Kakuzi Limited

DIRECTORS' REPORT

STATEMENT OF ACCOUNTS

AND

CHAIRMAN'S STATEMENT

for the year ended 28th February 1989

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Kakuzi Limited

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Kakuzi Limited

COMPANY INFORMATION

DIRECTORS:	C.A. Gardner (Chairman) (British) F.R. Bibby (Executive) (British) P.C.B. Benson, M.B.E. (British) Sir Charles Markham, Bt. (Kenyan) Dr. B.M. Gecaga, C.B.S., (Kenyan) M.C. Perkins (British)
SECRETARIES AND REGISTRARS:	Eastern Produce Kakuzi Services Limited, College House, Koinange Street, P.O. Box 30572, Nairobi.
LONDON TRANSFER AGENTS:	Grindlays Bank p.l.c., 13, St. James's Square, London SW1Y 4LF.
REGISTERED OFFICE:	College House, Koinange Street, P.O. Box 30572, Nairobi.
AUDITORS:	Gill & Johnson, P.O. Box 40092, Nairobi.
ADVOCATES:	Hamilton Harrison & Mathews, P.O. Box 30333, Nairobi.
BANKERS:	Kenya Commercial Bank Limited, P.O. Box 30081, Nairobi.
SUBSIDIARY COMPANIES:	Siret Tea Company Limited (100% owned) Kaguru Limited (100% owned) Garton Limited (51% owned)

2007/0001

Kakuzi Limited

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixty-first ANNUAL GENERAL MEETING of the members will be held at the Norfolk Hotel, Harry Thuku Road, Nairobi, on Friday 22nd September, 1989, at 11.30 a.m. for the following purposes:-

1. To confirm the minutes of the Annual General Meeting held on 4th October 1988.

2. To receive the accounts for the year ended 28th February 1989, together with the reports of the Directors and of the Auditors.

3. To confirm the interim dividend of 8% paid (payable to non-resident members) on 28th February, 1989 and to declare a final dividend of 14%.

4. To elect Directors.

5. To confirm the Directors' remuneration.

6. To authorise the Board to fix the Auditors' remuneration.

7. To consider the following resolution, which will be proposed as a **special resolution**:- "THAT the directors' fees be increased to K£ 1800 each per annum with effect from 1st March, 1989."

8. To transact any other business which may be transacted at an Annual General Meeting.

By Order of the Board
EASTERN PRODUCE KAKUZI SERVICES LIMITED
Secretaries

NAIROBI
8th August 1989

NOTES: A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. A form of proxy is on the last page.

The Executive Director has a service contract with the company, a copy of which is available for inspection at the company's registered office during normal business hours until 22nd September 1989 when it will also be available during the meeting and at the place of the meeting for fifteen minutes prior thereto.

The final dividend will, if approved, be paid on 29th September, 1989 to members on the register at the close of business on 11th September 1989. Payment to non-resident members is subject to approval from Central Bank of Kenya.

Kakuzi Limited

CHAIRMAN'S STATEMENT

Results have been better this year than last, or than we had expected, mainly because of higher coffee prices.

STATISTICS:	1988/89	1987/88
COFFEE		
Kakuzi and Kaguru	1455 tonnes	1476 tonnes
from 848 ha (2095 acres) mature coffee		802 ha
and 2 ha (5 acres) immature coffee		44 ha
Garton (51% owned)	443 tonnes	441 tonnes
from 268 ha (662 acres) mature coffee		274 ha
and 16 ha (40 acres) immature coffee		
TEA		
Siret	1,772,613 kgs made tea	2,107,838 kgs
from bought leaf	92,814 " " "	21,495 kgs
Total	1,865,427 " " "	2,129,333kgs
from 840 ha (2076 acres) of mature tea		833 ha
and 32 ha (79 acres) of immature tea		23 ha
LIVESTOCK		
Cattle sold	1074 head	957 head
Average price realised	Shs. 5,338	Shs. 5099
Total herd at 28/2/1989	6,632 head	6,560 head

THE ESTATES

COFFEE

Production

We had a good early crop at Makuyu, but the long rains were unusually heavy and prolonged and adversely affected the flowering for the late crop, particularly so at Garton.

Sales

The coffee market was relatively strong throughout the year, although Kenya was compelled to carry large stocks forward at the end of the I.C.O. quota year in September 1988. Good gradings were achieved by the estates, particularly for the small late crop. Average prices received were K£ 2,354 per tonne for Kakuzi and K£ 2,327 for Garton, compared to K£ 1,808 and K£ 1,686 respectively in 1987/88.

The operating profits on coffee were K£ 1,142,420 for Kakuzi (1987/88 K£ 383,269) and K£ 355,269 for Garton (1987/88 K£ 105,654).

CHAIRMAN'S STATEMENT *(Continued)*

TEA

Production

This was a particularly poor year for crop in the Nandi District. There was plenty of rain in 1988, but the temperatures were lower and the sunshine less than usual. However the major renovation of the factory early in the year resulted in our making much better tea. 15 ha of new tea was planted in 1988 and a further 8 ha in 1989, completing the 46.5 ha block in the so called Kepchomo triangle.

Sales

The world market also strengthened gradually, so that the average price for Kenya teas sold in the Mombasa Auction was Shs. 24/26 per kg for 1988, compared to Shs. 21/89 in 1987, and it hardened further to Shs. 25/76 for the period January to April 1989.

The lifting of import restrictions by Pakistan has certainly contributed to this trend.

Siret's own teas realised Shs. 24/96 per kg, compared to Shs. 20/25 in 1987/88, and the operating profit at K£ 482,413 was consequently only just below the 1987/88 figure of K£ 493,265.

LIVESTOCK

Both the number of cattle sold, and the average price paid per head increased, and so the operating profit on the cattle showed an encouraging increase, but this was offset by an initial loss on pigs, so the overall trading profit on livestock was slightly down from K£ 148,733 to K£ 142,309. The pilot project on pigs, although reasonably successful, will not be expanded unless there is a more assured supply of quality feedstuff at an economic price.

DEVELOPMENT AND DIVERSIFICATION

With the renewal of the I.C.O. Agreement again in doubt, and a serious outbreak of the lethal fusarium root disease in the Makuyu area, your Directors feel it is prudent to reduce the Company's dependance on coffee. A very promising start has been made with the establishment of 2.5 ha of passion fruit by the end of June 1989 for which there appears to be an expanding market, and negotiations for a large scale joint venture in pineapples are proceeding. Trials of other horticultural crops have also been established and look promising.

All further agricultural development at Makuyu is dependent to some extent on increased water storage, and work is now well advanced on the new Ngenya Dam, the largest capital project ever undertaken by the Company. It is planned to start impounding water in this years short rains, and the dam is designed to hold 1.2 billion gallons of water. This will greatly reduce our dependance on the Thika river for water to irrigate our coffee in the dry weather.

Kakuzi Limited

CHAIRMAN'S STATEMENT *(Continued)*

Arrangements are also well in hand to sell 3,665 acres at the eastern end of our Makuyu land holding to over 1,000 settlers drawn from our own employees and landless local people. This will not only raise part of the finance needed for the Ngenya dam, but provide a source of labour close to our coffee and the new crops we hope to grow with water from the dam.

PROFITS AND DIVIDENDS

The profit after tax, attributable to Kakuzi shareholders, K£ 1,662,662, is not only 36% above last year's, but is considerably better than we anticipated in February. This is because of higher payments from the Coffee Board. Your Directors feel able to recommend an increased final dividend of 14% (1987/88 12%), making a total distribution of 22% (1987/88 20%) which will be covered 2.3 times by the profit available.

PROSPECTS

The 1989/90 coffee crop appears likely to be below average, partly because the flowering for the late crop has again been poor and partly because an unusually high proportion of the trees have been pruned to bring them into a new cycle. The market outlook is very uncertain.

Prospects for tea are very much brighter, with the crop well ahead of last year and the market moving up sharply, in response to a drop in production from Sri Lanka and South India, and doubts about exports from China. Profits from livestock should improve and new crops will start to make some contribution, but on the other hand our substantial cash reserves which generated a very significant income have largely been invested in the new dam. The recent Budget, which abolished export duty on coffee and tea, and lowered the rate of corporation tax by 2½ per cent will mean that a larger share of the Company's profits are available to shareholders.

Our management reorganisation has I feel been a success, and our staff have made a major contribution to the improved results and to the exciting prospects ahead. I am most grateful to all of them for their skill and devotion during the past year.

C.A. GARDNER
Chairman

Nairobi
8th August 1989

22
14
80%
140%

Kakuzi Limited

REPORT OF THE DIRECTORS TO THE MEMBERS FOR THE YEAR ENDED 28TH FEBRUARY 1989

The directors have pleasure in presenting their report together with the accounts for the year ended 28th February 1989.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries are the growing and processing of coffee and tea, and cattle ranching, all in Kenya.

DIRECTORS

The directors who held office since 1st March 1988 are listed below together with their interest in the share capital of the company:

	Number of stock units held at 28.2.1989		Number of stock units held at 29.2.1988	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
C.A. Gardner	-	2	-	2
F.R. Bibby	150	-	150	1
P.C.B. Benson	296	-	296	-
Sir Charles Markham	2,368	-	2,368	-
J.E.A. Deacon *(Resigned 4/10/1988)*	566	-	566	-
Dr. B.M. Gecaga	7,136	-	7,136	-
M.C. Perkins	-	200	-	200

There has been no change in these interests since 28th February 1989 to date.

Sir Charles Markham retires by rotation and, being eligible, offers himself for re-election.

Mr. F.R. Bibby also retires by rotation and, being eligible, offers himself for re-election.

None of the directors had a material interest in any contract of significance during or at the end of the financial year.

RESULTS AND DIVIDENDS

The results for the year are shown on page 9 of these accounts. An interim dividend of 8% (1988 - 8%) amounting to K£ 261,333 (1988 - K£ 261,333) was declared payable on 28th February 1989. The directors recommend a final dividend of 14% (1988 - 12%) amounting to K£ 457,333 (1988 - K£ 392,000), payable on 29th September 1989.

RESERVES

The movements in reserves are shown in notes 13 and 14 of the notes to the accounts.

Kakuzi Limited

REPORT OF THE DIRECTORS TO THE MEMBERS FOR THE YEAR ENDED 28TH FEBRUARY 1989 *(Continued)*

SUBSTANTIAL INTERESTS

There were the following interests in the issued capital of the company:

(i) Eastern Produce (Holdings) PLC advised the company that it has an interest of 32.30% (1988 - 30.84%).

(ii) Lawrie Group PLC advised the company that it has an interest of 7.53% (1988 - 7.53%).

(iii) Kenya Reinsurance Corporation has an interest of 5.70% (1988 - 5.70%).

CURRENT COST ACCOUNTS

There is no requirement to produce current cost accounts.

AUDITORS

Gill & Johnson have indicated their willingness to continue in office in accordance with section 159 (2) of the Companies Act.

APPROVAL OF ACCOUNTS

The accounts were approved at a meeting of directors held on 20th June 1989.

By Order of the Board
EASTERN PRODUCE KAKUZI SERVICES LIMITED
Secretaries

Nairobi
20th June 1989

Kakuzi Limited

REPORT OF THE AUDITORS TO THE MEMBERS OF KAKUZI LIMITED

We have examined the accounts on pages 9 to 20 and have obtained all the information and explanations considered necessary for our audit.

In our opinion:

1. Proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.

2. The accounts, which comply with the Companies Act, give a true and fair view of the state of affairs of the company and the group at 28th February 1989 and of the profit and source and application of funds of the group for the year ended on that date.

GILL & JOHNSON
Certified Public Accountants (Kenya)

Nairobi
8th August 1989

Kakuzi Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH FEBRUARY 1989

	Note	1989 K£	1988 K£
OPERATING PROFIT	2	2,452,877	1,387,510
INVESTMENT AND OTHER INCOME	3	510,936	461,128
PROFIT BEFORE TAXATION		2,963,813	1,848,638
TAXATION	4	1,190,041	578,838
PROFIT AFTER TAXATION		1,773,772	1,269,800
MINORITY INTEREST		111,110	49,441
PROFIT ATTRIBUTABLE TO KAKUZI LIMITED		1,662,662	1,220,359
DIVIDENDS	5	718,666	653,333
RETAINED PROFIT	6	943,996	567,026
EARNINGS PER STOCK UNIT	7	Shs. 2.54	Shs. 1.87

Kakuzi Limited

CONSOLIDATED BALANCE SHEET
28TH FEBRUARY 1989

	Note	1989 K£	1988 K£
FIXED ASSETS	8	14,485,989	14,365,139
INVESTMENTS	9	106,151	104,973
CURRENT ASSETS			
Stocks and stores	10	2,174,257	1,685,262
Coffee proceeds receivable		965,880	541,561
Debtors		692,521	806,425
Short term deposits		4,656,110	4,054,829
Bank balances and cash		134,496	100,776
		8,623,264	7,188,853
CURRENT LIABILITIES			
Creditors	11	1,213,428	788,244
Taxation		1,148,446	778,297
Dividends (gross)		457,333	653,333
		2,819,207	2,219,874
NET CURRENT ASSETS		5,804,057	4,968,979
		20,396,197	19,439,091
MINORITY INTEREST IN SUBSIDIARY		882,711	869,601
		19,513,486	18,569,490
Financed by:			
SHARE CAPITAL	12	3,266,667	3,266,667
CAPITAL RESERVE	13	7,132,547	7,139,523
REVENUE RESERVE	14	9,114,272	8,163,300
		19,513,486	18,569,490

C.A. GARDNER
F.R. BIBBY
} Directors

Kakuzi Limited

BALANCE SHEET
28TH FEBRUARY 1989

	Note	1989 K£	1988 K£
FIXED ASSETS	8	9,811,944	9,691,564
INVESTMENTS	9	462,989	462,989
CURRENT ASSETS			
Stocks and stores	10	1,255,492	1,109,703
Coffee proceeds receivable		579,688	287,808
Debtors		500,278	466,288
Amounts due by subsidiary companies		482,384	521,418
Short term deposits		3,700,000	2,777,666
Bank balances and cash		46,062	49,714
		6,563,904	5,212,597
CURRENT LIABILITIES			
Creditors	11	1,013,903	550,061
Taxation		793,931	511,695
Dividends (gross)		457,333	653,333
		2,265,167	1,715,089
NET CURRENT ASSETS		4,298,737	3,497,508
		14,573,670	13,652,061
Financed by:			
SHARE CAPITAL	12	3,266,667	3,266,667
CAPITAL RESERVE	13	5,277,061	5,283,561
REVENUE RESERVE	14	6,029,942	5,101,833
		14,573,670	13,652,061

C.A. GARDNER
F.R. BIBBY
} Directors

Kakuzi Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS OF KAKUZI LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED 28TH FEBRUARY 1989

	1989 K£	1988 K£
SOURCE OF FUNDS		
Operating profit	2,452,877	1,387,510
Investment income	510,936	461,128
Adjustments for items not involving the movement of funds:		
Depreciation	442,250	439,195
Profit on sale of fixed assets	(41,271)	(14,728)
TOTAL GENERATED FROM OPERATIONS	3,364,792	2,273,105
FUNDS FROM OTHER SOURCES		
Proceeds on sale of fixed assets	62,242	25,749
	3,427,034	2,298,854
APPLICATION OF FUNDS		
Dividends paid:		
Parent company shareholders	558,156	690,273
Minority shareholder	98,000	147,000
Fixed asset additions	584,071	804,516
Purchase of trade investments	1,178	6,075
Taxation paid	819,892	1,423,456
	2,061,297	3,071,320
	1,365,737	(772,466)
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks and stores	488,995	449,507
Debtors and crop proceeds receivable	310,415	(182,869)
Creditors	(68,674)	156,607
Movement in net liquid funds:		
Short term deposits	601,281	(1,195,171)
Bank balances and cash	33,720	(540)
	1,365,737	(772,466)

Kakuzi Limited

STATEMENT OF GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 28TH FEBRUARY 1989

BASIS OF ACCOUNTING

The group prepares its accounts on the historical cost basis of accounting modified to include, where appropriate, the revaluation of certain fixed assets.

CONSOLIDATION

The consolidated accounts comprise the accounts of the parent company and all subsidiaries for the year ended 28th February.

ASSOCIATED COMPANIES

An associate is a company in which the group interest is more than 20% and not more than 50% and where significant commercial and financial influence is exercised.

TURNOVER

Coffee turnover is based on actual amounts received to 31st May 1989. Tea turnover is based on gross produce proceeds and livestock and crops are based on invoiced values.

DEPRECIATION

The basis of depreciation is to write off the cost or valuation of fixed assets evenly over their estimated useful lives at the following annual rates:

Leasehold land	Over the period of the leases
Buildings, water supply and fencing	2% to 20%
Plant, machinery and tools	7.5%
Motor vehicles, tractors, trailers and implements	10% to 25%
Furniture, fittings and equipment	12.5%

No depreciation is provided on agricultural development. The costs of replanting and upkeep of developed areas are charged to revenue.

STOCKS AND STORES

The valuation of tea stocks is at estimated net realisable value. This basis is not in agreement with generally accepted accounting practice as, in the opinion of the directors, such accounting treatment would not be appropriate.

Livestock and other stocks are valued at the lower of cost and net realisable value. Where appropriate, cost includes an element of overheads.

DEFERRED TAXATION

No provision is made for the liability arising from differences between the treatment of certain items for taxation purposes and their treatment for accounts purposes where this liability is not expected to crystallise in the foreseeable future.

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1989

1. CURRENCY

The accounts are expressed in Kenya currency. K£1 represents twenty shillings.

2. TURNOVER AND OPERATING PROFIT

		Turnover		Operating profit	
		1989 K£	1988 K£	1989 K£	1988 K£
Kakuzi:	Coffee	3,424,837	2,669,422	1,142,420	383,269
	Livestock and crops	336,826	275,640	116,985	137,259
	Other operating income	-	-	355,790	268,063
		3,761,663	2,945,062	1,615,195	788,591
Siret:	Tea	2,090,656	2,039,974	482,413	493,265
Garton:	Coffee	1,030,459	744,149	355,269	105,654
Total		6,882,778	5,729,185	2,452,877	1,387,510

Turnover of coffee includes proceeds received after 31st May 1988 in respect of the previous year's production:

Kakuzi	K£ 379,615 (1988 - K£ 223,218)
Garton	K£ 278,577 (1988 - K£ 86,128)

Operating profit is stated after charging:

	1989		1988	
	Group K£	Company K£	Group K£	Company K£
Directors' remuneration:				
Fees	12,795	8,996	13,754	9,725
Other	36,124	35,874	33,020	33,020
Depreciation	442,250	269,584	439,195	266,522
Auditors' remuneration	33,291	20,891	29,622	18,146

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1989 *(Continued)*

	1989 K£	1988 K£
3. INVESTMENT AND OTHER INCOME		
Interest receivable	506,808	457,591
Income from trade investments	4,128	3,537
	510,936	461,128
4. TAXATION		
The charge comprises:		
Income tax at 45% on the taxable profit for the year	1,190,041	578,838
5. DIVIDENDS		
Dividends are shown gross and comprise:		
Interim	261,333	261,333
Final (proposed)	457,333	392,000
	718,666	653,333
6. RETAINED PROFIT		
Parent company	921,609	589,507
Subsidiary companies	22,387	(22,481)
	943,996	567,026

7. EARNINGS PER STOCK UNIT

Earnings per stock unit are the profits attributable to each of the 13,066,666 stock units of Shs. 5 each in issue on 28th February 1989 based on the consolidated profit after tax, after deducting the minority shareholder's interest in a subsidiary.

8. FIXED ASSETS

GROUP	Leasehold land, buildings, improvements and development K£	Plant, machinery and tools K£	Motor vehicles, tractors, trailers and implements K£	Furniture, fittings and equipment K£	Total K£
COST OR VALUATION					
At 1st March 1988	15,467,375	479,747	1,142,836	204,963	17,294,921
Additions	420,961	25,386	119,912	17,812	584,071
Disposals	(2,000)	(1,908)	(68,334)	-	(72,242)
At 28th February 1989	15,886,336	503,225	1,194,414	222,775	17,806,750
Comprising:					
Cost	5,364,011	200,261	1,078,224	191,050	6,833,546
Valuation at 1st March 1978	10,522,325	302,964	116,190	31,725	10,973,204
	15,886,336	503,225	1,194,414	222,775	17,806,750
DEPRECIATION					
At 1st March 1988	1,757,898	303,684	752,729	115,471	2,929,782
Charge for the year	260,166	37,742	125,645	18,697	442,250
Disposals	(1,640)	(508)	(49,123)	-	(51,271)
At 28th February 1989	2,016,424	340,918	829,251	134,168	3,320,761
NET BOOK VALUE					
At 28th February 1989	13,869,912	162,307	365,163	88,607	14,485,989
At 1st March 1988	13,709,477	176,063	390,107	89,492	14,365,139

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1989 *(Continued)*

8. FIXED ASSETS (Continued)

COMPANY	Leasehold land, buildings, improvements and development K£	Plant, machinery and tools K£	Motor vehicles, tractors, trailers and implements K£	Furniture, fittings and equipment K£	Total K£
COST OR VALUATION					
At 1st March 1988	10,309,051	128,921	810,466	161,737	11,410,175
Additions	302,162	-	89,101	16,035	407,298
Disposals	(2,000)	-	(50,154)		(52,154)
At 28th February 1989	10,609,213	128,921	849,413	177,772	11,765,319
Comprising:					
Cost	3,321,621	51,055	766,343	154,772	4,293,791
Valuation at 1st March 1978	7,287,592	77,866	83,070	23,000	7,471,528
	10,609,213	128,921	849,413	177,772	11,765,319
DEPRECIATION					
At 1st March 1988	1,062,267	77,900	494,878	83,566	1,718,611
Charge for the year	151,184	9,669	92,633	16,098	269,584
Disposals	(1,640)		(33,180)		(34,820)
At 28th February 1989	1,211,811	87,569	554,331	99,664	1,953,375
NET BOOK VALUE					
At 28th February 1989	9,397,402	41,352	295,082	78,108	9,811,944
At 1st March 1988	9,246,784	51,021	315,588	78,171	9,691,564

The properties owned by the group and the company are held as leasehold with an unexpired period in excess of 900 years, with the exception of two properties, one of which was revalued at K£ 450,000 and has an unexpired period of 65 years, and another which cost K£ 77,250 and has an unexpired period of 77 years.

In accordance with the group accounting policy certain assets have not been depreciated. These amount to:

1989		1988	
Group K£	Company K£	Group K£	Company K£
4,228,440	2,285,007	4,065,907	2,186,682

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1989 *(Continued)*

9. INVESTMENTS

	1989		1988	
	Group K£	Company K£	Group K£	Company K£
Shares in subsidiary companies at cost	-	408,664	-	408,664
Shares in associated companies at cost	40,001	40,001	40,001	40,001
Other investments - all at cost:				
Unquoted:				
Kenya Transit and Trading Company Limited (Directors' valuation 1989 and 1988 K£ 30,000)	28,059	-	28,059	-
Trade:				
Ketepa loan	14,297	-	13,119	-
Kenya Planters' Co-operative Union Limited loan stock	23,794	14,324	23,794	14,324
	106,151	462,989	104,973	462,989

The investments in the associated companies consist of a 40% (1988 - 40%) interest in Estates Services Limited and a 50% (1988 - 50%) interest in Eastern Produce Kakuzi Services Limited, both of which operate in Kenya. In view of the immateriality of the amounts involved, the results of the associated companies are not incorporated in the consolidated accounts.

10. STOCKS AND STORES

	1989		1988	
	Group K£	Company K£	Group K£	Company K£
Tea	707,784	-	393,819	-
Livestock	702,315	702,315	660,130	644,130
General stores	764,158	553,177	631,313	465,573
	2,174,257	1,255,492	1,685,262	1,109,703

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1989 *(Continued)*

11. CREDITORS

Creditors at 28th February 1989 include K£ 689,329 (1988 - K£ 332,819) representing that part of the interim and final dividends for the years ended 28th February 1987 and 29th February 1988, and the interim dividend for the year ended 28th February 1989 payable to non-resident shareholders pending receipt of approval from the Central Bank of Kenya. Payment of dividends for the year ended 28th February 1987 in respect of non-resident shareholders has been effected since 28th February 1989.

12. SHARE CAPITAL

	1989 K£	1988 K£
Authorised:		
20,000,000 shares of Shs. 5 each	5,000,000	5,000,000
Issued and converted into stock:		
13,066,666 units of Shs. 5 each fully paid	3,266,667	3,266,667

13. CAPITAL RESERVE

	1989	
	Group K£	Company K£
At 1st March 1988	7,139,523	5,283,561
Transfer to revenue reserve of revaluation surplus on fixed assets disposed of during the year	(6,976)	(6,500)
At 28th February 1989	7,132,547	5,277,061

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1989 *(Continued)*

14. REVENUE RESERVE

	1989	
	Group K£	Company K£
At 1st March 1988	8,163,300	5,101,833
Transfer from capital reserve of revaluation surplus on fixed assets disposed of during the year	6,976	6,500
Retained profit for the year	943,996	921,609
At 28th February 1989	9,114,272	6,029,942

15. CAPITAL COMMITMENTS

	1989		1988	
	Group K£	Company K£	Group K£	Company K£
Contracted for but not provided in the accounts	-	-	13,000	-
Authorised by the respective boards of directors but not contracted for	4,154,085	3,998,792	352,463	135,343