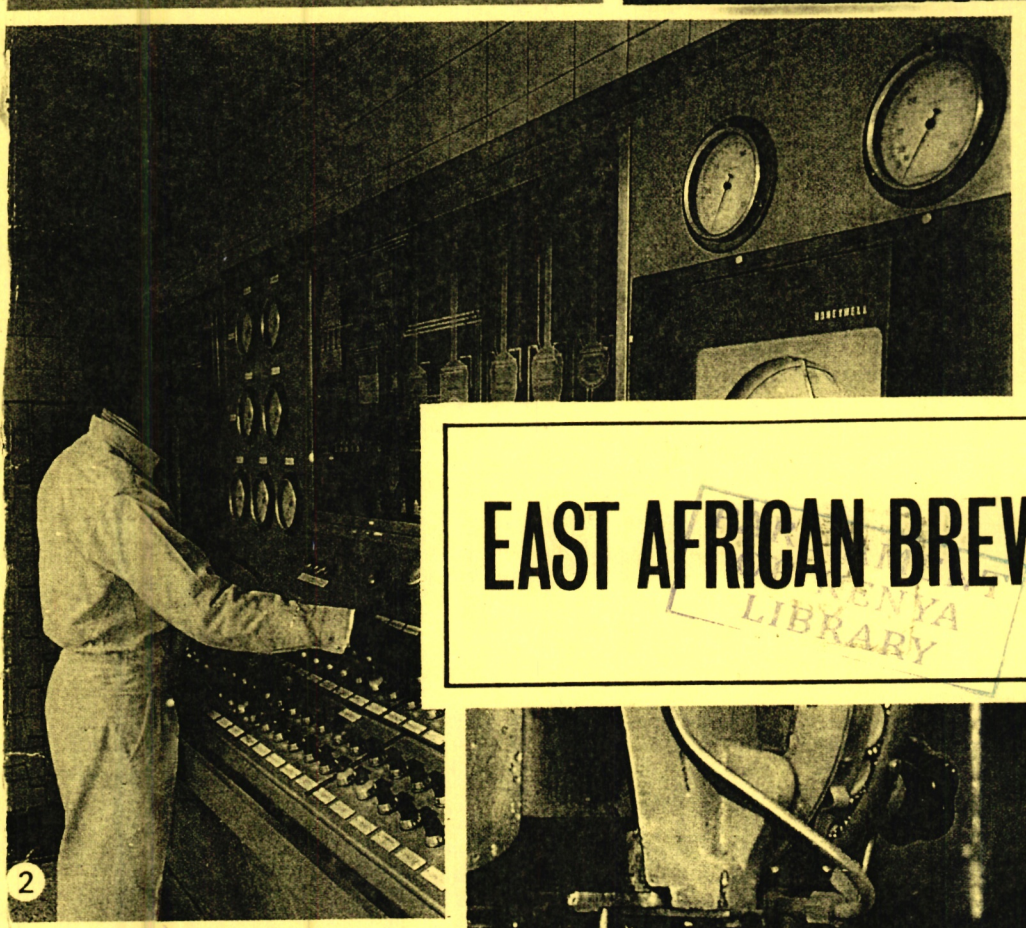
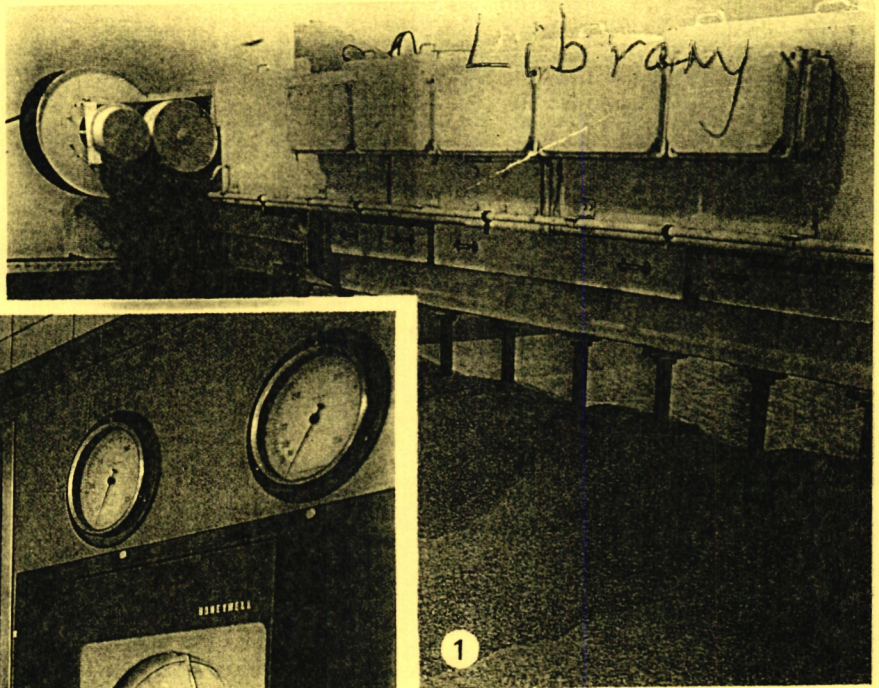
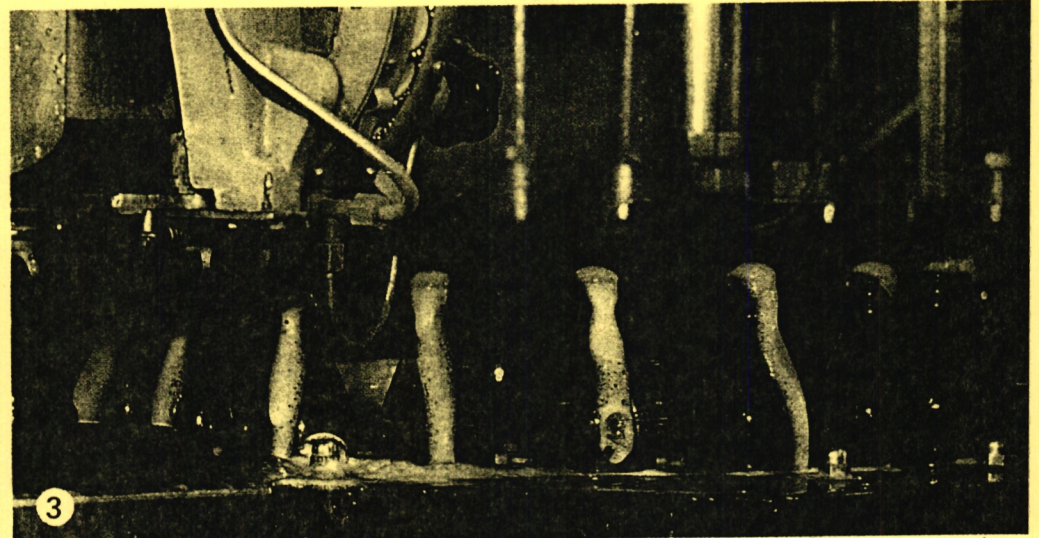


# 1978



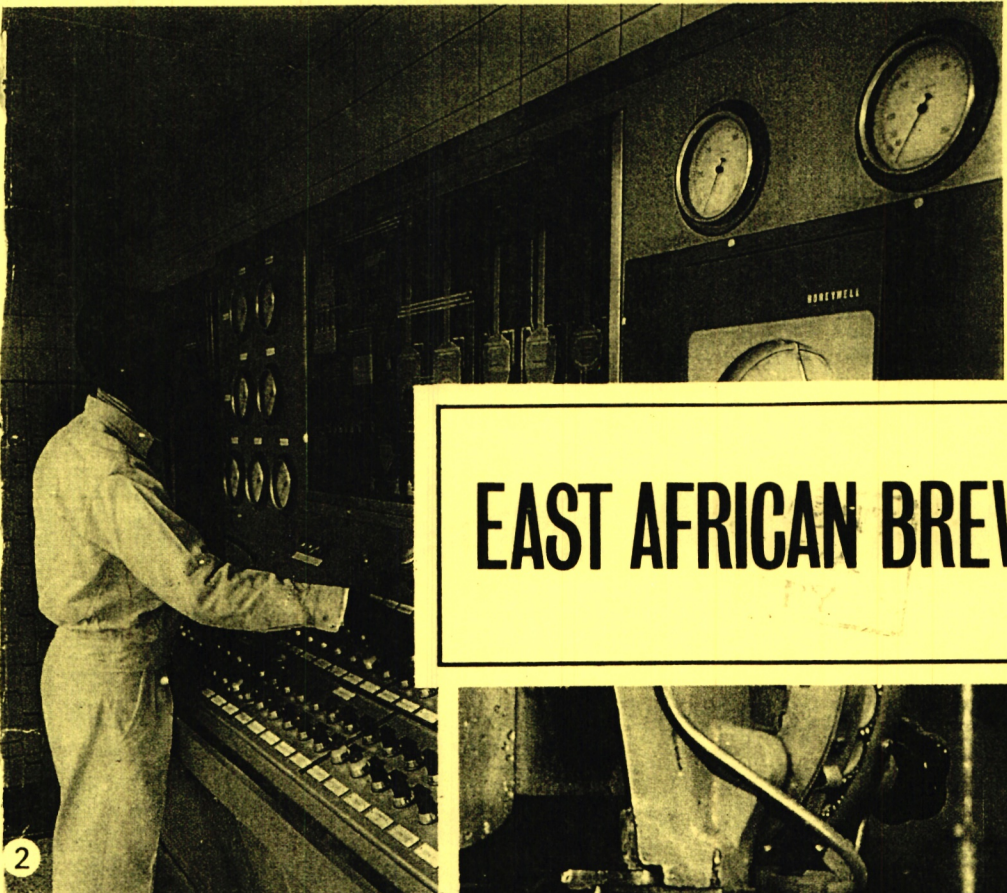
## EAST AFRICAN BREWERIES LIMITED



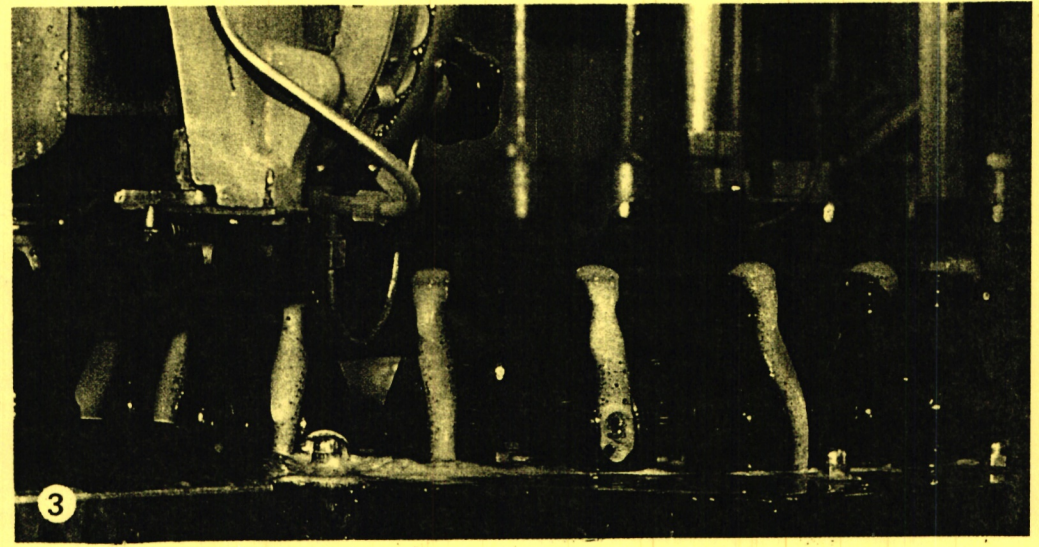
ANNUAL REPORT AND  
ACCOUNTS 1978



# 1978



## EAST AFRICAN BREWERIES LIMITED



ANNUAL REPORT AND  
ACCOUNTS 1978



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KENYA NATIONAL ASSEMBLY  
Accession: 10012892

Call No: 657.3 EABL



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## Notice of the Meeting

NOTICE IS HEREBY GIVEN that the fifty-sixth Annual General Meeting of shareholders will be held at the Tusker Social Hall, Tom Mboya Avenue, off Jomo Kenyatta Avenue, Mombasa, on Thursday, 16 November 1978, at 11.00 a.m.

### **ORDINARY BUSINESS**

- 1 To receive the accounts for the year ended 30 June 1978 and the report of 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 sh 1 per share payable on or about 13 December 1978 to shareholders registered on 16 November 1978.
- 3 To elect directors in accordance with the Company's Articles of Association.
- 4 To consider the recommendation of the Board that fees to directors entitled under Article 83, with effect from 1 July 1978, be approved at the rate of K£ 9,100 per annum, and be divisible among the directors as they may decide.
- 5 To fix the auditors' remuneration.
- 6 To transact any other ordinary business of the Company.

By order of the Board  
C. S. OBURE  
Secretary

P.O. Box 30161, Nairobi  
24 October 1978

*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.*

*A perforated form of proxy is provided 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 11.00 a.m. on Wednesday, 15 November 1978.*

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## Tangazo la Mkutano

TANGAZO LINATOLEWA HAPA kwamba Mkutano Mkuu wa Mwaka wa hamsini na sita wa wenyehisa utafanywa katika Tusker Social Hall, Tom Mboya Avenue, inayoanzia Jomo Kenyatta Avenue, Mombasa, siku ya Alhamisi tarehe 16 Novemba 1978 saa tano kamili asubuhi.

### SHUGHULI ZA KAWAIDA

- 1 Kupokea taarifa ya hesabu ya pesa ya mwaka uliomalizikia tarehe 30 Juni 1978, na taarifa ya wakurugenzi na wakaguzi wa vitabu vya hesabu.
- 2 Kuthibitisha malipo ya kwanza ya pesa za faida ya senti hamsini kwa kila hisa, na kufikiria mapendekezo ya Halmashauri kutangaza malipo ya mwisho ya shilingi moja kwa kila hisa mnamo tarehe 13 Desemba 1978 kwa wenyehisa walio na majina yao katika daftari ya kampuni mnamo tarehe 16 Novemba 1978.
- 3 Kuchagua wakurugenzi kufuatana na Sheria za Kampuni.
- 4 Kufikiria mapendekezo ya Halmashauri kwamba kama ilivyo katika kifungu cha 83 cha Sheria za Kampuni, malipo ya wakurugenzi yakubaliwe kuwa pauni 9,100 kwa mwaka kuanzia tarehe 1 Julai 1978, na pesa hizo zitagawanywa miongoni mwa wakurugenzi jinsi watakvokata shauri wao wenyewe.
- 5 Kuweka kipimo cha malipo ya wakaguzi wa vitabu.
- 6 Kuzungumza mambo mengine yo yote yanayohusu shughuli za Kampuni.

Kwa amri ya Halmashauri  
C. S. OBURE  
Katibu

P.O. Box 30161, Nairobi  
24 Oktoba 1978

*Mwenyehisa anayestahili kuhudhuria mkutano na kupiga kura anaweza kumchagua mwakilishi kuhudhuria mkutano na kupiga kura kwa niaba yake. Si lazima mwakilishi kuwa mwanachama wa kampuni hii.*

*Fomu inayoweza kutolewa imewekwa penye ukurasa 27. Wenyehisa ambao hawakusudii kuhudhuria mkutano wanaombwa kuijaza na kuirudisha kwenye afisi iliyoandikishwa ya Kampuni hii ifike na kupokelewa kabla ya saa tano kamili asubuhi siku ya Jumatano, tarehe 15 Novemba 1978.*

**Two recent historic events for  
Breweries**  
**Mambo mawili ya kihistoria ya  
Breweries**



**July 1970, His Excellency the late President Jomo Kenyatta lays the foundation stone of the Breweries headquarters building at Ruaraka and inaugurates the Company's K£8 million development programme.**

**January 1973, His Excellency the Honourable Daniel arap Moi, then Vice-President and now President of the Republic of Kenya, declares open the new headquarters building and announces the beginning of the Breweries Jubilee Year.**

**Julai 1970, Mtukufu hayati Rais Jomo Kenyatta anaweka jiwe la msingi wa makao makuu ya Breweries katika Ruaraka na anafungua rasmi mpango wa maendeleo wa Kampuni wa kiasi cha K£8 milioni.**

**January 1973, Mtukufu Mheshimiwa Daniel arap Moi, hapo akiwa Makamu wa Rais na ambaye sasa ni Rais wa Jamhuri ya Kenya, anafungua rasmi makao yetu mapya na anatangaza kuanzishwa kwa mwaka wetu wa Breweries Jubilee.**



## Chairman's Statement

THE GROUP PROFITS before taxation for the year amounted to K£5,720,203 which represents a decrease of K£114,970 from the previous year's figure of K£5,835,173. Kenya Breweries Limited contributed K£5,680,858 towards Group profits. However, Group profits after taxation at K£3,366,657 show an increase of K£169,593 over the previous year's figure of K£3,197,064. This result was achieved because of lower taxation this year arising from increased tax allowances on the purchase of new plant, machinery and vehicles during the year.

We received a dividend of K£24,500 from Guinness East Africa Limited and a maiden dividend of K£1,678 from our small investment in Seychelles Breweries Limited.

During the year no income was received from Tanzania Breweries Limited.

I consider these results to be satisfactory bearing in mind the difficulties with which we have been faced and which I deal with in more detail in the next section on 'Kenya'.

My forecast of our performance in the current year is that we are going to experience much less dramatic expansion of sales such as we witnessed in the recent past. This is inevitable due to higher post-budget consumer prices of beer and the recent downturn of the economy following the considerably reduced prices of coffee on the international markets. However, the increased margin of profit on our products will be sufficient, for a while at least, to counteract inflationary cost factors the Company has progressively suffered. It is, therefore, reasonable to expect an upturn of Group profits during this financial year.

### **KENYA**

As indicated in our published half yearly results up to 31 December 1977, progressive inflation of our production costs had begun to erode the benefits of high sales levels. To maintain last year's profits we have had to press our case for an early increase in our product profit margins. This we did. But the increase, which was lumped together with a substantial increase in sales tax, was delayed until Budget Day. The benefit of higher revenues was, therefore, only experienced in the last two weeks of the year under review while at the same time other more serious factors affecting our profitability emerged.



**K. S. N. Matiba, Chairman, East African Breweries Limited.**

**K. S. N. Matiba, Mwenyekiti wa East African Breweries Limited.**

In early 1978 malting barley production suffered a freak major disaster. Nearly a third of the acreage planted for the early 1978 crop was a complete write-off due to heavy and persistent unseasonal rains at harvest time. Much of the crop remained waterlogged in the fields. In other areas it was impossible to harvest the crop because access roads for harvesting machinery became impassable.

In the knowledge that our barley operations, like all farming operations, are rarely blessed with consistently favourable weather conditions, we allow in the prices which we charge our breweries for local malt a reasonable buffer provision against the financial consequences inherent in crop failures in some areas. But never before have we had to face a setback of the magnitude to which the early season crop of 1978 was subjected. The consequences of this crop failure following a very poor late crop harvest in 1977 created exceptional problems for us.

First, we had no alternative but to import a considerable amount of barley and malt to make good the local shortfall at a time when world prices were exceptionally high.

Secondly, in addition to drastically reduced crop deliveries, a very much higher percentage of our

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locally grown barley failed to reach malting quality. In consequence we were compelled under our agreements with our growers to purchase at our guaranteed price for non-malting quality barley, quantities considerably in excess of the requirements of our barley syrup plant. On the resale of the surplus we suffered substantial losses from low realization prices since it had to be sold at a time when feed barley was in much reduced demand due to a surplus of maize and rich pastures following the heavy rains.

Thirdly, much of our malt was produced from very poor quality barley which gave very low brewing extracts. It also involved us in filtration difficulties and in consequence high beer losses.

The end result was that we have had to import, for the first time in many years, substantial quantities of malting barley to keep our breweries in production. I am very pleased, however, to report that the Kenya Government granted us exemption of import duty in recognition of the misfortunes that afflicted Kenya's 1978 cereal crop. The adverse financial consequences of importing barley have, therefore, been much less than they might otherwise have been.

To some degree the end of a period of unprecedented increase in demand for our products (sales increased by 19.65 percent during the financial year under review) is not altogether unwelcome because the upsurge in demand led in turn to sudden and exceptionally high capital expenditure on the expansion of our production facilities. In the year under review this amounted to K£6,120,606. All concerned will be glad to see the end of a situation where machines and transport have had to be used far above rated capacity and without proper time for maintenance and overhaul in order to meet such dramatic increase in demand.

Additionally, against the background of the substantial and rapid growth during the last two years or so, a period of consolidation and reorganization is required. To achieve formidable production and development targets has inevitably been the priority task of our staff in practically all departments but, not surprisingly, this has not been conducive to rational reorganization and the pursuit of maximum economies.

I am happy to report that, with the return to more normal operating conditions of the past few months, we have been enabled once again to address ourselves to these desirable ends. Already favourable results are beginning to be seen.

During the year work on the Kisumu brewery commenced and progress on the project has been satisfactory despite the fact that minor revisions of the original plans have had to be made to meet more stringent but not unreasonable effluent disposal arrangements required by the local authority. This led to some delay in completing drainage works and a slight increase in costs, neither of which will materially affect the progress of the project.

The financing arrangements for the Kisumu project and the completion of extensions required at our other breweries have been completed and, providing

always that increases of our permitted product profit margins are allowed to keep pace with any further inflation of production costs which we may encounter, such arrangements as we have made should prove adequate.

It is interesting to record that the Kenya Treasury during the financial year under review benefited from the products of Kenya Breweries in respect of excise duty and sales tax in the amount of no less than K£39,700,340. In the light of a substantial addition to the rate of sales tax in the June 1978 budget it should reap benefits during the financial year just commenced considerably in excess of this figure.

### **TECHNICAL SERVICES DIVISION**

The East African Breweries Technical Services Division has been heavily engaged in development and extension work at our existing installations in Kenya and has a substantial commitment over the next few years in our Kisumu project.

The Government of Lesotho has contracted with the Technical Services Division to undertake project feasibility and design studies for a proposed brewery at Maseru. The project looks promising. Our Company is currently involved in the design of the brewery and it is anticipated that we will supervise its construction and subsequently become the managers of what will be Lesotho's largest industrial enterprise.

### **MASTERPLAN (KENYA) LIMITED**

This firm, in which your Company has a substantial shareholding, specializes in physical planning, architecture and structural engineering for brewery buildings and installations. Masterplan, in addition to its valuable work on our own projects, has recently secured considerable outside work in industrial and other fields in Kenya and has contributed to our profits.

### **GUINNESS EAST AFRICA LIMITED**

Guinness East Africa Limited, in which your Company has a substantial shareholding, continues to prosper.

### **BEER EXPORTS**

Your Company contributes to Kenya's foreign exchange earnings by the export of beer directly to overseas markets and through uplift catering for aircraft and supplies for ships provisioning.

We are now well advanced in preparations for the launching of a special high quality lager labelled and packaged to exceptionally high standards to appeal in particular to the North American market.

We also plan to offer this special product on the local market in mid-1979 where we have every reason to believe it will be well accepted.

### **UGANDA**

Despite continued efforts to secure payment of dividends outstanding from Uganda Breweries Limited prior to the acquisition of that company by the Uganda



Government together with payment for the shares so acquired, we are still no further forward in the matter. While we will continue resolutely with our efforts, the outcome remains unpredictable.

## TANZANIA

Due to the closure of the Tanzania border and other factors it was not easy to maintain satisfactory liaison with Tanzania Breweries Limited. Nevertheless, after the three lean years from 1974 to 1976 when Tanzania Breweries was not permitted to increase its product profit margins in keeping with rising production costs, a more realistic attitude to the problem coupled with some increase of production in 1977 has led to improved profitability. This improvement has been sustained in 1978. Because of the unsatisfactory liquidity position of Tanzania Breweries no payments of outstanding dividends and management fees have been received during the financial year under review.

Relations between Kenya and Tanzania have improved recently and shareholders will be happy to learn that the East African Breweries aircraft long stranded in Dar es Salaam has now been returned to us.

The suggestion made by us some time ago that the Tanzania Government might consider the purchase of the balance of East African Breweries shares in Tanzania Breweries has now been accepted in principle. A first meeting with the Tanzania National Development Corporation has been held to consider price and terms for the acquisition by NDC of such shares that would be acceptable to both parties. Should any firm arrangement be negotiated we will of course inform shareholders.

Although it has no relevance to the negotiations now in progress, it should be noted that repayment of the full balance of the loans made to the National Development Corporation and Tanzania Finance Company Limited to acquire a proportion of the shareholding of East African Breweries Limited in Tanzania Breweries Limited and later Kilimanjaro Breweries Limited plus accrued interest is due to be made in February 1979.

The total still outstanding is rather more than K£900,000. In the past repayment of similar loans appears to have been honoured by the National Development Corporation on due dates and we have no reason to suppose that our loan will be treated differently.



**Mr Brian Hobson, Chairman of Kenya Breweries, signs a letter of intent for the distribution of Tusker Kenya Lager in California, USA. Looking on are Mr Ian Warden, Breweries sales and marketing director, Mr Godfrey Tetu, managing director, and Mr Wesley Buford of Afram Group Inc. of Los Angeles. The new lager is special for the North American market—and soon will be sold in Kenya too.**

**Bw. Brian Hobson, mwenyekiti wa Kenya Breweries, anaweka sahihi barua ya maagano ya utawanyaji wa Tusker Kenya Lager katika California, USA. Akiangalia ni Bw. Ian Warden, mkurugenzi wa uuzaji wa Breweries, Bw. Godfrey Tetu, mkurugenzi mkuu, na Bw. Wesley Buford wa Afram Group Inc. ya Los Angeles. Pombe la lager hiyo mpya ni maalum kwa soko la Amerika ya kaskazini—na hivi karibuni itauzwa hapa Kenya pia.**

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## SEYCHELLES

Seychelles Breweries Limited continues to do well.

## GENERAL

Sir Michael Blundell, KBE, retired as Chairman of the Company at the end of 1977. His high degree of personal popularity and the degree of appreciation of his valued services to East African Breweries were graphically reflected by the unprecedented warmth of his farewell by all connected with the Company and by the Company's staff at all levels. To be appointed Chairman in replacement of a person of his calibre is a demanding challenge to me.

At the time of preparation of this report, the Kenya nation, of which we are all part, suffered a serious blow on the death of our beloved President Mzee Jomo Kenyatta, CGH, MP, on 22 August 1978. In appreciation of the role our Company plays in the economic development of Kenya, Mzee showed himself as a great supporter of Kenya Breweries and it was evidence of this fact that on 29 July 1970 he visited our Tusker Brewery at Ruaraka to lay the foundation stone of our present headquarters building.

We join the millions of Kenyans in sending our heartfelt condolences to Mama Ngina Kenyatta and the family of our late President.

Mzee has been succeeded by His Excellency the Hon. Daniel T. Arap Moi, EGH, MP. He too has all along given us support and encouragement in his former capacity as Vice President of the Republic. It was he who performed the official opening of our headquarters. In congratulating him on becoming the second President of the Republic of Kenya, we give our assurance that we will continue our efforts in the great task of nation building which lies ahead.

For the reasons given earlier in this statement, circumstances have been unusually demanding for all the Company's staff. I, therefore, pay the highest tribute to them for the support they have given to my predecessor and to me. Additionally I would like to pay tribute to the excellent support we have continued to enjoy from our friends at Allied Breweries Limited.

K. S. N. Matiba  
*Chairman*

## Breweries and Sports / Breweries na Michezo



Breweries employees distinguish themselves in many fields of sport. The Company itself sponsors sports events and sporting programmes on VOK TV.

*Wafanyi kazi wa Breweries wanaonyesha ubingwa katika michezo mingi. Kampuni husimamia michezo aina nyingi na vipindi vya michezo katika Sauti ya Kenya televisheni.*

**Karate club at practice.**

*Kilabu cha karate katika mazoezi.*



**Left, Stephen Muchoki, of Kenya Breweries, is world flyweight boxing champion. Above, Breweries sponsors golf competitions.**

*Kushoto, Stephen Muchoki, mfanyi kazi wa Kenya Breweries, ni bingwa wa ulimwengu katika michezo ya dondi uzani wa flyweight. Juu, Breweries inasimamia mashindano ya golf.*

**Tusker football.**  
*Timu ya soka ya Tusker.*



## Taarifa ya Mwenyekiti

FAIDA YA MWAKA MZIMA ya kundi la makampuni yetu kabla ya kuondolewa fungu la kodi mwaka huu ni K£5,720,203 ambayo inaonyesha upungufu wa K£114,970 kulinganisha na ile faida ya mwaka uliopita ambayo ilikuwa ni K£5,835,173. Kenya Breweries Limited ilichangisha K£5,680,858 ikiwa ni sehemu ya faida ya kundi la makampuni. Walakini, faida ya kundi la makampuni baada ya kuondolewa fungu la kodi la K£3,366,657 inaonyesha ongezeko la K£169,593 ikiwa ni zaidi ya faida ya K£3,197,064 ya mwaka uliopita. Matokeo hayo yalifikiwa kwa sababu ya kutozwa kodi kwa chini mwaka huu kuitokana na kuongezwa kwa vitu ambavyo havitozwi kodi kwa kununua mtambo mpya, mashine na magari katika mwaka huu.

Tulipokea malipo ya mgao kiasi cha K£24,500 kutoka kwa Guinness East Africa Limited na malipo ya mgao mara ya kwanza kiasi cha K£1,678 kutokana na fungu dogo la fedha lililoingizwa katika Seychelles Breweries Limited.

Mwakani hakuna pesa zilizopokewa kutoka Tanzania Breweries Limited.

Nayachukua haya matokeo kuwa yakutosheleza tukikumbuka shida zilizotupata na ambazo nitazungumza juu yake katika kifungu kifuatacho cha 'Kenya'.

Utabiri wangu wa maendeleo mwaka tulionao ni kwamba tutakuwa na upungufu wa ongezeko kubwa la uuzaji kama ule tuliojionea hapo awali. Hii haiwezi kuepukwa kwa ajili ya bei ya beer kupanda baada ya makisio ya fedha na kwenda chini kwa uchumi kwa jumla hivi karibuni kukifuatana na kupunguzwa kwa bei ya kahawa katika masoko ya ulimwengu. Walakini, kuongezeka kwa faida ya bidhaa yetu kutatoshela, kwa muda, kupinga ongezeko la bei ya gharama ya kampuni ambayo kampuni imeendelea kupata. Kwa hivyo, kuna sababu nzuri kutarajia kupanda juu kwa faida ya kundi la makampuni katika mwaka wa fedha tulionao.

### KENYA

Kama ilivyoonyeshwa katika tangazo letu la nusu mwaka mpaka 31 Desemba 1977, ongezeko la bei la gharama ya utengenezaji lilikuwa limeanza kupunguza manufaa ya uuzaji wa juu. Ili kuweka kiasi kile cha faida ya mwaka uliopita ilitubidi tuitilie nguvu sana ile haja yetu ya nyongeza ya faida. Hivyo tulifanya. Walakini hiyo nyongeza, ambayo iliwekwa pamoja na idadi ya nyongeza ya kutosha ya kodi ya uuzaji, ilicheleweshwa hadi Siku ya Makisio ya fedha. Kwa hivyo,

manufaa ya mapato ya juu yalipatikana katika wiki mbili mwishoni wa mwaka tunaouchungulia na vile vile mambo mengine mabaya yakazuka na kupunguza faida.

Mapema katika mwaka 1978 ukuzaji wa shayiri ulipata shida kubwa zaidi. Karibu theluthi moja ya ekari zilizopandwa shayiri mwanzoni wa 1978 iliharibika kabisa kwa ajili ya mvua zaidi, wakati wa kuvuna. Mazao mengi yalibaki mashambani na kuharibiwa na maji. Katika sehemu nyingine kazi za kuvuna ilikuwa shida kwa vile barabara za kupitiwa na mashine za kuvuna ziliharibika.

Tukijua kwamba ukuzaji wa shayiri, kama kazi zote za ukulima, hufanikiwa na hali njema ya hewa mara chache sana, tunatoa malipo mema kwa shayiri kuzuia matatizo ya fedha kutokana na kutopatikana mavuno katika sehemu fulani. Walakini bado hatujakabiliwa na hali mbaya hivyo hapo mbeleni kama wakati wa mavuno hayo ya majira ya mwanzoni wa 1978. Matokeo ya mavuno hayo kutopatikana yakiwa yalifuatana na mavuno yenye kuchelewa sana ya 1977 yalituletea taabu ya pekee.

Kwanza hakutuwa na njia nyingine yoyote ila kununua kiasi fulani cha shayiri na kimea kurekebisha upungufu hapa nchini wakati ambapo bei katika ulimwengu zilikuwa juu zaidi.

Pili, zaidi ya upungufu wa mazao yaliyoletwa, kiasi kikubwa cha shayiri iliyokuzwa nchini hakikufikia hali ya kutengenezwa kimea. Kwa hivyo mapatano yetu na wakulima yalitubidi kununua hiyo shayiri kwa bei fulani hata ikiwa shayiri haikufaa, kiasi zaidi ya kile kinahitajika kwa mtambo wa asali kutoka kwa shayiri. Tulipata hasara kubwa tulipouza kiasi kilichozidi kwa bei ya chini kwa vile ilikuwa lazima iuzwe wakati ambapo haihitajiki sana kwa sababu ya mahindi mengi na nyasi nyingi nchini kutokana na mvua nyingi. Ya tatu, kiasi kikubwa cha kimea chetu kilitoka kwa shayiri isiyofaa ambayo ilitoa aina ya chini kabisa ya dawa za kutengeneza beer. Pia ikatuletea matatizo kuhusu kuchuja beer na kwa hivyo beer nyingi ikaharibika.

Mwishowe ilitubidi kununua kutoka ng'ambo kwa mara ya kwanza kwa miaka mingi, kiasi fulani cha shayiri ya kutengeneza kimea ili kuendesha viwanda vyetu. Ingawaje, nafurahi kuwaambieni kwamba Serikali ya Kenya ilitupatia msaada wa kutolipa kodi ya ushuru kununua bidhaa za nchi za kigeni ikiwa ni onyesho la kutambua bahati mbaya iliyoyapata mavuno ya Kenya ya 1978. Kwa hivyo shida za fedha zinazotokana na kununua shayiri kutoka ng'ambo zimepingua kuliko vile zingekuwa.

Kwa njia fulani mwisho wa wakati wa kuhitajika zaidi kuliko hapo mbeleni kwa bidhaa zetu (uuzaji uliongezeka kwa 19.65 kwa mia wakati wa mwaka wa fedha ambao tunaochungulia) haukosi kukubaliwa kwa vile kuongezeka kwa kuhitajika kulisababisha matumizi ya viwanda ya ghafla na ya juu zaidi kwa kupanua pahali pa kutengenezea bidhaa. Katika mwaka huu tunaochunguza matumizi yalifikia kiasi cha K£6,120,-606. Wote wanaohusika watafurahi kuona mwisho wa hali ambayo inasababisha mashine na magari yatumiwe zaidi ya kanuni zao na bila kupata nafasi ya kutengezwa kama itakikanavyo, ili kutimiza ongezeko kubwa ya mahitaji ya beer.

Na zaidi ya hayo, ikilinganishwa na idadi na ongezeko la ghafla katika muda wa miaka miwili hivi iliopita, nafasi ya kuunganisha na kupanga inahitajika. Kufikia utengenezaji na maendeleo kiasi cha kutosha kumekuwa ndio kazi muhimu katika idara zote lakini, na haishangazi, hakukusaidia upangaji wenye maana na ufuataji wa uangalifu kamili.

Nina furaha kusema kwamba, kwa kurudia hali ya kawaida ya miezi michache iliyopita, tumewezeshwa tena kujishughulisha na madhumuni ya kuvutia. Tayari matokeo ya kupendeza yameanza kuonekana.

Mwakani kazi ya kiwanda cha Kisumu ilianza na maendeleo ya huo mpango yamekuwa sawa sawa isipokuwa mabadiliko machache kutokana na mpango wa kwanza ulilizamishwa kuweza kuambatana na mipango ya kuondoa takataka kiwandani ambayo ilihitajiwa na serikali ya mji. Hii ilileta kutomalizika kwa haraka mfereji ya maji na pia ongezeko dogo kwa gharama. Mambo haya yote hayatazuia maendeleo ya kiwanda.

Kupatikana kwa fedha kwa mpango wa kiwanda cha Kisumu na kumalizika kwa upanuzi unaohitajika katika viwanda vyetu vingine kumekamilika na, ikiwa wakati wote ongezeko la bei ya bidhaa tunaloruhusiwa linakubaliwa ili tuwe mwenendo sawa na ongezeko lolote la gharama ya utengenezaji ambalo pengine tutapata, mipango kama hiyo tuliyoifanya ni lazima itosheleze.

Inatia moyo kuona kwamba hazina ya Serikali wakati wa mwaka wa fedha tunaochungulia ilifaidika kutokana na bidhaa za Kenya Breweries Limited kwa kodi ya ushuru na kodi ya uuzaji kwa kiasi kisichopungua K£39,700,340. Tukilinganisha na ongezeko la kutosha la utozaji wa kodi la uuzaji katika makisio ya Juni 1978 ni lazima mafanikio kupatikana mwakani wa fedha ambao umeanza zaidi ya kiasi hiki kilichotajwa.

### IDARA YA KAZI ZA UFUNDI

Idara ya kazi za ufundi ya East African Breweries imekuwa na shughuli nyingi za maendeleo na upanuzi katika viwanda vyetu hapa Kenya na mipango ya kutosha kwa miaka michache ijayo kuhusu kiwanda cha Kisumu.

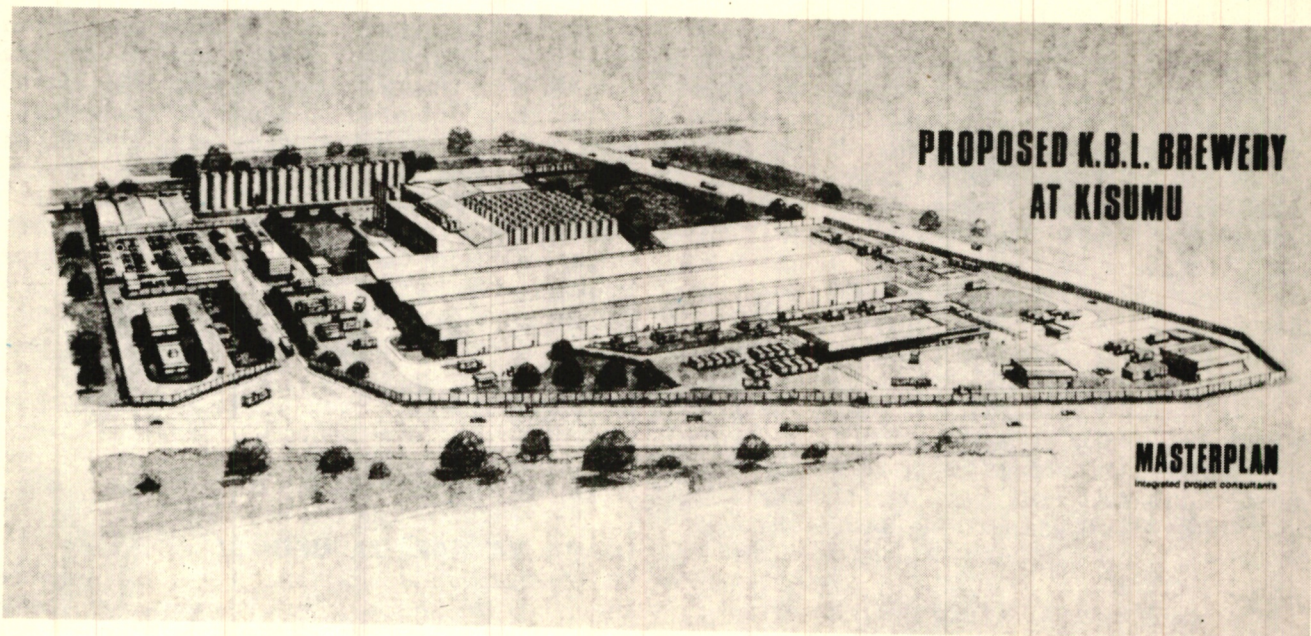
Serikali ya Lesotho imefanya mkataba na idara ya kazi za ufundi kufanya uchunguzi wa mpango na pia utafiti kwa kiwanda ambacho kinachokusudiwa katika Maseru. Mpango huu ni wa kutia moyo. Kampuni yetu kwa sasa inahusika katika mpango wa kujenga kiwanda na inatumainiwa tutasimamia ujenzi wake na baada yake tuwe wasimamizi wa kile kitakachokuwa ni kikubwa zaidi katika biashara ya viwanda katika Lesotho.



**Kenya Breweries drivers have an enviable reputation for safety and courtesy on the road. Those with an accident-free record receive a bonus and a certificate. Left, Mombasa; below, Nairobi.**

**Madereva wa Kenya Breweries wana sifa ya kuonewa wivu kwa usalama na heshima barabarani. Wale ambao hawajapata ajali hupata zawadi na cheti. Kushoto, Mombasa; chini, Nairobi.**





#### **KAMPUNI YA MASTERPLAN (KENYA) LIMITED**

Kampuni hii ambamo kampuni yenu ina hisa kubwa inahusika hasa na mipango ya maarifa ya uchoraji majumba na ufundi wa ujenzi wa majengo ya viwanda na kuweka vifaa. Zaidi ya kazi yote muhimu katika mipango yetu binafsi Kampuni ya Masterplan hivi karibuni imejipatia kazi zaidi ya viwanda kutoka nje na sehemu nyingine katika Kenya na imetuletea faida.

#### **KAMPUNI YA GUINNESS EAST AFRICA LIMITED**

Kampuni ya Guinness East Africa Limited, ambamo kampuni yenu ina hisa nyingi yaendelea kustawi.

#### **UUZAJI WA BEER KWA NCHI ZA KIGENI**

Kampuni yenu inashiriki katika kupatia Kenya pesa za kigeni kwa uuzaji wa beer moja kwa moja kwa masoko ya ulaya na kwa kuuzia ndege na meli beer zetu.

Kwa sasa tuko mbele katika matayarisho ya kuanza uuzaji wa beer maalum chapa lager ambayo imepangwa kwa njia maalum kuvutia hasa masoko ya Amerika ya Kaskazini.

Pia tunatarajia kutoa bidhaa hii maalum kwa masoko nchini katikati ya mwaka wa 1979 na tuna hakika itapendwa.

#### **UGANDA**

Ijapokuwa majaribio mengi yamefanywa ili kupata malipo ya mgao inayodaiwa Uganda Breweries Limited hapo kabla ya kutaifishwa kwa kampuni hiyo na Serikali ya Uganda pamoja na malipo ya hisa zilizo-patikana, hatujafanya maendeleo katika jambo hili. Ingawa tutaendelea kufanya bidii ni shida kutabiri jinsi matokeo yatakavyokuwa.

#### **TANZANIA**

Kwa ajili ya kufungwa kwa mpaka wa Tanzania na mambo mengine, haikuwa rahisi kuwa na mawasiliano ya kutosha na Tanzania Breweries. Walakini baada ya miaka mitatu isiyo na mafanikio kutoka 1974 mpaka 1976 wakati ambapo Tanzania Breweries haikukubaliwa kuongeza faida ya bidhaa ili kupambana na gharama ya utengenezaji, nia ifaayo juu ya shida hiyo ikiwa pamoja na ongezeko la utengenezaji katika 1977 imeruhusu kupatikana faida nzuri. Maendeleo hayo yameendelea katika 1978. Kwa sababu ya hali ya ukosefu kamili wa pesa wa Tanzania Breweries hakuna malipo ya mgao yaliyodaiwa yamepatikana katika mwaka wa fedha unaochunguliwa.

Uhusiano baina ya Kenya na Tanzania umekuwa bora hivi karibuni na wenyehisa watafurahi kujua ya kwamba ndege ya East African Breweries ambayo ilikuwa imezuiliwa Dar es Salaam tumerudishiwa.

Maoni yaliyotolewa nasi hapo mbeleni kwamba Serikali ya Tanzania yaweza kufikiria kununua hisa za East African Breweries zilizobaki katika Tanzania Breweries yamekubalika. Mkutano wa kwanza na Tanzania National Development Corporation umefanywa kufikiria bei na masharti ya kuchukuliwa na NDC kwa hisa hizo, ambayo itakubalika na pande zote mbili. Mpango kamili ukifikiwa bila shaka tutawaarifu wenyehisa.

Hata ingawa haina uhusiano na mashauri ambayo yanaendelea sasa, ni lazima ijulikane kwamba kulipwa kwa ukamilifu kwa deni iliyobaki iliyopewa National Development Corporation and pia Tanzania Finance Company Limited kujipatia kifungu sawa cha hisa cha East African Breweries Limited na baadaye Kilimanjaro Breweries Limited pamoja na faida, inatazamiwa kulipwa Februari 1979.

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Jumla ya kiasi ambacho hakijalipwa ni hasa zaidi ya K£900,000. Hapo mbeleni, malipo ya madeni kama hayo yanaonekana kama yametimizwa na National Development Corporation katika ule muda uliotakikana, na hatuna sababu ya kufikiria ati madeni yetu yatate-ndewa mambo tofauti.

### **SEYCHELLES**

Kampuni ya Seychelles Breweries yaendelea kustawi vyema.

### **MENGINEYO**

Sir Michael Blundell, KBE, alijiuzulu akiwa Mwenyekiti wa Kampuni mwishoni wa mwaka wa 1977.

Kupendeka kwake zaidi na watu na kufurahiwa kwa huduma zake za maana kwa East African Breweries kulionyeshwa na ukubwa wa karamu ya kumuaga na wote wanaohusika na Kampuni wa viwango vyote. Kuteuliwa mwenyekiti mahali pa mtu mwenye ujuzi kama huo ni kazi ngumu kwangu binafsi.

Wakati wa kutayarisha taarifa hii, taifa zima la Kenya, lilipata pigo kubwa kutokana na kifo cha Rais mpendwa Mzee Jomo Kenyatta, CGH, MP, tarehe 22 Agosti 1978. Kwa kuthamini kazi ambayo Kampuni yetu inafanya katika maendeleo ya uchumi wa Kenya, Mzee aliunga

mkono Kenya Breweries na kwa ushahidi huu alite- mbelea Tusker Brewery katika Ruaraka tarehe 29 Julai 1970 kuweka jiwe la msingi la makao yetu makuu ya sasa. Tunaungana na mamilioni ya Kenya kwa kutuma risala za rambirambi kwa Mama Ngina Kenyatta na jamaa ya hayati Rais.

Mzee amefuatiwa na Mtukufu Mheshimiwa Daniel T. Arap Moi, EGH, MP. Yeye pia ametuunga mkono na kututia moyo hapo mbeleni akiwa Makamu wa Rais wa Jamhuri ya Kenya. Ni yeye aliyefungua rasmi makao yetu makuu. Kwa kumpongeza kwa kuwa ni Rais wa pili wa Jamhuri ya Kenya, tunawahakikishia kwamba tutaendelea na bidii zetu katika shughuli za kujenga taifa.

Kwa sababu zilizotolewa hapo mbeleni, hali imekuwa ngumu kuliko kawaida kwa wafanyikazi wote. Kwa hivyo, ninawashukuru sana kwa msaada waliotoa kwa aliye nitangulia na pia kwangu. Pamoja na hayo, ningetaka kutoa shukrani kwa msaada tunaoendelea kupata kutoka kwa rafiki zetu wa Allied Breweries Limited.

K. S. N. MATIBA  
*Mwenyekiti*

# Report of the Directors for the year ended 30 June 1978

To be submitted to the shareholders at the fifty-sixth annual general meeting of the Company to be held at Tusker Social Hall, Mombasa, on Thursday, 16 November 1978, at 11.00 a.m. The directors have pleasure in presenting to the shareholders the accounts for the year ended 30 June 1978.

## PROFIT AND LOSS ACCOUNT

	<i>KE</i>
Consolidated profit before taxation .. .. .	5,720,203
Taxation provision including adjustments relating to prior years .. .. .	2,353,546
	<hr/>
Profits retained .. .. .	3,366,657
	44,936
	<hr/>
Profits to be appropriated .. .. .	3,321,721
	<hr/>

The appropriations, to which effect has been given in the accompanying accounts, are:

## DIVIDENDS

Interim paid : fifty cents per share .. .. .	740,574
Final proposed : one shilling per share .. .. .	1,481,147
	<hr/>
Transfer to general reserve .. .. .	2,221,721
	1,100,000
	<hr/>
	3,321,721
	<hr/>

## DIRECTORATE

In accordance with article 93 of the Articles of Association, Dr M. J. Alier and J. M. Muchura retire by rotation, but being eligible, offer themselves for re-election.

## AUDITORS

Messrs. Gill & Johnson will continue in office in accordance with Section 159 (2) of the Companies Act. A resolution to fix their remuneration will be proposed at the annual general meeting.

## STAFF

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

By order of the Board  
C. S. OBURE  
Secretary

P.O. Box 30161, Nairobi  
24 October 1978



# Ripoti ya Wakurugenzi ya mwaka uliomalizika tarehe 30 Juni 1978

ITAKAYOTOLEWA kwa wenyehisa kwenye mkutano mkuu wa Kampuni wa mwaka ambao ni wa hamsini na sita utakaofanywa katika Tusker Social Hall, Mombasa, tarehe 16 Novemba 1978, siku ya Alhamisi saa tano asubuhi. Wakurugenzi wanapendezwa kuwatolea wenyehisa hesabu za mwaka uliomalizika tarehe 30 Juni 1978.

## FAIDA NA HASARA ZA HESABU ILIYOTENGWA KWA MATUMIZI MAALUM

	K£
Kabla ya kutoa fungu la kodi hesabu za kundi la makampuni zilizojumlishwa pamoja zilionyesha faida ya .. .. .	5,720,203
Fungu la malipo ya kodi na marekebisho ya miaka iliyopita lilikuwa .. .. .	2,353,546
	<hr/>
	3,366,657
Faida iliyowekwa .. .. .	44,936
	<hr/>
Hivyo, kiasi cha faida inayoweza kutumiwa ni .. .. .	3,321,721
	<hr/>
Matumizi yaliyoonyeshwa katika hesabu za Kampuni ni :	
<b>Migao ya faida:</b>	
Malipo ya mgao wa kwanza yaliyolipwa 1978: senti hamsini kila hisa .. .. .	740,574
Malipo ya mgao wa mwisho yaliyopendekezwa kwa mwaka 1978: shilingi moja kila hisa .. .. .	1,481,147
	<hr/>
	2,221,721
Nyongeza katika akiba kuu .. .. .	1,100,000
	<hr/>
	3,321,721
	<hr/>

## UKURUGENZI

Kwa mujibu wa Kanuni 93 za Kampuni, Dr M. J. Alier na J. M. Muchura wanaondoka vitini mwao katika Halmashauri kwa zamu, lakini nao pia kwa kuwa wanastahili kuchaguliwa tena, wanajitolea wachaguliwe.

## WAKAGUZI WA HESABU

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

## WAFANYI KAZI WA KAMPUNI

Wakurugenzi hawana budi kutoa shukrani zao mara nyingine kwa juhudi iliyofanywa na wafanyi kazi wote wa Kampuni kwa mwaka uliomalizika.

Kwa amri ya Halmashauri  
C. S. OBURE  
Katibu

P.O. Box 30161, Nairobi  
24 Oktoba 1978

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# EAST AFRICAN BREWERIES LIMITED

## Accounting Policies

### **BASIS OF ACCOUNTING**

The accounts are prepared on the historical cost basis of accounting, including the revaluation of certain assets.

### **CONSOLIDATION**

The Group accounts combine the profits, assets and liabilities of the Company and of its wholly owned subsidiary, Kenya Breweries Limited. Dividends from associated companies are included as income only when received. The Group accounts do not combine the profits, assets and liabilities of associated companies.

The associated companies are:

	<i>Equity held</i>
	<i>%</i>
Tanzania Breweries Limited	45
Guinness East Africa Limited	49
Seychelles Breweries Limited	4

### **MANAGEMENT FEES**

Amounts due from subsidiary and associated companies are included as income only when received.

### **STOCKS**

Bottles and crates held by the Company are valued at rates charged to customers less an amount to reduce that rate to cost where appropriate.

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

### **DEPRECIATION**

No depreciation is provided on land which is freehold or held on leasehold for an unexpired term exceeding 99 years. The other main rates of depreciation and methods of calculation are:

Leasehold land	Straight line over the life of the lease
Freehold buildings	2 per cent on cost
Leasehold buildings	2 per cent on cost or over the life of the lease if less than 50 years
Plant and machinery	At rates between 4 per cent and 15 per cent on cost designed to write off the assets over their useful lives.
Motor vehicles:	
Commercial	20 per cent on cost
Cars	25 per cent on cost
Other equipment	At rates between 10 per cent and 20 per cent on cost to write off the assets over their useful lives.

The useful lives of the assets are reviewed periodically and appropriate adjustments are then made to write off their values over their remaining useful lives. No depreciation is charged on capital work in progress.

### **MARKET VALUE OF INVESTMENTS**

The market value of quoted investments is based on the closing middle market price at the end of the financial year.

### **EXCHANGE RATES**

Foreign currencies have been converted to Kenya shillings at the rates of exchange ruling at the end of the financial year. The accounts are expressed in Kenya currency, K£1 being equivalent to twenty Kenya shillings.

**EAST AFRICAN BREWERIES LIMITED AND ITS SUBSIDIARY**  
**Consolidated Profit and Loss Account**  
**for the year ended 30 June 1978**

	<i>Note</i>	1978 K£	1977 K£
<b>Trading profit</b>	<b>1</b>	5,691,798	5,831,195
<b>Income from investments</b>			
Associated companies		26,178	—
Other investments		2,227	3,978
		<hr/>	<hr/>
<b>Profit before taxation</b>		5,720,203	5,835,173
<b>Taxation</b>	<b>2</b>	2,353,546	2,638,109
		<hr/>	<hr/>
<b>Profit after taxation available for distribution</b>		3,366,657	3,197,064
<b>Dividends</b>			
Interim paid		740,574	617,145
Final proposed		1,481,147	1,481,147
<b>Transfer to general reserve</b>	<b>13</b>	1,100,000	1,000,000
		<hr/>	<hr/>
<b>Retained profits</b>	<b>3</b>	44,936	98,772
		<hr/>	<hr/>

**EAST AFRICAN BREWERIES LIMITED AND ITS SUBSIDIARY**  
**Consolidated Balance Sheet**  
**at 30 June 1978**

	<i>Note</i>	1978 K£	1977 K£
<b>Fixed assets</b>	4	23,054,995	18,323,960
<b>Investment in associated companies at cost</b>		621,354	621,354
<b>Nationalized asset</b>	6	1,294,083	1,294,083
<b>Loan</b>	7	682,841	682,841
		<u>25,653,273</u>	<u>20,922,238</u>
 <b>Current assets</b>			
Stock		10,059,436	8,323,385
Debtors	8	659,802	475,134
Associated company	9	1,354,115	1,174,347
Quoted investment	10	17,485	17,137
Money at call and on deposit		53,468	39,796
Bank balances and cash		618,881	1,254,911
		<u>12,763,187</u>	<u>11,284,710</u>
 <b>Current liabilities</b>			
Creditors		8,049,551	6,392,849
Associated company		153,301	185,026
Taxation	11	2,543,546	2,805,868
Bank overdraft (secured)		862,869	—
Proposed dividend		1,481,147	1,481,147
		<u>13,090,414</u>	<u>10,864,890</u>
 <b>Net current (liabilities) assets</b>		(327,227)	419,820
		<u>25,326,046</u>	<u>21,342,058</u>
 <b>Represented by</b>			
<b>Share capital</b>	12	14,811,472	12,342,894
 <b>Reserves</b>			
Share premium		127,896	127,896
Capital reserve		256,281	256,281
General reserve	13	3,384,529	4,753,107
Retained profits	14	245,868	200,932
 <b>Shareholders' funds</b>		<u>18,826,046</u>	<u>17,681,110</u>
<b>Loans</b>	15	6,500,000	3,660,948
		<u>25,326,046</u>	<u>21,342,058</u>

K. S. N. Matiba *Director*  
I. S. Ednie *Director*

**EAST AFRICAN BREWERIES LIMITED**  
**Balance Sheet at 30 June 1978**

	<i>Note</i>	<i>1978</i> <i>K£</i>	<i>1977</i> <i>K£</i>
<b>Investment in subsidiary</b>	<b>5</b>	17,239,014	<i>16,158,534</i>
<b>Investment in associated companies at cost</b>		621,354	<i>621,354</i>
<b>Nationalized asset</b>	<b>6</b>	1,294,083	<i>1,294,083</i>
<b>Loan</b>	<b>7</b>	682,841	<i>682,841</i>
		<u>19,837,292</u>	<u><i>18,756,812</i></u>
<b>Current assets</b>			
Debtors	<b>8</b>	96,694	<i>117,620</i>
Associated company	<b>9</b>	1,352,751	<i>1,172,983</i>
Quoted investment	<b>10</b>	17,485	<i>17,137</i>
Money at call and on deposit		53,468	<i>39,796</i>
Bank balances		108,158	<i>92,447</i>
		<u>1,628,556</u>	<u><i>1,439,983</i></u>
<b>Current liabilities</b>			
Creditors		1,186,512	<i>1,026,208</i>
Taxation	<b>11</b>	22,900	<i>59,133</i>
Proposed dividend		1,481,147	<i>1,481,147</i>
		<u>2,690,559</u>	<u><i>2,566,488</i></u>
<b>Net current liabilities</b>		<u>(1,062,003)</u>	<u><i>(1,126,505)</i></u>
		<u>18,775,289</u>	<u><i>17,630,307</i></u>
<i>Represented by</i>			
<b>Share capital</b>	<b>12</b>	14,811,472	<i>12,342,894</i>
<b>Reserves</b>			
Share premium		127,896	<i>127,896</i>
Capital reserve		229,665	<i>229,665</i>
General reserve	<b>13</b>	3,384,529	<i>4,753,107</i>
Retained profits	<b>14</b>	221,727	<i>176,745</i>
		<u>18,775,289</u>	<u><i>17,630,307</i></u>

K. S. N. Matiba *Director*  
I. S. Ednie *Director*

# Notes on the Accounts

	1978 K£	1977 K£		
<b>1 TRADING PROFIT</b>				
Trading profit has been arrived at after charging:				
Loan interest .. .. .	413,726	453,469		
Depreciation .. .. .	1,358,276	1,282,281		
Auditors' remuneration .. .. .	22,604	17,975		
Directors' emoluments for services as:				
Directors .. .. .	9,100	8,050		
Directors of subsidiary .. .. .	12,616	21,472		
Executives .. .. .	100,154	87,858		
	<u>2,371,201</u>	<u>2,769,424</u>		
<b>2 TAXATION</b>				
Taxation on the profit for the year .. .. .	2,371,201	2,769,424		
Adjustments relating to prior years .. .. .	(17,655)	(131,315)		
	<u>2,353,546</u>	<u>2,638,109</u>		
<b>3 RETAINED PROFITS</b>				
East African Breweries Limited .. .. .	44,982	97,462		
Subsidiary companies .. .. .	(46)	1,310		
	<u>44,936</u>	<u>98,772</u>		
<b>4 FIXED ASSETS</b>				
	<i>Properties</i>	<i>Plant,</i>		
	<i>Freehold</i>	<i>Leasehold</i>	<i>equipment</i>	
			<i>and vehicles</i>	
	<i>K£</i>	<i>K£</i>	<i>K£</i>	
			<i>Total</i>	
			<i>K£</i>	
Cost or valuation				
At 1 July 1977 .. .. .	5,582,839	3,478,729	14,687,437	23,749,005
Additions .. .. .	120,689	218,324	4,067,537	4,406,550
Disposals .. .. .	—	—	(132,106)	(132,106)
	<u>5,703,528</u>	<u>3,697,053</u>	<u>18,622,868</u>	<u>28,023,449</u>
At 30 June 1978 .. .. .				
At valuation 1 July 1969 .. .. .				5,748,244
At cost .. .. .				22,275,205
				<u>28,023,449</u>
Depreciation				
At 1 July 1977 .. .. .	664,216	342,955	5,423,679	6,430,850
Provided for the year .. .. .	119,914	81,763	1,156,599	1,358,276
On disposals .. .. .	—	—	(100,811)	(100,811)
	<u>784,130</u>	<u>424,718</u>	<u>6,479,467</u>	<u>7,688,315</u>
At 30 June 1978 .. .. .				
Net book value at 30 June 1978 .. .. .	4,919,398	3,272,335	12,143,401	20,335,134
Capital work in progress .. .. .				2,719,861
				<u>23,054,995</u>
Net book value at 30 June 1977 .. .. .	4,918,623	3,135,774	9,263,758	17,318,155
Capital work in progress .. .. .				1,005,805
				<u>18,323,960</u>

	1978 K£	1977 K£
<b>5 INVESTMENT IN SUBSIDIARY</b>		
Shares at cost .. .. .	12,250,000	12,250,000
Current account including dividend since declared .. .. .	4,989,014	3,908,534
	<u>17,239,014</u>	<u>16,158,534</u>

**6 NATIONALIZED ASSET**

A claim has been lodged with the Ugandan authorities both for compensation for an amount in excess of the book value of the shares of the former subsidiary company and for the settlement of the current account. The Directors are unable to express an opinion as to the outcome of the claim.

The amount shown in the balance sheets comprises:

Book value of investment .. .. .	809,025	809,025
Current account including dividends declared but not paid .. .. .	485,058	485,058
	<u>1,294,083</u>	<u>1,294,083</u>

**7 LOAN**

The loan is to the National Development Corporation (Tanzania) and is repayable in full together with interest thereon by February 1979. Instalments are payable from dividends paid by Tanzania Breweries Limited to the Corporation. The dividends declared for the two years ended 31 December 1973 and the year ended 31 December 1976 are still to be paid. Interest accrued for the four years to 30 June 1978 of K£225,576 (1977 K£163,132) has not been included.

**8 DEBTORS**

Debtors include an amount of K£92,173 (1977 K£113,355) which has been loaned to the trustees of East African Breweries Limited's share option scheme for the purpose of acquiring shares in the Company.

**9 ASSOCIATED COMPANY**

The dividends from Tanzania Breweries Limited at K£457,564 for the two years ended 31 December 1973 are still to be paid.

A dividend of K£78,750 for the year ended 31 December 1976 has been declared but not paid or taken as income in the accounts.

**10 QUOTED INVESTMENT**

	1978 K£	1977 K£
Market value .. .. .	<u>14,052</u>	<u>13,130</u>

**11 TAXATION**

<b>Group</b>		
Previous year .. .. .	172,345	36,444
Current year .. .. .	2,371,201	2,769,424
	<u>2,543,546</u>	<u>2,805,868</u>
<b>Company</b>		
Current year .. .. .	<u>22,900</u>	<u>59,133</u>

	1978 K£	1977 K£
<b>12 SHARE CAPITAL</b>		
Authorized:		
30,000,000 ordinary shares of Ksh 10 each .. .. .	15,000,000	15,000,000
Issued and fully paid:		
29,622,944 ordinary shares of Ksh 10 each .. .. .	<u>14,811,472</u>	<u>12,342,894</u>
<b>13 GENERAL RESERVE</b>		
At 1 July .. .. .	4,753,107	3,753,107
Less: Amount applied in paying up, in full, a bonus issue of 4,937,157 shares of Ksh 10 each .. .. .	2,468,578	—
	<u>2,284,529</u>	<u>3,753,107</u>
Transfer from profit and loss account .. .. .	1,100,000	1,000,000
	<u>3,384,529</u>	<u>4,753,107</u>
At 30 June .. .. .		
<b>14 RETAINED PROFITS</b>		
Group:		
At 1 July .. .. .	200,932	102,160
Transfer from profit and loss account .. .. .	44,936	98,772
	<u>245,868</u>	<u>200,932</u>
At 30 June .. .. .		
Company:		
At 1 July .. .. .	176,745	79,283
Transfer from profit and loss account .. .. .	44,982	97,462
	<u>221,727</u>	<u>176,745</u>
At 30 June .. .. .		
<b>15 LOANS (secured)</b>		
At 1 July .. .. .	3,660,948	4,773,360
Repayments .. .. .	2,160,948	1,112,412
	<u>1,500,000</u>	<u>3,660,948</u>
New loans .. .. .	5,000,000	—
	<u>6,500,000</u>	<u>3,660,948</u>
At 30 June .. .. .		
Loans include K£1,500,000 repayable by March 1979. The remaining loans are repayable by semi-annual instalments between 1980 and 1984.		
<b>16 CAPITAL COMMITMENTS</b>		
Expenditure contracted for but not provided in the accounts .. .. .	2,972,136	1,563,562
Expenditure authorized by the Board but not contracted for .. .. .	2,742,748	1,516,862
<b>17 CONTINGENT LIABILITIES</b>		
The subsidiary company has guaranteed bank advances to barley farmers amounting to .. .. .	910,539	927,546
The Kenya Income Tax Department has issued additional assessments to which the Company has objected for the years 1970 to 1975 in respect of the disallowance of expenses they claim the Company incurred in earning its dividend income amounting to .. .. .	125,000	125,000



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## **Report of the Auditors to the Members of East African Breweries Limited**

- 1 We have examined the accounts set out on pages 16 to 22 and have obtained all the information and explanations considered necessary for our audit. In our opinion proper books of account have been kept by the Company, and the Company's balance sheet is in agreement therewith.
- 2 As stated in note 6, the directors are unable to express an opinion on the outcome of the claim in respect of the nationalized asset in Uganda. We also are unable to express an opinion on the value of this asset.
- 3 Subject to the reservation in paragraph 2, in our opinion the accounts comply with the Companies Act and give a true and fair view of the state of affairs at 30 June 1978 of the Company and the Group and of the profit for the year ended on that date of the Group.
- 4 In addition we have examined the source and application of funds statement set out on page 24. In our opinion this statement gives a true and fair view of the source and application of the Group's funds for the year ended 30 June 1978.

Nairobi  
24 October 1978

GILL & JOHNSON

**EAST AFRICAN BREWERIES LIMITED AND ITS SUBSIDIARY**  
**Source and Application of Funds**  
**for the Year ended 30 June 1978**

	1978 K£'000	1977 K£'000
<b>Source of funds</b>		
Profit after taxation	3,367	3,197
Adjustments for items not involving the movement of funds:		
Depreciation	1,358	1,282
Profit on sale of fixed assets	(30)	(18)
<b>Total generated from operations</b>	<u>4,695</u>	<u>4,461</u>
<b>Funds from other sources</b>		
Sale of fixed assets	61	32
Loan capital raised	5,000	—
	<u>9,756</u>	<u>4,496</u>
<b>Application of funds</b>		
Purchase of fixed assets (including work in progress)	6,121	1,456
Loan capital repaid	2,161	1,112
Dividends paid	2,222	1,728
	<u>10,504</u>	<u>4,296</u>
	<u>(748)</u>	<u>197</u>
<b>Change in working capital</b>		
Increase (decrease) in debtors including associate	364	(302)
Increase in stock	1,736	1,765
Increase in creditors including associate	(1,625)	(2,461)
Decrease (increase) in taxation	262	(1,149)
	<u>737</u>	<u>(2,147)</u>
<b>Movement in liquid funds</b>		
(Decrease) increase in bank overdraft	(863)	1,181
(Decrease) increase in bank balances, cash and quoted investment	(622)	1,163
	<u>(748)</u>	<u>197</u>

## EAST AFRICAN BREWERIES LIMITED AND ITS SUBSIDIARY

### Five-Year Review of Assets Employed

	1978 K£'000	1977 K£'000	1976 K£'000	1975 K£'000	1974 K£'000
<b>Assets employed</b>					
Fixed assets	23,055	18,324	18,165	19,882	16,712
Investments	621	621	621	621	621
Nationalized asset	1,294	1,294	1,311	—	—
Loans	683	683	683	683	683
Net current assets	(327)	420	576	3,211	1,189
	<b>25,326</b>	<b>21,342</b>	<b>21,356</b>	<b>24,397</b>	<b>19,205</b>
<b>Financed by</b>					
Share capital	14,811	12,343	12,343	12,343	12,343
Share premium account	128	128	128	128	128
Reserves	3,887	5,210	4,112	4,512	3,866
<b>Shareholders' funds</b>	<b>18,826</b>	<b>17,681</b>	<b>16,583</b>	<b>16,983</b>	<b>16,337</b>
Loan capital	6,500	3,661	4,773	6,210	1,850
Minority interests	—	—	—	1,204	1,018
	<b>25,326</b>	<b>21,342</b>	<b>21,356</b>	<b>24,397</b>	<b>19,205</b>
<b>Net current assets</b>					
Stock	10,059	8,323	6,559	5,991	4,537
Debtors	2,014	1,650	1,934	2,892	1,710
Creditors	(11,609)	(9,384)	(5,774)	(4,518)	(4,037)
Accrued dividends	(1,481)	(1,481)	(1,111)	(926)	(1,543)
Cash and other liquid resources	690	1,312	(1,032)	(228)	522
	<b>(327)</b>	<b>420</b>	<b>576</b>	<b>3,211</b>	<b>1,189</b>
<b>Net assets per ordinary share Ksh</b>	<b>12.71</b>	<b>14.32</b>	<b>13.43</b>	<b>13.76</b>	<b>13.23</b>

## EAST AFRICAN BREWERIES LIMITED AND ITS SUBSIDIARY

# Five-Year Review of Profits and Earnings

	1978 KE'000	1977 KE'000	1976 KE'000	1975 KE'000	1974 KE'000
<b>Trading profit</b>	5,692	5,831	3,496	4,050	5,151
Income from investments	28	4	7	23	341
<b>Profit before taxation</b>	5,720	5,835	3,503	4,073	5,492
Taxation	2,353	2,638	1,272	1,665	2,161
<b>Profit after taxation</b>	3,367	3,197	2,231	2,408	3,331
Minorities	—	—	—	219	239
<b>Profit attributable to shareholders</b>	3,367	3,197	2,231	2,189	3,092
Dividends	2,222	2,098	1,728	1,543	2,160
<b>Profits retained</b>	1,145	1,099	503	646	932
<b>Earnings per ordinary share Ksh</b>	2.27	2.59	1.81	1.77	2.50
<b>Dividend per ordinary share Ksh</b>	1.50	1.50	1.40	1.25	1.75
<b>Number of issued shares in millions</b>	29.6	24.7	24.7	24.7	24.7

EAST AFRICAN BREWERIES LIMITED  
**PROXY**

I/We .....  
of .....  
..... being a member/s of  
East African Breweries Limited, hereby appoint .....  
of ..... or failing him .....  
..... of ..... or failing him the  
duly appointed chairman of the meeting to be my/our proxy, to vote for me/us and on my/our behalf at the Annual  
General Meeting of the Company, to be held on Thursday, the sixteenth day of November 1978, at 11.00 a.m. or  
at any adjournment thereof.  
As witness my/our hand/s this ..... day of .....

Signature .....

- NOTES: 1. This proxy to be delivered to the Company's office not later than 11.00 a.m. on Wednesday, 15 November 1978, failing which it will be invalid.  
2. In the 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 .....  
wa ..... ama akikosa yeye .....  
..... wa ..... ama akikosa yeye,  
basi namchagua yule aliyechaguliwa kuwa mwenyekiti wa mkutano huu kuwa mwakilishi wangu/wetu, katika  
kunipigia kura/kutupigia kura kwa niaba yangu/yetu, katika Mkutano Mkuu wa Kampuni wa Mwaka, utakaofanywa  
siku ya Alhamisi, mwezi Novemba, tarehe 16, 1978, saa tano, ama siku yo yote ile iwapo mkutano utahirishwa.  
Kama ushahidi natoa/tunatoa saina hii/hizi ..... siku hii/ya .....

Sahihi .....

- UKUMBUSHO: 1. Uwakilishi huu upelekwe kwa afisi ya Kampuni, kabla ya saa tano za asubuhi, siku ya  
Jumatano, tarehe 15 Novemba 1978, ikikosa hivyo hautafaa kitu.  
2. Kwa upande wa shirika, uwakilishi ni lazima uwe umebandikwa ule muhuri wao wa kawaida.



