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REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA WINE AGENCIES LIMITED FOR THE YEAR ENDED
30 JUNE 1989

KENYA WINE AGENCIES LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1989

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KENYA WINE AGENCIES LIMITED

DIRECTORS

Industrial & Commercial Development Corporation - (Mr G R M'Mwirichia
- Chairman)

Industrial & Commercial Development Corporation

Ministry of Commerce

N R Pavitt (Managing)

F M Thuo

Sir Michael Blundell

Dr J K Yabs

Mrs G Owiny

A C Kiptoon

SECRETARIES

Chunga Limited

P O Box 41968

NAIROBI

AUDITORS

Auditor-General (Corporations)

P O Box 49384

NAIROBI

BANKERS

Barclays Bank of Kenya

Queensway House Branch

P O Box 30011

NAIROBI

REGISTERED OFFICE

KWAL House

LR 209/10472

Enterprise Road

P O Box 40550

NAIROBI

BRANCHES

Enterprise Road

P O Box 40550

NAIROBI

Dar es Salaam Road

P O Box 84001

MOMBASA

KENYA WINE AGENCIES LIMITED

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at the Offices of the Company, KWAL House, Nairobi

1. To read the notice convening the meeting.
2. To approve the Minutes of the Annual General Meeting held on 30 November 1988.
3. To consider and, if approved, adopt the audited Balance Sheet and Accounts for the year ended 30 June 1989 together with Director's and Auditors' Reports thereon.
4. To confirm payment of the Interim Dividend of Shs 0.75 per share and to consider the declaration of a Final Dividend of 75 Cents per share to shareholders registered on 31 October 1989.
5. To approve the Directors' Remuneration.
6. To fix the remuneration of the auditors.
7. Any other business which may be transacted at the Annual General Meeting.

BY ORDER OF THE BOARD
CHUNGA LIMITED

SECRETARIES

P O BOX 41968
N A I R O B I

N.B.:

A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend on his behalf. A proxy need not be a member. Any Corporation which is a member of the Company may by resolution of its directors or other governing body authorise a person to attend as its representative at the above meeting. A form of proxy is enclosed and should be returned to the Secretaries, P O Box 41968, Nairobi, to arrive not later than 48 hours before the meeting or any adjournment thereof.

KENYA WINE AGENCIES LIMITED

CHAIRMAN'S STATEMENT

Your Company recently celebrated its 20th Anniversary which coincided with the official opening of its new complex in Enterprise Road.

I am very pleased to announce that these milestones in your Company's history have coincided with record operating profits. These profits have been enhanced by a substantial one-time capital gain on the sale of your Company's old premises.

The move of the Winery and Bottling Lines into the new complex was achieved without serious disruption and has already resulted in increased output and improved efficiency. Sales of your Company's range of local wines and wine-based products continue to grow at a satisfactory rate.

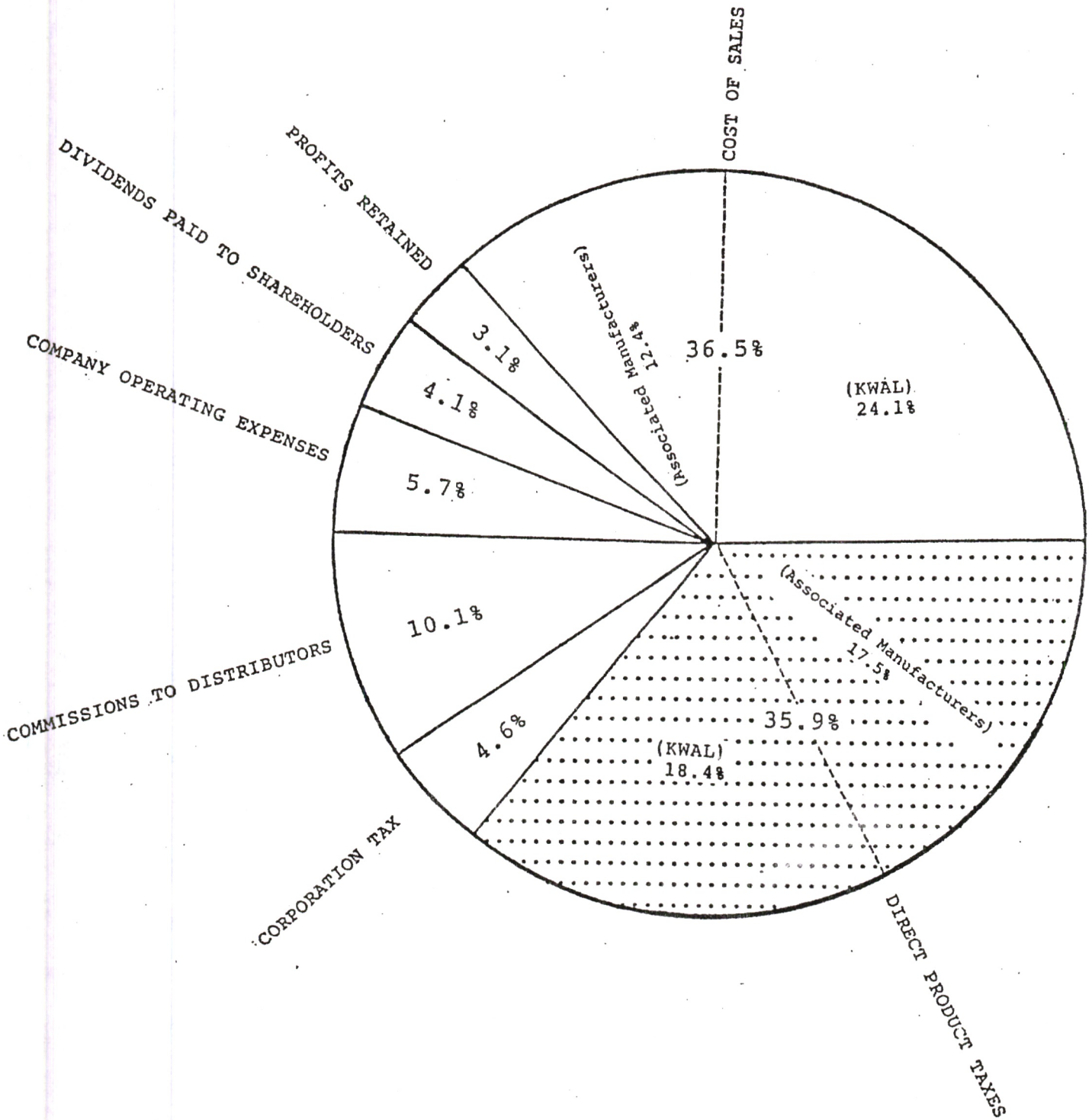
It is proposed to increase the dividends to our shareholders to 30% this year.

Your Company is in a good position to face the many challenges that lie ahead. I am sure you will wish to join me in congratulating the Management and Staff for these excellent results.



CHAIRMAN

INCOME DISTRIBUTION CHART



N.B.: Retained earnings exclude gain on sale of Fixed Assets.

5,500,000

5,000,000

4,500,000

4,000,000

3,500,000

3,000,000

2,500,000

2,000,000

1,500,000

1,000,000

500,000

NET TRADING PROFIT BEFORE TAX
KE

1980 81 82 83 84 85 86 87 88 89

NOTE: 1989 net trading profit includes capital gain on sale of old premises.

DIVIDENDS PAID TO SHAREHOLDERS

KE

1,400,000

1,300,000

1,200,000

1,100,000

1,000,000

900,000

800,000

700,000

600,000

500,000

400,000

300,000

200,000

100,000

1980 81 82 83 84 85 86 87 88 89

NOTE: 1986 accounting year was 15 months

KENYA WINE AGENCIES LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and the audited accounts for the year ended 30 June 1989.

	<u>KE.</u>	<u>KE.</u>
The net profit for the year before taxation		5,147,940
The estimated Corporation Tax		1,354,924
Profit after taxation		<u>3,793,016</u>

The Directors recommend:-

a) Interim Dividend paid on	300,000	
b) Interim Dividend paid on	300,000	
c) Proposed Final Dividend	600,000	1,200,000
	<u> </u>	<u> </u>
Net Profit after Tax and Dividends		2,593,016
Add: Retained profits from previous years		928,198
Add: Share of Profits of Investments		425,154
		<u> </u>
		3,946,368
Transfer to Capital Reserves		-
		<u> </u>
Retained Profit in Profit and Loss Account		3,946,368
		=====

Your Board is very satisfied with the results for the year under review. Your Board has recommended a final dividend of KE. 600,000 or KShs 0.75 per ordinary share making a total payment for the year of KE. 1,200,000 equivalent to KShs 1.50 per ordinary share or a 30% return on capital.

Your Board wishes to express its appreciation to the Management and Staff who have given loyal service over the past year.

By Order of the Board



G R M'WIRICHIA Chairman

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE
ACCOUNTS OF THE KENYA WINE AGENCIES LIMITED FOR THE
YEAR ENDED 30 JUNE 1989

The accounts of the Kenya Wine Agencies Limited for the year ended 30 June 1989 have been examined on my behalf by the Company's authorized auditors in accordance with Section 29 (2) (b) of the Exchequer and Audit Act, (Cap 412). The authorized auditors have duly reported to me the results of the audit and on the basis of their report, I am satisfied that all the information and explanations required for the purpose of the audit were obtained. Proper books of account have been kept and the accounts are in agreement therewith and comply with the Companies Act.

In my opinion, the accounts, when read together with the notes thereon, give a true and fair view of the state of affairs of the Company as at 30 June 1989 and of its profit and source and application of funds for the year ended on that date.


A.J. KOTH

AUDITOR-GENERAL (CORPORATIONS)

23rd October, 1989

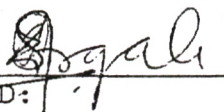
KENYA WINE AGENCIES LIMITEDBALANCE SHEET AS AT 30 JUNE 1989

		<u>1989</u>	<u>1988</u>
	<u>NOTE</u>	<u>KE.</u>	<u>KE.</u>
FIXED ASSETS	3	4,088,337	3,264,199
TRADE INVESTMENTS	4	2,153,365	1,728,211
CURRENT ASSETS			
Stocks	5	4,479,822	3,773,744
Debtors	6	494,941	261,652
Deposits and prepayments		301,738	300,532
Cash in hand and banks	7	5,048,782	2,620,054
		<u>10,325,283</u>	<u>6,955,982</u>
CURRENT LIABILITIES			
Bills payable		1,675,610	710,837
Creditors	8	1,795,120	1,379,036
Taxation	9	1,549,887	1,610,321
Proposed Dividend		600,000	320,000
		<u>5,620,617</u>	<u>4,020,194</u>
NET CURRENT ASSETS		<u>4,704,666</u>	<u>2,935,788</u>
		<u>10,946,368</u>	<u>7,928,198</u>
		=====	=====
FINANCED BY:			
Share Capital	10	4,000,000	4,000,000
Reserves	11	6,946,368	3,928,198
		<u>10,946,368</u>	<u>7,928,198</u>
		=====	=====



SIGNED:

DIRECTOR



SIGNED:

DIRECTOR

(The Report of the Auditors is on Page 7)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1989(INCORPORATING RESULTS OF ASSOCIATED COMPANIES)

	<u>1989</u>	<u>1988</u>
<u>KE.</u>	<u>KE.</u>	<u>KE.</u>
<u>TRADING PROFIT OF INVESTING COMPANY BEFORE TAXATION</u>	3,459,837	3,301,657
Add: Gain on sale of Fixed Assets	1,688,103	9,271
	<u>5,147,940</u>	<u>3,310,928</u>
<u>TAXATION</u>	1,354,924	1,533,703
PROFIT OF INVESTING COMPANY AFTER TAXATION	3,793,016	1,777,225
Share of profits of Associated Companies	425,154	1,049,670
NET PROFIT ATTRIBUTABLE TO MEMBERS OF INVESTING COMPANY FOR CURRENT YEAR	4,218,170	2,826,895
Add: Profits brought forward from previous years	928,198	401,303
	<u>5,146,368</u>	<u>3,228,198</u>
Transfer to reserves	-	1,500,000
	<u>5,146,368</u>	<u>1,728,198</u>
<u>DIVIDENDS</u>		
Interim paid	600,000	480,000
Proposed final	600,000	320,000
	<u>1,200,000</u>	<u>800,000</u>
NET PROFITS RETAINED	<u>3,946,368</u>	<u>928,198</u>

KENYA WINE AGENCIES LIMITEDSTATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE YEAR ENDED30 JUNE 1989

	<u>30.6.1989</u>	<u>30.6.1988</u>
<u>SOURCE OF FUNDS</u>	<u>KE.</u>	<u>KE.</u>
Profit before taxation	5,147,940	3,310,928
Add (deduct) items not involving movement of funds		
Depreciation	191,119	96,067
Profit on sale of Fixed Assets	(1,688,103)	(9,271)
FUNDS GENERATED FROM OPERATIONS	<u>3,650,956</u>	<u>3,397,724</u>
<u>FUNDS FROM OTHER SOURCES</u>		
Sale proceeds of Fixed Assets	2,155,831	13,700
Dividends Received	-	262,500
Share of undistributed profits on investments with Associated Companies	425,154	787,170
	<u>2,580,985</u>	<u>1,063,370</u>
	<u>6,231,941</u>	<u>4,461,094</u>
	=====	=====
<u>APPLICATION OF FUNDS</u>		
Purchase of Fixed Assets	1,482,985	2,242,657
Trade Investments	425,154	787,170
Dividends Paid	920,000	840,000
Taxation Paid	1,415,358	1,648,365
	<u>4,243,497</u>	<u>5,518,192</u>
NET (OUTFLOW)/INFLOW OF FUNDS	<u>1,988,444</u>	<u>(1,057,098)</u>
	=====	=====
<u>MOVEMENT IN WORKING CAPITAL</u>		
Increase in Stocks	706,078	684,425
Increase in debtors and pre-payments	234,495	105,110
(Increase) in creditors and provisions	(1,380,857)	117,271
	<u>(440,284)</u>	<u>906,806</u>
<u>MOVEMENT IN NET LIQUID FUNDS</u>		
Increase in Bank and Cash balances	2,428,728	(1,963,904)
	<u>1,988,444</u>	<u>(1,057,098)</u>
	=====	=====

KENYA WINE AGENCIES LIMITEDNOTES ON ACCOUNTS AS AT 30 JUNE 19891. ACCOUNTING POLICIESA. Basis of Accounting

The accounts have been prepared on the historical cost convention.

B. Consolidation

The accounts include share of undistributed profits/(losses) of associated companies at their balance sheet dates. Investment shares are stated at cost.

C. Stock Valuation

- i) Bulk and bottling stocks have been valued at the lower of cost and net realisable value. Cost is landed cost including certain handling charges applied on a first in first out basis.
- ii) Cased goods have been valued at the lower of cost and net realisable value. Cost for locally bottled goods represents the actual cost of bulk and bottling materials consumed plus direct labour and attributable factory overheads. Cost for imported cased goods represents landed cost including certain handling charges.
- iii) Sundry stocks have been valued at the lower of cost and net realisable value.
- iv) Goods in transit have been valued at cost of accepted bills of exchange inclusive of charges at cost and at the equivalent exchange rates as at 30 June 1989.

D. Kenya Currency

The symbol of KE used in the accounts is equivalent to twenty Kenya Shillings.

KENYA WINE AGENCIES LIMITEDNOTES ON ACCOUNTS AS AT 30 JUNE 19891. ACCOUNTING POLICIES ... Cont'dE. Foreign Currencies

Amounts arising in foreign currencies have been converted to KE' as follows:-

- a) Completed transaction - at the rate of exchange on date of transaction.
- b) Liabilities of the Company other than for goods in transit at actual rate on payment.
- c) Goods in transit shipped from overseas ports at the rates on acceptance of bills.
- d) Bills not accepted and goods in transit at the rates ruling on 30 June.

Net exchange differences arising in respect of transactions are reflected in the profit and loss account.

F. Depreciation

Depreciation is calculated at annual rates expected to write off each asset over the period of its estimated life. The rates used are as follows:-

Leasehold Property	-	over the period of lease
Motor Vehicles	-	25%
Office machinery	-	12½%
Stores Equipment	-	15%
Plant and Furniture	-	10%

2. INTEREST AND DIVIDEND INCOME

Interest income is credited to the profit and loss account on an accrual basis while dividend income is credited only to the extent received.

KENYA WINE AGENCIES LIMITED

3. FIXED ASSETS

	Land and Buildings Leasehold	Motor Vehicles	Industrial Plant and Machinery	Agricultural Plant and Machinery	Furniture Equipment	Total
<u>AT COST</u>	<u>KE.</u>	<u>KE.</u>	<u>KE.</u>	<u>KE.</u>	<u>KE.</u>	<u>KE.</u>
At 1 July - 1988	2,691,679	155,089	701,915	20,428	52,950	3,622,061
Additions	836,491	159,276	397,568	-	89,650	1,482,985
Disposals	(488,828)	(46,353)	-	-	(678)	(535,859)
	<u>3,039,342</u>	<u>268,012</u>	<u>1,099,483</u>	<u>20,428</u>	<u>141,922</u>	<u>4,569,185</u>
<u>Depreciation</u>						
At 1 July - 1988	112,897	48,377	239,970	2,128	34,158	437,530
For the Year	51,437	49,787	76,625	5,107	6,979	189,935
On Disposals	(106,806)	(39,131)	-	-	(678)	(146,614)
	<u>57,528</u>	<u>59,033</u>	<u>316,595</u>	<u>7,235</u>	<u>40,459</u>	<u>480,850</u>
Net Book Value	<u>2,981,814</u>	<u>208,979</u>	<u>782,888</u>	<u>13,193</u>	<u>101,463</u>	<u>4,088,330</u>
<u>AT REVALUATION</u>						
At 1 July - 1988	114,388	-	-	-	-	114,388
Additions	-	-	-	-	-	-
Disposals	(114,388)	-	-	-	-	(114,388)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Depreciation</u>						
At 1 July - 1988	34,720	-	-	-	-	34,720
For the Year	1,184	-	-	-	-	1,184
On Disposals	(35,904)	-	-	-	-	(35,904)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Book Value at 30.6.89	<u>2,981,814</u>	<u>208,979</u>	<u>782,888</u>	<u>13,193</u>	<u>101,463</u>	<u>4,088,330</u>
Net Book Value at 30.6.88	<u>2,658,450</u>	<u>106,712</u>	<u>462,947</u>	<u>18,300</u>	<u>17,790</u>	<u>3,264,199</u>

KENYA WINE AGENCIES LIMITED4. TRADE INVESTMENTS

	<u>1989</u>	<u>1988</u>
<u>ASSOCIATED COMPANIES</u>		
<u>UCHUMI SUPERMARKETS LIMITED</u>		
37½% of unquoted Ordinary Shares (at cost)	1,125,000	1,125,000
Add: Share of balance of profit (losses)	577,349	235,256
	<hr/>	<hr/>
	1,702,349	1,360,256
	=====	=====
<u>INTERNATIONAL DISTILLERS (KENYA) LIMITED</u>		
25% of unquoted Ordinary Shares (at cost)	248,489	248,489
Add: Share of Undistributed Profit	202,527	119,466
	<hr/>	<hr/>
	451,016	367,955
	=====	=====

1. The results of Uchumi Supermarkets Limited treated in these accounts are for the audited accounts for the year ended 30 June 1988 and provisional results for 9 months to 31 March 1989.
2. The results of International Distillers (Kenya) Limited in these accounts are for the audited accounts for the year ended 30 September 1988.

5. STOCKS

	<u>1989</u>	<u>1988</u>
Cased goods	2,630,785	2,593,171
Bulk goods	190,795	389,893
Bottling materials	325,511	307,283
Goods in Transit	1,332,731	483,397
	<hr/>	<hr/>
	4,479,822	3,773,744
	=====	=====

KENYA WINE AGENCIES LIMITED

	<u>1989</u>	<u>1988</u>
6. <u>DEBTORS</u>		
Trade Debtors	500,079	264,759
Less: Provision for Bad Debts	(5,138)	(3,107)
	<hr/>	<hr/>
	494,941	261,652
	=====	=====
7. <u>CASH IN HAND & BANK</u>		
Cash in hand	2,510	1,760
Cash in bank	127,951	167,237
Short term deposits	5,179,867	2,451,057
Overdrawn account	(261,546)	-
	<hr/>	<hr/>
	5,048,782	2,620,054
	=====	=====
8. <u>CREDITORS</u>		
Trade Creditors	664,759	867,485
Other Creditors & Accrued Expenses	1,130,361	511,551
	<hr/>	<hr/>
	1,795,120	1,379,086
	=====	=====
9. <u>TAXATION</u>		
Estimated taxation payable on current year's profit	1,354,924	1,533,703
Less: Withholding Tax on interest income	25,379	46,097
	<hr/>	<hr/>
	1,329,545	1,487,606
Accrued net liability on previous years	220,342	122,715
	<hr/>	<hr/>
	1,549,887	1,610,321
	=====	=====

Tax Assessments from 1982 to date have not yet been agreed with the Income Tax Department. The Company does not expect any additional tax liability.

KENYA WINE AGENCIES LIMITED

	<u>1989</u>	<u>1988</u>
10. <u>SHARE CAPITAL</u>		
<u>Authorised and Issued</u>		
a) 12,800,000 "A" Shares of Shs 5/= each	3,200,000	3,200,000
b) 3,200,000 "B" Shares of Shs 5/= each	800,000	800,000
	-----	-----
	4,000,000	4,000,000
	=====	=====
11. <u>RESERVES</u>		
General Reserves	3,000,000	3,000,000
Profit and Loss Account	3,946,368	928,198
	-----	-----
	6,946,368	3,928,198
	=====	=====

12. OVERDRAFT FACILITIESBARCLAYS BANK OF KENYA LIMITED

The Company has bank overdraft facilities, secured by a floating debenture to the extent of Kf 725,000, and a legal mortgage over the Company's Nairobi - Enterprise Road and Mombasa Leasehold properties.

13. CAPITAL COMMITMENTS

Capital expenditure authorised and/or contracted for at the balance sheet date was approximately Kf 1,327,500 for new acquisitions and replacements of plant and machinery, winery equipment and Land & Buildings.