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KENYA INDUSTRIAL ESTATES LTD.



ANNUAL REPORT 1973/74

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KENYA INDUSTRIAL ESTATES LTD.

P. O. Box 18282,

LIKONI ROAD

NAIROBI

DIRECTORS AND OFFICERS

Chairman

E. M. Wamae

Permanent Secretary ——— Ministry of Commerce & Industry
(or his representative)

Permanent Secretary ——— Ministry of Finance & Planning
(or his representative)

F. J. Addly

A. K. Biy

J. Keragori

General Manager

K. A. Ng'eny

Secretary

P.T.O. Agoro

Auditors

Coopers & Lybrand

Bankers

National Bank of Kenya Ltd.

Lawyers

Kaplan & Stratton

NATIONAL ASSEMBLY

18 DEC 1979

P.O. Box 1842, NAIROBI

K.I.E. BOARD OF DIRECTORS



From left to right:

Mr. J. Keragori; Mr. F. J. Addly; Mr. K. A. Ng'eny; Mr. E. M. Wamae
(Chairman) Mr. P. T. O. Agoro; A. 'N. Ndiho; Mr. C. S. Mbindyo;
Mr. A.K. Arap Biy (absent).

KENYA NATIONAL ASSEMBLY

Accession: 10013511

Call No: 657-3 K1E2





KIE Administration block.

INTRODUCTION:

K.I.E. has been growing at a steady rate since its inception eight years ago. During those eight years, the Company has established various Industrial Estates in the country and also recently embarked on Rural Industrial Development Programme. These two programmes during the year under review, were progressively being integrated; thus, it is during this period that Kisumu Industrial Estate was made a focal point for the development of small scale industries in Nyanza. This means that Kisumu Industrial Estate would supervize all the R.I.D.C.'s to be established in that region.

This growth in the programme was also reflected in the overall performance of the units, which though affected by world's inflationary pressures, was steady and certain. Both output and employment went up appreciably over the last year. Moreover the programme also witnessed diversity in the products manufactured. Products like bicycles, water meters, carbon paper and charcoal irons were added to the conventional list.

As a result of inflation, stiff competition from imported goods and generally poor management, three factories were closed during the period under review. Despite these difficulties, K.I.E. will continue to vigorously assist African entrepreneurs in all those areas which it now operates. There is no doubt that K.I.E. will fulfil the objectives for which it was entrusted by the Government for the benefit of the "Wananchi".

E. M. Wamae
Chairman

KENYA INDUSTRIAL ESTATES LTD.

I GENERAL PROGRESS

Industrial Estate and Rural Industrial Development Programmes:

During the year under review, expansion of activity necessitated additional staff. A post of Acting Project Implementation Officer was filled and a number of economists and engineers were employed to help to speed up the preparation of projects as well as implementing them. During the same period, the R.I.D.P. Manager was appointed as the Regional Manager in Kisumu.

Five expatriates arrived from Sweden for Kisumu Industrial Estate and other accounting, clerical and technical staff were engaged for Nairobi, Nakuru and Kisumu Industrial Estates.

A number of courses on small scale industries were attended by officers engaged in preparation of projects. These courses were in India and Japan. The number of business trips overseas also increased for K.I.E. Officers. The visits took them to Europe, India and Japan.

During the period covered by this review, a number of projects were being implemented in Nairobi and Nakuru. Among the larger units in Nakuru were, Milk Churns, Stainless Steel Cutlery and the Bicycle projects; the latter went into production during the year under review. In Nairobi, Cast Iron Foundry, Abrasive Paper and Canvas Cloth Projects were being implemented; the former went into production during the period in this report. It may be mentioned here that the Canvas Cloth project is so far the biggest project undertaken by K.I.E. in terms of total investment.

In respect of R.I.D.C.'s the activities were varied in each of the four R.I.D.C. s. Kakamega R.I.D.C. emphasized in their overall activities identification and preparation of new projects whereas Machakos emphasized the extension of services to existing units in various ways. In the case of Nyeri and Embu, an effort was made to incorporate all the aspects of assistance both to new and existing industries. This period was crucial in that R.I.D.C.'s were no longer regarded as pilot schemes but definite strategies about the overall promotional objectives and problems of small scale industries in the rural areas were more clearly understood by all those connected with the promotion of this programme.

Subject to financial constraint, K.I.E. should be in a position to implement its programmes much faster in future.

**K. Arap Ng'eny,
General Manager,
KENYA INDUSTRIAL ESTATES LTD:**

GROWTH OF ACTIVITIES

The year 73/74 witnessed a considerable increase in the activities of Kenya Industrial Estates Ltd. Apart from alterations and additions in buildings and civil works to accommodate the expansion programmes of factories phase I and II of Nairobi and Nakuru Industrial Estates, work on two other estates viz. Kisumu and Mombasa was also initiated. Thus till 30th June 1974, the following expenditure on different Industrial Estates had been incurred:—

Estate	As on 30th June 1974 (Shs)	As on 30th June 1973 (Shs)
1. Nairobi Industrial Estate, Phase I	4,462,166.50	3,873,973
2. Nairobi Industrial Estate Phase II	4,973,432.25	4,294,107
3. Nakuru Industrial Estate.	4,264,793.65	3,280,954
4. Kisumu Industrial Estate.	1,200,000/-	—
5. Mombasa Industrial Estate.	1,000,000.00	—
TOTAL	15,900,392.40	11,449.034

It will thus be seen that an expenditure of about Shs. 16.00 million has been incurred since the initiation of the programme.

II TRENDS IN ACTIVITY:

There were 46 operating factories at Nairobi and Nakuru Industrial Estates, as at 30th June, 1974. However information is available only in respect of 31 factories. The different parameters of these 31 units have been recorded as follows:—

As at 30th June 1974

No of operating factories in existence	46
No of factories for which information is available	31

Investment:

(i) Fixed Investment excluding land and building	Shs. 9,762,000.00
(ii) Working Capital	Shs. 4,566,000.00
Total	<u>Shs. 14,328,000.00</u>

Employment (Nos)	625
Value Output	Shs. 20,330,189.00
Value added by manufacture	Shs. 8,013,000.00
	= 39.4% of Value of Output.

As would be seen, there were 46 units in existence in the Nairobi and Nakuru Industrial Estates as at 30th June, 1974. These units were at different levels of production activity. Most of them had not reached optimum levels of production because of such factors as existence of stocks of imported products, late announcement of restrictive import policies, lack of adequate skills, credit squeeze etc. etc. Some of the units had, in fact, only started installing their machines and others had just commenced trial production. It is felt that in normal period, when the market has been depleted of imported products, adequate skilled labour has been trained on the job and credit is freely available, the 46 units in the Industrial Estates at Nairobi and Nakuru would present the following picture:—

- I. Capital Investment:
 - a. Fixed Capital Machinery — Shs. 13.42 million (61.8%)
 - b. Working Capital — Shs. 7.69 million (38.2%)
 - Total — Shs. 21.11 million (100%)
- II. Employment
740
- III. Output
Shs. 28.41 million
- IV. Value Added by Manufacturer:
Shs. 10.88 million.
- V. Value Added by Manufacturer as % age of value of Output:
38.3%.

The following were the firms in existence at Nairobi and Nakuru Industrial Estates as at 30th June, 1974:—

Name and Address of the firm	Items Manufactured
1. Wananchi Engineering Works, P.O. Box 72959, Nairobi.	Sheet Metal goods e.g. dustbins animal cages, traps, buckets and water cans.
2. Aturia Trading Co. P.O. Box 28047, Nairobi.	Gameskin products e.g. Ladies hand-bags, purses, belts, wallets etc.
3. F.K.W. Electrician, P.O. Box 21233, Nairobi.	Rewinding and repairs of automobile dynamos, alternators, starters, electrical motors, aramatures, transformer coils and electrical installation.
4. K.K. Wahome & Partner, P.O. Box 47119, Nairobi.	Steel windows, doors, gates, cash boxes and carriers general metal repairs.
5. Elgon Factory, P.O. Box 17008, Nairobi.	Wooden furniture and coat hangers.
6. Chemakura African Curios, P.O. Box 18482, Nairobi.	Gameskin products e.g. ladies hand-bags, wallets, belts; keyrings and curios.
7. Mukuyuini Curio Craft, P.O. Box 47329, Nairobi.	Leather Articles.
8. African Culture Sejever, P.O. Box 2774, Nairobi.	Bead work like belts, necklaces, bead gourds, ties plus clay work such as flower pots and weaving.
9. Metal Pressings Limited, P.O. Box 34327, Nairobi.	Steel butt hinges, brass suit case hinges, 'T' hinges, hasps and staple plus spacer saddle bars.
10. Cygnet Printers, P.O. Box 72314, Nairobi.	Printing of books and general office stationaries.
11. Galaxy Printers Ltd. P.O. Box 12735, Nairobi	Printing of forms.
12. Kenya Night Queen, P.O. Box 44746, Nairobi.	Hair Oils & Cosmetics.
13. Dawning Africano Enterprises, P.O. Box 12632, Nairobi.	Staple pins and paper clips.

Name and Address of the firm	Items Manufactured
14. Kenya Scales Ltd., P.O. Box 121974, Nairobi.	Conversion of imperial weights into metric weights, production of table weighing scales and metric weights.
15. Ngwataniro Enterprises, P.O. Box 47081, Nairobi.	Wooden cloth pegs.
16. Kenya Handles Manufacturing Co., P.O. Box 121523, Nairobi.	Panga Handles.
17. Tiger Shoe Co. Ltd., P.O. Box 74572, Nairobi.	High quality shoes.
18. Kiatu & Allied Products Ltd. P.O. Box 49444, Nairobi.	Shoe Laces.
19. Pigeon Slide Works, P.O. Box 18324, Nairobi.	Zip fasteners (Nylon & Aluminium).
20. Neptune Industries, P.O. Box 10217, Nairobi.	Paper and garment pins.
21. Nineten Investment Ltd. P.O. Box 4227, Nairobi.	Plastic ladies handbags and plastic raincoats.
22. Mea Garments Ltd., P.O. Box 45331, Nairobi.	Ladies and children dress plus Uni-forms.
23. Chui Enterprises, P.O. Box 18493, Nairobi.	Polyester & Plastic buttons.
24. Hydraulic Meters & Equipment Ltd., P.O. Box 41351, Nairobi.	Servicing and assembly of water meters.
25. East African Spectre Ltd., P.O. Box 18402, Nairobi.	Gas Cylinders.
26. Motho Industries, P.O. Box 30019, Nairobi.	Bicycle spokes, nipples and washers.
27. Sansaw (Kenya) Ltd., P.O. Box 18264, Nairobi.	Band Saw Blades.
28. Chameleon Ltd., P.O. Box 10861, Nairobi.	Screen Printing.
29. Ray Industries, P.O. Box 48199, Nairobi.	Tower Bolts.

Name and Address of the firm	Items Manufactured
30. Paperware Ltd., P.O. Box 17240, Nairobi.	Paper cups, ice cream cups and paper plates.
31. Masaku Industries, P.O. Box 315, Machakos.	Cycle Frames & Carriers, other products e.g. gates.
32. Mbingwa Industries Co. Ltd., P.O. Box 30213, Nairobi.	Emery paper and emery cloth.
33. Kenya Labels Manufacturers, P.O. Box 28737, Nairobi.	Woven Fabric Labels.
34. African Welding Works Ltd., P.O. Box 44292, Nairobi.	Various Metal Products.
35. Jackson Nzioka Mutweia Ltd., P.O. Box 45696, Nairobi.	Wood carvings.
36. Haraka Hoisery Manufacturers, P.O. Box 49309, Nairobi.	Elastic tapes and Hoisery Products.
37. Genitem Co. Ltd. P.O. Box 49309, Nairobi.	Pant Hooks and Bars.
38. Kenya Castings Ltd., P.O. Box 74554, Nairobi.	Charcoal Iron, Cisterns and Manhole covers.
39. Haraka Eyelets, P.O. Box 24750, Nairobi.	Shoe eyelets.
40. Crescent Investments Ltd., P.O. Box 18484, Nairobi.	Carbon paper & Typewriter ribbons.
41. Lenses and frames, P.O. Box 48953, Nairobi.	Sunglasses and frames.
42. Borah Furniture, P.O. Box 1179, Nakuru.	Wooden furniture.
43. Rift Valley Uniforms, P.O. Box 853, Nakuru.	Ready made garments.
44. Flamingo Casements, P.O. Box 316, Nakuru.	Steel windows and door frames.
45. Gladhome Works Ltd., P.O. Box 72632, Nakuru.	Bicycles.
46. Sheet Metal Unit, P.O. Box 384, Nakuru.	Sheet Metal goods.

III OTHER INDUSTRIAL ESTATES:

Kisumu Industrial Estate:

Construction of the estate began. The capital expenditure incurred amounted to Shs. 1,200,000. The Swedish Government sent five experts to work together with local staff on preparation of projects. Twelve projects were worked out ready for implementation as soon as the factory premises are completed.

Mombasa Industrial Estate:

A loan agreement between the Federal Republic of Germany and the Kenya Government was signed.

15.4 acre plot in Changamwe was acquired and Shs. 1,00,000 was spent on construction.

Eldoret Industrial Estate:

Discussion between K.I.E. and Eldoret Municipal Authorities on the choice of site and availability of lands were finalized. Plans to construct the estate were underway.

IV GENERAL COMMENTS — ACHIEVEMENTS AND PROBLEMS:

Enterprise and Know-how:

The special projects e.g. Carbon paper and bicycles were implemented and were both fully operational. Apart from our technical personnel working on the relatively sophisticated projects, special expertise was sought from outside K.I.E. where it was deemed necessary.

Technical Service Centre:

During the last financial year, a number of sophisticated machines worth almost 1 million Shillings were installed in the centre. These machines, given on grant by the Government of the Federal Republic of Germany included among others a Pantograph Diesinking machine, enabling the centre to enter a new field of diemaking, namely the manufacture of coining/emboosing and forging dies.

The T.S.C. besides these diemaking activities, also manufactured a Hydraulic Press and a Cement Mixer for a unit in Nairobi Industrial Estate. Foreign Exchange of almost half a million shillings was saved while successfully having undertaken this ambitious assignment.

Factory Premises:

As the programme is growing, construction of small industrial units as it was the case with phase I of Nairobi Industrial Estate is no longer undertaken in major urban centres. For future estates in Kisumu, Mombasa and Eldoret the smallest industrial unit will be 1,500 sq. ft. Construction of special factories is still undertaken where and when necessary e.g. canvas cloth for Nairobi Industrial Estate. However, small units will increasingly be constructed in rural areas.

Capital Investment:

Fixed capital investment in the form of machinery and equipment increased appreciably. This was accounted mainly by the implementation of the large industries like the carbon paper and bicycle units.

Employment:

Employment increased correspondingly though at a lower rate. It is hoped that when the production of the large industries like carbon paper, water meters, bicycles, and abrasive paper goes up to optimum level, employment will register a substantial increase.

Output:

During the period under review output in monetary terms increased substantially. A part of the monetary increase can be attributed to the international inflationary situations. Yet most of the individual units seemed to have steady progress despite difficulties of obtaining adequate and timely supply of raw materials.

V MARKETING:

There was an increase on exported goods as compared to the previous years. The entrepreneur for hinges exported to Zambia, Zaire, Uganda and Malawi. The unit for wooden cloth pegs exported its product to Cyprus, Lebanon and Kuwait. African Curios were exported to United States; staple pins to Zambia and leather articles (gameskin) to Germany, Zaire and Japan.

Local Market:

Some of the enterprises managed to sell their products although there was an influx of imported goods which affected the marketing of buttons, paper pins etc.

VI INTERNAL MANAGEMENT PROBLEMS:

Management:

There was an improvement of the managerial problems which faced most of the enterprises. The printing press, Bunyala Engineering Works and the former photo engraving came into operation under different management. Two other factories namely panga handles and ready made garments remained closed.

Finance:

Arrears of loan repayment on machinery and equipment, raw materials, T.S.C. charges were on the increase. Consequently, steps were taken to realize the payments.

Keeping of Records:

This aspect did not change much as compared to the previous years. A step was taken by K.I.E. for all the entrepreneurs to attend a small business Management Development Programme Course conducted by Irish Management Institute in conjunction with the Management Training and Advisory Centre and sponsored by International Management Development Institute of U.S.A. The course was well received by the participants. It was hoped that similar courses would be organised in future.

VII RURAL INDUSTRIAL DEVELOPMENT PROGRAMME:

The centres in Machakos, Nyeri and Kakamega received the last machinery and equipment in August, 1973.

The total investment in machinery and equipment for these 3 RIDC s amounted to Shs. 850,000,00.

RIDC Nyeri and Machakos were fully furnished by end of September, 1973.

The construction of RIDC Kakamega was completed by end of 1973.

RIDC Embu received additional machinery for the 3 workshops whereby the total investment in machinery and equipment was increased to Shs. 345,000,00.

The 4 loans committees granted 37 loans totalling to Shs. 1,333,000,00 to clients.

Extension services were rendered throughout the year both at the centre workshops and at the clients place of work.

In future each centre will be staffed with a Kenyan mechanical engineer and a store keeper in addition to the existing staff.

The major restraints facing small scale rural industrialists proved to be lack of: capital, premises, adequate manufacturing equipment and technique, quality products of simple design and marketing techniques.

Plans for increased services in these fields were prepared and budgeted for implementation in the financial year 74/75.

VIII STAFF MOVEMENTS AND VISITORS:

Staff Growth:

There was a considerable reduction in the staff rate of growth as there were not many new outside offices opened during this period. Nevertheless, there were 154 employees by 30th June 1974, compared to 122 as at 30th June 1973. It is however anticipated that the staff rate of growth will jump up next financial year as Kisumu, Mombasa and Eldoret Industrial Estates are expected to be at various levels of operation.

Visitors to the Estate:

During the period under review Kenya Industrial Estates Ltd. received quite a number of visitors both interested in visiting the Rural Industrial Development Centres and other Industrial Estates outside Nairobi. Listed hereunder are some of the visitors who visited this organization during the period.

1. 7th July, 1973 — 11 SIDA personnel working in Kenya.
2. 21st August, 1973 — 18 Senior Supervisors from Railway Training School.
3. 27th August, 1973 — Mrs. Von Bothmer, member of the German Federal Parliament and Vice-Chairman of the African-German Parliamentary Group.
4. 17th September, 1973 — Students on Management Development Course at Kenya Institute of Administration.
5. 24th September, 1973 — A group of students attending a Management Development Course at Kenya Institute of Administration.
6. 15th October, 1973 — Traders from Thika
7. 7th November, 1973 — 30 final year students from Machakos Teachers College.
8. 14th November, 1973 — Director General and General Manager of National Small Industries Corporation Ltd. of Tanzania.
9. 15th November, 1973 — 45 Students from Kenya Science Teachers College.
10. 15th February, 1974 — Mr. H. Th. Vreed of Economic Commission for Africa — Addis Ababa.
11. 10th April, 1974 — 23 Theological College Students.
12. 26th April, 1974 — 60 Civil Engineering Students from University of Nairobi.
13. 10th May, 1974 — 20 Supervisory Trainees from East African Railways Corporation.
14. 16th May, 1974 — 17 Germans representing Industry, Commerce and Adult Education Institute.
15. 22nd May, 1974 — 20 participants of a course at Kenya Institute of Administration.
16. 11th June, 1974 — Mr. Kiakwama kia Kiziki of Republic of Zaire.
17. 11th June, 1974 — Kenya Journalists.

IX RAW MATERIAL BULK PURCHASE SCHEME

This Scheme provides credit facilities for the working capital in the form of raw materials to the entrepreneurs. It is enjoyed by the entrepreneurs operat-

ing at both Nairobi and Nakuru Industrial Estates and has been of great importance to entrepreneurs especially when there was continued inflation in the country. The entrepreneurs made use of the scheme mostly for overseas purchases. The loans granted to the individual entrepreneurs were free of hypothecation of stocks. Kenya Industrial Estates Ltd. took full responsibility in seeing that the Raw Materials purchased under the scheme were properly utilized and paid for by the entrepreneurs.

The number of the entrepreneurs who made use of the scheme doubled in comparison to last year which is a clear indication that they fully appreciated and realized the importance of the scheme.

Negotiations are currently underway with National Bank of Kenya to streamline the present credit period to enable the entrepreneurs to pay their loans without much strains. In the past the loans were being granted as short term loans. This had made it difficult for entrepreneurs to utilize the materials immediately due to the sales problem all over the country which had been caused by imperfect markets.

Clearing of the Materials:

Nairobi Clearing House was appointed as clearing agent for all the goods imported under the scheme so as to strengthen the internal control between the National Bank of Kenya, the entrepreneur, and Kenya Industrial Estate Limited. Efforts were made to carry out the clearing without delay and to charge fair prices to entrepreneurs. To effect more efficiency in clearing, M/s. Kearlines were also appointed clearing agents.

In conclusion it would be pointed out that, although there were problems encountered in running the scheme, all concerned appreciated and would like to see the scheme continue. A lot of experience has also been gained in the operation of the scheme. It is anticipated that the scheme will be instituted in other Industrial Estates as they become operational.

This scheme may also be considered as a forerunner of what the Government has been discussing for a long time the credit guarantee.

KENYA INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS TO THE MEMBERS

The directors submit their report together with the audited accounts of the company for the year ended 30th June 1974.

<u>Results</u>	£
2. The accounts show:	
Net loss for the year	177,437
<u>Less:</u> Administration grant received from Kenya Government	<u>130,000</u>
	47,437
<u>Add:</u> Net accumulated loss at 1st July 1973	<u>73,137</u>
Leaving a net accumulated loss to date of	£ <u>120,574</u>

Dividend

3. The directors cannot recommend the declaration of any dividend.

Directorate

4. Under the company's articles of association the directors are not subject to retirement by rotation. At 30th June 1974 the board consisted of:—

Mr. E. Matu Wamae
Mr. J. Keragori
Hon. A. K. Arap Biy
Mr. F. J. Addly
The Permanent Secretary, Ministry of Finance and Economic Planning
The Permanent Secretary, Ministry of Commerce and Industry.

Auditors

5. The auditors, Coopers & Lybrand, continue in office in accordance with the provisions of section 159(2) of the Companies Act (Cap. 486).

ON BEHALF OF THE BOARD
P. T. O. AGORO
Secretary

KENYA INDUSTRIAL ESTATES LIMITED
REPORT OF THE AUDITORS TO THE MEMBERS

The accounts set out on pages 17, and 18, are in agreement with the books which, in our opinion, have been properly kept. We obtained the information and explanations we required.

our opinion, these accounts, read in conjunction with the notes on pages 14, 15, and 16 comply with the Companies Act (Cap. 486) and give a true and fair view of the state of affairs at 30th June 1974 and the loss of the company for the year ended on that date.

NAIROBI,
10th March,
.....1975

COOPERS & LYBRAND

KENYA INDUSTRIAL ESTATES LIMITED
NOTES ON ACCOUNTS 30TH JUNE 1974

1. ACCOUNTING POLICIES

The main accounting policies adopted by the company are as follows:—

(a) Fixed assets

Leasehold land donated by the Kenya Government is stated at a professional valuation when such land is capitalised. Other fixed assets are stated at cost with the exception of donated assets which are stated at directors' valuation.

(b) Depreciation of fixed assets

Depreciation is calculated to write off the book value on the reducing balance method over the expected useful lives of the assets concerned. The annual rate used for the purpose are:—

Buildings and land improvements	2%
Plant and machinery	10%
Furniture and fittings	12½%
Motor vehicles	20%

Leasehold land is not amortised.

(c) Debtors

Known bad debts are provided for in full and adequate provision is made for those considered doubtful of recovery. In addition general provisions are made on the balance of rent and service charge debtors.

2. FIXED ASSETS

	Cost or valuation	Accumulated depreciation	Net book value	
	£	£	1974 £	1973 £
(a) Leasehold land, buildings and improvements	939,789	48,913	890,876	653,455
Equipment and furniture	138,844	22,954	115,890	52,120
Motor vehicles	18,887	3,878	15,009	7,250
	£ 1,097,520	75,745	1,021,775	712,825

(b) No letter of allotment has yet been issued in respect of the plot of land on which Phase II of the Nairobi Industrial Estate is constructed and included in leasehold land at £27,500.

(c) The plots of land for the Nakuru, Kisumu and Mombasa Industrial Estates have officially been allotted to the company but these assets have not been capitalised and included in the accounts.

(d) The plot of land for Phase III of the Nairobi Industrial Estate and the plots of land for the Rural Industrial Development Project at Embu,

KENYA INDUSTRIAL ESTATES LIMITED
NOTES ON ACCOUNTS 30TH JUNE 1974

(Continued)

Kakamega, Machakos and Nyeri have not been officially allotted to the company and therefore these assets have been excluded from the accounts.

SHARE CAPITAL

Shares of Shs. 20 each

	1974	1973
Authorised	£ 2,000	£ 2,000
Issued and fully paid	£ 4	£ 4

CAPITAL RESERVE

At 1st July 1973	64,875
Donated machinery at directors' valuation	43,126
At 30th June 1974	£ 108,001

KENYA INDUSTRIAL ESTATES LIMITED
NOTES ON ACCOUNTS 30TH JUNE 1974

(Continued)

5. **RURAL INDUSTRIAL DEVELOPMENT PROJECT GRANTS**

This represents payments made directly by the Kenya Government staff houses at Embu and workshops at Embu, Kakamega, Machakos and Nyeri. The amount received to date from the Treasury, via I.C.D.C., of £232,497 for R.I.D.P. is included under the I.C.D.C. loan and current accounts as the loan/grant status of this amount has not been established.

6. **KENYA GOVERNMENT LOANS**

This represents two infrastructure loans received direct from the Treasury for the Kisumu and Mombasa Industrial Estates. All other Government loans received via I.C.D.C. are included in the I.C.D.C. loan and current accounts.

7. **CAPITAL COMMITMENTS**

	1974	1973
Commitments in respect of contracts for the purchase of fixed assets	£ 220,580	£ 127,844
	<u>£ 220,580</u>	<u>£ 127,844</u>

8. **CONTINGENT LIABILITIES**

The company has given guarantees to its bankers amounting to £21,619 in respect of payments made by the bank under the entrepreneurs bulk purchase scheme which are not covered by stocks on hand and goods in transit at 30th June 1974. A possible loss of £3,093 is anticipated which has not been provided for in these accounts.

9. **DIRECTORS EMOLUMENTS**

	1974	1973
	£	£
As directors	346	250
For management	—	—
	<u>£ 346</u>	<u>£ 250</u>

10. **CURRENCY**

These accounts are expressed in Kenya pounds, one Kenya pound being equal to twenty Kenya shillings.

KENYA INDUSTRIAL ESTATES LIMITED
BALANCE SHEET 30TH JUNE 1974

	1974	1973
	£	£
FIXED ASSETS (Note 2)	1,021,775	712,825
CURRENT ASSETS		
Stores at cost	7,595	2,854
Debtors	53,815	16,097
Bank balances and cash	167,396	171,514
	228,806	190,465
CURRENT LIABILITIES		
Creditors and accrued charges	58,398	34,854
NET CURRENT ASSETS	170,408	155,611
	£ 1,192,183	868,436
Financed by:		
SHARE CAPITAL (Note 3)	4	4
CAPITAL RESERVE (Note 4)	108,001	64,875
KENYA GOVERNMENT R.I.D.P. GRANTS (Note 5)	97,968	—
NET ACCUMULATED LOSS TO DATE	(120,574)	(73,137)
	85,399	(8,258)
INDUSTRIAL AND COMMERCIAL DEVELOPMENT		
CORPORATION Loan and current accounts	996,784	876,694
KENYA GOVERNMENT LOANS (Note 6)	110,000	
E. M. WAMAE Director		
J. KERAGORI Director		
	£ 1,192,183	868,436

Report of the auditors — Page 13
Notes on accounts — Pages 14, 15 and 16

KENYA INDUSTRIAL ESTATES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
30TH JUNE 1974

	1974	1973												
	£	£												
NET LOSS FOR THE YEAR	177,437	127,704												
<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td colspan="3">After charging:</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">24,211</td> <td style="text-align: right;">19,761</td> </tr> <tr> <td style="padding-left: 20px;">Audit fees</td> <td style="text-align: right;">750</td> <td style="text-align: right;">800</td> </tr> <tr> <td style="padding-left: 20px;">Loan interest</td> <td style="text-align: right;">20,556</td> <td style="text-align: right;">12,907</td> </tr> </tbody> </table>			After charging:			Depreciation	24,211	19,761	Audit fees	750	800	Loan interest	20,556	12,907
After charging:														
Depreciation	24,211	19,761												
Audit fees	750	800												
Loan interest	20,556	12,907												
<u>Less:</u> Administration grant received from Kenya														
Government	130,000	90,000												
	<u>47,437</u>	<u>37,704</u>												
NET ACCUMULATED LOSS AT 1ST JULY 1973	73,137	35,433												
	<u>120,574</u>	<u>73,137</u>												
NET ACCUMULATED LOSS TO DATE	<u><u>120,574</u></u>	<u><u>73,137</u></u>												

Report of the auditors — Page 13
Notes on accounts — Pages 14, 15 and 16

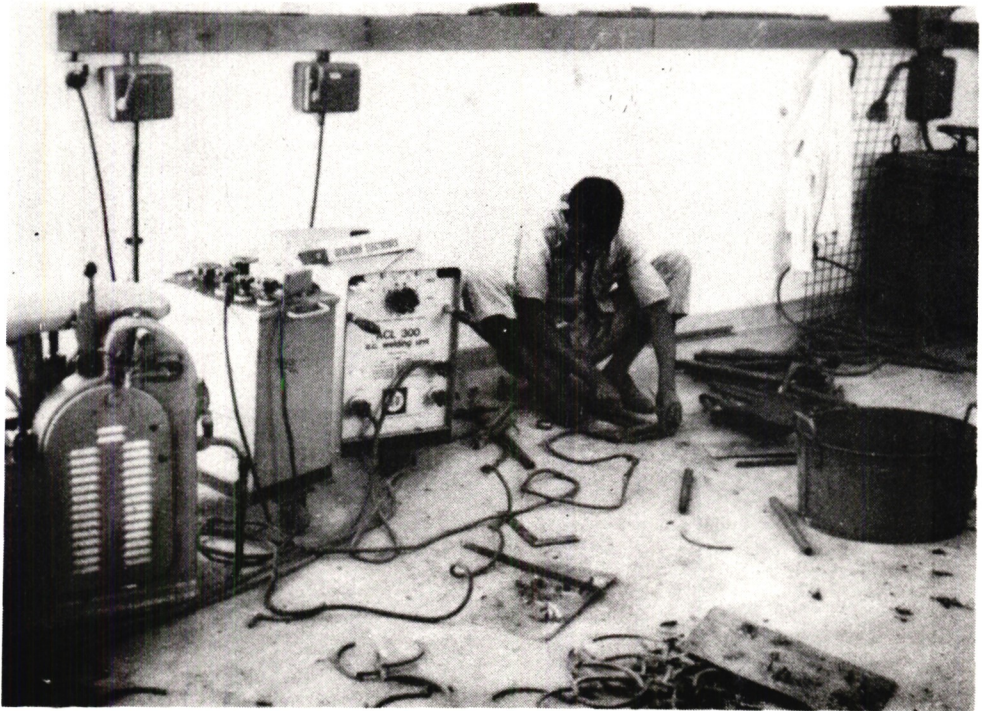
KENYA INDUSTRIAL ESTATES LIMITED

Detailed profit and loss account for the year ended 30th June, 1974.

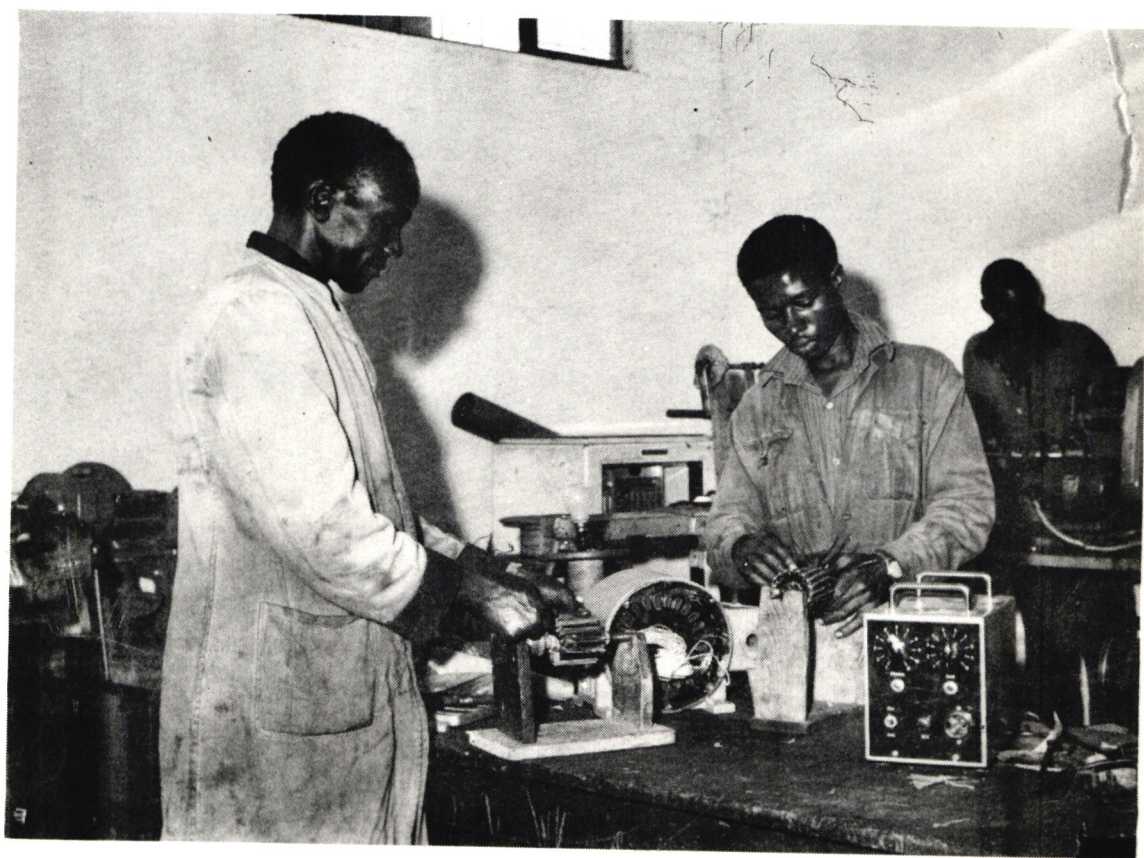
	1974		1973
	£	£	£
INCOME			
Rents		22,886	16,977
Service charges	9,582		4,151
Less: Raw materials	5,504		2,466
		4,078	1,685
Interest receivable		1,873	
Profit on sale of fixed assets			321
		28,837	18,983
 ADMINISTRATION EXPENSES			
Salaries and wages	115,086		83,806
Management fees	600		600
Directors fees and expenses	879		703
Travelling expenses including overseas travel	5,136		4,577
Vehicle running expenses	6,327		3,662
Advertising	1,940		401
Repairs and maintenance	875		2,883
Insurance	2,001		1,202
Printing and stationery	4,071		1,815
Postages, telephones and telegrams	4,436		3,031
Light, water and conservancy	2,533		2,425
General expenses	5,411		2,534
Newspapers and periodicals	90		69
	149,385		107,708
 FINANCIAL CHARGES			
Interest on loan	20,556		12,907
Legal and professional fees	718		492
Audit fees	750		800
Provision for doubtful debts	10,440		4,914
Bank charges	214		105
	32,678		19,218
 DEPRECIATION	24,211		19,761
		206,274	146,687
 LOSS FOR THE YEAR		£ 177,437	127,704



One of the Rural Industrial Development Centres.

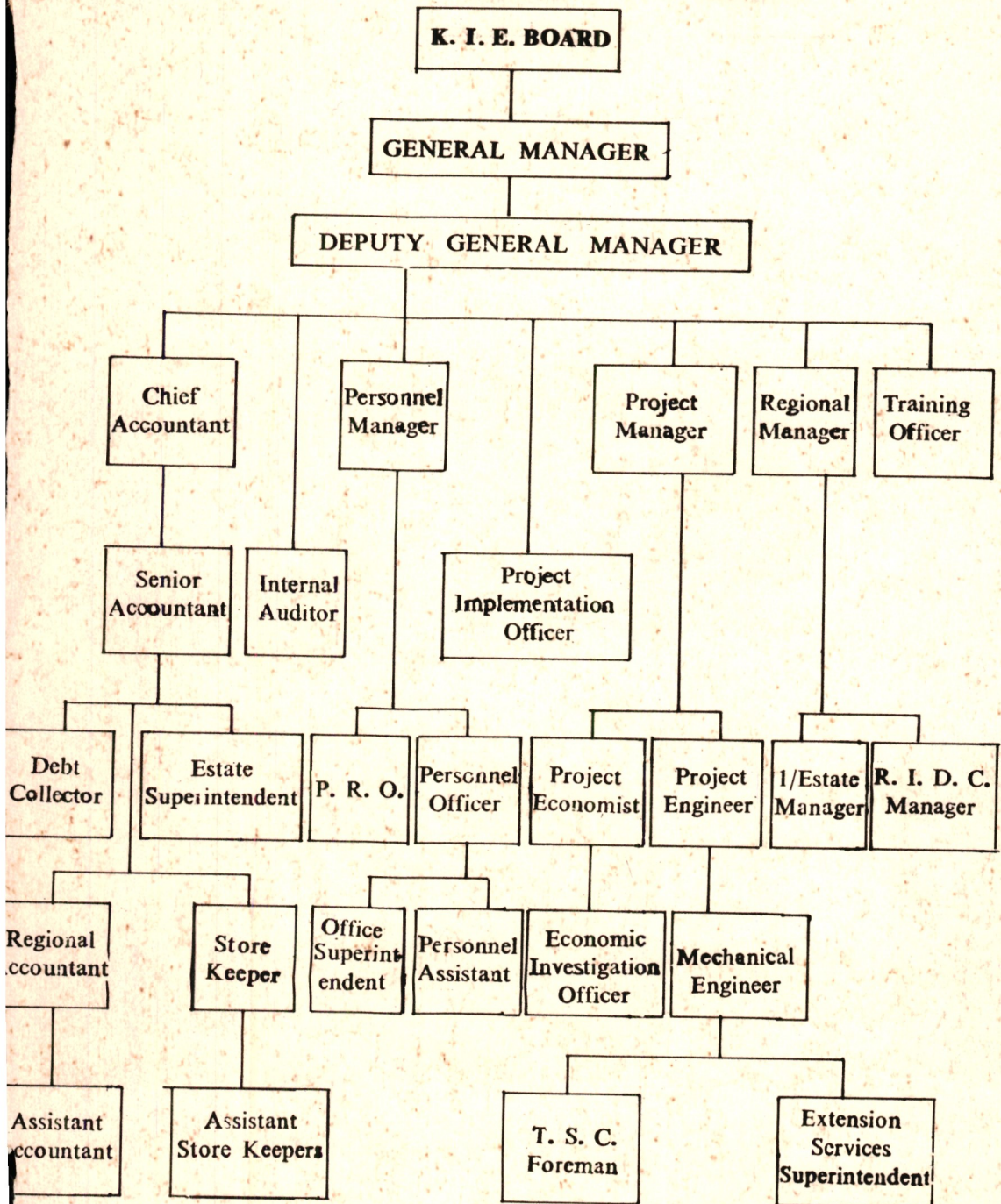


A Client at work.



Inside one of the factories.

K. I. E. ORGANIZATIONAL CHART,



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