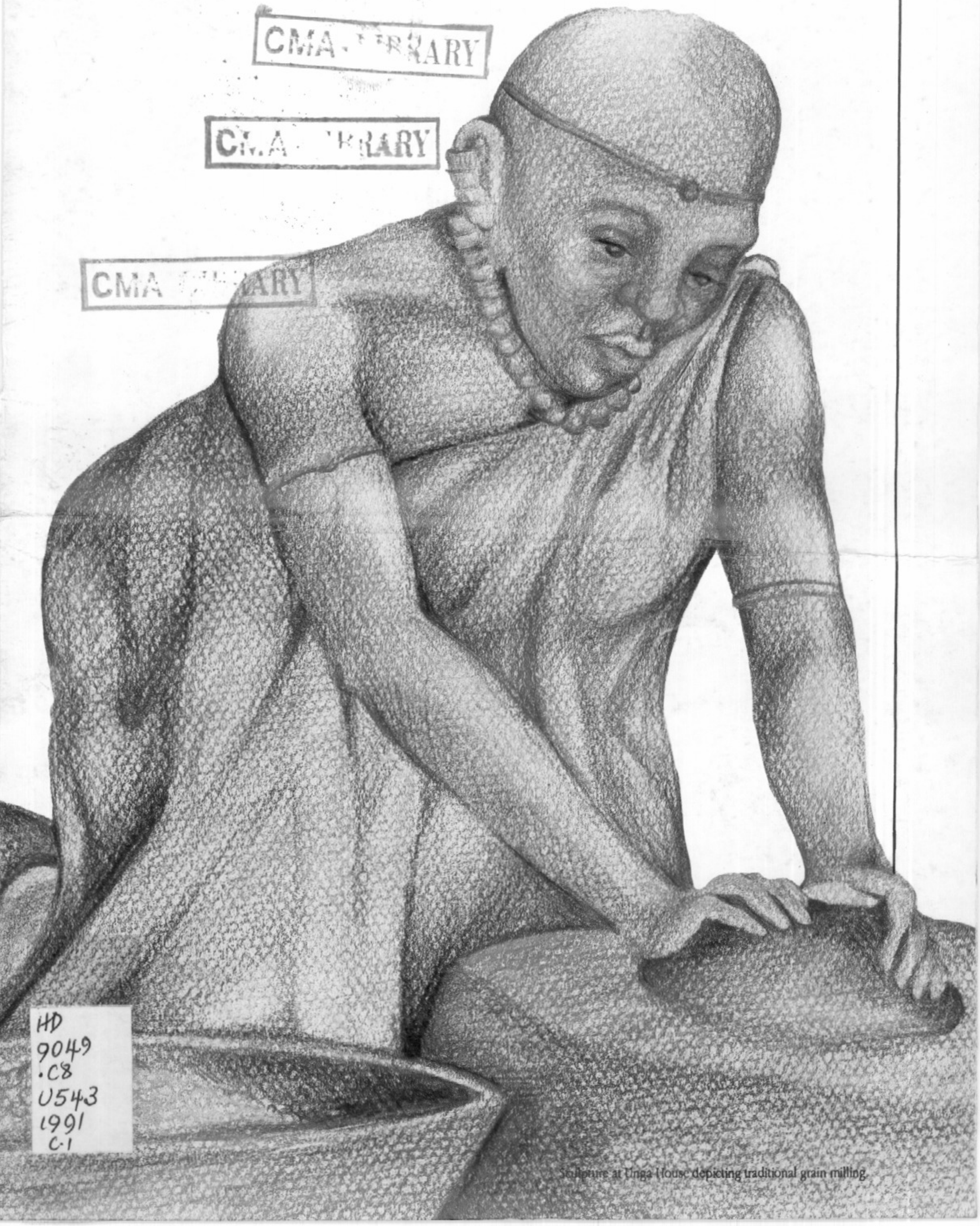
UNGA GROUP LIMITED

EPORT • AND • ACCOUNTS

1 . JULY . 1991



Sculpture at Unga House depicting traditional grain milling.

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JULY 1991

CONTENTS	PAGES

UNGA GROUP LIMITED

DIRECTORS AND OFFICIALS

DIRECTORS	D N Ndegwa, CBS, FCIB, MA.	- Chairman
	F W Wanganju, B Comm., CPA(K), AMKIM.	- Group Managing
	R Kemoli	
	J G Kiereini, EGH, EBS, SS.	
	J J Mvoyi	
	C N Lagat	
	R C Wootton (British).	
SECRETARY	J P G Gachoya, B Comm., FCIS.	
REGISTERED OFFICE	Unga House, Muthithi Road, Westlands, P O Box 30096, Nairobi.	
REGISTRARS	Livingstone Registrars Limited, P O Box 30029, Nairobi.	
AUDITORS	Gill & Johnson, P O Box 40092, Nairobi.	
BANKERS	Barclays Bank of Kenya Limited, Queensway House Branch, P O Box 30011, Nairobi.	

UNGA GROUP LIMITED

NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN that the sixty fourth annual general meeting of UNGA GROUP LIMITED will be held at the Council Chamber of the Professional Centre, Parliament Road, Nairobi on Friday, 14 February 1992 at 11.30 a.m. for the following purposes:-

1. To consider the accounts and the reports of the directors and auditors for the year ended 31 July 1991.

2. To re-elect retiring directors:- Mr R Kemoli retires by rotation and, being eligible, offers himself for re-election. Messrs C N Lagat and R C Wootton retire under article 93 of the articles of association and, being eligible, offer themselves for re-election.

3. To approve the remuneration of the directors.

4. To authorise the directors to fix the remuneration of the auditors.

5. To transact any other competent business.

BY ORDER OF THE BOARD

J P G GACHOYA
Secretary

Nairobi
10 January 1992

PROXIES
A member entitled to attend and vote may appoint a proxy to attend and vote on his behalf. A proxy need not also be a member.

NOTE:
Shareholders are reminded that all queries concerning shares should be addressed to the company's registrars, Livingstone Registrars Limited, P O Box 30029, Nairobi.

UNGA GROUP LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF UNGA GROUP LIMITED

We have examined the acccounts on pages 7 to 19 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 the affairs of the company and the group at 31 July 1991 and of the loss and source and application of funds of the group for the year ended on that date.

GILL AND JOHNSON
Certified Public Accountants (Kenya)

Nairobi
31 December 1991

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UNGA GROUP LIMITED

CHAIRMAN'S STATEMENT

I once again feel honoured to present a statement, report and accounts of the company to shareholders for the year ended 31 July 1991.
Before embarking upon the general review, I wish to take this opportunity to inform shareholders that a large block of shares constituting a controlling interest in the company was acquired by one party.

DIRECTORATE
To strengthen your board, Messrs Cherutich Ngetuny Lagat and Roger Charles Wootton were invited to join the board on 7 March 1991.

RESULTS
In my previous statement, I identified problems standing on the way towards profitable performance within group companies. The current year is no exception.
Unremunerative prices of wheat and maize meal products followed by cost price pressures with interruption in supplies, again attacked what remained of the profit margin. The most outstanding factors were the rising costs of electricity, financing facilities and packaging materials.
The question which baffled the management was why the responsible authorities took so long to respond to urgent applications for price reviews. One feature of the delay in review of prices has been revealed in the case of Elliot's Bakeries Limited. When bread prices were favourably reviewed, the increase led to consumer resistance with resultant low sales. The revenue generated by these low sales was insufficient to catch up with inflationary trends. The lost ground for Elliot's Bakeries Limited will therefore take some time to recover.
Unga Maize Millers Limited has a capacity for 540 tons of maize per day while Unga Limited has 1,048 tons of wheat per day. Both companies produce goods subject to price controls. But both are sustained by huge national resources with capital assets subscribed for by private investors. The interests of consumers should be seen not in conflict but as complementary to those of investors. The immediate past experience calls for some finer tuning in the pricing machinery to ensure prompt response in rapidly changing markets. The present enabling environment makes planning at best hazardous for investments and results precarious for shareholders.
As the results show, after adjustments for extraordinary items and minority interests, total losses fell from shs 64.6m last year to shs 21.5m this year, a comforting but disappointing improvement.

DIVIDEND
In view of the continued poor results, your board does not recommend payment of a dividend.

INVESTMENTS AND FUTURE PROSPECTS
Positive price reviews were announced by the authorities in September 1991 for wheaten, maize meal and edible oils products.
Several measures have been undertaken to turn-around the fortunes of the group. Limited credit for wheat supplies has been obtained; facilities to manufacture some of the packaging paper requirements are in hand and promotional campaigns for animal feeds, breakfast cereals and snacks have been effected. The conversion of foreign currency denominated loans to local loans has led to substantial savings in foreign exchange losses. To improve the continued depressed operations of Elliot's Bakeries Limited, the Nyeri bakery has been closed down and several measures undertaken to reduce costs and increase sales.
Operations of Ufuta Limited have proved a disappointment and the company was therefore closed on 31 October 1991 with a view to early disposal.
Elianto Kenya Limited is embarking on a cost saving and plant rehabilitation project under the Joint Venture with CPC Europe (Group) Limited.
Unga House, owned by Chester House Limited, was completed in December 1990 and the building is almost fully let. The complex was officially opened on 5 December 1991.

ASSETS IN UGANDA
The company received part compensation for the assets nationalised by the Uganda Government in 1976. Full compensation is expected.

STAFF
On behalf of the board and shareholders, I wish to commend the staff for their hard work during the difficult period that the company has faced.

D N NDEGWA
Chairman

Nairobi
8 January 1992

UNGA GROUP LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 JULY 1991

The directors present their report together with the accounts of the group for the year ended 31 July 1991.

ACTIVITIES

The company acts as a holding company. The principal activities of the group are the milling of wheat and maize, manufacture of bread, animal feeds, cooking oils and related products and the owning and developing of properties for rental purposes.

On 1 November 1990, CPC Kenya Limited became an associated company after Kenya National Mills Limited acquired a shareholding of 49.9%. At the same time, Kenya National Mills Limited disposed of 49.9% of its shareholding in Elianto Kenya Limited.

On 31 October 1991, a subsidiary company, Ufuta Limited ceased to trade.

GROUP RESULTS

	1991 shs'000	1990 shs'000
Group operating loss	(88,079)	(56,409)
Share of profit of associated company	1,816	—
Loss before taxation	(86,263)	(56,409)
Taxation	(10,193)	(31,908)
Loss before extraordinary items	(96,456)	(88,317)
Extraordinary items	53,141	—
Loss before minority interests	(43,315)	(88,317)
Minority interests	21,812	23,715
Loss before appropriations	(21,503)	(64,602)
Dividends	—	(4,165)
Transfer to revenue reserve	(21,503)	(68,767)

DIVIDENDS

The directors do not recommend payment of a dividend for the year ended 31 July 1991.

DIRECTORS

The current board of directors is shown on page 2.

Messrs C N Lagat and R C Wootton, who were appointed directors on 7 March 1991, retire in accordance with article 93 of the articles of association and, being eligible, offer themselves for re-election.

In accordance with articles 88 and 89 of the articles of association, Mr R Kemoli retires by rotation and, being eligible, offers himself for re-election.

AUDITORS

Gill & Johnson, having confirmed their willingness, will continue in office in accordance with section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

J P G GACHOYA
Secretary

Nairobi
5 December 1991

UNGA GROUP LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF UNGA GROUP LIMITED

We have examined the acccounts on pages 7 to 19 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.

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GILL AND JOHNSON
Certified Public Accountants (Kenya)

Nairobi
31 December 1991

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 1991

	Notes	1991 shs'000	1990 shs'000
TURNOVER		2,432,425	2,234,096
GROUP OPERATING LOSS	2	(88,079)	(56,409)
SHARE OF PROFIT OF ASSOCIATED COMPANY		1,816	—
LOSS BEFORE TAXATION		(86,263)	(56,409)
TAXATION	3	(10,193)	(31,908)
LOSS BEFORE EXTRAORDINARY ITEMS		(96,456)	(88,317)
EXTRAORDINARY ITEMS	4	53,141	—
LOSS BEFORE MINORITY INTERESTS	5	(43,315)	(88,317)
MINORITY INTERESTS		21,812	23,715
LOSS BEFORE APPROPRIATIONS		(21,503)	(64,602)
DIVIDENDS - GROSS	6	—	(4,165)
DEFICIT FOR THE YEAR	14	(21,503)	(68,767)
LOSS PER SHARE	7	(shs 14.34)	(shs 12.41)

CONSOLIDATED BALANCE SHEET

31 JULY 1991

	Notes	1991 shs'000	1990 shs'000
ASSETS EMPLOYED:			
FIXED ASSETS	8	1,487,898	1,566,900
NATIONALISED ASSETS IN UGANDA	10	—	34,264
INVESTMENT IN ASSOCIATED COMPANY	11	13,473	—
CURRENT ASSETS			
Stocks	12	198,349	166,038
Debtors		89,772	64,579
Deposits, bank and cash balances		6,945	36,373
		295,066	266,990
CURRENT LIABILITIES			
Creditors		250,601	177,979
Taxation		9,224	31,757
Dividends - gross		—	4,165
Long term loans repayable within one year	15	80,479	88,931
Finance leases	16	1,511	2,279
Bank overdrafts (secured)		200,734	240,419
		542,549	545,530
NET CURRENT LIABILITIES		(247,483)	(278,540)
		1,253,888	1,322,624
FINANCED BY:			
SHARE CAPITAL	13	26,033	26,033
RESERVES	14	854,643	916,188
SHAREHOLDERS' FUNDS		880,676	942,221
LONG TERM LOANS	15	136,416	141,909
FINANCE LEASES	16	872	303
MINORITY INTERESTS		235,924	238,191
		1,253,888	1,322,624

The accounts on pages 7 to 19 were approved by the board of directors on 5 December 1991 and were signed on its behalf by:

D N NDEGWA *Director*

F W WANGANJU *Director*

COMPANY BALANCE SHEET

31 JULY 1991

	Notes	1991 shs'000	1990 shs'000
ASSETS EMPLOYED:			
FIXED ASSETS	8	9,604	5,202
INVESTMENTS IN SUBSIDIARIES	9	849,715	905,136
NATIONALISED ASSETS IN UGANDA	10	—	28,277
CURRENT ASSETS			
Debtors		2,198	457
Due from subsidiary companies		39,982	20,505
Deposits, bank and cash balances		3,822	3,208
		46,002	24,170
CURRENT LIABILITIES			
Creditors		15,025	12,716
Due to group company		9,018	1,489
Taxation		406	1,060
Dividends - gross		—	4,165
Finance leases	16	316	808
		24,765	20,238
NET CURRENT ASSETS		21,237	3,932
		880,556	942,547
FINANCED BY:			
SHARE CAPITAL	13	26,033	26,033
RESERVES	14	854,523	916,211
SHAREHOLDERS' FUNDS		880,556	942,244
FINANCE LEASES	16	—	303
		880,556	942,547

The accounts on pages 7 to 19 were approved by the board of directors on 5 December 1991 and were signed on its behalf by:

D N NDEGWA *Director*

F W WANGANJU *Director*

UNGA GROUP LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 JULY 1991

	1991 shs'000	1990 shs'000
SOURCE OF FUNDS:		
Loss before taxation and extraordinary items, less minority interests	(64,451)	(32,694)
Extraordinary items	53,141	—
	(11,310)	(32,694)
Items not involving the movement of funds:		
Depreciation of fixed assets	123,344	116,549
Loss on exchange	3,611	17,552
Profit on disposal of fixed assets	(2,251)	(1,572)
Profit on disposal of nationalised assets	(14,161)	—
Release of nationalised assets reserve	(34,264)	—
Profit on sale of shares in Elianto Kenya Limited	(4,716)	—
Minority interests in retained loss for the year	(21,812)	(23,715)
Profit retained in associated company	(1,816)	—
Funds generated from operations	36,625	76,120
Funds from other sources:		
Proceeds on disposal of investments	15,768	—
Proceeds on disposal of fixed assets	3,432	4,653
Loans received	137,259	24,515
Finance leases entered into	1,578	—
Compensation received on nationalised assets	48,425	—
INFLOW OF FUNDS	243,087	105,288
APPLICATION OF FUNDS:		
Taxation paid	31,823	44,923
Dividends paid	6,674	10,224
Fixed assets purchased	39,704	97,479
Loans repaid	154,815	74,044
Finance leases repaid	1,777	7,080
Shares purchased in subsidiary	—	21
Investment in associated company	13,155	—
OUTFLOW OF FUNDS	247,948	233,771
NET OUTFLOW OF FUNDS	(4,861)	(128,483)
REPRESENTED BY:		
Movement in working capital:		
Stocks	32,311	(3,322)
Debtors	25,193	(8,540)
Creditors	(72,622)	(19,153)
	(15,118)	(31,015)
Movements in net liquid funds:		
Deposits, bank and cash balances	(29,428)	(45,175)
Bank overdrafts	39,685	(52,293)
NET MOVEMENT IN WORKING CAPITAL	(4,861)	(128,483)

UNGA GROUP LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 1991

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

CONSOLIDATION

The consolidated accounts incorporate the accounts of Unga Group Limited, its subsidiaries and its associated company, all of which are made up to 31 July, with the exception of CPC Kenya Limited whose accounts are made up to 30 September.

TURNOVER

Turnover represents net sales to external customers during the year.

TAXATION

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

Deferred taxation is accounted for to the extent that it is probable that timing differences will reverse in the foreseeable future.

FIXED ASSETS

Fixed assets are stated at cost or as professionally revalued on an existing use basis. Professional valuations are carried out every three years. The last valuation was at 31 July 1989, except for a subsidiary company, Chester House Limited, which revalued its Muthithi Road plot in February 1991.

LEASED ASSETS

Assets acquired under finance leases are capitalised at the date of the agreement. The interest element of each instalment is charged to the profit and loss account at the time each instalment falls due.

DEPRECIATION

No depreciation is provided on freehold land. Depreciation on other assets is calculated to write off the cost or valuation of fixed assets in equal annual instalments over their estimated useful lives. The annual rates generally in use are:

Freehold buildings	2.5%
Leasehold land	period of lease
Long leasehold buildings	2.5%
Short leasehold buildings	period of lease
Plant and machinery	4% - 33.3%
Furniture and fittings	10% - 20%
Motor vehicles	25% - 33.3%
Silos	shorter of 50 years or the unexpired period of the lease for the land on which they are built.

UNGA GROUP LIMITED

NOTES TO THE ACCOUNTS

(Continued)

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at directors' valuation based on the net asset value of each subsidiary company at the balance sheet date.

INVESTMENT IN ASSOCIATED COMPANY

Investment in associated company is stated at the group's share of net assets at 31 July. Income taken into account represents the group's share of the results for the year to 31 July.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in purchasing or manufacturing the stocks plus an allocation of normal overhead expenditure attributable to the processes through which they have passed.

FOREIGN CURRENCIES

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 dates of the transactions. Gains and losses on exchange are dealt with in the profit and loss account.

2 GROUP OPERATING LOSS

		1991 shs '000	1990 shs '000
The loss before taxation is arrived at after charging:			
Depreciation		123,344	116,616
Less: Capitalised in work in progress		—	67
		123,344	116,549
Auditors' remuneration		3,175	2,845
Directors' emoluments	- fees for services as directors	150	130
	- other emoluments	1,918	2,068
Interest payable on	- long term loans	9,238	31,475
	- short term loans and bank overdrafts	70,565	28,670
	- finance leases	962	1,134
Loss on exchange		3,611	17,552
and after crediting:			
Interest receivable on loans and deposits		2,411	7,041
Rent receivable		39,208	29,013
Profit on disposal of fixed assets		2,251	1,572

UNGA GROUP LIMITED

		1991 shs '000	1990 shs '000
3	**TAXATION**		
	Based on the adjusted profit for the year at 40% (1990 - 42.5%)	9,289	32,223
	Adjustment for previous years	—	(315)
	Share of associated company's taxation	904	—
		10,193	31,908

At 31 July 1991, there were tax losses in subsidiary companies amounting to shs 375,175,000 (1990 - shs 331,707,000) to be carried forward.

		1991 shs '000	1990 shs '000
4	**EXTRAORDINARY ITEMS**		
	Compensation for nationalised assets	48,425	—
	Profit on sale of shares in Elianto Kenya Limited	4,716	—
		53,141	—

5 LOSS AFTER EXTRAORDINARY ITEMS

A profit of shs 40,510,000 (1990 - shs 8,119,000) is dealt with in the accounts of Unga Group Limited.

		1991 shs '000	1990 shs '000
6	**DIVIDENDS - GROSS**		
	Proposed final dividend	—	4,165

7 LOSS PER SHARE

Loss per share has been calculated on the loss after minority interests and before extraordinary items of shs 74,644,000 (1990 - shs 64,602,000) and on 5,206,529 ordinary shares.

NOTES TO THE ACCOUNTS

(Continued)

8 FIXED ASSETS

	GROUP				COMPANY
	Land and buildings shs'000	Plant and machinery shs'000	Work in progress shs'000	Total shs'000	Plant and machinery shs'000
COST OR VALUATION					
At 1 August 1990	605,939	1,040,510	65,948	1,712,397	8,696
Additions	—	13,425	26,279	39,704	7,320
Revaluation of leasehold land	5,819	—	—	5,819	—
Transfers	73,350	18,381	(91,731)	—	—
Disposals	—	(4,326)	—	(4,326)	(408)
At 31 July 1991	685,108	1,067,990	496	1,753,594	15,608
Comprising:					
Valuation - 1991	7,000	—	—	7,000	—
Valuation - 1989	539,792	829,037	—	1,368,829	—
Cost	138,316	238,953	496	377,765	15,608
	685,108	1,067,990	496	1,753,594	15,608
DEPRECIATION					
At 1 August 1990	14,573	130,924	—	145,497	3,494
Charge for the year	17,362	105,982	—	123,344	2,778
Eliminated on disposals	—	(3,145)	—	(3,145)	(268)
At 31 July 1991	31,935	233,761	—	265,696	6,004
NET BOOK VALUE					
At 31 July 1991	653,173	834,229	496	1,487,898	9,604
At 31 July 1990	591,366	909,586	65,948	1,566,900	5,202
Land and buildings comprise:					
Freehold	226,691				
Long leasehold	242,312				
Short leasehold	184,170				
	653,173				

The net book value of plant and machinery includes shs 4,665,872 (1990 - shs 9,662,000) in respect of assets that were the subject of finance leases.

Certain leasehold land and buildings in a subsidiary company, Chester House Limited, were revalued on 31 July 1991, on an existing use basis, by Lloyd Masika Limited, registered valuers and estate agents.

UNGA GROUP LIMITED

NOTES TO THE ACCOUNTS

(Continued)

9 INVESTMENTS IN SUBSIDIARIES

	1991 shs '000	1990 shs '000
Shareholding at directors' valuation:		
At 1 August 1990	905,136	943,962
Additions	18,500	1,500
Deficit on revaluation	(73,921)	(40,326)
At 31 July 1991	849,715	905,136

10 NATIONALISED ASSETS IN UGANDA

During the year the group received shs 48,425,000 (company shs 41,056,000) from the Government of Uganda as compensation for assets nationalised on 5 May 1976 (note 4).

11 INVESTMENT IN ASSOCIATED COMPANY

Unquoted		
Share of net assets in CPC Kenya Limited	13,473	—
Share of revenue reserve at 31 July of associated company	998	—

The group holds 49.9% of the total issued ordinary share capital of CPC Kenya Limited .
The principal activities of the associated company are the manufacture and distribution of food products.

12 STOCKS

Finished products	63,721	35,280
Raw materials	70,321	69,210
Production supplies	17,768	32,544
Others	46,539	29,004
	198,349	166,038

UNGA GROUP LIMITED

13 SHARE CAPITAL

	1991 shs '000	1990 shs '000
Authorised:		
6,200,000 ordinary shares of shs 5 each	31,000	31,000
1,800,000 undenominated shares of shs 5 each	9,000	9,000
	40,000	40,000
Issued and fully paid:		
5,206,529 ordinary shares of shs 5 each	26,033	26,033

14 RESERVES

	Nationalised assets shs '000	Capital shs '000	Share premium shs '000	Revenue shs '000	Total shs '000
GROUP					
At 1 August 1990	33,361	771,826	2,144	108,857	916,188
Deficit for the year	—	—	—	(21,503)	(21,503)
Realised on disposal of fixed assets	—	(77)	—	77	—
Realised on disposal of investment	—	(11,531)	—	—	(11,531)
Arising on acquisition of associated company	—	(460)	—	—	(460)
Share of surplus on revaluation of leasehold land in associated company	—	1,295	—	—	1,295
Surplus on revaluation of leasehold land	—	5,819	—	—	5,819
Realised on receipt of compensation for nationalised assets	(33,361)	—	—	—	(33,361)
Changes in shareholding	—	(1,804)	—	—	(1,804)
At 31 July 1991	—	765,068	2,144	87,431	854,643
COMPANY					
At 1 August 1990	28,277	801,250	—	86,684	916,211
Retained profit for the year	—	—	—	40,510	40,510
Realised on receipt of compensation for nationalised assets	(28,277)	—	—	—	(28,277)
Revaluation of investments in subsidiaries	—	(73,921)	—	—	(73,921)
At 31 July 1991	—	727,329	—	127,194	854,523

15 LONG TERM LOANS

	1991 shs'000	1990 shs'000
GROUP		
Secured bank loan repayable in semi-annual instalments by 1992; interest at 13.5% and 16% per annum	4,000	8,000
Secured bank loans repayable in monthly instalments by 1992; interest at 14.5% and 19% per annum	8,667	28,234
Secured bank loan repayable in monthly instalments by 1994; interest at 19% per annum	56,374	—
Secured bank loan repayable in semi-annual instalments by 1994; interest at 18% per annum	35,000	45,000
Secured bank loan repayable in semi-annual instalments by 1994; interest at 18% per annum	—	27,996
Secured consortium debenture loan repayable in quarterly instalments by 1999; interest at 20.5% per annum	49,200	24,515
Secured USAID loan repayable in semi-annual instalments by 1995; interest at 16% per annum	8,000	11,000
Secured bank loan repayable in monthly instalments by 1994; interest at 18% per annum	13,654	17,662
Secured consortium debenture loan repayable in quarterly instalments by 1994, interest at 20% per annum	16,348	20,930
Secured loans in Deutsche Marks from supplier of capital equipment each repayable in semi-annual instalments by 1991; interest at 10% per annum	25,652	22,642
Unsecured loan in Pounds Sterling from a supplier of capital equipment converted to a local bank loan in September 1990; interest at 10.1% per annum	—	24,861
	216,895	230,840
Less: repayable within one year	(80,479)	(88,931)
	136,416	141,909

UNGA GROUP LIMITED

16 FINANCE LEASES

	GROUP		COMPANY	
	1991 shs'000	1990 shs'000	1991 shs'000	1990 shs'000
Secured liabilities under finance leases expiring by:				
1994	1,362	—	—	—
1992	316	2,582	316	1,111
1991	705	—	—	—
	2,383	2,582	316	1,111
Less: repayable within one year	1,511	2,279	316	808
	872	303	—	303

17 CONTINGENT LIABILITIES

	1991 shs '000	1990 shs '000
GROUP		
Guarantees given to finance houses on behalf of distributors and transporters	556	301
Guarantee in favour of Barclays Bank of Kenya Limited for a loan to an associated company	—	24,515
	556	24,816

During the year, the VAT department issued an assessment to a subsidiary company for shs 11,500,000 to which the subsidiary has objected. The issue in dispute is the effective date of the introduction of Value Added Tax on certain of the subsidiary's products.

	1991 shs '000	1990 shs '000
COMPANY		
Guarantees in favour of Barclays Bank of Kenya Limited for loans and other banking facilities to subsidiaries	273,148	212,011

NOTES TO THE ACCOUNTS

(Continued)

18 CAPITAL COMMITMENTS

	1991 shs '000	1990 shs '000
Commitments at the year end for which no provision has been made in these accounts:		
GROUP		
Contracted	1,729	20,159
Authorised but not contracted	12,420	41,988

19 POST BALANCE SHEET EVENTS

GROUP

Closure of branch:
A subsidiary company, Elliot's Bakeries Limited, closed its operations at Nyeri on 26 August 1991.

Group banking facilities:
During September 1991, the directors of four subsidiary companies approved the signing of joint debentures totalling shs 387,000,000 with unlimited cross guarantees covering their own bank borrowings with Barclays Bank of Kenya Limited.

Closure of company:
On 31 October 1991, a subsidiary company, Ufuta Limited, ceased to trade.

GROUP FIVE YEAR FINANCIAL REVIEW

		1991 shs'000	1990 shs'000	1989 shs'000	1988 shs'000	1987 shs'000
RESULTS						
Turnover		2,432,425	2,234,096	2,386,150	2,233,270	2,045,827
Group operating (loss)/profit		(88,079)	(56,409)	48,215	41,425	112,503
Share of profit of associated company		1,816	—	—	—	—
(Loss)/profit before taxation		(86,263)	(56,409)	48,215	41,425	112,503
Taxation		(10,193)	(31,908)	(43,422)	(25,706)	(79,008)
(Loss)/profit after taxation		(96,456)	(88,317)	4,793	15,719	33,495
Minority interests		21,812	23,715	3,184	(408)	(3,660)
Extraordinary items		53,141	—	—	869	—
Ordinary dividends		—	(4,165)	(5,206)	(5,206)	(5,206)
Transfer to reserves		(21,503)	(68,767)	2,771	10,974	24,629
ASSETS EMPLOYED						
Fixed assets		1,487,898	1,566,900	1,586,515	1,100,970	1,030,377
Nationalised assets in Uganda		—	34,264	34,264	34,264	34,264
Investment in associated company		13,473	—	—	—	—
Net current (liabilities)/ assets		(247,483)	(278,540)	(154,452)	(39,367)	61,149
		1,253,888	1,322,624	1,466,327	1,095,867	1,125,790
FINANCED BY:						
Share capital		26,033	26,033	26,033	26,033	26,033
Reserves		854,643	916,188	990,027	681,017	673,679
Shareholders' funds		880,676	942,221	1,016,060	707,050	699,712
Long term loans		136,416	141,909	188,586	193,066	232,966
Finance leases		872	303	2,344	7,805	—
Minority interests		235,924	238,191	259,337	187,946	193,112
		1,253,888	1,322,624	1,466,327	1,095,867	1,125,790
RATIOS:						
Shareholders' funds per share	shs	169.15	180.97	195.15	135.80	134.39
(Loss)/profit after taxation and minority interest to:						
Turnover	%	(3.07)	(2.89)	0.33	0.68	1.46
Capital employed	%	(7.33)	(5.96)	0.66	1.69	3.20

UNGA GROUP LIMITED

FORM OF PROXY

I/We ....

of ....being a member/members

of Unga Group Limited hereby appoint..

....and failing him/her..

and failing him/her the duly appointed chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the sixty fourth annual general meeting of the company to be held on Friday, 14 February 1992 at 11.30 a.m. and at any adjournment thereof.

As witness my/our hand this ....day of...1992

....

(Signed)

NOTES:

1. If you are unable to attend this meeting personally this form of proxy should be completed and returned to the Secretary, Unga Group Limited, PO Box 30096, Nairobi, to reach him not later than 24 hours before the time appointed for holding the meeting.

2. A person appointed to act as a proxy need not also be a member of the company.

3. If the appointer be a corporation, this form must be under its common seal or under the hand of an officer or attorney authorised in writing.

UNGA GROUP LIMITED