

KENYA INDUSTRIAL ESTATES LIMITED



Annual Report and Accounts



1985—1986 and 1986—1987

657.3
KIE

K.I.E. OFFICES



REGIONAL OFFICES / INDUSTRIAL ESTATES

- | | | |
|--|--|--|
| 1. Nairobi Industrial Estate
P.O. Box 78029
NAIROBI
Tel. 542300 | 4. Mombasa Industrial Estate
P.O. Box 93432
MOMBASA
Tel. 433685 | 7. Nyeri Industrial Estate
P.O. Box 990
NYERI
Tel. 2547 |
| 2. Nakuru Industrial Estate
P.O. Box 7002
NAKURU
Tel. 45124 | 5. Eldoret Industrial Estate
P.O. Box 2186
ELDORET
Tel. 31051 | 8. Embu Industrial Estate
P.O. Box 260
EMBU
Tel. 20603 |
| 3. Kisumu Industrial Estate
P.O. Box 1360
KISUMU
Tel. 40320 | 6. Kakamega Industrial Estate
P.O. Box 700
KAKAMEGA
Tel. 20085 | 9. Garissa Industrial Estate
P.O. Box 402
GARISSA
Tel. 2529 |

RURAL INDUSTRIAL DEVELOPMENT CENTRES (RIDC)

- | | | |
|--|--|--|
| 1. Machakos R.I.D.C.
P.O. Box 275
MACHAKOS
Tel. 21904 | 5. Voi R.I.D.C.
P.O. Box 188
VOI
Tel. 2706 | 9. Murang'a R.I.D.C.
P.O. Box 602
MURANG'A
Tel. 22155 |
| 2. Kisii R.I.D.C.
P.O. Box 625
KISII
Tel. 20572 | 6. Kericho R.I.D.C.
P.O. Box 485
KERICHO
Tel. 20403 | 10. Siaya R.I.D.C.
P.O. Box 535
SIAYA
Tel. 21248 |
| 3. Malindi R.I.D.C.
P.O. Box 584
MALINDI
Tel. 20961 | 7. Homa Bay R.I.D.C.
P.O. Box 492
HOMA BAY
Tel. 22401 | 11. Kabarnet R.I.D.C.
P.O. Box 53
KABARNET
Tel. 2092 |
| 4. Busia R.I.D.C.
P.O. Box 464
BUSIA, Kenya
Tel. 2138 | 8. Meru R.I.D.C.
P.O. Box 820
MERU
Tel. 20803 | 12. Kitui R.I.D.C.
P.O. Box 483
KITUI
Tel. 22251 |

INDUSTRIAL PROMOTION AREAS (I.P.A.)

- | | | |
|--|--|--|
| 1. Tala I.P.A.
P.O. Box 26
TALA, Machakos
Tel. 21139 TALA, Kangundo | 4. Kibwezi I.P.A.
P.O. Box 35
KIBWEZI, Machakos
Tel. 56 | 7. Nunguni I.P.A.
P.O. Box 310
NUNGUNI, Machakos
Tel. 124 |
| 2. Sultan Hamud I.P.A.
P.O. Box 170
S/HAMUD, Machakos
Tel. 47 | 5. Taveta I.P.A.
P.O. Box 95
TAVETA, Taita Taveta
Tel. 64 | 8. Keroka I.P.A.
P.O. Box 361
KEROKA
Tel. 41 |
| 3. Kikima I.P.A.
P.O. Box 213
KIKIMA, Machakos
Tel. 53 | 6. Karatina I.P.A.
P.O. Box 692
KARATINA
Tel. 71380 | 9. Bungoma I.P.A.
P.O. Box 1075
BUNGOMA
Tel. 20853 |

Annual Report and Accounts 1986 — 1987



PARLIAMENT
OF KENYA
LIBRARY

KENYA NATIONAL ASSEMBLY

Accession: 10013813

Call No: 657.3/K1E



BOARD OF DIRECTORS



Prof. Sam K. Onger	— Chairman
Mrs. Veronica A. Nyamodi	— Managing Director
The Permanent Secretary	— Ministry of Finance
The Permanent Secretary	— Ministry of Industry
Industrial & Commercial	
Development Corporation	
Mr. T.J. Openda	
Mr. Lee Ngugi	— Retired 15th February, 1987
Mr. D. Mbela	— Retired 15th February, 1987
Prof. Walter Gitau	— Appointed 15th February, 1987
Mr. J.K. Mutai	— Appointed 15th February, 1987

CHIEF OFFICERS

Mr. A.M. Shikhule	— Deputy Managing Director
Mr. S.S. Kagumba	— Chief Engineer/Estates Manager
Mr. K.M. Kishinchandani	— Finance Manager
Mr. I.K. Lang'at	— Personnel/Administration Manager
Mr. B. Kikuvi	— Projects Supervision Manager
Mr. J.M. Murugu	— Projects Implementation Manager
Mr. H.T. Odhiambo	— Field Operations and Informal Sector Manager
Mr. A.K.A. Mitei	— Chief Accountant
Mr. M.J.A. Nyaguti	— Internal Auditor
Mr. R.A. Aluchio	— Projects Appraisal & Preparation Manager
Mr. J.W. Munubbe	— Chief Legal Officer/Company Secretary



STATEMENT OF POLICY

INTRODUCTION

The Kenya Industrial Estates Limited is a financial and technical service institution wholly owned by the Government of Kenya for the purpose of furthering the set-up economic development of Kenya by assisting in the promotion, establishment and expansion of small-scale industrial enterprises including mining, agro-industries, engineering, manufacturing, processing, assembling, consumer and service industries in accordance with the provision and priorities of the successive National Development Plans.

OBJECTIVES

The KIE promotes the industrial development of Kenya through one, or a combination of the following strategies:

- (1) Provision of medium and long-term finance to small industries throughout the country;
- (2) Provision of technical services including, but not limited to, assistance in the preparation, implementation, and management of enterprises;
- (3) Establishment and management of (a) industrial estates, (b) rural industrial development centres, and (c) industrial promotion areas and workshop clusters in both urban and rural areas;
- (4) Participate in equity from time to time not exceeding 25% of the total equity if such participation is necessary for the projects to come off the ground;
- (5) Provision of loans to qualified entrepreneurs on soft terms to enable them to meet their minimum required contribution, if they do not have required financial resources.

The industrial projects are financed if they meet the following criteria:

- (a) Total investment including permanent working capital per project must not exceed five million shillings.
- (b) Loans to individual projects are advanced up to a maximum of 70% of the total cost of the project. The actual amount that can be loaned is determined on project to project basis.
- (c) Security is required to cover working capital loans.
- (d) The prevailing interest rates are 13% p.a. for loans below one million shillings and 14% p.a. for loans more than one million shillings.



Prof. S.K. Onger — Chairman

General :

Right from the 1977/78 coffee boom, Kenya's domestic demand has tended to stagnate. At times it has even declined thus adversely affecting the industrial sector. Accordingly the two years under review, 1985/86 and 1986/87, witnessed slack domestic demand occasioned by relatively low commodity earnings.

Yet the country's manufacturing sector relied predominantly on domestic markets with very heavy emphasis on imports substitution and little export promotion. This trend resulted in lack of rapid growth in the sector as reflected in KIE's own slow overall operational growth over the two years.

The period witnessed general excess installed capacities in most of the industries. There was also general decline in industrial investment; and with the insecurity across Kenya's borders, it became increasingly difficult for the economy to take advantage of the expanded PTA market. Against this background, KIE's performance during the period ought to be examined.

On the other hand, despite the depressed agricultural commodity prices, this sector witnessed increased production especially of essential food. Thus the country had comfortable food reserves during the period. In addition there were even signs of a declining rate of population growth giving a hope for a better future for Kenya.

Operations :

Between the two years 1985/86 to 1986/87, loan approvals rose from 400 sub-projects to 425. Yet the total value of these projects fell from Shs. 80 million to Shs. 75 million. This trend reflected the growing significance of the number of micro-enterprises that KIE got involved in. It was during the period under review that the "character" loans programme was launched in Nyanza and Western Provinces together with Kericho, and Muranga's districts.

The two years were quite good in that the company broke even in its loan portfolio by registering a profit of Shs. 4.6 million and Shs. 5.3 million respectively. This came about as a result of financial restructuring of the company by the government as well as improved loan portfolio operations arising from improved foreign exchange allocations. The debt-equity position of the company remained very comfortable; although it could be adversely affected by possible losses arising out of the deposits with the financial institutions



Mrs. V.A. Nyamodi — Managing Director

currently under interim liquidation. Construction of both Busia and Keroka Industrial Promotion Areas was completed thus increasing KIE's industrial sheds from 378 in 1985 to 414 in 1986.

Personnel and Visits:

The growth of the portfolio operations necessitated growth in staff numbers from 429 in 1984/85 to 483 in 1986/87. In March, 1985 the company's chairman Brig. Peter Kakenyi was transferred to KNTC in exchange with Prof. Sam Ongeru who became KIE's Chairman. The Managing Director Mr. Charles Mbindyo was transferred to the Agricultural Finance Corporation in February 1986 and Mrs. Veronica A. Nyamodi was appointed to replace him. During the period, the company's Personnel and Administration Manager, Mr. J.W. Ichangi along with his deputy Mr. E. Magina retired.

Over the two years under review, KIE was honoured by the following very important visits among others:

- 13.2.86 H.E. S.K. Rana — Indian High Commissioner
- 7.4.86 H.E. J. Von Vocano — German Ambassador
- 23.6.86 H.E. Ali Hassan Mwinyi — The President of Tanzania
- 1.7.86 Hon. Dr. Lutakome A. Kayiira — Uganda's Minister of Energy
- 1.8.86 H.E. Quet Masire — President of Botswana
- 22.10.86 H.E. J. Habyarimana — President of Rwanda
- 10.12.86 Mr. Oliver Tambo — President of ANC
- 19.3.87 H.E. Maumoon Abdul Gayoom — President of the Maldives
- 22.4.87 Hon. Gu Mu — State Councillor of People's Republic of China

Conclusion:

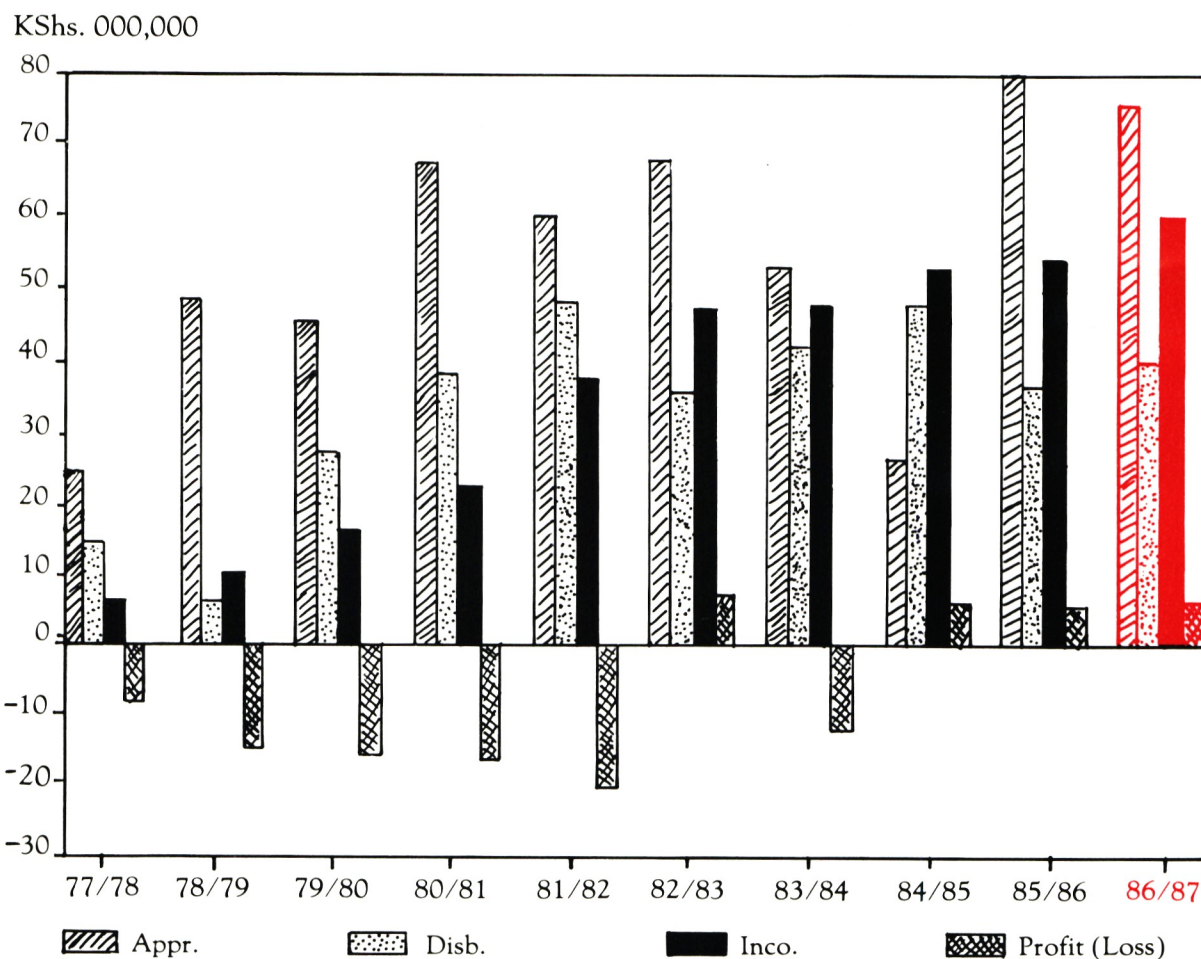
My gratitude goes to my colleagues on the board of directors, to the Managing Director and entire staff of KIE for maintaining the high level of performance. The company expects to do even better as it expands its activities into the rural areas through the micro-enterprise as well as the traditional modern small-scale industrial activities.

Prof. Sam Ongeru
CHAIRMAN

SUMMARY OF OPERATIONS



KShs. 000,000	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86	86/87
Loan Approvals (Nos)	35.0	79.0	68.0	133.0	118.0	140.0	137.0	117.0	400.0	425.0
Loan Approvals (KShs)	23.6	47.7	43.2	67.5	60.6	67.3	53.3	28.5	80.0	75.0
Loan Disbursements (KShs)	14.9	5.2	28.4	39.3	48.1	35.9	45.0	49.3	36.0	38.0
Total Income (KShs)	5.3	12.6	17.5	22.4	38.1	46.1	47.7	53.4	53.0	60.0
Net Profit/Loss (KShs)	(9.3)	(15.1)	(16.6)	(17.0)	(20.7)	4.6	(11.6)	5.6	6.0	5.0
Industrial Estates (Nos)	9.0	10.0	10.0	14.0	19.0	22.0	25.0	28.0	28.0	28.0
Industrial Sheds (Nos)	175.0	183.0	183.0	250.0	295.0	321.0	347.0	378.0	414.0	414.0



TOTAL RESOURCES



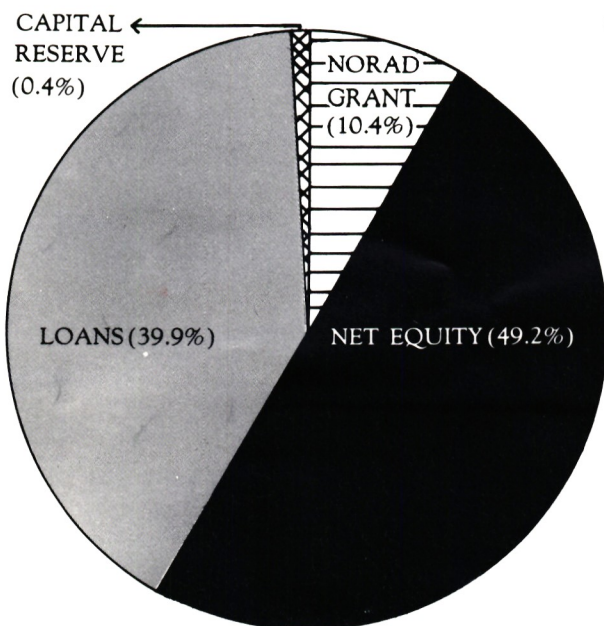
1985/1986 TOTAL RESOURCES

	Amount KShs. '000
NORAD Grant	59,181
Nett Equity	278,914
GTZ R.E.P.	703
Loans	226,112
Capital Reserve	2,494
Total	567,404

1986/1987 TOTAL RESOURCES

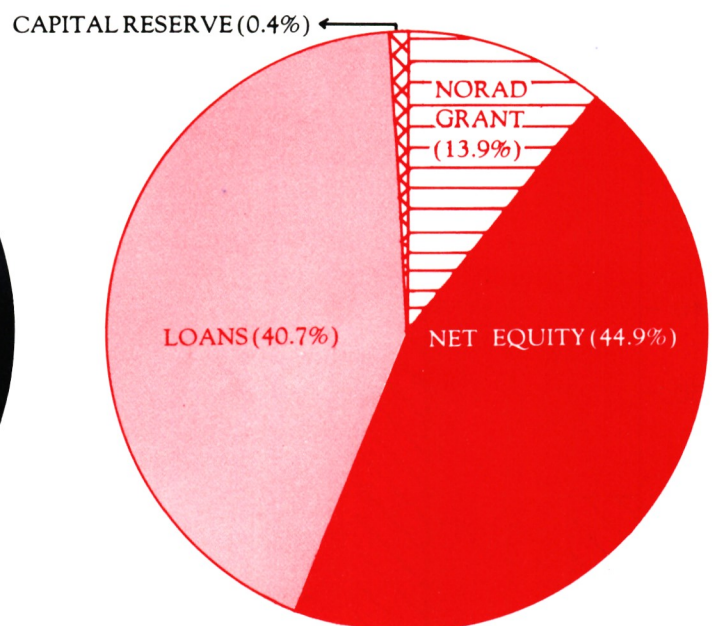
	Amount KShs. '000
NORAD Grant	86,418
Nett Equity	279,662
GTZ R.E.P.	455
Loans	253,570
Capital Reserve	2,642
Total	622,747

1985/1986 TOTAL RESOURCES



GTZR.E.P. (0.1%)

1986/1987 TOTAL RESOURCES



GTZR.E.P. (0.1%)

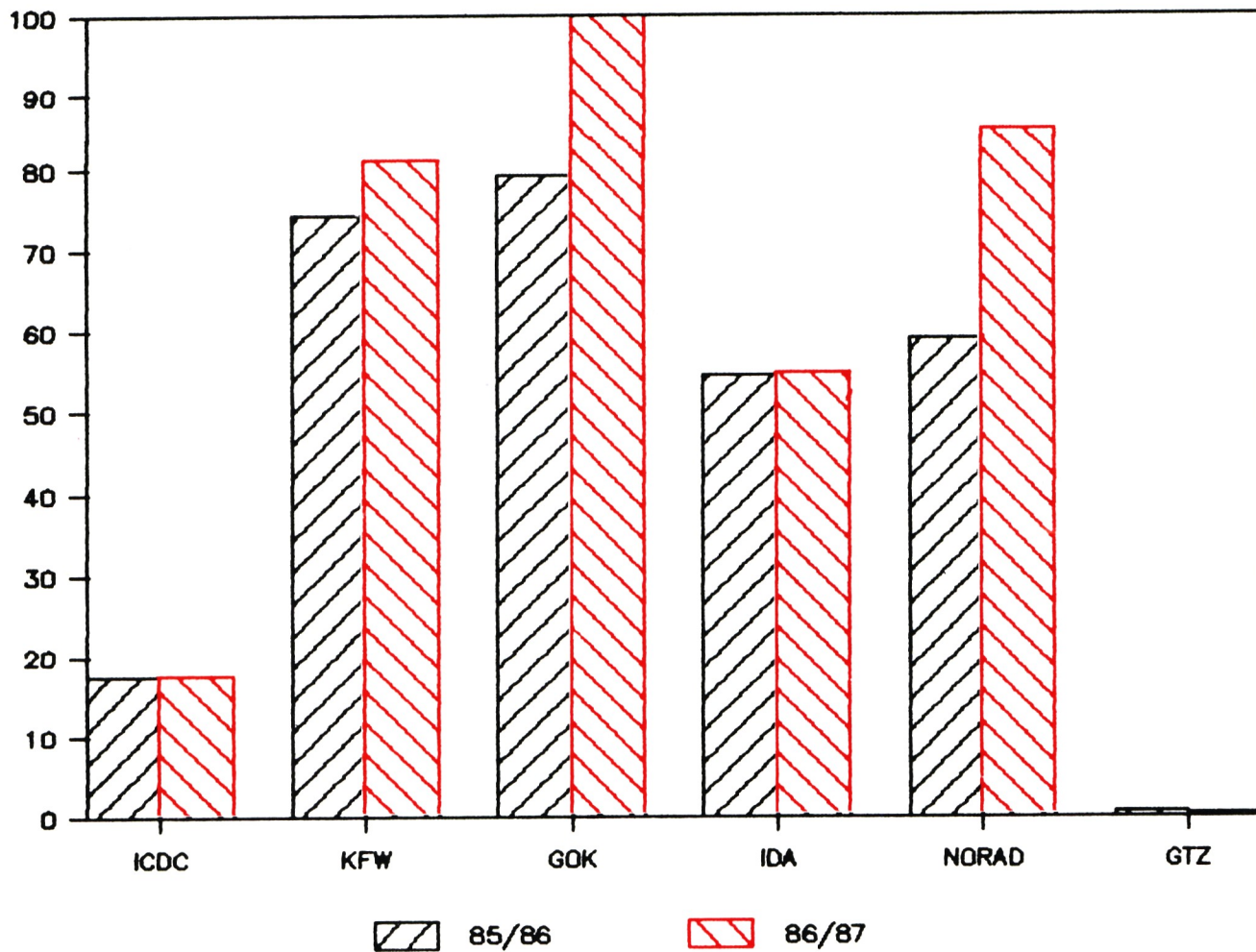
TOTAL SOURCES (LOANS AND GRANTS)



KShs. '000,000

	ICDC	KFW	GOK	IDA	NORAD	GTZ	TOTAL
1985/86	17.4	74.5	79.5	54.7	59.2	0.7	286.0
1986/87	17.4	81.4	100.0	54.8	85.4	0.4	339.4

KShs. 000,000





LOAN APPROVALS & DISBURSEMENTS

KShs. '000

BRANCH OFFICE	JULY 1985 TO JUNE 1986			JULY 1986 TO JUNE 1987		
	APPROVALS		DISBURSEMENTS	APPROVALS		DISBURSEMENTS
	No.	Amount	(KShs. '000)	No.	Amount	(KShs. '000)
Nairobi	23	6,346	9,016	26	10,782	4,314
Machakos	24	5,885	5,631	8	1,344	1,616
Tala	3	747	49	5	1,925	176
Sultan Hamud	3	326	146	2	294	326
Kikima	6	420	—	2	117	30
Nunguni	3	1,113	—	4	1,204	86
Kibwezi	4	1,455	82	2	827	2
Kitui	9	1,591	557	10	1,581	1,090
Mombasa	6	813	539	4	3,510	880
Malindi	4	377	539	3	792	170
Voi	1	460	30	5	408	81
Taveta	1	47	38	3	243	—
Nakuru	31	5,496	2,420	32	7,545	3,697
Kabarnet	4	507	467	5	2,987	436
Eldoret	49	7,841	4,121	32	6,853	4,723
Kericho	28	2,987	1,165	33	2,508	1,546
Kisumu	35	9,218	1,171	33	2,662	1,908
Kisii	10	1,026	1,890	51	4,291	2,259
Homa Bay	4	1,362	382	19	3,539	843
Siaya	4	558	434	15	928	753
Keroka	5	3,319	107	10	192	183
Nyeri	21	7,110	1,318	24	5,399	2,904
Karatina	4	308	86	2	1,164	70
Murang'a	25	3,512	335	16	1,885	666
Embu	18	2,854	645	11	2,914	675
Meru	13	3,362	938	16	2,496	296
Kakamega	45	7,138	2,375	11	1,490	3,771
Bungoma	5	663	224	14	1,976	922
Busia	9	1,942	364	23	2,089	1,440
Garissa	3	1,218	345	4	1,087	2,141
Total	400	80,001	35,414	425	75,032	38,004

REPORT OF THE DIRECTORS



The directors submit their report and the audited financial statements for the year ended 30 June 1987, which show the state of the company's affairs.

1. PRINCIPAL ACTIVITY

The principal activity of the company is to promote and finance the development of small-scale industrial projects.

2. DIVIDEND

The directors do not recommend the payment of a dividend.

3. RESERVES

The directors propose to carry forward the balance of retained profit amounting to KShs. 6,487,000.00.

4. FINANCIAL RESTRUCTURING

All the required legal formalities have since been completed for effecting reduction in the paid up share capital from KShs. 161 million to KShs. 80.277 million in accordance with the provisions of the Companies Act, Cap 486.

5. DIRECTORS

The Directors who served during the year were:

- | | |
|--|------------------------------|
| 1) Professor S.K. Ongeri | — Chairman |
| 2) V.A. Nyamodi | — Managing Director |
| 3) L. Ngugi | — Retired 15 February 1987 |
| 4) D. Mbela | — Retired 15 February 1987 |
| 5) T.J. Openda | |
| 6) Professor Walter Gitau | — Appointed 15 February 1987 |
| 7) J.K. Mutai | — Appointed 15 February 1987 |
| 8) Industrial & Commercial Development Corporation | |
| 9) The Permanent Secretary, Ministry of Finance | |
| 10) The Permanent Secretary, Ministry of Industry | |

6. AUDITORS

The Auditor-General (Corporations) is the statutory auditor under the provisions of the Exchequer and Audit (Amendment) Act 1985. Nyabena Okondo & Co. were appointed as authorised auditors by the Auditor-General (Corporations) to audit the financial statements for the year ended 30 June 1987.

By order of the board.

A.M. SHIKHULE
Secretary

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL STATEMENTS OF THE K.I.E. LTD. FOR THE YEAR ENDED 30TH JUNE, 1987



The financial statements of Kenya Industrial Estates Limited for the year ended 30th June, 1987 have been examined on my behalf by the Company's authorized auditors in accordance with the provision of Section 29 (2) (b) of the Exchequer and Audit (Amendment) Act, 1985, (Cap 412). The authorized auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which were required for the purpose of the audit were obtained. Proper books of account have been kept and the financial statements, which have been prepared on the historical cost convention basis, are in agreement therewith and comply with the Companies' Act.

In the report for the year 1985/86, reference was made of the fact that the Company's time deposit figure of KShs. 133,010,000 shown on the Balance Sheet as at 30th June, 1986 included a total amount of KShs. 71,594,000 in respect of deposits due from a financial institution which was then under interim liquidation and against which no provision had been made in the Accounts for that year. It was also indicated that it was not possible to determine the extent of the provision which would have been required against those deposits due to the uncertainty regarding the eventual outcome of the liquidation process. I also reported on time deposits and interest receivable totalling KShs. 11,484,000 and KShs. 1,531,000 respectively due from a financial institution which was at that time closed for the purpose of normal banking operations. A review of the position during the year 1986/87 showed that the above state of affairs continued to persist in that the financial institution in which the KShs. 71,594,000 had been placed was still under receivership while the other institution which had closed for the purpose of normal banking operations had subsequently been put into interim liquidation. As for the year 1985/86, no provision for the total investment of KShs. 71,594,000 was made in the accounts during the year under review nor am I able to determine the extent of any such provision which should be made because of the continued uncertainty regarding the eventual outcome of the liquidation process. The Company has also not made any provisions in the Accounts for 1986/87 against investments totalling KShs. 13,015,000 in the financial institution which had previously been reported as closed for the purpose of normal business operation and which has, as indicated above, been put under interim liquidation.

Subject to the above reservation, in my opinion, the financial statements, when read together with the notes thereof, give a true and fair view of the state of affairs of Kenya Industrial Estates Limited as at 30th June, 1987 and its profits and source and application of funds for the year ended on that date.

A.J. OKOTH

AUDITOR-GENERAL (CORPORATIONS)
16th February, 1988

BALANCE SHEET AS AT 30TH JUNE 1987



	NOTES	<u>1987</u> KSHS. 000's	<u>1986</u> KSHS. 000's
FIXED ASSETS	4	146,482	146,271
INVESTMENTS	5	1,250	1,250
LOANS	6	<u>328,613</u> <u>476,345</u>	<u>289,402</u> <u>436,923</u>
CURRENT ASSETS			
Stock		1,591	1,661
Debtors	7	25,300	12,730
Time deposit		145,488	133,010
Cash and bank balances		<u>8,167</u> <u>180,546</u>	<u>6,052</u> <u>153,453</u>
CURRENT LIABILITIES			
Accrued interest on long-term loans		28,250	17,717
Creditors		<u>9,536</u> <u>37,786</u>	<u>7,749</u> <u>25,466</u>
NET CURRENT ASSETS		<u>142,760</u>	<u>127,987</u>
		<u>619,105</u>	<u>564,910</u>
FINANCED BY:			
SHARE CAPITAL	8	80,277	80,277
IRREDEEMABLE LOANS	9	190,256	190,256
CAPITAL RESERVE	10	2,642	2,494
RETAINED PROFIT		<u>6,487</u> <u>279,662</u>	<u>5,887</u> <u>278,914</u>
NORWEGIAN GOVERNMENT GRANT	11	85,418	59,181
GTZ R.E.P. — FINANCE GRANT		<u>455</u> <u>365,535</u>	<u>703</u> <u>338,798</u>
INDUSTRIAL & COMMERCIAL DEVELOPMENT			
CORPORATION LOANS	12	17,380	17,380
KENYA GOVERNMENT LOANS	13	100,008	79,535
INTERNATIONAL DEVELOPMENT			
ASSOCIATION LOAN	14	54,766	54,689
DEVELOPMENT LOAN CORPORATION			
(KFW of West Germany)	15	<u>81,416</u> <u>253,570</u> <u>619,105</u>	<u>74,508</u> <u>226,112</u> <u>564,910</u>

These financial statements were approved by the Board of Directors on 28th October, 1987.

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S. K. Argeri

M. M. M. M.

K. M. M. M.

P. M. M. M.

P. M. M. M.

DIRECTORS

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1987



	<u>Notes</u>	<u>1987</u> KShs. 000's	<u>1986</u> KShs. 000's
NET PROFIT FOR THE YEAR			
RETAINED PROFIT BROUGHT FORWARD	2	5,344 <u>5,887</u>	4,626 <u>3,359</u>
		11,231	7,985
TRANSFER TO NORWEGIAN GOVERNMENT GRANT	11	<u>(4,744)</u>	<u>(2,098)</u>
RETAINED PROFIT CARRIED FORWARD		<u>6,487</u>	<u>5,887</u>

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE
YEAR ENDED 30TH JUNE 1987**



	<u>1987</u>	<u>1986</u>
	KShs. 000's	KShs. 000's
SOURCE OF FUNDS		
Net profit for the year	5,344	4,626
Adjustment for items not involving the movement of funds:		
Depreciation	3,676	4,836
Profit on disposal of fixed assets	(332)	(439)
Provision for loan interest payable	10,533	7,823
Provision for doubtful debts and loans	10,372	12,219
Bad debts written off	950	—
TOTAL GENERATED FROM OPERATIONS	<u>30,543</u>	<u>29,065</u>
OTHER SOURCES		
Loan repayments	34,030	32,122
Proceeds on disposal of fixed assets	1,000	721
Proceeds on disposal of donated assets	148	1,282
Kenya Government Loans	20,473	16,944
I.D.A. Loan	77	5,847
K.F.W. Loan	6,908	7,190
REP — Financing Grant	(248)	373
Norwegian Government Grant	21,493	17,948
	<u>83,881</u>	<u>82,427</u>
TOTAL FUNDS PROVIDED	<u>114,424</u>	<u>111,492</u>
APPLICATION OF FUNDS		
Loan disbursements	38,004	36,224
Purchases of fixed assets	4,555	4,944
Interest receivable added to loans	37,702	33,118
Commitment fees added to loans	65	161
	<u>80,326</u>	<u>74,447</u>
INCREASE IN WORKING CAPITAL	<u>34,098</u>	<u>37,045</u>
REPRESENTED BY:		
Time deposits	12,478	32,246
Stock	(70)	18
Debtors	21,362	4,175
Creditors	(1,787)	(48)
	<u>31,983</u>	<u>36,391</u>
Movement in net liquid funds:		
Cash and bank balances	2,115	654
	<u>34,098</u>	<u>37,045</u>



ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared under the historical cost convention.

(b) Fixed Assets

Leasehold land allotted by the Kenya Government is stated at cost or professional valuation when such land is capitalised. Other fixed assets are stated at cost with the exception of donated assets which are stated at invoice value. The value of donated assets is credited to capital reserve.

(c) Depreciation

Leasehold land is written off in equal annual instalments over the period of the lease. Other fixed assets are depreciated on the reducing balance basis to write off the cost of the assets down to their residual value over their expected useful lives. The annual rates of depreciation applied are as follows:

Buildings and improvements	2% p.a.
Plant, machinery and tools	10% p.a.
Furniture, fittings & office equipment	12.5% p.a.
Motor vehicles	20% p.a.

(d) LOANS, RENTS, T.S.C. AND RAW MATERIAL DEBTORS

Loans are shown inclusive of unpaid interest. The earlier policy of making provision for bad and doubtful debts to cover the shortfall between the outstanding loans and the book value of secured assets has changed to 20% of the total outstanding loans, rents, T.S.C. and raw materials debtors as the former procedure ignored the increased landed cost of the machinery, arising out of inflation, variation in exchange rates, customs duty and other costs. The effect of this change on the financial statements is considered immaterial.

(e) OTHER DEBTORS

Provision is made for all known bad and doubtful debts.

(f) STOCK

Stock is stated at the lower of cost and net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 1987 Cont'd**



2. NET PROFIT FOR THE YEAR

	<u>1987</u> KShs. 000's	<u>1986</u> KShs. 000's
This is stated after charging:		
Depreciation	3,676	4,836
Auditors' remuneration	231	210
Loan interest	10,533	7,823
Provision for doubtful debts and loans	10,372	12,219
Bad debts written-off	950	—
and crediting:		
Rent receivable	11,128	9,519
T.S.C. sales	2,019	1,373
Interest on loans — gross	37,702	33,118
Interest on fixed deposits	17,105	13,388
Other interest receivable	372	81
Profit on disposal of fixed assets	332	439
Other income	1,772	1,901

3. DIRECTORS' EMOLUMENTS

As directors	4	3
For management	325	435
	<u>329</u>	<u>438</u>

4. FIXED ASSETS

	<u>Leasehold land, buildings & improvements</u>	<u>Plant machinery & tools</u>	<u>Furniture, fittings & office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
COST	KShs. 000's	KShs. 000's	KShs. 000's	KShs. 000's	KShs. 000's
At 1st July 1986	156,194	8,821	5,204	4,436	174,655
Additions	1,014	127	469	2,945	4,555
Disposals	—	(192)	(46)	(1,151)	(1,389)
At 30th June 1987	<u>157,208</u>	<u>8,756</u>	<u>5,627</u>	<u>6,230</u>	<u>177,821</u>
DEPRECIATION					
At 1st July 1986	17,618	4,931	2,538	3,297	28,384
Charge for the year	2,701	422	373	180	3,676
Disposals	—	(111)	(10)	(600)	(721)
At 30th June 1987	<u>20,319</u>	<u>5,242</u>	<u>2,901</u>	<u>2,877</u>	<u>31,339</u>
NET BOOK VALUE					
At 30th June 1986	<u>138,576</u>	<u>3,890</u>	<u>2,666</u>	<u>1,139</u>	<u>146,271</u>
At 30th June 1987	<u>136,889</u>	<u>3,514</u>	<u>2,726</u>	<u>3,353</u>	<u>146,482</u>

Titles deeds have not been issued by the Registrar of Lands. Only letters of allotment have been received.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 1987 Cont'd**



5. INVESTMENTS	<u>1987</u> <u>KShs. 000's</u>	<u>1986</u> <u>KShs. 000's</u>
Shares at cost — unquoted	<u>1,250</u>	<u>1,250</u>

The following information relates to companies in which investments are held.

Name of company	<u>Shares held</u>	<u>Proportion of total paid up capital held</u>
Metaline Industries Ltd	2,500 ordinary shares of KShs. 100 each	25%
Furs and Wools Ltd	50,000 cumulative, redeemable preference shares of KShs. 20 each	25%

6. LOANS	<u>1987</u> <u>KShs. 000's</u>	<u>1986</u> <u>KShs. 000's</u>
Loans	398,002	357,316
Less: Provision for bad and doubtful loans (Note 1 (d))	<u>69,389</u>	<u>67,914</u>
	<u>328,613</u>	<u>289,402</u>

Provision for bad and doubtful loans is stated after:

- i) Provision written off amounting to KShs. 105,000 made in previous years with respect to bad loans and,
- ii) Further provision amounting to KShs. 1,579,000.

7. DEBTORS	<u>1987</u> <u>KShs. 000's</u>	<u>1986</u> <u>KShs. 000's</u>
Debtors	47,621	26,257
Less: Provision for bad and doubtful debts	<u>22,321</u>	<u>13,527</u>
	<u>25,300</u>	<u>12,730</u>

Provision for bad and doubtful debts is stated after:

- i) Further provisions of
 KShs. 449,000;
 KShs. 12,000;
 KShs. (47,000)
 on rental, T.S.C., raw material debtors respectively.
- ii) the provision includes amount of KShs. 8,379,000 being accrued interest receivable for the year on matured fixed deposits from a finance company under interim liquidation and a building society under liquidation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 1987 Cont'd**



8. SHARE CAPITAL	<u>1987</u> KShs. 000's	<u>1986</u> KShs. 000's
Authorised:		
Ordinary Shares of KShs. 20 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
1st July 1986	80,277	69,277
Kenya Government deposit for equity participation	<u>—</u>	<u>11,000</u>
30th June 1987	<u>80,277</u>	<u>80,277</u>
 9. IRREDEEMABLE LOANS	 <u>190,256</u>	 <u>190,256</u>
The amount of KShs. 190,256,000 relates to the book value of industrial sheds constructed as at 30th June 1985 from Government of Kenya Loans. These loans are irredeemable and bear no interest.		
 10. CAPITAL RESERVE	 <u>1987</u> KShs. 000's	 <u>1986</u> KShs. 000's
1st July 1986	2,494	1,212
Donated machinery, motor vehicles and construction of sheds	148	1,282
30th June 1987	<u>2,642</u>	<u>2,494</u>
 11. NORWEGIAN GOVERNMENT GRANT		
1st July 1986	59,181	39,135
Received during the year	21,493	17,948
Interest credited	<u>4,744</u>	<u>2,098</u>
30th June 1987	<u>85,418</u>	<u>59,181</u>
In accordance with the terms of this Grant, interest earned on the relevant deposits and part of the interest earned on disbursed funds is credited to the revolving fund.		
 12. I.C.D.C. LOANS	 <u>17,380</u>	 <u>17,380</u>
Loans received to date from I.C.D.C. were on unspecified terms and conditions.		
 13. KENYA GOVERNMENT LOANS		
1st July 1986	79,535	62,591
Received during the year net of reimbursements by donors	<u>20,473</u>	<u>16,944</u>
30th June 1987	<u>100,008</u>	<u>79,535</u>

These loans carry an interest rate of 3% per annum payable to the Treasury on 31st December, and 30th June each year commencing from 1st July, 1985. These loans are irredeemable.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 1987 Cont'd**



14. I.D.A. LOAN	<u>1987</u> KShs. 000's	<u>1986</u> KShs. 000's
1st July 1986	54,689	48,842
Received during the year	<u>77</u>	<u>5,847</u>
30th June 1987	<u>54,766</u>	<u>54,689</u>

Interest on this loan is payable half yearly at 6% p.a. and is included as part of accrued interest on long-term loans. This loan is repayable to Government of Kenya over 15 years with effect from 1st July 1985.

15. DEVELOPMENT LOAN CORPORATION (KFW OF WEST GERMANY)

This loan relates to amounts disbursed by KFW equivalent to KShs. 81,416,000 up to 30th June 1987 (KShs. 74,508,000 up to 30th June 1986) in respect of the foreign costs of certain projects in accordance with the terms of the agreement dated 26 March 1974 between the Kenya Government and KFW. Interest on this loan is payable half yearly at 6% p.a. and is included as part of accrued interest on long-term loans. This loan is repayable to Government of Kenya over 15 years with effect from 1st July 1985.

The exchange risk in respect of borrowing in US dollars from IDA and in Deutsche Marks from KFW is borne by the Government of Kenya.

16. TAXATION

No provision has been made in the financial statements in view of accumulated tax losses.

17. COMMITMENTS

The following construction contracts had been entered into in the past against which the outstanding amounts payable are:

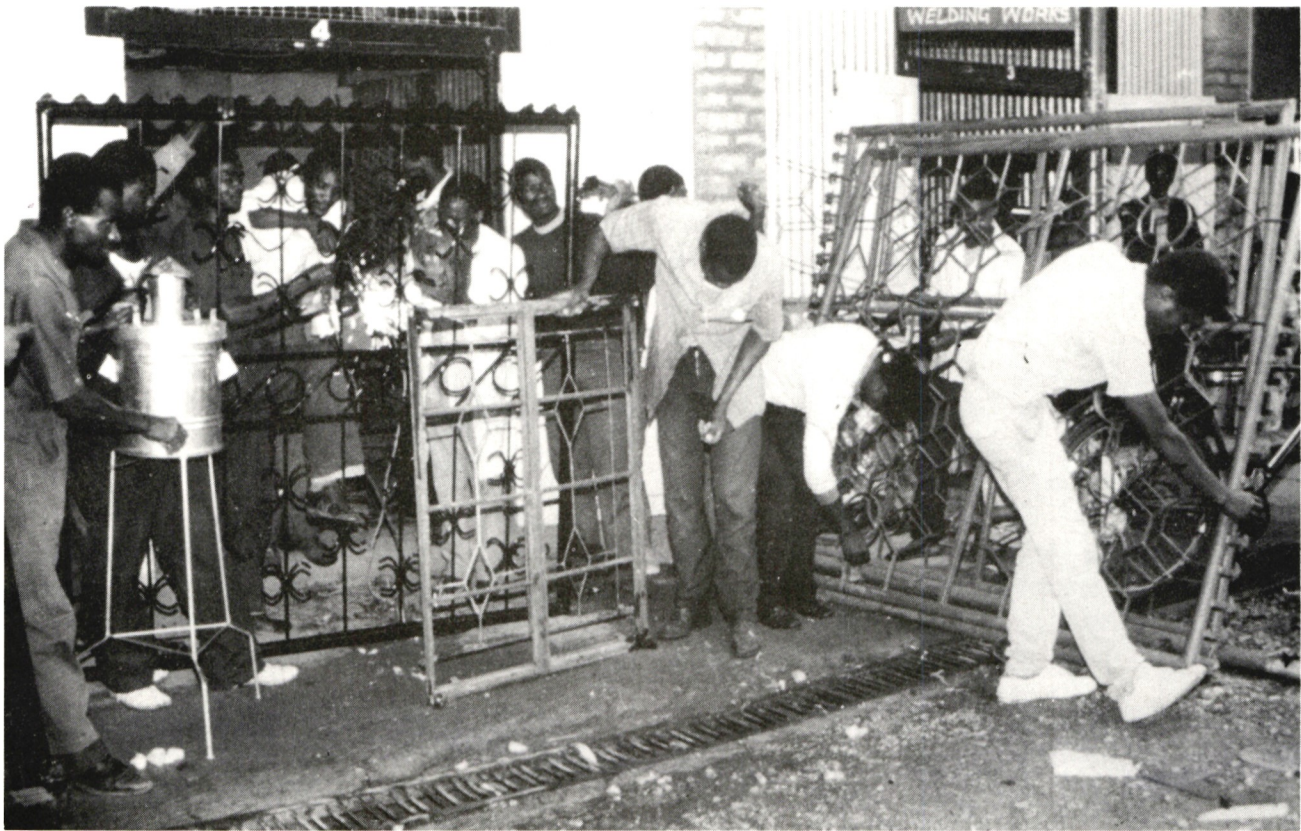
	<u>1987</u> KShs. 000's	<u>1986</u> KShs. 000's
Kikima	<u>—</u>	<u>40</u>

The undisbursed balance of loan commitments as at 30th June 1987 amounted to KShs. 125,238,000. Loans are stated net of these amounts on the balance sheet.

18. CONTINGENT LIABILITIES

Letters of credit have been opened with Kenya Commercial Bank Ltd., Moi Avenue, Nairobi on behalf of entrepreneurs for the importation of machinery and raw materials amounting to KShs. 167,000. These are secured by a lien over the fixed deposits of the company amounting to KShs. 12,000,000 held in Kenya Commercial Finance Company Limited. No losses are anticipated.

SOME OF THE K.I.E. — ASSISTED PROJECTS



Kakamega Informal Sector Sheds



Kabarnet Laundry — Kabarnet

SOME OF THE K.I.E. — ASSISTED PROJECTS



Mwea (Animal) Feed Mills — Embu



Kisumu Fishing Flies — Kisumu

**DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 30TH JUNE 1987**



	<u>1987</u>	<u>1986</u>
	KShs. 000's	KShs. 000's
INCOME		
Rent receivable	11,128	9,519
Service charges less raw materials	2,019	1,373
Interest on loans — gross	37,702	33,118
Commitment fees	65	161
Interest on fixed deposits	17,105	13,388
Other interest receivable	372	81
Profit on disposal of fixed assets	332	439
Other income	1,459	1,629
Subsidy from GTZ/REP Programme	248	111
	<u>70,430</u>	<u>59,819</u>
EXPENDITURE		
Administration:		
Advertising	418	432
Bank charges	346	253
Directors' fees and expenses	100	83
Entertainment	155	152
General expenses	937	836
Insurance	908	800
Light, water and conservancy	672	697
Newspapers and periodicals	31	25
Postage, telephone and telegrams	1,642	1,526
Printing and stationery	761	542
Professional fees	1,081	224
Recruitment and other personnel expenses	381	49
Rent and rates	308	157
Repairs and maintenance	1,319	527
Salaries and wages	26,203	20,393
Subscriptions and donations	138	126
Expenditure on GTZ Programme	248	111
Travelling expenses	2,386	1,846
Vehicle running expenses	1,521	1,536
	<u>39,555</u>	<u>30,315</u>
Depreciation	3,676	4,836
Interest payable	10,533	7,823
Provision for doubtful debts and loans	10,372	12,219
Debts written-off	950	—
	<u>25,531</u>	<u>24,878</u>
	<u>65,086</u>	<u>55,193</u>
NET PROFIT	<u>5,344</u>	<u>4,626</u>

Annual Report and Accounts 1985 — 1986



**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE
FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE, 1986**



The financial statements of the Kenya Industrial Estates Limited for the year ended 30th June, 1986 have been audited by the company's authorized auditors in accordance with the provisions of Section 29(2)(b) of the Exchequer and Audit (Amendment) Act, 1985. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations considered necessary for the purpose of the audit were obtained. Proper books of accounts have been kept and the financial statements are in agreement therewith. Subject to the matters referred to herebelow, I certify that in my opinion, the financial statements are in compliance with the Companies Act and when read together with the notes thereof, present a true and fair view of the financial position of the Kenya Industrial Estates Limited as at 30th June, 1986 and of the profit and the source and application of funds for the year ended on that date.

1. TIME DEPOSITS

The Balance Sheet Time Deposits' figure of KShs. 133,010,000 includes amounts totalling KShs. 71,594,000 due from one finance company in interim liquidation against which no provision has been made. I am, however, unable to determine the extent of any provisions required in view of the uncertainty of the eventual outcome. In addition, other amounts in respect of time deposits and interest receivable totalling KShs. 11,484,000 and KShs. 1,531,000 respectively were from a financial institution which is closed for the purpose of normal banking operations.

2. CAPITAL RESTRUCTURING

In a financial restructuring carried out by the company during the year 1984/85, an accumulated loss of KShs. 84,849,000 was written off against a Capital Reserve of KShs. 4,126,000 and the balance of KShs. 80,723,000 against paid up Share Capital of KShs. 161,000,000. Although I am informed that the Government has approved the restructuring of the finances of the company, the necessary Court sanction required under the Companies Act, Cap. 486, has not, as far as I have been able to ascertain, been obtained and the change has not, therefore, been registered with the Registrar of Companies in accordance with the provision of the Act.

W.A. ONONO
AUDIT-GENERAL (CORPORATIONS)

27th February, 1987

REPORT OF THE DIRECTORS



The directors submit their report and the audited financial statements for the year ended 30th June 1986, which show the state of the company's affairs.

1. PRINCIPAL ACTIVITY

The principal activity of the company is to promote and finance the development of small-scale industrial projects.

2. DIVIDEND

The directors do not recommend the payment of a dividend.

3. RESERVES

The directors propose to carry forward the balance of retained profit amounting to KShs. 5,887,000.

4. DIRECTORS

The directors who served during the year were:

Professor S.K. Onger	(Chairman)
C.S. Mbindyo	(Managing Director — until 31.1.86)
V.A. Nyamodi	(Managing Director — appointed on 1.2.86)

L. Ngugi

T.J. Openda

D. Mbela

Industrial & Commercial Development Corporation

The Permanent Secretary, Ministry of Commerce & Industry

The Permanent Secretary, Ministry of Finance

5. AUDITORS

The Auditor-General (Corporations) is the statutory auditor under the provisions of the Exchequer and Audit (Amendment) Act 1985. Pannell Bellhouse Mwangi have indicated their willingness to continue to act for the Auditor-General (Corporations) for the following year to 30th June, 1987.

By order of the board

J.W. MUNUBBE
Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
30TH JUNE 1986**



	<u>Notes</u>	<u>1986</u> <u>KShs. 000's</u>	<u>1985</u> <u>KShs. 000's</u>
NET PROFIT FOR THE YEAR	2	4,626	5,607
TRANSFER TO NORWEGIAN GOVERNMENT GRANT	10	(2,098)	(2,248)
RETAINED PROFIT FOR THE YEAR		<u>2,528</u>	<u>3,359</u>
STATEMENT OF RETAINED PROFIT			
RETAINED PROFIT BROUGHT FORWARD		3,359	
RETAINED PROFIT FOR THE YEAR		<u>2,528</u>	<u>3,359</u>
RETAINED PROFIT CARRIED FORWARD		<u>5,887</u>	<u>3,359</u>

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR
THE YEAR ENDED 30TH JUNE 1986**



	<u>1986</u> KShs. 000's	<u>1985</u> KShs. 000's
SOURCE OF FUNDS		
NET PROFIT FOR THE YEAR	4,626	5,607
Adjustment for items not involving the movement of funds:		
Depreciation	4,836	3,845
(Profit) on disposal of fixed assets	(439)	(50)
Provision for loan interest payable	7,823	9,894
Provision for doubtful debts and loans	12,219	9,088
TOTAL GENERATED FROM OPERATIONS	<u><u>29,065</u></u>	<u><u>28,384</u></u>
OTHER SOURCES		
Loan repayments	32,122	34,978
Equity participation by G.O.K.	—	8,000
Proceeds on disposal of fixed assets	721	226
Donated assets	1,282	1,212
Kenya Government Loans	16,944	4,549
I.D.A. Loan	5,847	8,917
K.F.W. Loan	7,190	9,657
REP — Financing Grant	373	80
Norwegian Government Grant	17,948	—
	<u>82,427</u>	<u>67,619</u>
	<u>111,492</u>	<u>96,003</u>
APPLICATION OF FUNDS		
Loan disbursements	36,224	49,301
Purchase of fixed assets	4,944	14,059
Interest receivable added to loans	33,118	29,461
Commitment fees added to loans	161	215
	<u>74,447</u>	<u>93,036</u>
INCREASE IN WORKING CAPITAL	<u><u>37,045</u></u>	<u><u>2,967</u></u>
REPRESENTED BY:		
Time deposits	32,246	2,378
Stock	18	826
Debtors	4,175	2,662
Creditors	(48)	(1,982)
	<u>36,391</u>	<u>3,884</u>
Movement in net liquid funds:		
Cash and bank balances	654	(917)
	<u><u>37,045</u></u>	<u><u>2,967</u></u>



1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

(b) FIXED ASSETS

Leasehold land allotted by the Kenya Government is stated at cost or professional valuation when such land is capitalised. Other fixed assets are stated at cost with the exception of donated assets which are stated at invoice value. The value of donated assets is credited to capital reserve.

(c) DEPRECIATION

Leasehold land is written off in equal annual instalments over the period of the lease. Other fixed assets are depreciated on the reducing balance basis to write off the cost of the assets down to their residual value over their expected useful lives.

The annual rates of depreciation applied are as follows:

Buildings and improvements	2% p.a.
Plant, machinery and tools	10% p.a.
Furniture, fittings & office equipment	12.5% p.a.
Motor vehicles	20% p.a.

(d) LOANS

Loans are shown inclusive of unpaid interest. Provision for non-recoverability of loans is made following a review of each loan, representing the shortfall between the loan outstanding and the book value of the secured assets.

(e) DEBTORS

Provision is made for all known bad and doubtful debts.

(f) STOCK

Stock is stated at the lower of cost and net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 1986 Cont'd**



	<u>1986</u>	<u>1985</u>			
	<u>KShs. 000's</u>	<u>KShs. 000's</u>			
2. NET PROFIT FOR THE YEAR					
This is stated after charging:					
Depreciation	4,836	3,845			
Auditors' remuneration	210	198			
Loan interest	7,823	9,894			
Provision for doubtful debts and loans	<u>12,219</u>	<u>9,088</u>			
and crediting:					
Rent receivable	9,519	8,223			
Interest on loans — gross	33,118	29,461			
Interest on fixed deposits	13,388	13,234			
Other interest receivable	81	48			
Profit on disposal of fixed assets	<u>439</u>	<u>50</u>			
3. DIRECTORS' EMOLUMENTS					
As directors	3	3			
As management	<u>435</u>	<u>296</u>			
	<u>438</u>	<u>299</u>			
4. FIXED ASSETS					
COST					
	Lease hold land, buildings & improvements	Plant machinery & tools	Furniture, fittings & office equipment	Motor vehicles	Total
	<u>KShs. 000's</u>	<u>KShs. 000's</u>	<u>KShs. 000's</u>	<u>KShs. 000's</u>	<u>KShs. 000's</u>
At 1st July 1985	152,742	8,802	5,122	4,257	170,924
Additions	3,451	19	433	1,041	4,944
Disposals	—	—	(351)	(862)	(1,213)
At 30th June, 1986	<u>156,194</u>	<u>8,821</u>	<u>5,204</u>	<u>4,436</u>	<u>174,655</u>
DEPRECIATION					
At 1st July, 1985	14,845	4,501	2,410	2,723	24,479
Charge for year	2,773	430	360	1,273	4,836
Disposals	—	—	(232)	(699)	(931)
At 30th June 1986	<u>17,618</u>	<u>4,931</u>	<u>2,538</u>	<u>3,297</u>	<u>28,384</u>
NET BOOK VALUE					
At 30th June, 1985	<u>137,898</u>	<u>4,301</u>	<u>2,712</u>	<u>1,534</u>	<u>146,445</u>
At 30th June, 1986	<u>138,576</u>	<u>3,890</u>	<u>2,666</u>	<u>1,139</u>	<u>146,271</u>

Title deeds have not been issued by the Registrar of Lands. Only letters of allotment have been received.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 1986 Cont'd**



5. LOANS AND INVESTMENTS	<u>1986</u> KShs. 000's	<u>1985</u> KShs. 000's
Unquoted shares at cost	1,250	1,250
Loans	357,316	319,955
Less: Provision for bad and doubtful loans (Note 1 (d))	358,566 <u>67,914</u>	321,205 <u>57,983</u>
	<u>290,652</u>	<u>263,222</u>

Provision for bad and doubtful amounts is stated after:

- i) Provisions written off amounting to KShs. 20,000 made in previous years with respect to bad loans and,
- ii) Further provisions amounting to KShs. 9,951,000.
The company applied a rate of 10% per annum with respect to depreciation on plant machinery held as security against loan advances in its assessment of provisions arising.

6. DEBTORS	<u>1986</u> KShs. 000's	<u>1985</u> KShs. 000's
Debtors	26,257	22,323
Less: Provision for bad and doubtful debts	13,527	11,500
	<u>12,730</u>	<u>10,823</u>

Provision for bad and doubtful debts is stated after:

- i) Provisions written off amounting to KShs. 241,000 in respect of provisions made in previous years against rental debtors and,
- ii) Further provisions of KShs. 2,083,000; KShs. 184,000; KShs. 1,000 against rental, TSC and raw material debtors respectively.

7. SHARE CAPITAL	<u>1986</u> KShs. 000's	<u>1985</u> KShs. 000's
Authorised:		
Ordinary shares of KShs. 20 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
1st July	69,277	69,277
Kenya Government deposit for equity participation	11,000	—
30th June	<u>80,277</u>	<u>69,277</u>
Kenya Government deposit for equity participation	—	11,000
8. IRREDEEMABLE LOANS		
1st July	190,256	180,975
Transfer during the year from GOK Loans (Note 13)	—	9,281
30th June	<u>190,256</u>	<u>190,256</u>

The amount of KShs. 190,256,000 relates to the book value of industrial sheds constructed as at 30th June, 1985 from Government of Kenya Loans. These loans are irredeemable and bear no interest.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 1986 Cont'd**



9. CAPITAL RESERVE	<u>1986</u>	<u>1985</u>
1st July	1,212	—
Donated machinery, motor vehicles and construction of sheds	<u>1,282</u>	<u>1,212</u>
30th June	<u><u>2,494</u></u>	<u><u>1,212</u></u>

10. NORWEGIAN GOVERNMENT GRANT	<u>1986</u>	<u>1985</u>
	KShs. 000's	KShs. 000's
1st July	39,135	36,887
Received during the year	17,948	—
Interest received	<u>2,098</u>	<u>2,248</u>
30th June	<u><u>59,181</u></u>	<u><u>39,135</u></u>

In accordance with the terms of this Grant, interest earned on the relevant deposits and part of the interest earned on disbursed funds is credited to the revolving fund.

11. I.C.D.C. LOANS		
Loans	<u>17,380</u>	<u>17,380</u>

Loans received to date from I.C.D.C. were on unspecified terms and conditions.

12. KENYA GOVERNMENT LOANS		
1st July	62,591	67,323
Received during the year net of reimbursements by donors	<u>16,944</u>	<u>4,549</u>
	79,535	71,872
Transfer to irredeemable loans (Note 9)	—	<u>9,281</u>
30th June	<u><u>79,535</u></u>	<u><u>62,591</u></u>

These loans carry an interest rate of 3% per annum payable to the Treasury on 31st December and June each year commencing from 1st July, 1985. These loans are irredeemable.

13. I.D.A. LOAN		
1st July	48,842	39,925
Received during the year	<u>5,847</u>	<u>8,917</u>
30th June	<u><u>54,689</u></u>	<u><u>48,842</u></u>

Interest on this loan is payable half yearly at 6% p.a. and is included as part of accrued interest on long-term loans. This loan is repayable to GOK over 15 years with effect from 1st July, 1985.

14. DEVELOPMENT LOAN CORPORATION (K.F.W. OF WEST GERMANY)

This loan relates to amounts disbursed by K.F.W. equivalent to KShs. 74,508,000 up to 30th June, 1986 in respect of the foreign costs of certain projects in accordance with the terms of the agreement dated 26 March 1974 between the Kenya Government and K.F.W. Interest on this loan is payable half yearly at 6% p.a. and is included as part of accrued interest on long-term loans. This loan is repayable to GOK over 15 years with effect from 1st July, 1985.

The exchange risk in respect of borrowings in US dollars from IDA and in Deutsche Marks from K.F.W. is borne by the Government of Kenya.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 1986 Cont'd**



15. TAXATION

No provision has been made for taxation in view of accumulated tax losses.

16. COMMITMENTS

The following construction contracts had been entered into in the past against which the outstanding amounts payable are:

	<u>1986</u> <u>KShs. 000's</u>	<u>1985</u> <u>KShs. 000's</u>
Sultan Hamud	—	49
Kericho	—	215
Kikima	40	110
	<u>40</u>	<u>374</u>

The undisbursed balance of loan commitments as at 30th June, 1986 amounted to KShs. 105,623,000. Loans are stated net of these amounts on the balance sheet.

17. CONTINGENT LIABILITIES

Letters of credit have been opened with Kenya Commercial Bank Limited — Moi Avenue on behalf of entrepreneurs for the importation of machinery and raw materials amounting to KShs. 142,020. These are secured by a lien over the fixed deposits of the company amounting to KShs. 12,000,000. No losses are anticipated.

**DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 30TH JUNE 1986**



MANAGEMENT
INFORMATION
SCHEDULE A

	<u>1986</u> KShs. 000's	<u>1985</u> KShs. 000's
INCOME		
Rent receivable	9,519	8,223
Service charges less raw materials	1,373	1,365
Interest on loans — gross	33,118	29,461
Commitment fees	161	215
Interest on fixed deposits	13,388	13,234
Other interest receivable	81	48
Profit on disposal of fixed assets	439	50
Other income	1,629	672
Subsidy from GTZ/REP Programme	111	170
	<u>59,819</u>	<u>53,438</u>
EXPENDITURE		
Administration:-		
Advertising	432	604
Bank charges	253	373
Directors' fees and expenses	83	88
Entertainment	152	99
General expenses	836	579
Insurance	800	631
Light, water and conservancy	697	281
Newspapers and periodicals	25	30
Postage, telephone and telegrams	1,526	1,257
Printing and stationery	542	98
Professional fees	224	244
Recruitment and other personnel expenses	49	136
Rent and rates	157	208
Repairs and maintenance	527	557
Salaries and wages	20,393	16,175
Subscriptions and donations	126	90
Expenditure on GTZ Programme	111	170
Travelling expenses	1,846	1,597
Vehicle running expenses	1,536	1,537
Stamp duty	—	250
	<u>30,315</u>	<u>25,004</u>
Depreciation	4,836	3,845
Interest payable	7,823	9,894
Provision for doubtful debts and loans	12,219	9,088
	<u>55,193</u>	<u>47,831</u>
NET PROFIT FOR THE YEAR	<u>4,626</u>	<u>5,607</u>

SOME OF THE K.I.E. — ASSISTED PROJECTS



Kyaloways Bakery — Kitui



Yasulwe Garments — Eldoret



K.I.E. Choir



Viwandani Netball Team

National Distribution of K.I.E. Operations 1985/86, 1986/87

