THE RELATIONSHIP BETWEEN STOCK PRICES AND COMPANY PERFORMANCE OF FIRMS LISTED AT NAIROBI SECURITIES EXCHANGE THAT ENGAGE IN SUSTAINABILITY REPORTING

BY:

ROBERT MABEYA RATEMO

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DECLARATION

Student's Declaration

This research project is my original work and has not been submitted to any other University or institution of higher learning for any academic award.

Signed…… Date ……..

Robert Mabeya Ratemo **D61/ 79491/2012**

Supervisor's Declaration

This research project proposal has been submitted for examination with my approval as the University Supervisor.

Signed…….. Date ……

Mr. Odipo Martin Khoya
Lecturer, Department of Finance and Accounting
School of Business, University of Nairobi

DEDICATION

This project is dedicated to all lecturers of the University of Nairobi, School of business, who endowed me with lifelong knowledge. God bless you.

ACKNOWLEDGEMENT

I would like to thank the Almighty God for His abundant grace that has enabled me to go through my entire course and in particular this research project.

To my supervisor Mr. Martin Odipo Khoya. I am forever grateful for your support and guidance. This work was demanding but you were ever at my disposal for guidance. Thank you

To my college friends, thank you all for the support you gave me.

To my Family, God bless you for being there for me.

ABSTRACT

Sustainability reporting and company performance are the two factors that need to be studied in recent years. Sustainability Reporting is a nonfinancial report that consists of three elements which are economic performance, environmental performance, and social performance.

The objective of the study was to establish whether there exists a relationship between stock prices and company performance for firms that engage in sustainability reporting. The research attempted to examine the relationship between stock prices and company performance of firms engaged in sustainability reporting as a whole. It consisted of 12 companies listed on Nairobi Securities exchange during the period of year 2012-2014.

The researcher used secondary data collected from Nairobi securities exchange and used Statistical Package for Social Sciences (SPSS) to analyze.

The findings were that the coefficient of variable demonstrates that the stock prices have positive association to Return on Assets (ROA). Hence, the result of this research shows that the stock prices of firms that engage in sustainability reporting does influence a company's performance. This concurs well with Hubbard (2008) in that investors are increasingly seeking to invest in socially responsible investments (SRI) in those companies deemed to be following good social and environmental practices. Naturally, a company which is sustainable will be less risky than one which is not

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ABBREVIATIONS

ANOVA-Analysis of Variance

SRI-Socially Responsible Investments

GRI-Global Reporting Initiative

NSE-Nairobi Securities Exchange

ROE-Return on Equity

CSR-Corporate Social Responsibility

ROI-Return on Investments

ROA-Return on Assets

ROTA-Return on Total Assets

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Companies have been called upon to fulfill the needs of wide range of stakeholders who pay attention to company's value. They are interested in understanding the approach and performance of a company in managing the sustainability such as economic, environmental, and social aspects, including the potential for value created from managing sustainability. Besides providing financial information for shareholders, a company needs to publish non-financial information as well. Social responsibility reporting is the communication about a company's responsibility for social and environmental aspects surrounding the business. This reflects that companies owe stakeholders an annual accounting of their social and environmental performance as the financial information they provide to shareholders (Donaldson & Preston, 1995).

A survey conducted by KPMG shows that the growth of the number of companies issuing environmental, social report or sustainability reports, in addition to annual financial reports, is significant (www.industryweek.com). Nearly, more than half of the world's 250 largest companies issue sustainability reports (White, 2005). Reporting rates are high in developed countries such as France, Germany, Japan, the United Kingdom, and the United States. Reporting rates are highest in certain industries, e.g. chemicals and synthetics, pharmaceuticals, electronics and computers, automotive, and oil and gas since the activities of those companies are sensitive to the environment (Choi, 2006).

The increase in globally environmental awareness redirects the attention of companies to environmental sensitivity. Climate change and global warming become a top concern for performance of a company. This encourages companies to pay more attention to the environment surrounding them. High profit will no longer be the most important variable in business success. It means that selling products or delivering services should be followed by addressing the challenge of environmental change such as global warming, health care, poverty, and energy saving.

In addition, many multinational business leaders are already demonstrating that tomorrow's most successful companies will be those that are willing to devote time and effort to incorporate social responsibility into their business models (www.industryweek.com). Hence, many multinational companies began to take sustainability reporting seriously. The term of sustainability report is recently used to cover the dis-closure of a company's commitment on sustainable development. Many companies worldwide that have recently released sustainability report have a commitment to sustainable development. Responsibility towards environmental and social aspects which businesses have on the community is said to be related to the sustainable development.

Beside the increasing of global environmental awareness and the campaign of sustainable development, the increasing trend of sustainability reporting is also supported by the increasing number of guidelines provided by various government organizations and industry bodies (Basamalah et al, 2005). Global Reporting Initiative (GRI) is one of them. It is a network-based organization that has pioneered the development of the sustainability reporting framework. Many organizations follow the framework and standard of disclosing sustainability report according to GRI.

The perspective of sustainability provides a framework to create value which refers to both achieving sufficient profits and to satisfying the request of a diverse group of stakeholder (Lopez et al, 2007). There is a growing recognition among investment analyst that numerous business drivers upstream of a company's profit and loss statement, including environmental, social, and governance, contribute to long-term financial performance and investment returns (KPMG, 2008). There is also a perception that organizations are producing sustainability reports primarily as a public relations exercise to give impression of concern over social and environmental issues (Hubbard, 2008). By disclosing sustainability reports, organizations will have generalized positive repercussions, where the aim is to fulfill the needs of different stakeholder, while also be benefited from the perspective of operations, finance, and reputation (Blyth, 2005, Lopez et al, 2007).

Many articles state that sustainability has a capacity for long term financial performance, investment return, and also value creation which refers to achieving sufficient profits. Companies

that are pathetic to their environmental responsibility might experience eventual crashes on their stock price if their investors are rational in considering the future value of the firm based on its present state of environmental responsibility (Ngwakwe, 2008). Also, companies that pollute their environment might experience gradual depletion in earnings which could make their future solvency eroded. Thus, social responsibility behavior or sustainability practices may contribute to financial performance of a company.

1.1.2 Company performance

.This research has used Return on Assets (ROA) as measure of company performance

ROA is a dependent variable used as a measure of company performance .It is one of the profitability ratios which measures the income or operating success of a company for a given period of time (Weygandt, 2007). In addition, ROA is known as the variable to measure economic performance (Dincer, 2011; Nakamura, 2011) and more related to efficiency compared to Return on Equity (Lorenzo et al, 2009).The formula of ROA: is

$$ROA = \frac{Net\ Profit}{Total\ Assests}$$

1.1.3 Sustainability reporting

The perspective of sustainability provides a framework to create value which refers to both achieving sufficient profits and to satisfying the request of a diverse group of stakeholder (Lopez et al, 2007). There is a growing recognition among investment analyst that numerous business drivers upstream of a company's profit and loss statement, including environmental, social, and governance, contribute to long-term financial performance and investment returns (KPMG, 2008). There is also a perception that organizations are producing sustainability reports primarily as a public relations exercise to give impression of concern over social and environmental issues (Hubbard, 2008). By disclosing sustainability reports, organizations will have generalized positive repercussions, where the aim is to fulfill the needs of different stakeholder, while also be

benefited from the perspective of operations, finance, and reputation (Blyth, 2005, Lopez et al, 2007).

1.1.4 Nairobi Securities Exchange

The Nairobi Securities Exchange (NSE) was constituted as Nairobi Stock Exchange in 1954 as an association of stockbrokers. In July 2011, the Nairobi Stock Exchange Limited changed its name to the Nairobi Securities Exchange Limited. As of September 1st, 2015, it had 60 listed Companies with a market Capitalization of ksh 2 trillion. (https://www.nse.co.ke/listed-companies)

1.2 Statement of the problem

Investors are increasingly seeking to invest in socially responsible investments (SRI) in the companies that follow good social and environmental practices. Specific indexes have been created in developed country such as US-based kinder and Dow Jones Sustainability index to assist investors who are willing to invest in socially responsible companies. This development shows that the pressure for sustainability reporting will continue to increase. Firms and investors recognize that investing in accordance with sustainability principle has the capacity to create long term value (Babington, 2001). These principles constitute a differentiating elements in establishing investments portfolio, as stakeholder believe accredited practices of corporate social responsibility lead to good economic-financial performance (Lopez et al, 2007).

In Kenya, corporate social responsibility implementation is still a relatively new concept. There are no published researches to show whether organizations in Kenya are socially responsible. This research project to establish the relationship between Stock prices and Company performance of firms engaged in sustainability reporting is necessary as this is useful for investors who value investing in socially responsible investments (SRI).

1.3 Objective of the study

The general objective of the study is to establish whether there exists a relationship between stock prices and company performance for firms that engage in sustainability reporting.

1.4 Significance of the study

The research study is intended to establish whether there exists a relationship between stock prices and company performance for firms that engage in sustainability reporting. Thus the findings of this research will be useful to the following:

Managers of firms: The findings will aid in decision making in regard to social corporate responsibilities

Firms not engaged in social corporate responsibility; the findings will help firms realize the importance of engaging in social corporate responsibility.

Investors; It will help investors who value socially responsible investments (SRI) to make decisions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will deal with two major parts which are the theoretical and empirical literatures. The theoretical literature discusses on the theories behind sustainability reporting which are stakeholder and legitimacy theories. While there is no generally accepted theory for explaining CSR disclosure practices, recent research in the CSR literature has primarily relied on Stakeholder and legitimacy theories, Deegan (2002,). The empirical literature then discusses on various studies done by various researchers on sustainability reporting and company performance.

2.2 Theoretical literature

2.2.1 Legitimacy Theory

Deegan (2000) states that legitimacy theory asserts that organizations continually seek to ensure that they operate within the bounds and norms of their respective societies, that is, they attempt to ensure that their activities are perceived by outside parties as being legitimate. Legitimacy theory relies upon the notion that there is a "social contract" between the organization in question and the society in which it operates. The concept is used to represent the multitude of implicit and explicit expectations that society has about how the organization should conduct its operations. It is assumed that society allows the organization to continue operations to the extent that it generally meets their expectations. Legitimacy theory emphasizes that the organization must appear to consider the rights of the public at large, not merely those of its investors. Failure to comply with societal expectations may lead to sanctions being imposed by society. According

to this perspective, a company would voluntarily report their activities if management perceived that those activities were expected by communities in which it operate.

2.2.2 Stakeholder Theory

The basic perception of the stakeholder perspective was developed in 1984 by Freeman (Freeman, 1984). Stakeholder theory has both an ethical (moral) or normative branch and a positive (managerial) branch. The moral (normative) perspective of Stake-holder Theory argues that all stakeholders have the right to be treated fairly by an organization, and the issues of stakeholder power are not directly relevant. Regardless of whether stakeholder management leads to improved financial performance, managers should manage the organization for the benefit of all stakeholders. One definition of stakeholders is provided by Freemand and Reed:

Any identifiable group or individual who can affect the achievement of an organization's objectives is affected by the achievement of an organization's objectives.

Clearly, many people can be classified as stakeholders based on the above definition, for example, shareholder, creditors, government, media, employees, employees' families, local communities, local charities, future generations, and so on. Within the ethical (moral) or normative perspective of Stakeholder Theory, all stakeholder have certain minimum rights that must not be violated. It can be acknowledged that this perspective can be extended to a notion that all stakeholders also have a right to be provided with information about how the organization is impacting on them, perhaps through pollution, community sponsorship, provision of employment, safety initiatives, and so on, even if they choose not to use the information, and even if they cannot directly have an impact on the survival of the organization (Deegan 2000,).

2.2.3 Sustainability Reporting

Sustainability reporting is a new term which is widely used to explain the communication of the companies' effect on social, environ-mental and economic performance. Sustain-ability reports are also referred to as "triple bottom line reports" (profits, people, and planet). Many large companies publish such kind of reports especially for the company which is socially environmentally sensitive such as oil and gas, mining, chemical, auto-motive, computers, and electronics (Choi, 2006, p. 158). It is published to fulfill the need of wide range of stakeholders which is not only limited to investors and creditors, but also include employees, customers, sup-pliers, governments, activist groups, and the general public's.

Sustainability reporting is closely related with corporate social responsibility reporting. It has a voluntary character. Social responsibility reporting refers to the measurement and communication of information about company's effect on employee welfare, the local community, and the environment. Information on company welfare may involve working conditions, job security, equal opportunity, workforce diversity, and child labor. Environmental issues may include the impact of production process, products, and services on air, water, land, biodiversity, and human health (Choi, 2006).

However, corporate social responsibility reporting focuses only on environmental and social disclosure, while the concept of sustainable development tied in sustainability reporting involves broader area that covers environmental, social, and economic performances. As the campaign of sustainable development has been increase, many corporate non-financial reports, corporate social responsibility reports now have been re-packaged as sustainability report (Lopez et al, 2007).

Hubbard (2008) states the purpose of sustainability reporting is to provide information which holistically assesses organizational performance in a multistakeholder environment. In the social area, it is focus on contributing back to the society and community, providing growth and development opportunities for employees and improving relationships and practices for

customers, suppliers, governments and communities. The notion of reporting against the three components (or bottom lines) of economic, environmental, and social performance is directly tied to the concept and goal of sustainable development (Deegan, 2000).

Triple bottom line reporting, if properly implemented, will provide information to enable others to assess how sustainable an organization's or a community's operations are. The perspective taken is that for an organization to be sustainable (long-term perspective), it must be financially secure (as evidenced by such measures as profitability), minimize or ideally eliminate its negative environmental impacts and act in conformity with societal expectations. These three fac-tors are obviously highly interrelated (Deegan, 2000).

2.2.4 The Concept of Sustainable Development

The development of non-financial reporting (which typically for organizations beginning the sustainability reporting journey) began in the US in the 1980s. The key focus at that time was on environmental reporting, as external stakeholders became concerned with the impacts of organizations on a wide variety of community resources (eg air, land and water emissions, waste and whether the re-sources would be sufficient for future growth). In addressing the issue, Hubbard (2008) stated that the Brundland Commission (WCED 1987) developed the term "sustainable development" defining as:

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs"

It is argued that globally we must ensure that our generation's consumption patterns do not negatively impact on future generation's quality of life (Deegan, 2000). In 1998, Elkington developed the term "triple bottom line" to argue the case for reporting environmental and social performance together with economic performance. The triple bottom line concept implied that

economic, environmental, and social performance were to be balanced and were of equal importance (Hubbard, 2008) . Elkington's first theory is capitalism must satisfy legitimate demands for economic performance. Elkington echoes Adam Smith's theory that the firm has one and only one goal to satisfy the desires of shareholders by making prof-its. However, profit may not be attainable if the environment in which the business operates is neglected. Hence, according to Elkington, firms must also be accountable for social and environmental performance. The economic, social and environmental consciousness of corporations, the tripod goal, creates a balance that makes their op-erations and actions sustainable A corpora-tion which accommodates the triple bottom line is contributing to sustainable development (Ngwakwe, 2008).

Corporate responsibility strategies are perceived to be related to sustainable development. Sustainability philosophy assumes that we abandon a narrow version of a classical economic theory and develop corporate strategies that include goals that go beyond just maximizing shareholder's interest. Attention is directed to the demands of a wider group of stakeholders since the firm's suc-cess depends on stakeholder's satisfaction (Bucholz and Roshenthal, 2005; Freeman, 1984; Hardjano and Klein, 2004; Michael and Gross, 2004 in Lopez et al, 2007)

Companies are becoming aware that they can contribute to sustainable development by reorienting their operations and process (Lopez et al, 2007). Sustainable development is obtained through the management of environmental, natural, economic,social, cultural and political factors. These issues are interrelated and therefore should not be considered independently (Sage, 1999, Lopez et al, 2007).

Furthermore, investors are increasingly seeking to invest in socially responsible investments (SRI) in those companies deemed to be following good social and environmental practices (Hubbard, 2008). They also need social, ethical, and environmental information. Naturally, a

company which is sustainable will be less risky than one which is not. Consequently, most large companies in their reporting mention sustainability and frequently it features prominently (Aras and Crowther, 2009). Since the social, ethical, and environmental (SEE) performance of a corporation may directly impact on its financial position, the corporation has to provide sound (SEE) information to investors (Hummels and Timmer, 2004).

2.2.5 Global Reporting Initiative (GRI)

Global Reporting Initiative (GRI) is a net-work-based organization that has pioneered the development of the world's most widely used sustainability reporting framework. Sustainability reports based on the GRI framework can be used to benchmark organizational performance with respect to laws, norms, codes, performance standards and voluntary initiatives; demonstrate organizational commitment to sustainable development; and compare organizational performance. GRI promotes and develops this standardized approach to fulfill demand for sustainability information.

As economy globalizes, new opportunities to generate prosperity and quality of life that are arising are accompanied by new risks to the stability of the environment. According to Global Reporting Initiative (2011), there is a contrast between the improvement in the quality of life and alarming information about the state of the environment and the continuing burden of poverty and hunger on millions of people. It raises an issue about how to create new and innovative choices and ways of thinking. New knowledge and innovations in technology, management, and public policy are challenging organizations to make new choices in the way their operations, products, services, and activities impact the earth, people, and economics.

It is the Global Reporting Initiative's (GRI) mission to fulfill this need by providing a trusted and credible framework for sustainability reporting that can be used by organizations of any size, sector, or location. Sustainability reports based on GRI Reporting Framework disclose outcomes

and results that occurred within the reporting period in the context of the organization's commitments, strategy, and management approach. The GRI Reporting Framework is intended to serve as generally accepted framework for reporting on an organization's economic, environmental, and social performance.

2.3 Empirical literature

Researches about the effect of corporate social performance on financial performance have been conducted in many countries. The result, however, is still inconsistent. Wright and Ferris (1997) found a negative relationship, Teoh et al (1999) found no relationship between Corporate Social Responsibility and financial performance, and Aupperle et al (1985) also found no relationship between Corporate Social Performance and profit-ability. Another research conducted by Russo and Fouts (1997), Nakao et al (2007), King and Lenox (2001) and Cohen and Konar (2003) obtained the results that a firm's environmental performance do have a statistically significant positive relationship with the financial performance. Research done by Lougee and Wallace (2008) comparing US companies listed in Domini 400 and S&P 500 index, showed that companies with more corporate social responsibility investments generated higher Return of Assets, suggesting that investments in corporate social responsibility are consistent with profit and long-term value maximization.

Almost all of those researches use Return on Assets, Return on Equity, and Tobin's Q as the measurement for the financial performance. The variation is on the measurement of environmental performance. Some of them use an index like TRI (Toxic Release Inventory), Nikkei Environmental Management Survey and CEP (Rankings of superiors environmental performance). There is also different measurement like Total Emission (by calculating the log of total facility emission of toxic chemicals), Relative Emission (measured by 4 digit Standard Industry Classification-SIC), and Industry Emissions (measure the degree to which a firms tends to operate in industry where production entails pollution).

Corporate Social Responsibility (CSR) is an important issue in contemporary inter-national debates. Central to CSR is a concern for sustainability, particularly for environmental

sustainability, as this is crucial for long-term success and even survival even in the financial terms by which firms normally judge their success. Indeed many corporate reports, which used to be designated as environmental reports and subsequently as CSR reports have now been repackage as sustain-ability reports (Aras and Crowther, 2009).

Several previous researches have proved that sustainability practices have a relation-ship with company's financial performance. Research conducted by Ngwakwe in 2008, in Nigeria, proves that firms which invest in social and environmental would have higher return on total assets (ROTA) compare to firms that do not invest. The variable of sustainability practices is measured with employee health and safety (EHS), Waste Management (WM), and Community Development (CD). Similar research also conducted in Japan by Cortez (2010) that at-tempts to find out the relationship between sustainable innovations and the impact on financial performance. The sustainability practices are viewed from the company's innovation on environments. Using the statistical test, it reveals that environmental innovations show a linear relationship with the financial performance of Japanese auto-motive and electronics firms included in the study. Furthermore, research conducted by Nakamura (2011) with a data set of 3,237 Japanese firms states that in the short term, environmental investment does not affect firm performance significantly, whereas in the long term environmental investment in-creases firm performance significantly.

Sustainability reports involves disclosure on company's sustainability performance viewed from three aspects, they are economics, environmental, and social. Each aspect has its own performance indicator to measure each performance. The framework and guidelines for reporting such reports has been arranged in Global Reporting Initiative. It has been used by wide range of companies' around the world as a base to disclose sustainability reports.

Research conducted by Sekarsari (2008) had approved that there is a relationship be-tween environmental disclosure and firm's profitability (measured in ROE, ROI, and NPM). Similar research conducted by Maharani (2003) also shows that there is a relationship between environmental disclosure with stock price and stock return. Sitepu (2009) attempted to find a possible relation-ship between corporate social responsibility disclosure and firm's financial performance. The results show that economic and environmental performance disclosures have significant positive relationship with financial performance (measured by ROA), while social performance disclosures does not show significant relationship.

2.4 Summary of the Chapter

Theoretical literature brings out the theories behind Sustainability reporting. Stakeholder theory recognizes the fact that most, if not all firms have a large and integrated set of stakeholders to whom they have an obligation and responsibility (Spence, Coles, and Harris 2001). Legitimacy theory is used to explain environmental and social disclosures,(Campbell, Craven and Shrives, 2003,). According to Gray, Kouhy and Lavers (1995), Legitimacy theory has an advantage over other theories in that it provides disclosing strategies that organizations may adopt to legitimate their existence that may be empirically tested. The empirical literature discusses various quantitative studies done by researchers on the relationship between sustainability reporting and financial performance. A number of studies done provided mixed results ranging from positive to negative, or no relationship. According to Moneva & Cuellar (2009), the different results may be due to the usage of widely differing research methodologies and also because of lack of objective measures for environmental performance and disclosures

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the scope of methodological procedures that were used in the study, the kind of data needed to answer the research questions and the details of how this is achieved in practice. The main aspects covered include research design, target population, sample design, data collection methods, instruments, and procedures that will be used for data collection as well as data analysis and presentation and ethical issues.

3.2 Research Design

This study employed descriptive as well as correlation research study. Descriptive reserch involves use of numbers,tables,charts and graphs to describe,organize,summarize and present raw data(Glass & Hopkins,1984).AECT(Association for Educational communication and technology),2001state that descriptive studies report summary data such as measures of central tendency including the mean,mediam,mode,deviance from the mean,variation,percentage and correlation between Variables. The combination of it characteristic summary and correlation statistics, along with its focus on specific types of research questions,methods and outcomes is what distinguishes descriptive research from other research types.The design wa therefore preferred as it allowed for collection of quantitative data from a large sample from which data analysis was carried out.(Churchill & Iacobucci,2002)

3.3 Target Population

The population of this study comprised of all the 60 firms listed at the Nairobi Securities Exchange in Kenya as at September 2015. This was to ensure representation of more than one industry.

3.4 Sampling and Sampling Procedures

This study was conducted through a random sampling and the population consisted of 60 firms listed at the Nairobi Securities Exchange as at September 2015.

3.5 Data Collection

Secondary data on prices of stocks, Net profit and Total assets was obtained from reports submitted to Nairobi Securities Exchange. The study period covered years 2012 to 2014.This period has been chosen due to the fact that sustainability reporting is still new and many firms joined sustainability reporting in the chosen period. Prices of stocks used were for preceding years after announcement of Financial and sustainability reports. The prices used were after disclosure on company's sustainability performance meaning that they contained information which investors wanted and holistically assesses organizational performance in a multistakeholder environment (Hubbard, 2008)

3.6 Data Analysis

The study used both quantitative and qualitative data. .Qualitative data was analyzed using interpretive approach which includes sorting and cording raw data and use of statistical package for social sciences (SPSS). Quantitative data was analysed using regression analysis as shown in the linear model below where:

Y = company performance (ROA)

a = constant

b = coefficient of regression

X = stock prices of firms engaged in sustainability reportin

The prior expectation in the model was that stock prices were expected to have a positive relationship with Company performance. To test for the strength of the model and the relationship between stock prices nd company performance, the researcher conducted an analysis of Variance (ANOVA).On extracting the ANOVA table,the researcher looked at the significance value. The study was tested at 95% confidence level and 5% significance level.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the results and findings of the study based on the research objectives. The results are presented in form of summary tables. Regression and correlation analysis are used to answer the research objective.

4.2 Data Presentation

Table 1- Model summary : Coefficients of Correlation and determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.578[a]	.334	.297	.08608

a. Predictors: (Constant), Year, Stockprices

The coefficient correlation between the independent variables and the dependent variable (R) is 0.578 (see Table 1). It implies that the relationship between stock prices and company's performance (ROA) is 57.8 %. The coefficient of determination (R-square) is 0.334 and this implies that only 33.4% of the variation of ROA is explained, or accounted for, by the variation of stock prices. The rest, which is 66.6 %, is explained by other factors.

Table 2- ANOVA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.134	2	.067	9.019	.001[b]
	Residual	.267	36	.007		
	Total	.400	38			

a. Dependent Variable: ROA
b. Predictors: (Constant), Year, Stockprices

Table 3-Coefficents

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	27.195	33.492		.812	.422
	Stockprices	.000	.000	.568	4.176	.000
	Year	-.013	.017	-.110	-.809	.424

a. Dependent Variable: ROA

The linear model becomes; Y=27.195 + .568X

The coefficient of variable demonstrates that the variable (Stock prices) has positive association to dependent variable (ROA)

Table 4-Test of model effects

Tests of Model Effects

Source	Type III		
	Wald Chi-Square	df	Sig.
(Intercept)	57.284	1	.000

Dependent Variable: ROA

Model: (Intercept)

Table 5 –Parameter estimates

Parameter Estimates

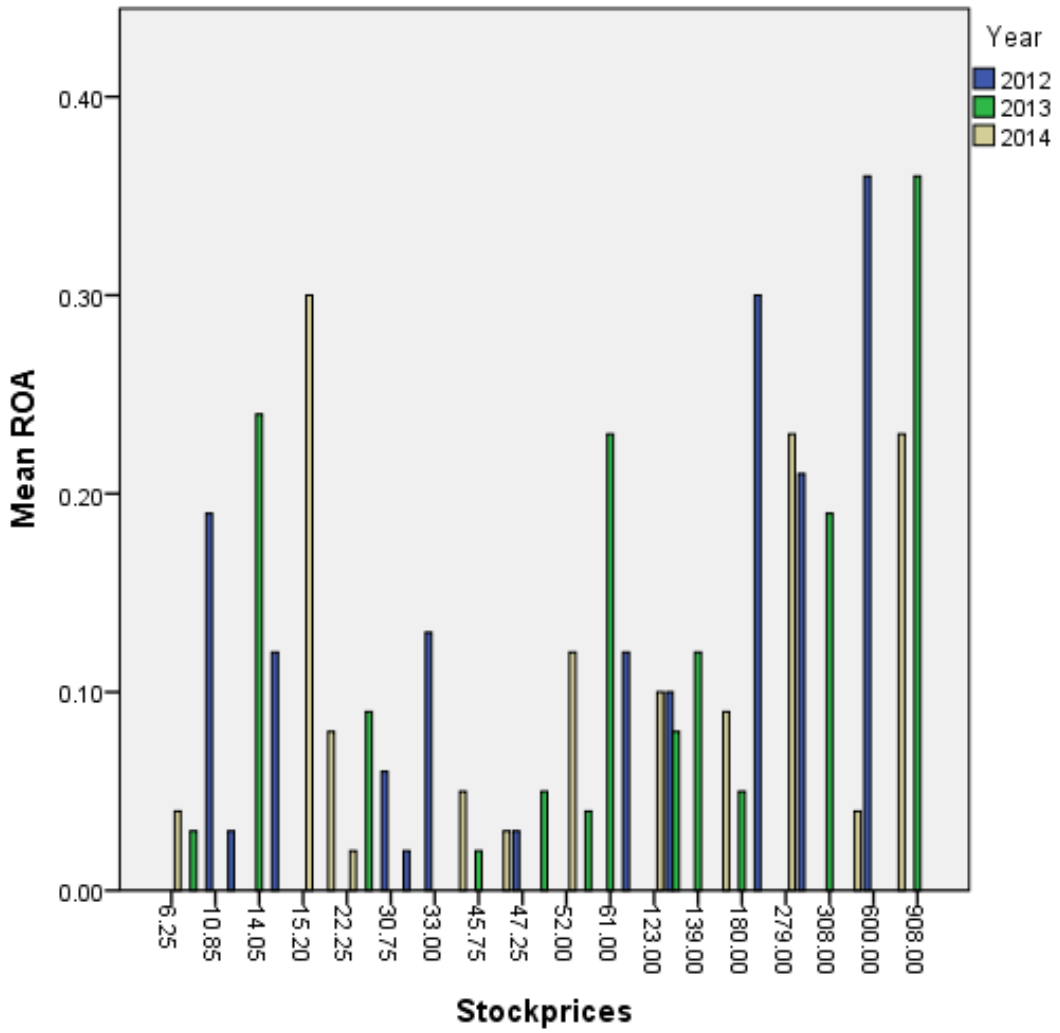
Parameter	B	Std. Error	95% Wald Confidence Interval		Hypothesis Test		
			Lower	Upper	Wald Chi-Square	df	Sig.
(Intercept)	.125	.0165	.093	.157	57.284	1	.000
(Scale)	.010[a]	.0023	.006	.016			

Dependent Variable: ROA

Model: (Intercept)

“a. Maximum likelihood estimate.

Table 6-Graph



From the Graph, stock prices have a positive relationship with ROA in that ROA increases with increase in stock prices.

Table 7-Descriptive statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	36	.02	.36	.1250	.10050
Stock prices	36	6.25	908.00	148.1944	215.36083
Year	36	2012	2014	2013.00	.828
Valid N (listwise)	36				

Generalized linear model

Table 8-Model information

Model Information

Dependent Variable	ROA
Probability Distribution	Normal
Link Function	Identity

Table 9-Case processing summary

Case Processing Summary

	N	Percent
Included	36	100.0%
Excluded	0	0.0%
Total	36	100.0%

Table 10-Continuos variable information

Continuous Variable Information

		N	Minimum	Maximum	Mean	Std. Deviation
Dependent Variable	ROA	36	.02	.36	.1250	.10050
Covariate	Year	36	2012	2014	2013.00	.828

Table 11-Goodness Fit

Goodness of Fit[a]

	Value	df	Value/df
Deviance	.353	35	.010
Scaled Deviance	36.000	35	
Pearson Chi-Square	.353	35	.010
Scaled Pearson Chi-Square	36.000	35	
Log Likelihood[b]	32.139		
Akaike's Information Criterion (AIC)	-60.278		
Finite Sample Corrected AIC (AICC)	-59.915		
Bayesian Information Criterion (BIC)	-57.111		
Consistent AIC (CAIC)	-55.111		

Dependent Variable: ROA

Model: (Intercept)

a. Information criteria are in small-is-better form.

b. The full log likelihood function is displayed and used in computing information criteria.

Table 12-Test of model effects

Tests of Model Effects

Source	Type III		
	Wald Chi-Square	df	Sig.
(Intercept)	57.284	1	.000

Dependent Variable: ROA

Model: (Intercept)

Table 13-Parameter estimates

Parameter Estimates

Parameter	B	Std. Error	95% Wald Confidence Interval		Hypothesis Test		
			Lower	Upper	Wald Chi-Square	df	Sig.
(Intercept)	.125	.0165	.093	.157	57.284	1	.000
(Scale)	.010[a]	.0023	.006	.016			

Dependent Variable: ROA

Model: (Intercept)

a. Maximum likelihood estimate.

4.3 Discussion of findings

First, the coefficient of variable demonstrates that the variable (Stock prices) has positive association to dependent variable (ROA).See table 3 and Table 6.

Second, the result of this research shows that the stock prices of firms that engage in sustainability reporting does influence a company's performance. This concurs well with Hubbard (2008) in that investors are increasingly seeking to invest in socially responsible investments (SRI) in those companies deemed to be following good social and environmental practices. Naturally, a company which is sustainable will be less risky than one which is not

Finally, a longer time frame is needed to analyze whether the practice of social responsibility or sustainability can influence company performance positively

CHAPTER FIVE

SUMMARY, CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

5.1 Summary

This study employed descriptive as well as correlation research study. The population of the study comprised of all the 60 firms listed at the Nairobi Securities Exchange in Kenya as at September 2015. This was to ensure representation of more than one industry. it was conducted through random sampling and the population consisted of 60 firms listed at the Nairobi Securities Exchange as at September 2015. Secondary data on prices of stocks, Net profit and Total assets was obtained from reports submitted to Nairobi Securities Exchange. The study period covered years 2012 to 2014.This period was chosen due to the fact that sustainability reporting was still new and many firms joined sustainability reporting in the chosen period. .

5.2 Conclusions

The result of this research shows that the stock prices of firms that engage in sustainability reporting have a positive relationship with company's performance. For investors, it is important for them to be selective in making investment decision. Besides making investment decision based on information of financial performance, it would be better if investors also consider about the performance of companies in managing sustainability

The consumptions made by a company as the input to produce and to provide goods and services, should not negatively impact the quality of the consumption of future generation. It is important to remind, especially for companies, that generating profit is not merely the aims of the business. Being care and responsible to the environment become important aspects in running the business in order to increase the company's reputation, increase profitability and bring benefits to the entire stakeholders.

For investors, it is important for them to be selective in making investment decision. Besides making investment decision based on information of financial performance, it would be better if investors also consider about the performance of companies in managing sustainability. They

should consider about this nonfinancial aspect in making investment decision. Investing in profitable and socially responsible companies would be better than investing in a company with a high profitability but have been neglecting the environment. High profitability might look good in the eye of only one part of stakeholder that is investors; whereas high performance of sustainability might look good in the eye of the entire stakeholders.

5.3 Policy Recommendations

For the next researcher, a part from stock prices, it is better to consider the most appropriate measurement of sustainability performance, and to reevaluate other important variables that could determine company's performance. In addition, future research may consider longer time frame in evaluating the relationship between sustainability reports and company's performance since sustainability performance may affect the financial performance in the long term

5.4 Limitations of the Study

This research possesses some limitations. Firstly, the sample is only 12 companies. There are still few companies that publish sustainability reports. Most of those companies' CSR reports are incorporated in the financial reports. For the next coming year, the number of company published sustainability report might improve as the improvement in stakeholder demand and environmental concern. The more the companies observed, the more the sample, the more representative, the better the result could be. Secondly, the observation is only three years from 2012-2014.

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APPENDICES

Company	Net profit(A)	Total assets(B)	ROA(A/B)	sus/ or stock price	Year
Bamburi	10,712,000.00	36,027,000.00	0.30	210	2012
BAT	3,271,000.00	9,124,000.00	0.36	600	2012
BOC	197,374.00	1,994,865.00	0.10	125	2012
Britam	4,184,734.00	35,820,165.00	0.12	15.15	2012
centum	2,451,237.00	18,961,552.00	0.13	33	2012
EABL	6,522,200.00	31,113,616.00	0.21	290	2012
Equity Bank	11,996,840.00	215,829,300.00	0.06	30.75	2012
Housing Finance	740,334.00	40,956,577.00	0.02	31.5	2012
Kakuzi	405,104.00	3,425,677.00	0.12	95	2012
KCB	12,203,531.00	367,379,285.00	0.03	47.25	2012
Safaricom	17,539,810.00	92,265,128.00	0.19	10.85	2012
Longhorn	16,922.00	612,488.00	0.03	13.5	2012
Bamburi	4,581,000.00	37,035,000.00	0.12	139	2013
BAT	3,724,000.00	10,205,000.00	0.36	908	2013
BOC	202,636.00	2,633,093.00	0.08	125	2013
Britam	4,204,600.00	46,902,578.00	0.09	29.75	2013
centum	6,799,507.00	29,597,220.00	0.23	61	2013
EABL	6,858,608.00	35,405,293.00	0.19	308	2013
Equity Bank	12,643,631.00	238,194,354.00	0.05	50	2013
Housing Finance	1,052,214.00	47,389,377.00	0.02	45.75	2013
Kakuzi	176,303.00	3,570,362.00	0.05	180	2013
KCB	14,341,382.00	390,851,579.00	0.04	57	2013
Safaricom	23,017,540.00	96,338,359.00	0.24	14.05	2013
Longhorn	30,155.00	1,100,511.00	0.03	9.25	2013
Bamburi	3,599,000.00	40,991,000.00	0.09	168	2014
BAT	4,260,000.00	18,140,000.00	0.23	817	2014
BOC	229,625.00	2,300,320.00	0.10	123	2014
Britam	6,013,313.00	72,450,354.00	0.08	16.5	2014
centum	8,764,000.00	72,340,000.00	0.12	52	2014
EABL	9,575,000.00	42,009,000.00	0.23	279	2014
Equity Bank	17,151,365.00	344,571,649.00	0.05	45	2014
Housing Finance	1,098,813.00	60,961,680.00	0.02	22.25	2014
Kakuzi	154,200.00	3,680,033.00	0.04	315	2014
KCB	16,848,862.00	490,338,324.00	0.03	47	2014
Safaricom	31,871,303.00	104,767,293.00	0.30	15.2	2014
Longhorn	39,826.00	1,035,148.00	0.04	6.25	2014

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	2012	2011
		Shs'000	Shs'000
Turnover	5	1,900,620	1,738,915
Cost of sales		(330,305)	(357,483)
Gross margin		1,570,315	1,381,432
Administrative expenses		(1,208,789)	(1,097,926)
Net foreign exchange loss	6	(5,049)	(36,523)
Fair value gain on ESOP receivable transferred on reclassification	17(b)	-	7,620
Finance income	7(a)	343	2,748
Finance costs	7(b)	(145,020)	(126,472)
Profit before taxation	8	211,800	130,879
Income taxation expense	10(a)	(60,423)	(21,795)
Profit for the year	11	151,377	109,084
Other comprehensive income			
Transfer of fair value gain on ESOP receivable to profit and loss	17(b)	-	(7,620)
Total comprehensive income for the year attributable to equity holders		151,377	101,464
Earnings per share			
Basic and diluted (Shs per share)	12	0.69	0.50

AccessKenya GROUP

Consolidated Statement of Financial Position

For the year ended 31 December 2012

	Notes	2012	2011
		Shs'000	Shs'000
ASSETS			
Non-current assets			
Equipment	14(a)	1,489,783	1,404,733
Intangible assets	15(a)	289,558	333,187
Goodwill	13	138,683	138,683
Deferred taxation asset	16	8,675	10,436
Receivable from ESOP	17(a)	45,000	45,000
Other Investment - at cost	19	91	91
Total non-current assets		1,971,790	1,932,130
Current assets			
Inventories	20	87,726	71,394
Trade and other receivables	21	162,982	304,568
Tax recoverable	10(b)	16,564	51,025
Bank and cash balances	22	26,652	55,994
Total current assets		293,924	482,981
Total assets		2,265,714	2,415,111
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	218,038	207,656
Share premium	23	513,255	513,255
Retained earnings		516,086	375,091
Total equity		1,247,379	1,096,002
Non-current liabilities			
Deferred taxation liability	16	29,740	16,063
Borrowings	24	438,924	644,904
Total non-current liabilities		468,664	660,967
Current liabilities			
Borrowings	24	195,961	279,129
Trade and other payables	25	346,249	371,968
Tax payable	10(b)	1,193	12
Dividends payable	26	6,268	7,033
Total current liabilities		549,671	658,142
Total liabilities		1,018,335	1,319,109
Total equity and liabilities		2,265,714	2,415,111

The financial statements on pages 24 to 57 were approved and authorised for issue by the Board of Directors on March 12, 2013 and were signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 Kshs'000	2013 Kshs'000
Income	6	4,883,200	3,905,657
Expenses			
Administrative expenses	7(a)	(575,485)	(379,960)
Operating expenses	7(b)	(220,341)	(140,220)
Finance costs	8	(469,355)	(400,763)
		(1,265,181)	(920,943)
Share of profits of associate companies	19	393,432	263,259
Profit before tax		4,011,451	3,247,973
Income tax expense	10	(956,081)	(738,577)
Profit for the year		3,055,370	2,509,396
Attributable to:			
Equity holders of the company		3,020,202	2,509,396
Non-controlling interest		35,168	-
		3,055,370	2,509,396
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Share of other comprehensive income of associates	19	32,761	41,918
Items that may be subsequently reclassified to profit or loss			
Reserves released on disposal of investments	11	(287,772)	(791,726)
Fair value gain in unquoted investments	20	2,965,632	1,018,737
Fair value gain in quoted investments	21	865,064	835,057
Currency translation differences		-	(11,883)
Total other comprehensive income		3,575,685	1,092,103
Total comprehensive income for the year		6,631,055	3,601,499
Attributable to:			
Equity holders of the company		6,362,088	3,601,499
Non-controlling interest		268,967	-
		6,631,055	3,601,499
Earnings per share (basic and diluted)	12	Kshs 4.54	Kshs 3.77

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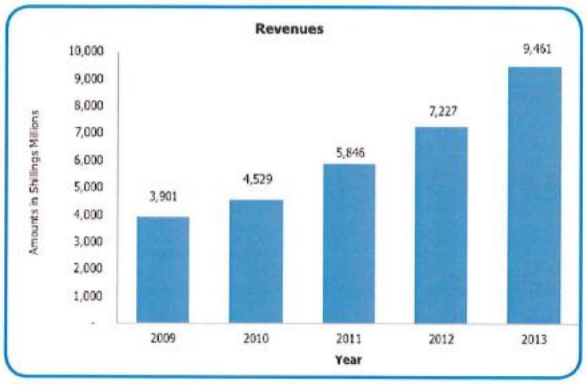
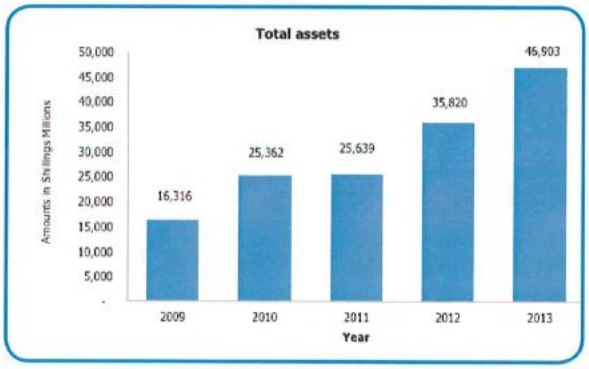
BRITISH-AMERICAN INVESTMENTS COMPANY (KENYA) LIMITED

AUDITED GROUP RESULTS FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2013

The Board of Directors is pleased to announce the audited Group results for the year ended 31 December 2013





CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	31 December 2013 Shs.'000	31 December 2012 Shs.'000
Gross earned premiums and fund management fees	**9,460,678**	**7,226,900**
Less: reinsurance premium ceded	(1,095,967)	(893,001)
Net earned premiums	8,364,711	6,333,898
Investment income	**6,347,731**	**5,048,663**
Commissions earned	370,521	307,639
Other income	47,096	53,184
Total Revenue	**15,130,059**	**11,743,384**
Expenses		
Net insurance claims and loss adjustment expenses	4,826,720	3,669,331
Interest payments increase in unit value	2,204,587	1,608,828
Operating and other expenses	3,210,990	2,286,578
Commissions payable	1,873,286	1,476,086
Total Expenses	**12,115,583**	**9,040,823**
Profit before share of the associate	**3,014,476**	**2,702,561**
Share of profit of the associate	181,685	146,845
Profit before tax	**3,196,161**	**2,849,406**
Income tax expense	(542,372)	(329,945)
Profit for the year	**2,653,789**	**2,519,461**
Gains on revaluation of financial assets at fair value through other comprehensive income	1,512,800	1,527,995
All others	38,011	137,278
Comprehensive income for the period	**4,204,600**	**4,184,734**
Basic and diluted Earnings per Share (Shs. per share)	**1.40**	**1.40**

CONDENSED STATEMENT OF FINANCIAL POSITION

Share capital	189,145	189,145
Share premium	3,164,455	3,164,455
Other reserves	9,572,740	5,745,519
Retained earnings	3,535,594	2,900,342
Proposed dividend	472,863	472,863
Shareholders' funds	**16,934,797**	**12,472,324**
Represented by:		
Assets		
Fixed assets	1,297,910	1,062,053
Investment assets	37,578,629	28,517,240
Insurance assets	4,102,743	3,426,667
Cash and cash equivalent	3,208,613	2,391,727
Other assets	714,683	422,538
Total assets	**46,902,578**	**35,820,165**
Liabilities		
Insurance liabilities	28,657,776	22,575,866
Other liabilities	1,310,005	771,975
Total liabilities	**29,967,781**	**23,347,841**
Net assets	**16,934,797**	**12,472,324**

Condensed Consolidated Statement of Financial Position

	31 December 2014 Shs'000	31 December 2013 Shs'000
EQUITY		
Share capital	98,000	98,000
Other reserves	3,981	9,986
Retained earnings	2,809,247	2,722,542
Proposed dividends	73,500	73,500
Total equity	2,984,728	2,904,028
Non-current liabilities	695,305	666,334
	3,680,033	3,570,362
REPRESENTED BY		
Non-current assets	2,676,369	2,546,888
Current assets	207,395	265,897
Cash and bank balances	973,690	904,758
Current liabilities	(177,421)	(147,181)
Net current assets	1,003,664	1,023,474
	3,680,033	3,570,362

KENYA COMMERCIAL BANK GROUP
AUDITED RESULTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2014

	BANK		GROUP	
	31-Dec-13 Kshs 000 Audited	31-Dec-14 Kshs 000 Audited	31-Dec-13 Kshs 000 Audited	31-Dec-14 Kshs 000 Audited
I STATEMENT OF FINANCIAL POSITION				
A ASSETS				
1 Cash (both Local & Foreign)	8,649,572	8,410,517	15,759,310	33,275,231
2 Balances due from Central Bank of Kenya	8,173,873	13,789,090	8,173,873	13,789,090
3 Kenya Government and other securities held for dealing purposes	6,241,984	1,115,943	6,241,984	1,115,943
4 Financial Assets at fair value through profit and loss	-	-	-	-
5 Investment securities: a) Held to Maturity: a. Kenya Government securities	28,504,194	36,601,868	28,504,194	36,601,868
b. Other securities	-	-	20,344,670	24,467,128
b) Available for sale: a. Kenya Government securities	35,847,320	34,147,777	35,847,320	34,147,777
b. Other securities	2,057,948	865,258	2,057,948	865,258
6 Deposits and balances due from local banking institutions	56,742	-	1,059,638	745,314
7 Deposits and balances due from banking institutions abroad	5,166,173	2,577,662	19,349,766	36,827,145
8 Tax recoverable	679,218	137,516	740,020	183,283
9 Loans and advances to customers (net)	198,370,069	248,823,710	227,721,781	283,732,205
10 Balances due from group companies	-	-	-	-
11 Investments in associates	125	125	-	-
12 Investments in subsidiary companies	9,827,392	11,316,817	-	-
13 Investments in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	5,363,433	5,299,673	8,484,836	8,838,074
16 Prepaid lease rentals	139,496	137,000	141,642	139,110
17 Intangible assets	1,334,265	1,234,309	1,403,180	1,374,215
18 Deferred tax asset	2,027,503	2,174,706	2,445,334	2,560,636
19 Retirement benefit asset	1,837,000	1,835,000	1,837,000	1,835,000
20 Other assets	8,408,547	8,502,430	10,739,083	9,841,047
21 TOTAL ASSETS	**322,684,854**	**376,969,401**	**390,851,579**	**490,338,324**
B LIABILITIES				
22 Balances due to Central Bank of Kenya	-	-	-	-
23 Customer deposits	237,212,782	276,749,766	305,659,189	377,271,886
24 Deposits and balances due to local banking institutions	-	-	-	-
25 Deposits and balances due to foreign banking institutions	5,516,617	8,733,510	6,650,977	14,295,619
26 Other money market deposits	-	-	-	-
27 Borrowed funds	7,073,182	11,610,293	7,719,647	12,734,848
28 Balances due to group companies	5,966,928	1,660,076	-	-
29 Tax payable	-	-	179,377	131,928
30 Dividends payable	-	-	-	-
31 Deferred tax liability	-	-	-	307
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	5,152,306	6,048,417	7,287,423	10,270,179
34 TOTAL LIABILITIES	**260,921,815**	**304,802,062**	**327,496,613**	**414,704,767**
C SHAREHOLDERS' FUNDS				
35 Paid up /Assigned capital	2,984,228	3,025,213	2,984,228	3,025,213
36 Share premium/(discount)	19,330,200	20,135,561	19,330,200	20,135,561
37 Revaluation reserves	(163,396)	(92,718)	(163,396)	(92,718)
38 Retained earnings/ Accumulated losses	28,959,016	37,756,878	29,399,826	39,963,539
39 Statutory loan loss reserve	3,220,136	4,005,379	4,371,255	5,264,936
40 Other Reserves/Re-measurement of defined benefit asset/liability	1,464,400	1,286,600	1,464,400	1,286,600
41 Proposed dividends	5,968,455	6,050,426	5,968,453	6,050,426
42 Capital grants	-	-	-	-
43 TOTAL SHAREHOLDERS' FUNDS	**61,763,039**	**72,167,339**	**63,354,966**	**75,633,557**
44 Minority Interest	-	-	-	-
45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**322,684,854**	**376,969,401**	**390,851,579**	**490,338,324**

NAIROBI SECURITIES EXCHANGE-COMMUNICATION WITH STAKEHOLDERS

Last updated on: 13th April 2015

BUSINESS STRATEGY

1. **How does your exchange define and view the rationale for corporate sustainability and the exchange's role in promoting it?**
   Sustainability is a key component of our strategy as we aim to increase the overall level of transparency and good governance in the Kenyan Capital Markets.

   The NSE is a key sponsor of the annual Financial Reporting (FiRe) Awards that promote excellence in financial reporting, foster sound corporate governance practices and enhance corporate social responsibility and environmental reporting in East Africa.

   Our active participation in this initiative is communicated by our Investor Relations Team to both internal and external stakeholders.

   In addition, the exchange holds the annual Investment Challenge- a competition that promotes financial literacy amongst college and university students in Kenya.

2. **How does your exchange's senior leadership and organizational structure support the promotion of corporate sustainability in its market(s)?**

   The Chief Executive is in charge of sustainability and is supported by two members of the Executive Committee (ExCo)

3. **What goals/objectives does your exchange have in regards to advancing sustainability in your market?**
   Our key target is to get all listed firms to embrace integrated reporting in the medium term. We will be holding sensitization sessions with our broader stakeholder universe in the course of the year.

   In addition, we aim to launch a carbon exchange in the medium term to facilitate the transparent trading of Verified Emission Reductions (VERs).

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2014 Shs'000	2013 (Restated) Shs'000
Revenue	5	144,672,477	124,287,856
Other income	6	126,625	197,888
Direct costs	7 (a)	(51,963,714)	(47,173,851)
Other expenses	7 (b)	(31,892,090)	(28,072,654)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		60,943,298	49,239,239
Depreciation of property, plant and equipment	17	(21,281,441)	(19,951,597)
Impairment of property, plant and equipment	17	(4,083,905)	(1,280,789)
Amortisation – Licenses	18	(153,890)	(672,940)
Amortisation – Indefeasible Rights of Use (IRUs)	20	(267,995)	(233,719)
Operating profit		35,156,067	27,100,194
Finance costs	8	(1,882,358)	(2,839,249)
Finance income	8	1,695,412	1,199,298
Share of profit / (loss) of Associate	19 (b)	15,309	(9,678)
Profit before income tax		34,984,430	25,450,565
Income tax expense	11	(11,966,890)	(7,910,755)
Profit for the year (of which Shs 22,852,333,000(2013: Shs 17,320,185,000) has been dealt with in the accounts of the Company)		23,017,540	17,539,810
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		23,017,540	17,539,810
Profit and total comprehensive income attributable to:			
Owners of parent		23,017,540	17,539,810
Non-controlling interest		-	-
		23,017,540	17,539,810
Earnings per share			
- Basic and diluted (Shs per share)	12	0.57	0.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 March 2014 Shs'000	2013 Shs'000
Equity attributable to owners			
Share capital	13	2,003,271	2,000,000
Share premium	13	2,200,040	1,850,000
Retained earnings		68,201,917	64,015,128
Proposed dividend	14	18,830,751	12,400,000
Total equity		91,235,979	80,265,128
Non-current liabilities			
Borrowings	15	5,102,380	12,000,000
Total non-current liabilities		5,102,380	12,000,000
Total equity and non-current liabilities		96,338,359	92,265,128
Non-current assets			
Deferred income tax	16 (a)	2,750,879	2,553,665
Property, plant and equipment	17 (a)	97,710,542	95,296,398
Intangible assets – Licenses	18 (a)	726,422	1,422,011
Intangible assets – Goodwill	18 (a)	219,151	219,151
Investment in associate	19 (b)	15,860	-
Indefeasible rights of use	20	4,855,097	4,006,681
Prepaid operating lease rentals	23	1,527	2,227
		106,279,478	103,500,133
Current assets			
Inventories	21	2,955,967	2,234,294
Receivables and prepayments	22	7,746,617	8,124,808
Cash and cash equivalents	24	17,618,884	14,996,922
		28,321,468	25,356,024
Current liabilities			
Payables and accrued expenses	25	29,473,060	27,825,322
Current income tax		1,276,527	537,749
Borrowings	15	7,513,000	8,227,958
		38,262,587	36,591,029
Net current liabilities		(9,941,119)	(11,235,005)
		96,338,359	92,265,128

The financial statements on pages 68 to 123 were approved for issue by the Board of Directors on 12 May 2014 and signed on its behalf by:

Nicholas Nganga
Director

Robert Collymore
Director