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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 1991

KENYA WINE AGENCIES LIMITED

AUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1991

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KENYA WINE AGENCIES LIMITED

DIRECTORS

Industrial & Commercial Development Corporation -
(G R M'wirichia - Chairman)
Industrial & Commercial Development Corporation
Ministry of Commerce
P K Chemng'orem (Managing)
N R Pavitt
F M Thuo
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

Dar es Salaam Road
P O Box 84001
MOMBASA

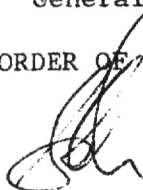
P O Box 30
MARIGAT

KENYA WINE AGENCIES LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Offices of the Company, KWAL House, Nairobi on Wednesday 20 November 1991 immediately following the Board Meeting which will be held at 2.30 p.m. to conduct the following business:

- 1 To read the notice convening the meeting.
- 2 To approve the minutes of the Annual General Meeting held on 21 November 1990.
- 3 To consider and, if approved, adopt the audited Balance Sheet and Accounts for the year ended 30 June 1991 together with the Directors' and Auditors' Reports thereon.
- 4 To confirm payment of the 1st and 2nd Interim Dividends amounting to 25 cents per share and to consider the declaration of a Final Dividend of 25 cents per share to shareholders registered on 31 October 1991.
- 5 To approve the Directors' Remuneration.
- 6 To authorise the Directors to fix the remuneration of the Auditors.
- 7 Any other business which may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD



For CHUNGA ASSOCIATES
SECRETARY

Date: 12 November 1991

P O Box 41968
NAIROBI

N.B

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member. Any corporation which is a Member of the Company may by resolution of the 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 Secretary, P O Box 41968, Nairobi, to arrive not later than 48 hours before the meeting or any adjournment thereof.

CHAIRMAN'S STATEMENT

In my last year's statement I made reference to 'many challenges and problems that lie ahead'. Indeed the year was besieged with major economic and social problems which were made worse by the Gulf Crisis and the recession. Sales were affected by mid-year as a result of the Gulf War in addition to the company losing the airport business altogether to new operators at the airports.

Tourism was seriously affected as a result of the world recession and the Gulf crisis. The Kenya Shilling depreciated heavily against major currencies during the year. Despite these problems, sales of your company products increased by 18.6% and operating profits improved by 14.6% over last year.

The Company's locally manufactured and bottled products further increased their market share with sales improving further. In addition, the Company increased its export drive of these locally manufactured products and a reasonable order was executed just before the year end. These efforts will be continued further during the coming year and I am confident the results will be encouraging.

While I look back with satisfaction, the coming year will be a difficult one. The world recession is not yet over and I do not anticipate it will come to an end soon. Further tight liquidity continue to persist and with our main foreign exchange earners at their lowest both in quantity and price, the position is not expected to change very soon. In addition, tourism though expected to improve will not significantly change much since its earnings will just replace the lost revenue from coffee and tea.

I therefore do not expect much improvement during the coming year. However your Company will do all it can to maintain its position in the market place.

Your Board is satisfied with the results of the current year and has proposed a dividend of Kf1.2 million for the year.

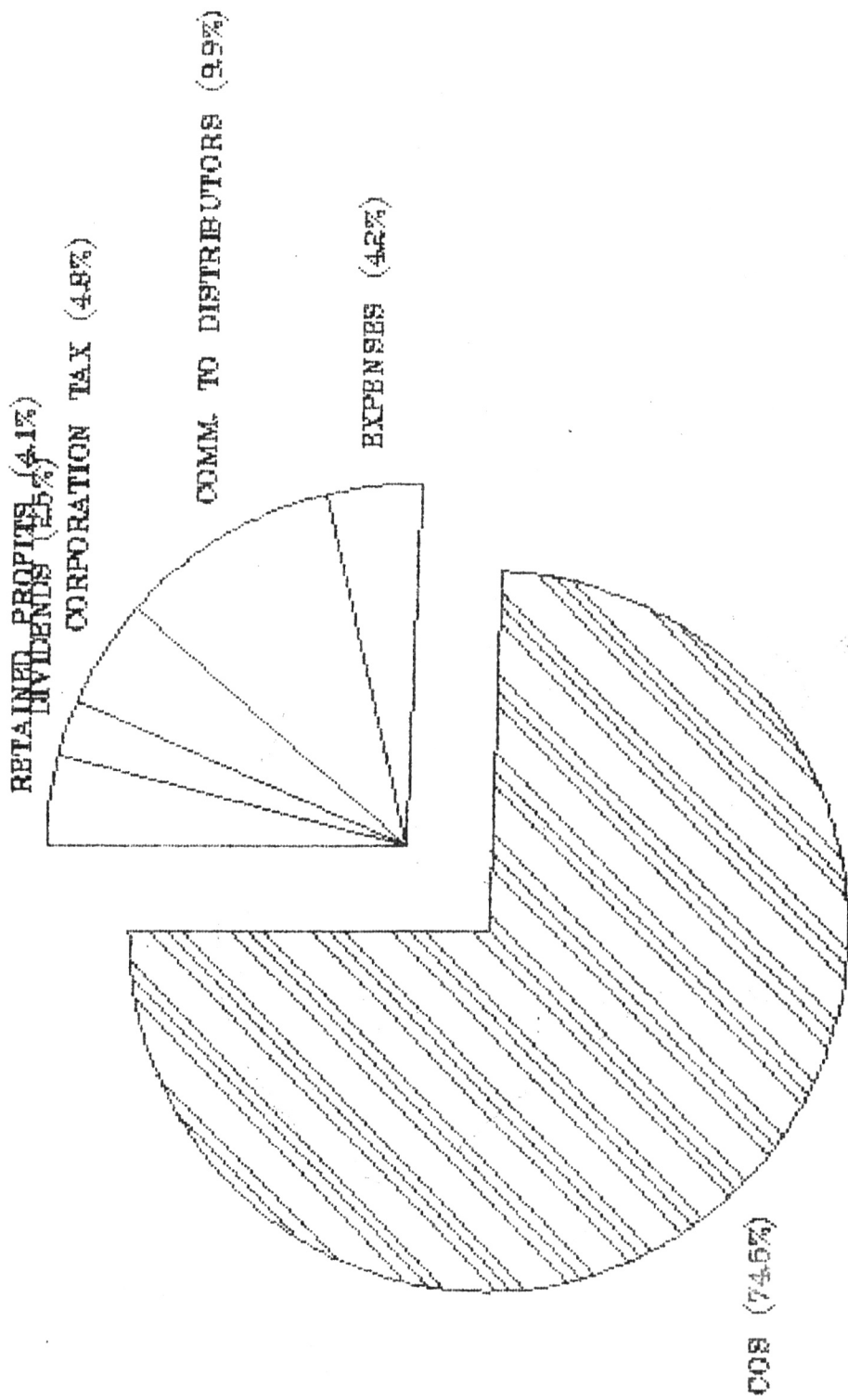
Finally I would like to take this opportunity and I am sure you would wish to join me to congratulate the Management and Staff of your Company on these commendable results.



CHAIRMAN

KENYA WINE AGENCIES LTD.

INCOME DISTRIBUTION CHART



To: The Secretary
Kenya Wine Agencies Limited
P O Box 41968
NAIROBI

P R O X Y F O R M

I/We.....

of (Address).....

being a member/members of KENYA WINE AGENCIES LIMITED

hereby appoint.....

of.....

or failing him

of.....

as my/our proxy to vote for me/us on my/our behalf at
the Annual General Meeting of the Company to be held on
20 November 1991 and at any adjournment thereof.

Signed/Sealed this.....day of.....1991

.....

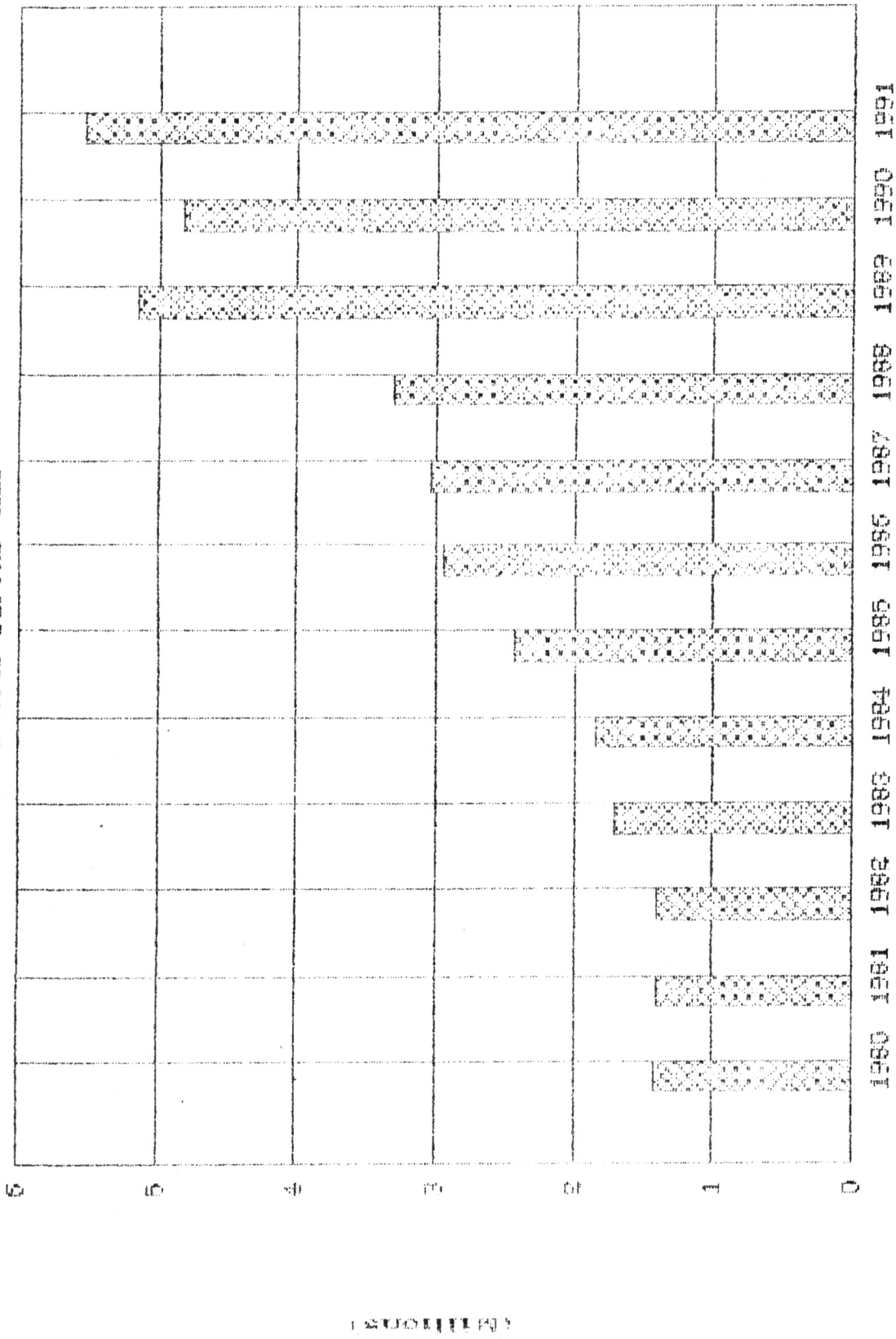
.....

Note: 1 In the case of a corporation, the proxy must
be under the Common Seal or under the hand of
an Officer or Attorney duly authorised.

2 The proxy form should be completed and returned
not later than 48 hours before the meeting or
any adjournment thereof.

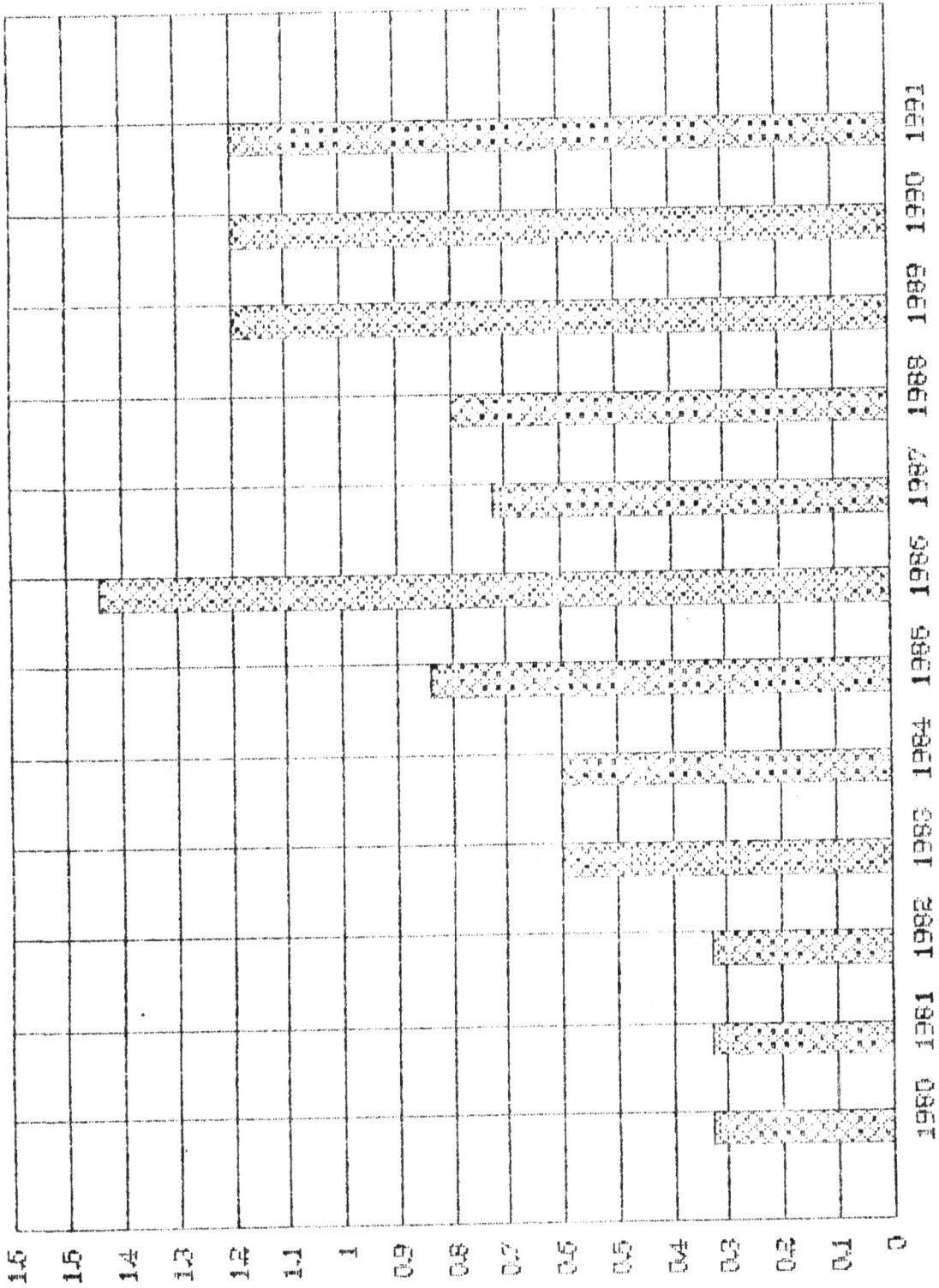
KENYA WINE AGENCIES LTD.

NET PROFIT BEFORE TAX



KENYA WINE AGENCIES LTD.

DIVIDENS PAID




(Millions)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
THE KENYA WINE AGENCIES LIMITED FOR THE YEAR ENDED 30 JUNE 1991

I have examined the accounts of the Kenya Wine Agencies Limited for the year ended 30 June 1991 in accordance with Section 29 (2) (b) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that were required for the purpose of the audit. Proper books of account have been kept and the accounts are in agreement therewith and comply with the Companies Act, (Cap 486).

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 1991 and of its profit and source and application of funds for the year ended on that date.


A. J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

1 October 1991

KENYA WINE AGENCIES LIMITEDREPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and the audited accounts for the year ended 30 June 1991.

	<u>Kf</u>	<u>Kf</u>
The net profit for the year before taxation		5,521,864
The estimated Corporation Tax		2,590,772
		<hr/>
Profit after taxation		2,931,092
The Directors recommend:-		
a) Interim Dividend paid on 12-2-91	300,000	
b) Interim Dividend paid on 9-4-91	300,000	
c) Proposed Final Dividend	600,000	1,200,000
		<hr/>
Net profit after Tax and Dividends		1,731,092
Add: Retained profits from previous years		1,029,584
Add: Share of Profits of Investments		1,347,992
		<hr/>
		4,108,668
		<hr/>
Retained profit in Profit and Loss Account		4,108,668
		=====

Your Board is very satisfied with the results for the year under review. Your Board has recommended a final dividend of Kf 600,000 or KShs 0.25 per ordinary share making a total payment for the year of Kf 1,200,000 equivalent to KShs @.50 per ordinary share.

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

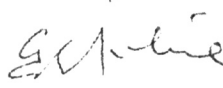


Chairman

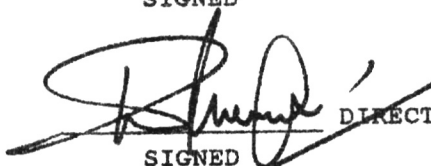
G R M'wirichia

KENYA WINE AGENCIES LIMITEDBALANCE SHEET AS AT 30 JUNE 1991

			<u>1990</u>
	<u>NOTE</u>	<u>KE</u>	<u>KE</u>
FIXED ASSETS	3	5,611,538	5,256,388
TRADE INVESTMENTS	4	3,295,905	2,472,913
CURRENT ASSETS			
Stocks	5	6,481,319	6,619,580
Debtors	6	656,341	497,120
Deposits and Prepayments		256,287	313,805
Cash in Hand and Banks	7	<u>6,349,420</u>	<u>4,053,683</u>
		<u>13,743,367</u>	<u>11,484,188</u>
CURRENT LIABILITIES			
Bills payable		978,036	1,491,888
Creditors	8	2,467,007	1,486,763
Taxation	9	2,497,099	2,300,240
Proposed Dividend		<u>600,000</u>	<u>600,000</u>
		<u>6,542,142</u>	<u>5,878,891</u>
Net current assets		<u>7,201,225</u>	<u>5,605,297</u>
		<u>16,108,668</u>	<u>13,334,598</u>
FINANCED BY:			
Share Capital	10	12,000,000	4,000,000
Reserves	11	<u>4,108,668</u>	<u>9,334,598</u>
		<u>16,108,668</u>	<u>13,334,598</u>


 _____ DIRECTOR

SIGNED


 _____ DIRECTOR

SIGNED

(The Report of the Auditors is on Page 7)

KENYA WINE AGENCIES LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1991
(INCORPORATING RESULTS OF ASSOCIATED COMPANIES)

			<u>1990</u>
	<u>KE</u>	<u>KE</u>	<u>KE</u>
<u>TRADING PROFIT OF INVESTING COMPANY BEFORE TAXATION</u>		5,521,864	4,816,971
Add: Gain on sale of Fixed Assets		<u>-</u>	<u>5,724</u>
		5,521,864	4,822,695
<u>TAXATION</u>		<u>2,590,772</u>	<u>2,147,763</u>
PROFIT OF INVESTING COMPANY AFTER TAXATION		2,931,092	2,674,932
Share of profits of Associated Companies		<u>1,347,992</u>	<u>913,298</u>
NET PROFIT ATTRIBUTABLE TO MEMBERS OF INVESTING COMPANY FOR CURRENT YEAR		4,279,084	3,588,230
Add: Profits brought forward from previous years	Note 11	<u>1,029,584</u>	<u>3,946,368</u>
		5,308,668	7,534,598
<u>DIVIDENDS</u>			
Interim paid	600,000		600,000
Proposed final	<u>600,000</u>		<u>600,000</u>
		<u>1,200,000</u>	<u>1,200,000</u>
NET PROFITS RETAINED		<u>4,108,660</u>	<u>6,334,598</u>

KENYA WINE AGENCIES LIMITEDSTATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE YEAR ENDED30 JUNE 1991

	<u>30.6.1991</u>	<u>30.6.1990</u>
	<u>KE</u>	<u>KE</u>
<u>SOURCE OF FUNDS</u>		
Profit before taxation	5,521,864	4,822,695
Add (Deduct) items not involving movement of funds		
Depreciation	345,456	276,300
Profit on sale of Fixed Assets	-	(5,724)
FUNDS GENERATED FROM OPERATIONS	<u>5,867,320</u>	<u>5,093,271</u>
<u>FUNDS FROM OTHER SOURCES</u>		
Sale proceeds of Fixed Assets	1,500	26,474
Dividends Received	525,000	593,750
Share of undistributed profits on investments with Associated Companies	<u>822,992</u>	<u>319,548</u>
	<u>1,349,492</u>	<u>939,773</u>
	<u>7,216,812</u>	<u>6,033,044</u>
<u>APPLICATION OF FUNDS</u>		
Purchase of Fixed Assets	702,106	1,465,102
Trade Investments	822,992	319,548
Dividends Paid	1,200,000	1,200,000
Taxation Paid	<u>2,393,913</u>	<u>1,397,410</u>
	<u>5,119,011</u>	<u>4,382,060</u>
NET (OUTFLOW)/INFLOW OF FUNDS	<u>2,097,801</u>	<u>1,650,984</u>
<u>MOVEMENT IN WORKING CAPITAL</u>		
Decrease in Stocks	(138,261)	2,139,758
Increase in debtors and pre-payments	101,703	14,246
(Increase) in creditors and provisions	<u>(161,378)</u>	<u>492,079</u>
	<u>(197,936)</u>	<u>2,646,083</u>
<u>MOVEMENT IN NET LIQUID FUNDS</u>		
Increase in Bank and Cash balances	<u>2,295,737</u>	<u>(995,099)</u>
	<u>2,097,801</u>	<u>1,650,954</u>

KENYA WINE AGENCIES LIMITED

NOTES ON ACCOUNTS AS AT 30 JUNE 1991

1. ACCOUNTING POLICIES

A. 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. 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 1991.

D. Kenya Currency

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

KENYA WINE AGENCIES LIMITEDNOTES ON ACCOUNTS AS AT 30 JUNE 19911. ACCOUNTING POLICIES ... Cont'E. Foreign Currencies

Amounts arising in foreign currencies have been converted to K£' 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	-	12.5%
Stores Equipment	-	15%
Plant and Furniture	-	10%
Electronic Equipment and Computers	-	33.3%

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.

NOTE.3KENYA WINE AGENCIES LIMITEDSCHEDULE OF FIXED ASSETS AS AT 30.6.1991

	Land and Building Leasehold	Motor Vehicles	Industrial Plant and Machinery	Agricultu- ral Plant and Machinery	Furniture and Equipment	Computers	Total
<u>COST</u>	<u>Kf</u>	<u>Kf</u>	<u>Kf</u>	<u>Kf</u>	<u>Kf</u>	<u>Kf</u>	<u>Kf</u>
1 July 1990	4,184,122	338,533	1,205,046	20,428	248,780	-	5,996,909
Additions	143,176	105,694	319,061	-	66,586	67,589	702,106
Disposals	-	-	(1,500)	-	-	-	(1,500)
Transfer	-	-	-	-	(79,496)	79,496	-
	<u>4,327,298</u>	<u>444,227</u>	<u>1,522,607</u>	<u>20,428</u>	<u>235,870</u>	<u>147,085</u>	<u>669,515</u>
<u>DEPRECIATION</u>							
1 July 1990	134,121	125,904	414,606	12,342	53,548	-	740,521
For Year	76,980	89,841	128,470	5,107	18,559	26,499	345,456
On Disposal	-	-	-	-	-	-	-
	<u>211,101</u>	<u>215,745</u>	<u>543,076</u>	<u>17,449</u>	<u>72,107</u>	<u>26,499</u>	<u>1,085,977</u>
Net Book Value 30.6.91	<u>4,116,197</u>	<u>228,482</u>	<u>979,531</u>	<u>2,979</u>	<u>163,763</u>	<u>120,586</u>	<u>5,611,538</u>
Net Book Value 30.6.90	<u>4,050,001</u>	<u>212,629</u>	<u>790,440</u>	<u>8,086</u>	<u>195,232</u>	<u>-</u>	<u>5,256,388</u>

KENYA WINE AGENCIES LIMITED

4.	<u>TRADE INVESTMENTS</u>	<u>1991</u>	<u>1990</u>
	<u>ASSOCIATED COMPANIES</u>		
	<u>UCHUMI SUPERMARKETS LIMITED</u>		
	37½% of unquoted Ordinary Shares (at cost)	1,875,000	1,125,000
	Add: Share of balance of profit (losses)	<u>907,723</u>	<u>895,762</u>
		<u>2,782,723</u>	<u>2,020,762</u>
	<u>INTERNATIONAL DISTILLERS (KENYA) LIMITED</u>		
	25% of unquoted Ordinary Shares (at cost)	329,739	329,739
	Add: Share of Undistributed Profit	<u>183,443</u>	<u>122,412</u>
		<u>513,182</u>	<u>452,151</u>
	1. The results of Uchumi Supermarkets Limited treated in these accounts are for the audited accounts for the year ended 30 June 1990 and provisional results for 9 months to 31 March 1991.		
	2. The results of International Distillers (Kenya) Limited in these accounts are for the audited accounts for the year ended 30 September 1990.		
5.	<u>STOCKS</u>	<u>1991</u>	<u>1990</u>
	Cased Goods	4,212,699	4,393,532
	Bulk Goods	429,293	213,558
	Bottling Materials	1,099,306	688,054
	Goods in Transit	<u>740,021</u>	<u>1,324,436</u>
		<u>6,481,319</u>	<u>6,619,580</u>

KENYA WINE AGENCIES LIMITED

	<u>1991</u>	<u>1990</u>
6. <u>DEBTORS</u>		
Trade Debtors	670,150	504,429
Less: Provision for Bad Debts	<u>(13,809)</u>	<u>(7,309)</u>
	<u>656,341</u>	<u>497,120</u>
7. <u>CASH IN HAND & BANK</u>		
Cash in hand	4,515	3,399
Cash in bank	1,760,878	1,225,100
Short term deposits	<u>4,644,027</u>	<u>2,501,250</u>
	<u>6,349,420</u>	<u>3,729,749</u>
8. <u>CREDITORS</u>		
Trade Creditors	993,244	616,430
Other Creditors & Accrued Expenses	<u>1,473,763</u>	<u>867,833</u>
	<u>2,467,007</u>	<u>1,486,763</u>
9. <u>TAXATION</u>		
Estimated taxation payable on current year's profit	2,395,340	2,147,763
Add: Additional provision for 1987/88	11,582	
Add: Additional provision for 1988/89	<u>183,850</u>	<u>-</u>
	2,590,772	2,147,763
Less: Withholding tax on Interest Income	49,942	46,435
Less: Instalment Tax on 1990/91	<u>322,164</u>	<u>-</u>
	2,218,666	2,101,328
Add: Net Liability on previous years	<u>278,433</u>	<u>198,912</u>
	<u>2,497,099</u>	<u>2,300,240</u>

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>1991</u>	<u>1990</u>
10. <u>SHARE CAPITAL</u>		
<u>Authorised and Issued</u>		
a) 38,400,000 "A" Shares of Shs 5/= each	9,600,000	3,200,000
b) 9,600,000 "B" Shares of Shs 5/= each	<u>2,400,000</u>	<u>800,000</u>
	<u>12,000,000</u>	<u>4,000,000</u>

At The Annual Meeting held on 21 November 1990 it was resolved that the ordinary share capital of the Company be increased from Shs 80,000,000 to Shs 240,000,000 by creation of additional 25,600,000 "A" Ordinary Shares of Shs 5/= each and 6,400,000 "B" Ordinary Shares of Shs 5/= each ranking 'pari passu' in all respects with existing Ordinary "A" and "B" shares of the Company. It was further resolved that the said shares be appropriated to the existing members of the Company at the close of business on 26 September 1990 as holders of the said shares in proportion to their existing shares as fully paid by capitalisation of the sum of Shs 160,000,000 being part of the amount standing to the credit of the revenue reserve account as at that date.

11. RESERVES 1991

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
Opening Balance	3,000,000	6,334,598	9,334,598
Transfers	(3,000,000)	3,000,000	-
Transfer to Long Service Units Account	-	(305,014)	(305,014)
Transfer to Share Capital for Bonus issues	-	<u>(8,000,000)</u>	<u>(8,000,000)</u>
		1,029,584	1,029,584
Profit for the Year	-	<u>3,079,084</u>	<u>3,079,084</u>
CLOSING BALANCE	<u>-</u>	<u>4,108,668</u>	<u>4,108,668</u>
<u>1990</u>			
Opening Balance	3,000,000	3,946,368	6,946,368
Profit for the Year	-	<u>2,388,230</u>	<u>2,388,230</u>
CLOSING BALANCE	<u>3,000,000</u>	<u>6,334,598</u>	<u>9,334,598</u>

12. OVERDRAFT FACILITIESBARCLAYS BANK OF KENYA

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

13. CAPITAL COMMITMENTS

There was no capital expenditure authorised and/or contracted for at the Balance Sheet date, (1989/90 - NIL).