

Kenya airways

Finance



Kenya Airways

Kenya airways has had a lot of flights around the world and has had minimal incidents and accidents in the airline services this gave me the interest to know more about the company and also to understand how it is managed and what effort have been taken to make it hit that high. Recently Kenya airways adopted a slogan (the pride of Africa) to demonstrate its effort to make it the best airline in Africa.

Kenya airways is the number one flag carrier in Kenya it was founded in 1977, after the dissolution of the earlier East African Airways. The head office of Kenya Airways is located in Embakasi, Nairobi with its Hub at Jomo Kenyatta International Airport.

The airline was initially owned by the Government of Kenya until the year 1995, and it was privatized in 1996 and since then it has become the first African flag carrier in successfully doing so. Today Kenya Airways is a public - private partnership. In this regard the shareholding of this partnership is as follows Government of Kenya (29.8%), followed by KLM, which has a 26.73% stake in the company. The rest are held by private owners. (Kenya airways. ac. ke)

Being first flag carrier in Kenya its stocks are traded in different exchange markets this includes Nairobi Stock exchange, the Dar-es-salaam Stock Exchange and the Uganda Stock exchange. Kenya Airways has become widely considered as one of the leading Sub-Saharan operators and became a full member of sky team in June 2010 and a member of African Airlines Association since 1977 and its has had quite a tremendous growth with 4,834 employees as per June 2012.

Below is the a brief summary of its financial status for the annual report for <https://assignbuster.com/kenya-airways/>

the year 2011

Sales revenue

The airline has been using web sale service and this has showed some tremendous growth of USD 28. 6 million in ticket sales compared to USD 24. 2 million in the previous year showing a growth rate of 17. 9%, with total revenue of USD 95. 2 billion which is an increase of 26. 3% above prior year.

Income/ (loss) statement

The income for the previous and the current year as seen from the audited annual report is as follows

Year ended 31 March 2012

Profit for the year

(Million)

2012USD 1, 660

2011USD 3, 538

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted, Average number of ordinary shares outstanding during the year.

2012 2011

Profit attributable to equity holders of the Company (USD million) 1, 652 3, 535

Weighted average number of ordinary shares (million) 462 462

Earnings per share 3. 5 7. 6

DIVIDENDS

Dividends – proposed (USD million) 374 374 693

Number of ordinary shares (million) 1, 496 462 462

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Dividend per share (USD) 0. 25 0. 81 1. 5

The total assets for Kenya Airways is as follows

2011 2012

USDUSD (Million)

Non- current assets54, 86755, 461

Current assets 20, 66320, 303

81, 58580, 569

Total liabilities

Liabilities33, 38630, 678

Current liabilities27, 53629, 588

Total liabilities60, 92260, 267

Total equity20, 66320, 303

Management discussion and analysis

The management of Kenya airways has given a report that the profitability of the company has been affected by some factors this includes high fuel prices, euro crisis and a generally weak economy in the West. Despite this the management has announced a high turnover of USD 107. 9 billion which represent a 26% increase on prior year turnover of USD 85. 8 billion, profit after tax realized was USD 1. 66 billion compared to the prior year of USD 3. 5 billion.

This represents a net profit margin of 1. 5% down from 4. 1% achieved in the year 2010/11 with EPS reduced to USD 3. 58 from USD 7. 65 reported in the prior year.

Information on the auditor's report

The name of the auditing team is PWC (certified public accountants) and in their opinion proper books of accounts was maintained and the

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comprehensive income is in agreement with the books of accounts.

Potential investment for you - now or in the future?

I would like to purchase more and more shares from the company so that I have a decision to make when it comes to matters of making any new venture into the airline and come up with a plan to include the availability of air fleet all over the country. And in this the sale revenue of the airline will increase and improve the service provision.

Work Cited

<http://www.kenyaairways.com>

[com/uploadedFiles/Home/Corporate_Information/Investor_Information/Annual_Reports/Annual%20report%202010-2011](http://www.kenyaairways.com/uploadedFiles/Home/Corporate_Information/Investor_Information/Annual_Reports/Annual%20report%202010-2011).