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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 1992

KENYA WINE AGENCIES LIMITED

DIRECTORS

Industrial & Commercial Development Corporation -
(G R M'wirichia - Chairman)
I.C.D.C. Investment Co. Ltd.
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 immediately following the Board Meeting which will be held at 2.30p.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 20th November 1991
3. To consider and, if approved, adopt the audited Balance Sheet and Accounts for the year ended 30 June 1992 together with the Directors' and Auditors' Reports thereon.
4. To confirm payment of the 1st and 2nd Interim Dividends amounting to 40 cents per share and to consider the declaration of a Final Dividend of 40 cents per share to shareholders registered on 30 September 1992.
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 LIMITED
SECRETARY

Date:

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 its directors or other governing body authorise a person to attend as its representative at the above meeting. A form of proxy is appended to the Accounts 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

Last year I forecast that 1991/92 was going to be a difficult year due to the recession, foreign exchange scarcity, liquidity problems and a lower level of tourists. Indeed these factors dominated most of the year and your Company had a mixed performance as a result.

Due to foreign exchange scarcity, your Company experienced low stock levels and out of stock situations for a number of months during the year. For these reasons sales were affected for those months. However, the Company sourced liquor from South Africa which proved very popular among customers and the bulk of the goods were sold within weeks of arrival. This improved sales and the overall performance of the Company.

Sales of locally manufactured products continue to improve while those of locally bottled products were seriously affected by the introduction of VAT on the Company's ex-Warehouse house selling prices. Unfortunately tax on local products is still very high and is hindering growth of these products. However, enhanced promotion and marketing of these products has been started and I expect to see improved performance in future. The Company continues to face competition from third parties.

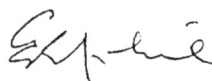
The world economy remains in recession. The impact of this to our country has been serious with the Kenya Shilling losing value against major currencies by about 40%, resulting in high cost of procuring goods. Demand for certain products was affected due to high prices.

The pressure on the Shilling is still on. Recession is not yet over and tourism is still low. The availability of foreign exchange is very limited. I therefore do not expect any improved trading conditions for the coming year.

Despite the many problems your Company has faced, I am pleased to report that your Company performed well during the year. Sales and profits improved over the previous year and reached record levels.

Your Board is satisfied with the results for the year and has proposed a dividend of K£ 1.92 million.

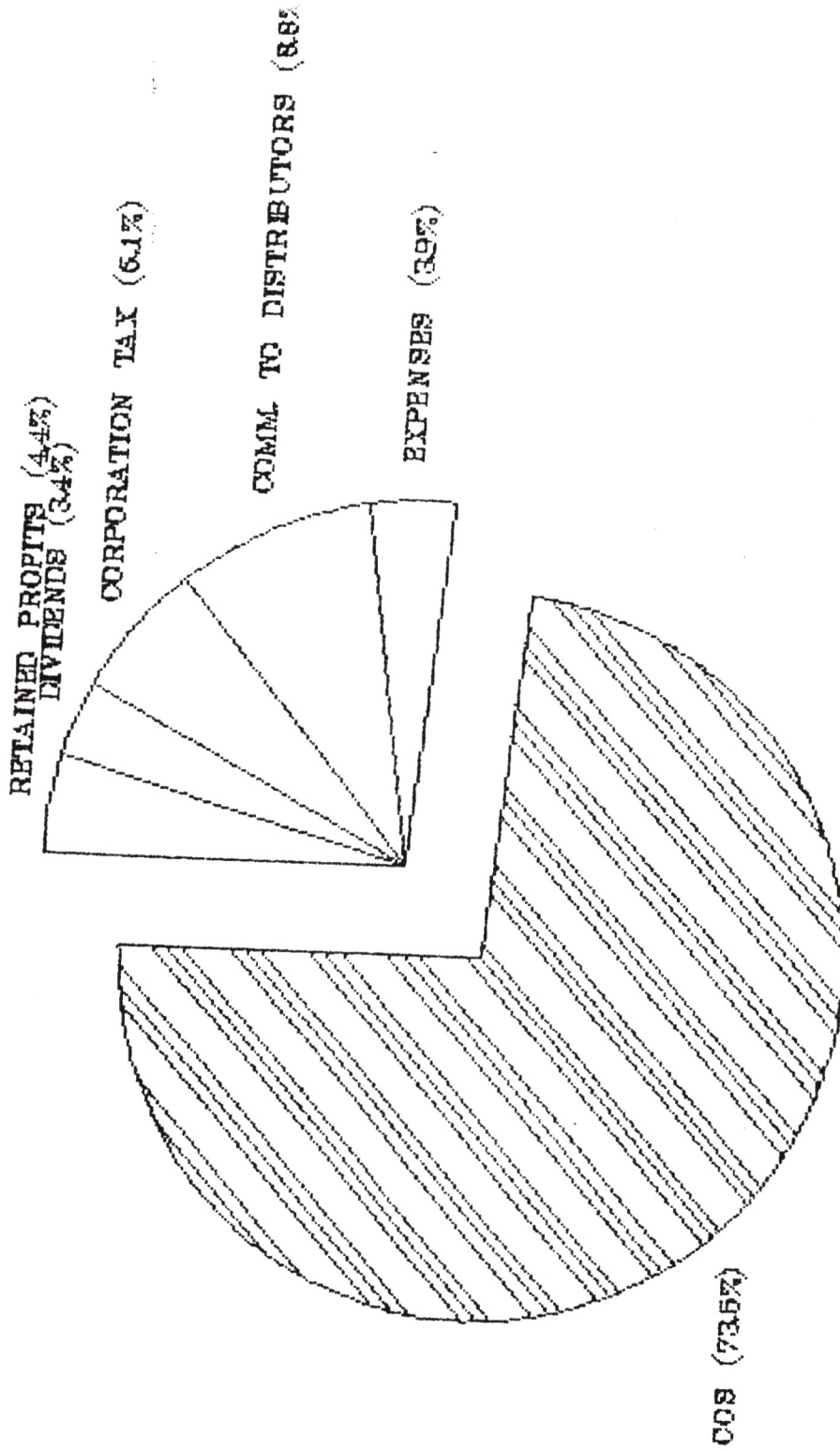
Finally, I would like to take this opportunity and I am sure you would wish to join me in congratulating the Management and Staff of your Company for these excellent results.



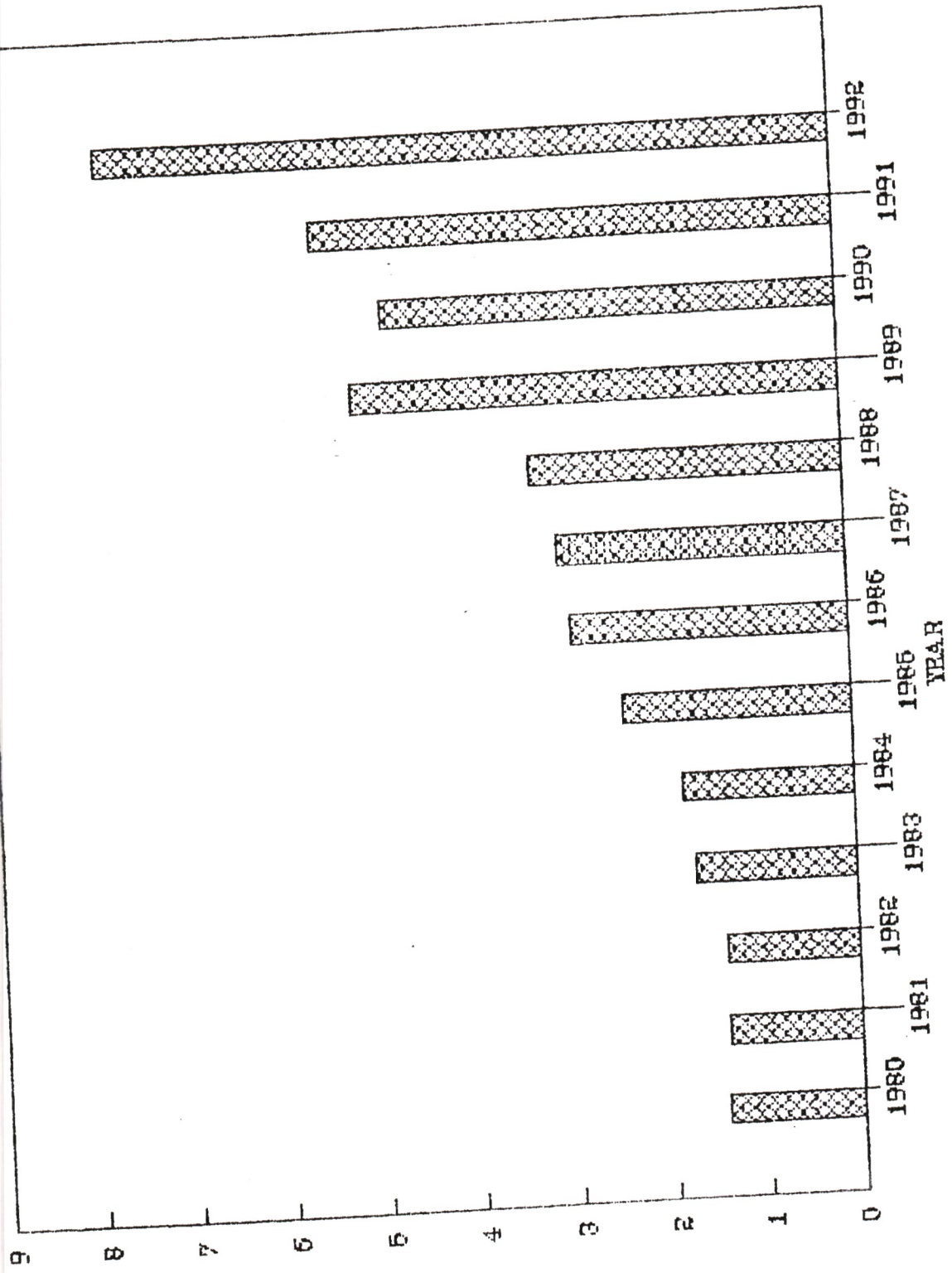
CHAIRMAN

KENYA WINE AGENCIES LTD.

INCOME DISTRIBUTION CHART



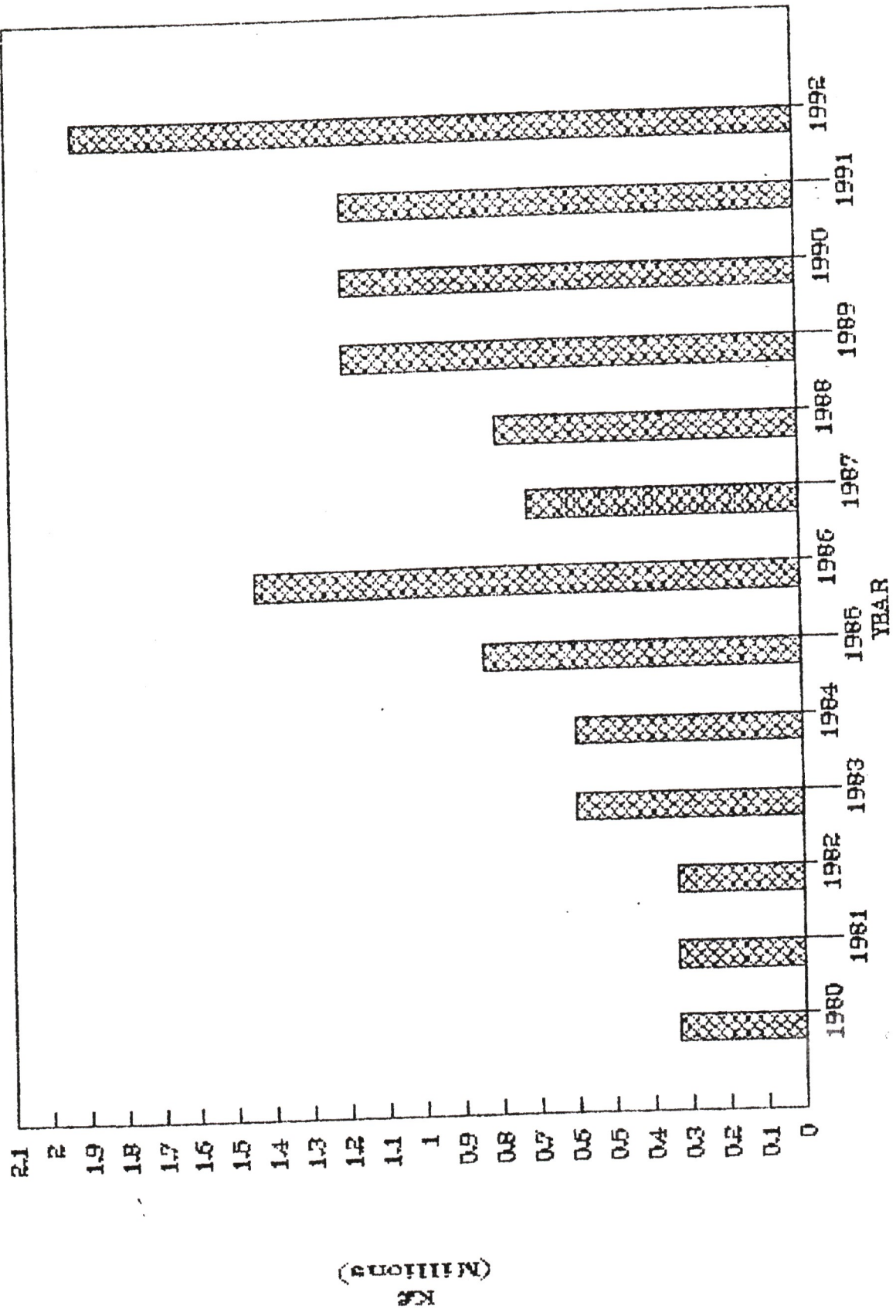
PROFIT BEFORE TAX



K\$ (Millions)

KENYA WINE AGENCIES LTD.

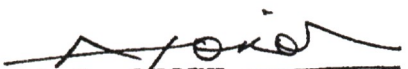
DIVIDEND PAID



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA WINE AGENCIES LIMITED FOR THE YEAR ENDED
30 JUNE 1992

I have examined the accounts of the Kenya Wine Agencies Limited for the year ended 30 June 1992 in accordance with Section 29 (2) 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 1992 and of its profit and source and application of funds for the year ended on that date.


A. J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

2 December 1992

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 1992.

	<u>KE</u>	<u>KE</u>
The net profit for the year before taxation		7,780,065
The estimated Corporation Tax		3,426,625

Profit after taxation		4,353,440
The Directors recommend:-		
a) Interim Dividend paid on 12-2-92	480,000	
b) Interim Dividend paid on 9-4-92	480,000	
c) Proposed Final Dividend	960,000	1,920,000
	-----	-----
Net profit after Tax and Dividends		2,433,440
Add: Retained profits from previous years		4,108,668
Add: Share of Profits of Investments		2,041,295
Retained profit in Profit and Loss Account		8,583,403
		=====

Your Board is very satisfied with the results for the year under review. Your Board has recommended a final dividend of K£ 960,000 or KShs 0.40 per ordinary share making a total payment for the year of K£ 1,920,000 equivalent to KShs 0.80 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

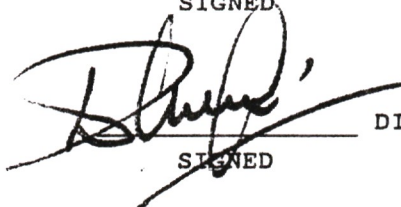
KENYA WINE AGENCIES LIMITEDBALANCE SHEET AS AT 30 JUNE 1992

			<u>1991</u>
	<u>NOTE</u>	<u>K£</u>	<u>K£</u>
FIXED ASSETS	3	5,845,117	5,611,538
TRADE INVESTMENTS	4	4,993,450	3,295,905
<u>CURRENT ASSETS</u>			
Stocks	5	9,292,838	6,481,319
Debtors	6	1,194,358	656,341
Deposits and Pre-payments		343,257	256,287
Cash in Hand and Banks	7	<u>8,541,710</u>	<u>6,349,420</u>
		<u>19,372,163</u>	<u>13,743,367</u>
<u>CURRENT LIABILITIES</u>			
Bills payable		2,146,253	978,036
Creditors	8	3,880,095	2,467,007
Taxation	9	2,640,979	2,497,099
Proposed Dividend		<u>960,000</u>	<u>600,000</u>
		<u>9,627,327</u>	<u>6,542,142</u>
Net current assets		<u>9,744,836</u>	<u>7,201,225</u>
		<u>20,583,403</u>	<u>16,108,668</u>
 <u>FINANCED BY:</u>			
Share Capital	10	12,000,000	12,000,000
Reserves	11	<u>8,583,403</u>	<u>4,108,668</u>
		<u>20,583,403</u>	<u>16,108,668</u>



DIRECTOR

SIGNED



DIRECTOR

SIGNED

(The Report of the Auditors is on Page 7)

KENYA WINE AGENCIES LIMITEDTRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED30 JUNE 1992

	<u>1992</u>	<u>1991</u>
<u>KE</u>	<u>KE</u>	<u>KE</u>
Brought Forward (Page 11)	4,353,440	2,931,092
Share of profits of Associated Companies	<u>2,041,295</u>	<u>1,347,992</u>
NET PROFIT ATTRIBUTABLE TO MEMBERS OF INVESTING COMPANY FOR CURRENT YEAR	6,394,735	4,279,084
Add: Profits brought forward from previous years Note 11	<u>4,108,668</u>	<u>1,029,584</u>
	10,503,403	5,308,668
 <u>DIVIDENDS</u>		
Interim paid	960,000	600,000
Proposed final	<u>960,000</u>	<u>600,000</u>
	<u>1,920,000</u>	<u>1,200,000</u>
NET PROFITS RETAINED	<u>8,583,403</u>	<u>4,108,668</u>

KENYA WINE AGENCIES LIMITEDTRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED30 JUNE 1992(INCORPORATING RESULTS OF ASSOCIATED COMPANIES)

	<u>KE</u>	<u>KE</u>	<u>KE</u>	<u>1991</u>
	<u>KE</u>	<u>KE</u>	<u>KE</u>	<u>KE</u>
Brought Forward (Page 12)			9,025,111	6,820,573
<u>EXPENSES</u> (See Page 24)				
Nairobi		2,393,900		1,782,846
Mombasa		355,495		234,219
Inward carriage less recoveries		<u>60,062</u>		<u>45,584</u>
		2,809,457		<u>2,062,649</u>
Less: Interest Received	1,500,983			725,781
Less: Warehousing expenses recovered	<u>45,347</u>			<u>38,159</u>
		<u>1,546,330</u>		<u>763,940</u>
NET EXPENSES			<u>1,263,127</u>	<u>1,298,709</u>
TRADING PROFIT OF INVESTING COMPANY			7,761,984	5,521,864
Add: Gain on sale of Fixed Assets			<u>18,081</u>	<u>-</u>
			7,780,065	5,521,864
<u>TAXATION</u>				
Estimated liability on current profit		Note 9	<u>3,426,625</u>	<u>2,590,772</u>
PROFIT OF INVESTING COMPANY AFTER TAXATION			<u>4,353,440</u>	<u>2,931,092</u>

KENYA WINE AGENCIES LIMITEDTRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED30 JUNE 1992(INCORPORATING RESULTS OF ASSOCIATED COMPANIES)

			<u>1991</u>
	<u>KE</u>	<u>KE</u>	<u>KE</u>
SALES TURNOVER			46,672,532/ 39,205,539
Less: Commission to Distributors			<u>1,088,755/ 1,454,959</u>
			<u>45,583,777/ 37,750,580</u>
<u>COST OF SALES</u>			
Opening Stock		4,212,699/	4,393,532
Cased Goods from Production		7,050,915/	5,737,662
Cased Goods purchased		31,927,320/	25,505,290
Loss (gain) on exchange rates attributable to cost of sales		<u>167,088/</u>	<u>186,065</u>
		43,358,022/	<u>35,822,549</u>
Less: Goods in transit	773,004/		410,239
Closing stock	<u>5,933,587/</u>		4,212,699
		<u>6,706,591/</u>	<u>4,622,938</u>
			<u>36,651,431/ 31,199,611</u>
			8,932,346/ 8,932,346
PRODUCTION PROFIT (LOSS) (See Page 20)			92,008/ 269,168
SUNDRY REVENUE			<u>757 436</u>
			<u>9,025,111/ 6,820,573</u>

KENYA WINE AGENCIES LIMITEDSTATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE YEAR ENDED30 JUNE 1992

	<u>30.6.1992</u>	<u>30.6.1991</u>
	<u>KE</u>	<u>KE</u>
<u>SOURCE OF FUNDS</u>		
Profit before taxation	7,780,065 ✓	5,521,864
Add (Deduct) items not involving movement of funds		
Depreciation	436,678 ✓	345,456
Profit on sale of Fixed Assets	<u>(18,081) ✓</u>	<u>-</u>
FUNDS GENERATED FROM OPERATIONS	<u>8,198,662 ✓</u>	<u>5,867,320</u>
<u>FUNDS FROM OTHER SOURCES</u>		
Sale proceeds of Fixed Assets	20,150 ✓	1,500
Dividends Received	343,750 ✓	525,000
Share of undistributed profits on investments with Associated Companies	<u>1,697,545 ✓</u>	<u>822,992</u>
	<u>2,061,445 ✓</u>	<u>1,349,492</u>
	<u>10,260,107 ✓</u>	<u>7,216,812</u>
<u>APPLICATION OF FUNDS</u>		
Purchase of Fixed Assets	672,326 ✓	702,106
Trade Investments	1,697,545 ✓	822,992
Dividends Paid	1,560,000 ✓	1,200,000
Taxation Paid	<u>3,282,745 ✓</u>	<u>2,393,913</u>
	<u>7,212,616 ✓</u>	<u>5,119,011</u>
NET (OUTFLOW)/INFLOW OF FUNDS	<u>3,047,491 ✓</u>	<u>2,097,801</u>
<u>MOVEMENT IN WORKING CAPITAL</u>		
Increase/(Decrease) in Stocks	2,811,519 ✓	(138,261)
Increase/(Decrease) in debtors and pre-payments	624,987 ✓	101,703
(Increase)/Decrease in creditors and provisions	<u>(2,581,305) ✓</u>	<u>(161,378)</u>
	<u>855,201 ✓</u>	<u>(197,936)</u>
<u>MOVEMENT IN NET LIQUID FUNDS</u>		
Increase in Bank and Cash balances	2,192,290 ✓	2,295,737
	<u>3,047,491 ✓</u>	<u>2,097,801</u>

KENYA WINE AGENCIES LIMITED

NOTES ON ACCOUNTS AS AT 30 JUNE 1992

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 1992.

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 19921. 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
Agricultural Machinery and Equipment	-	25%
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.

KENYA WINE AGENCIES LIMITED

SCHEDULE OF FIXED ASSETS AS AT 30.6.1992

	Land and Building Leasehold	Motor Vehicles	Industrial Plant and Machinery	Agricultural Plant and Machinery	Furniture and Equipment	Computers	Total
<u>COST</u>	<u>KE</u>	<u>KE</u>	<u>KE</u>	<u>KE</u>	<u>KE</u>	<u>KE</u>	<u>KE</u>
1 July 1991	4,327,299	444,227	1,522,607	20,428	235,869	147,085	6,697,515
Additions	157,876	176,872	231,537	52,217	45,574	8,250	672,326
Disposals	-	(53,811)	-	-	-	-	(53,811)
Transfer	-	-	-	-	-	-	-
	<u>4,485,175</u>	<u>567,288</u>	<u>1,754,144</u>	<u>72,645</u>	<u>281,443</u>	<u>155,335</u>	<u>7,316,030</u>
<u>DEPRECIATION</u>							
1 July 1991	211,101	215,745	543,076	17,449	72,107	26,499	1,085,977
For Year	78,796	119,988	160,291	2,979	25,596	49,028	436,678
On Disposal	-	(51,742)	-	-	-	-	(51,742)
	<u>289,897</u>	<u>283,991</u>	<u>703,367</u>	<u>20,428</u>	<u>97,703</u>	<u>75,527</u>	<u>1,470,913</u>
Net Book Value 30.6.92	<u>4,195,278</u>	<u>283,297</u>	<u>1,050,777</u>	<u>52,217</u>	<u>183,740</u>	<u>79,808</u>	<u>5,845,117</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>

KENYA WINE AGENCIES LIMITED4. TRADE INVESTMENTS

	<u>1992</u>	<u>1991</u>
<u>ASSOCIATED COMPANIES</u>		
<u>UCHUMI SUPERMARKETS LIMITED</u>		
37½% of unquoted Ordinary Shares (at cost)	1,875,000✓	1,875,000
Add: Share of undistributed profit	<u>2,550,023✓</u>	<u>907,723</u>
	<u>4,425,023✓</u>	<u>2,782,723</u>

INTERNATIONAL DISTILLERS (KENYA) LIMITED

25% of unquoted Ordinary Shares (at cost)	329,739✓	329,739
Add: Share of Undistributed Profit	<u>238,688✓</u>	<u>183,443</u>
	<u>568,427✓</u>	<u>513,182</u>
	<u>4,993,450✓</u>	<u>3,295,905</u>

1. The results of Uchumi Supermarkets Limited treated in these accounts are for the audited accounts for the year ended 30 June 1991 and provisional results for 6 months to 31 December 1991.
2. The results of International Distillers (Kenya) Limited in these accounts are for the audited accounts for the year ended 30 September 1991.

5. STOCKS

	<u>1992</u>	<u>1991</u>
Cased Goods	5,933,587✓	4,212,699
Bulk Goods	743,325✓	429,293
Bottling Materials	1,057,874✓	1,099,306
Goods in Transit	<u>1,558,052✓</u>	<u>740,021</u>
	<u>9,292,838✓</u>	<u>6,481,319</u>

KENYA WINE AGENCIES LIMITED

	<u>1992</u>	<u>1991</u>
6. <u>DEBTORS</u>		
Trade Debtors	1,214,286	670,150
Less: Provision for Bad Debts	<u>(19,928)</u>	<u>(13,809)</u>
	<u>1,194,358</u>	<u>656,341</u>
7. <u>CASH IN HAND & BANK</u>		
Cash in hand	4,394	4,515
Cash in bank	1,637,298	1,760,878
Short term deposits	6,900,018	4,644,027
	<u>8,541,710</u>	<u>6,349,420</u>
8. <u>CREDITORS</u>		
Trade Creditors	1,738,886	993,244
Other Creditors & Accrued Expenses	<u>2,141,209</u>	<u>1,473,763</u>
	<u>3,880,095</u>	<u>2,467,007</u>
9. <u>TAXATION</u>		
Estimated taxation payable on current year's profit	3,426,625	2,395,340
Add: Additional provision for 1987/88 & 1988/89	-	<u>195,432</u>
	3,426,625	2,590,772
Less: Withholding tax on Interest Income	93,773	-
	-	49,942
Less: Instalment Tax for 1991/92	<u>717,468</u>	<u>817,241</u>
	<u>2,615,384</u>	<u>2,218,666</u>
Add: Net Liability on previous years	<u>25,595</u>	<u>278,433</u>
	<u>2,640,979</u>	<u>2,497,099</u>

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

KENYA WINE AGENCIES LIMITED

	<u>1992</u>	<u>1991</u>
10. <u>SHARE CAPITAL</u>		
<u>Authorised and Issued</u>		
a) 38,400,000 "A" Shares of Shs 5/= each	9,600,000	9,600,000
b) 9,600,000 "B" Shares of Shs 5/= each	<u>2,400,000</u>	<u>2,400,000</u>
	<u>12,000,000</u>	<u>12,000,000</u>

11. RESERVES

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
<u>1992</u>			
Opening Balance	-	4,108,668	4,108,668
Profit for the Year	<u>-</u>	<u>4,474,735</u>	<u>4,474,735</u>
CLOSING BALANCE	<u>-</u>	<u>8,583,403</u>	<u>8,583,403</u>
<u>1991</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>-</u>	<u>(8,000,000)</u>	<u>(8,000,000)</u>
Profit for the Year	<u>-</u>	<u>1,029,584</u>	<u>1,029,584</u>
CLOSING BALANCE	<u>-</u>	<u>4,108,668</u>	<u>4,108,668</u>

12. OVERDRAFT FACILITIESBARCLAYS BANK OF KENYA

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 Kf 193,500 (1990/91 - Nil).