CAR & GENERAL

REPORT AND ACCOUNTS OF CAR & GENERAL (KENYA) LIMITED & SUBSIDIARIES

30TH SEPTEMBER, 1991

CAR & GENERAL (KENYA) LIMITED
AND SUBSIDIARIES

CAR & GENERAL

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Report and Accounts of Car & General (Kenya) Limited and subsidiaries

30 September, 1991

CAR & GENERAL (KENYA) LIMITED
AND SUBSIDIARIES

CAR & GENERAL

DIRECTORS, OFFICIALS AND OTHER COMPANY INFORMATION

BOARD OF DIRECTORS

V.H. Gidoomal - Chairman
N. Ng'ang'a
H. Singh, EBS
N.B. Jones*, FCA - Managing Director
S.C. Newton*
* British

SECRETARY

Mrs G.P. Shah, ACIS

REGISTERED OFFICE

New Cargen House
Uhuru Highway
Nairobi

AUDITORS

Gill & Johnson
P.O. Box 40092
Nairobi

BANKERS

Standard Chartered Bank Kenya Limited
Grindlays Bank International (Kenya) Limited

SUBSIDIARY COMPANIES

Car & General (Tanzania) Limited
P.O. Box 1552
Dar-es-Salaam

Car & General (Uganda) Limited
P.O. Box 207
Kampala

Kamco Engineering Limited
P.O. Box 49672
Nairobi

Kamco Distributors Limited
P.O. Box 49672
Nairobi

Plastic Products (Kenya) Limited
P.O. Box 78039
Nairobi

Kenya Components Limited
P.O. Box 18126
Nairobi

Car & General Properties Limited
P.O. Box 49672
Nairobi

NOTICE OF MEETING

Notice is hereby given that the fifty-second Annual General Meeting of the shareholders will be held at the company's registered office, New Cargen House, Uhuru Highway, Nairobi on Friday 17th July 1992 at 12 noon for the following purposes:-

Agenda

1. To confirm the minutes of the fifty-first Annual General Meeting held on Wednesday 27th November, 1991.
2. To receive the accounts for the year ended 30th September 1991 and the reports of the Directors and Auditors thereon.
3. To declare a dividend.
4. To re-elect Mr Harbans Singh who, being eligible, offers himself for re-election in accordance with the company's Articles of Association.
5. To determine the Directors' remuneration.
6. To authorise the Directors to agree the Auditors' remuneration.
7. To note that the Auditors, Gill & Johnson, continue in office under the provisions of Section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

MRS G P SHAH
Secretary

P.O. Box 20001
NAIROBI, Kenya

18 June 1992

NOTES:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote instead of him or her at such meeting and such proxy need not also be a member of the Company.
2. A form of proxy is enclosed which please complete and return to the registered office of the company so as to arrive not later than 12 noon on Thursday 16th July, 1992.
3. In the case of a corporation, the proxy may be under its common seal or under the hand of an officer or duly authorised attorney of such corporation.

CHAIRMAN'S REPORT

I am pleased that we have been able to fulfil last year's commitment by way of presenting this report much earlier in the year and I am confident that next year's report will reflect a further improvement. Our accounting systems have now been completely overhauled and monthly reporting is now both reliable and up to date.

Last year we undertook to revalue all the group's properties in the three territories and present consolidated accounts for the first time. Regrettably, we have experienced delays in completing the audit of the Tanzanian subsidiary and your board decided that a delay in presenting this report would not be justified. Hence the 1991 accounts only reflect the consolidation of our Ugandan subsidiary. The revaluation of the properties has been reflected in these accounts.

Trading conditions have continued to be very difficult. It is well known to us all that Kenya is in the depths of a serious recession. The lowering of the value of the Kenyan currency in relation to major international currencies has placed enormous strains on our financial resources. Licences are becoming more and more difficult to obtain due to the increasing shortage of foreign exchange and if this trend continues, we will have to resort more and more to the use of Forex C's. This will have the obvious effect of forcing selling prices upwards and further fuelling inflation.

Our program of divesting has continued and in January of this year we closed our Kisumu Branch and appointed Mitha & Company our distributors for Western Kenya. Around the same time our subsidiary, Kamco, ceased activity. In last year's report I had stated that we were negotiating the sale of a further property, and this sale has now been finalised.

The labour rationalisation program referred to in last year's report is now complete and as I write this report the Kenyan group now employs a total of 940 as compared to 1200 in March of last year.

This slimming down exercise has contributed greatly to your company's ability to continue trading profitably.

The consequential loss claim resulting from the fire at the Rubber Milling plant materialised early this year but the strain on liquidity brought about by the delay in settlement adversely affected profitability of the Rubber division for the first quarter of the current financial year. The second quarter to March 1992 has thankfully shown a return to profitability. The severance of our relationship with Bandag and the commencement of manufacture of our own precured tread has proved beneficial, and we are now a major supplier to a number of Kenyan precured retreaders.

The consolidation and rationalisation of our trading activities in Nairobi has proved a most worthwhile exercise and I am pleased to report that our operations in both Nairobi and Mombasa are returning satisfactory profits.

Our two Kenyan subsidiaries, Plastic Products and Kenya Components, continue to be profitable.

In Uganda, we have repossessed one further property and efforts are continuing to regain title to the remaining residence. Trading activity in Uganda has improved significantly in recent months and your board can confidently predict a contribution to the group's profits in the current year. Refurbishment of the retread plant is almost complete and activity is planned to commence during the final quarter of the current financial year.

As previously mentioned, I regret I am not able to comment as I would have wished on our Tanzania operations. I can, however, report that Kibo Poultry is performing well and is showing an acceptable level of profitability which should increase significantly when the optimum level of production is reached later this year.

Despite these problematic times, your board remains confident that it can weather the difficulties and we predict a further improvement in performance for the current year. Consequently we are recommending the payment of a dividend of 5%.

In conclusion I would like to pay tribute to my co-directors for their guidance and support which they have obviously given to the Company during the year under review. I thank them for this and for their support and encouragement which they have given me, by electing me as their Executive Chairman.

I must also pay tribute to our loyal staff without whose faithful and dedicated services no reasonable results could have been achieved.

V H GIDOOMAL
18 June 1992

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REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report and group accounts for the year ended 30 September 1991.

DIRECTORS

The present directors are shown on page 2. Mr F J Addly retired on 18 June 1991.
Insurance Company of East Africa, and Monyaka Investments Limited resigned on 26 September 1991, and 26 November 1991 respectively.
Mr. J K Munyao offered himself for re-election at the Annual General meeting held on 27 November 1991 and was not re-elected.

ACTIVITIES

The company carries on the business of manufacture and sale of retread tyres, house-hold goods, power equipment and general goods. A subsidiary company, Kamco Engineering Limited, manufactures and sells domestic appliances, Kenya Components Limited manufactures and sells gaskets and oil seals. Another subsidiary Plastic Products Limited manufactures and sells plastic products. Kamco Distributors Limited and Car & General Properties Limited are currently dormant.
Car & General (Uganda) Limited commenced trading during the financial year and is carrying on the same business as the parent company.

GROUP RESULTS

	K£
The accounts show a profit after taxation and minority interest of	325,631
Less proposed dividend 5%	210,981
Retained profit for the year	114,650

DIVIDENDS

The Directors propose a first and final dividend of 5%.

AUDITORS

Gill & Johnson, having confirmed their willingness, continue in office in accordance with section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

MRS G P SHAH
SECRETARY
Nairobi

18 June 1992

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REPORT OF THE AUDITORS TO THE MEMBERS OF CAR & GENERAL (KENYA) LIMITED

We have examined the accounts on pages 7 to 19 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 30 September 1991 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

18 June 1992

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CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1991

	Notes	1991 K£	1990 K£
TURNOVER		22,283,781	23,629,044
CONSOLIDATED PROFIT/(LOSS) BEFORE TAXATION	2	383,521	(152,443)
TAXATION	3	57,981	49,707
PROFIT/(LOSS) AFTER TAXATION	4	325,540	(202,150)
MINORITY INTEREST		91	20,223
PROFIT/(LOSS) AFTER TAXATION AND MINORITY INTEREST		325,631	(181,927)
DIVIDEND	5	210,981	210,981
RETAINED PROFIT/(LOSS) FOR THE YEAR	13	114,650	(392,908)
		Sh	Sh
EARNINGS PER SHARE	6	0.39	(0.22)

EPS

0.29 0.29

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CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 1991

	Notes	1991 K£	1990 K£
FIXED ASSETS	7	19,633,874	3,366,662
SUBSIDIARY COMPANIES NOT CONSOLIDATED	9	353,438	422,981
CURRENT ASSETS			
Stocks	10	9,302,468	9,291,300
Debtors		6,929,439	5,545,889
Cash and bank balances		142,719	392,656
		16,374,626	15,229,845
CURRENT LIABILITIES			
Creditors		6,786,868	5,590,537
Bank advances (secured)		7,613,321	6,696,402
Taxation		8,520	222,017
Dividends - proposed		210,981	210,981
payable		243,513	235,599
Loans repayable within one year	11	59,414	55,000
		14,922,617	13,010,536
NET CURRENT ASSETS		1,452,009	2,219,309
		21,439,321	6,008,952
Financed by:			
SHARE CAPITAL	12	4,219,624	4,219,624
CAPITAL RESERVES	13	15,910,711	452,663
REVENUE RESERVES	13	1,274,608	1,330,740
SHAREHOLDERS' FUNDS		21,404,943	6,003,027
LONG TERM LOANS	11	—	89,924
MINORITY INTEREST		34,378	(83,999)
		21,439,321	6,008,952

The accounts on pages 7 to 19 were approved by the board of directors on 18 June 1992 and were signed on its behalf by:

V.H. GIDOOMAL - CHAIRMAN

N.B. JONES - DIRECTOR

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COMPANY BALANCE SHEET
30 SEPTEMBER 1991

	Notes	1991 K£	1990 K£
FIXED ASSETS	8	13,219,536	2,464,065
SUBSIDIARY COMPANIES	9	1,804,561	1,665,375
CURRENT ASSETS			
Stocks	10	8,544,803	8,536,513
Debtors		6,080,384	4,910,421
Cash and bank balances		118,671	385,577
		14,743,858	13,832,511
CURRENT LIABILITIES			
Creditors		5,930,297	4,737,414
Bank advances (secured)		7,466,119	6,537,643
Taxation		1,679	219,931
Dividends - proposed		210,981	210,981
payable		243,513	235,599
		13,852,589	11,941,568
NET CURRENT ASSETS		891,269	1,890,943
		15,915,366	6,020,383
Financed by:			
SHARE CAPITAL	12	4,219,624	4,219,624
CAPITAL RESERVES	13	10,127,450	—
REVENUE RESERVES	13	1,568,292	1,800,759
SHAREHOLDERS' FUNDS		15,915,366	6,020,383

The accounts on pages 7 to 19 were approved by the board of directors on 18 June 1992 and were signed on its behalf by:

V.H. GIDOOMAL - CHAIRMAN

N.B. JONES - DIRECTOR

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CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30 SEPTEMBER 1991

	1991 K£	1990 K£
SOURCE OF FUNDS		
Profit/(loss) before taxation	383,521	(152,443)
Adjustment for items not involving the movement of funds:		
Depreciation	530,646	476,451
Profit on disposal of fixed assets	(317,970)	(46,974)
Subsidiary company's dividends written back	(11,735)	—
Funds generated from operations	584,462	277,034
Funds from other sources:		
Loans	—	97,725
Proceeds on disposal of fixed assets	553,438	93,749
INFLOW OF FUNDS	1,137,900	468,508
APPLICATION OF FUNDS		
Acquisition of minority shares	40,579	—
Purchase of fixed assets	1,383,364	713,143
Repossession costs	191,914	—
Loan repayments	85,510	106,749
Taxation paid	271,478	435,000
Dividends paid	203,067	67,194
OUTFLOW OF FUNDS	2,175,912	1,322,086
NET OUTFLOW OF FUNDS	(1,038,012)	(853,578)
REPRESENTED BY:		
Movement in working capital:		
Stocks	11,168	273
Debtors	1,383,550	(315,410)
Creditors	(1,196,331)	(1,317,462)
Subsidiary company balance	(69,543)	148,533
	128,844	(1,484,066)
Movement in liquid funds:		
Cash and bank balances	(249,937)	346,265
Bank advances	(916,919)	284,223
NET MOVEMENT IN WORKING CAPITAL	(1,038,012)	(853,578)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1991

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

DEPRECIATION

Properties are depreciated on the straight line method over the periods of their estimated useful lives.
Depreciation on other fixed assets is provided using the reducing balance method at the following annual rates:

Plant and machinery	12.5% - 20%
Moulds	33.3%
Office equipment	12.5% - 20%
Motor vehicles	25%

STOCKS

Raw materials, imported finished products and spare parts are stated at cost including duty, freight and clearance charges, where appropriate. Manufactured finished products and work in progress are stated at raw material cost, plus labour and attributable manufacturing overheads. All stocks are stated at net realisable value if lower than cost.

FOREIGN CURRENCIES

Foreign currency transactions are recorded at exchange rates prevailing at the time of originating entries. Foreign currency balances are translated at rates ruling at the year end. Exchange gains and losses are taken to the profit and loss account.

TURNOVER

Turnover represents sales to third parties less returns and excludes Value Added Tax and branch transfers.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1991

1 ACCOUNTING POLICIES (Continued)

TAXATION

Current taxation is provided on the basis of the results for the year as shown in the accounts, adjusted in accordance with the tax legislation.

Deferred tax is accounted for, under the liability method, to the extent that it is probable that timing differences will reverse in the foreseeable future.

INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries is stated at cost less amounts written off. The holding company accounts for dividends from subsidiary companies only when they are received.

CONSOLIDATION

The consolidated accounts include the accounts of Car & General (Kenya) Limited and its subsidiary companies in Kenya all made up to 30 September.

Three of the properties of Car & General (Uganda) Limited were repossessed on 3 August 1990, and the company recommenced trading in November 1990. The assets and liabilities of the company at 30 September 1991 and the results for the period ended on that date have been consolidated in these accounts. The accounts of the subsidiary company Car & General (Tanzania) Limited, and its subsidiary Kibo Poultry Products Limited, have been excluded from the consolidation. The accounts of Car & General (Tanzania) Limited (and Kibo Poultry Products Limited) have not been consolidated because the directors are of the opinion that this would involve delay out of proportion to the value to the members.

Goodwill arising on acquisition of subsidiaries is written off to reserves.

CAR & GENERAL

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1991

		1991 K£	1990 K£
2	**CONSOLIDATED PROFIT/(LOSS) BEFORE TAXATION**		
	The consolidated profit/(loss) before taxation is arrived at after charging:		
	Bank interest	1,303,881	1,034,882
	Directors' fees	9,500	10,250
	Directors' other emoluments	121,179	97,730
	Depreciation	530,646	476,451
	Auditors' remuneration	84,562	80,776
	Loss on closure of Nakuru branch	153,185	—
	and after crediting:		
	Proceeds from fire insurance loss claim	752,601	—
	Profit on disposal of fixed assets	317,970	46,974
	Subsidiary's liabilities waived	357,390	—
3	**TAXATION**		
	INCOME TAX		
	Based on the chargeable profit for the year at 40% (1990 - 42.5%)	57,981	49,707

The tax charge is less than expected mainly due to the utilisation of tax losses brought forward.
At 30 September 1991 there were tax losses in a subsidiary amounting to K£ 261,005 (1990 - K£ 647,032).

DEFERRED TAX

Deferred taxation has not been provided in these accounts as no liability is anticipated in the foreseeable future.

4 PROFIT/(LOSS) AFTER TAXATION

A loss of K£ 21,486 (1990 - loss K£ 105,069) has been dealt with in the accounts of Car & General (Kenya) Limited.

5 DIVIDEND

	1991 K£	1990 K£
The dividend is shown gross and comprises:		
Proposed 5% (1990 - 5%)	210,981	210,981

6 EARNINGS PER SHARE

Earnings per share is based on the profit after taxation and minority interests divided by the number of issued shares at the end of the financial year.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991

7 FIXED ASSETS - GROUP

	Properties K£	Other assets K£	Total K£
COST OR VALUATION			
At 1 October 1990	2,295,024	5,378,692	7,673,716
Repossession costs	191,914	—	191,914
Additions	74,793	1,308,571	1,383,364
Disposals	(114,333)	(299,000)	(413,333)
Surplus on revaluation	14,565,630	50,000	14,615,630
At 30 September 1991	17,013,028	6,438,263	23,451,291
COMPRISING:			
At valuation 1991	16,692,600	50,000	16,742,600
At cost	320,428	6,388,263	6,708,691
	17,013,028	6,438,263	23,451,291
DEPRECIATION			
At 1 October 1990	780,787	3,526,267	4,307,054
Charge for the year	81,009	449,637	530,646
Eliminated on disposals	(5,940)	(171,925)	(177,865)
Written back on revaluation	(842,418)	—	(842,418)
At 30 September 1991	13,438	3,803,979	3,817,417
NET BOOK VALUES			
At 30 September 1991	16,999,590	2,634,284	19,633,874
At 30 September 1990	1,514,237	1,852,425	3,366,662

(a) All the properties in Kenya, except one which was disposed of after the financial year end, were revalued as at 30 September 1991 on the basis of depreciated replacement cost by Milligan and Company Limited, Surveyors and Registered Valuers.

(b) The properties in Uganda were revalued as at 30 September 1991 on an open market basis.Plant and machinery were valued by the General Manager at K£ 50,000.

PROPERTIES AT COST OR VALUATION:

	K£
Freehold	581,500
Leasehold over 50 years unexpired	12,606,528
Leasehold under 50 years unexpired	3,825,000
	17,013,028

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1991

8. FIXED ASSETS - COMPANY

	Properties K£	Other assets K£	Total K£
COST OR VALUATION			
At 1 October 1990	1,862,018	4,393,838	6,255,856
Additions	66,620	997,895	1,064,515
Transfer from subsidiaries	—	120,144	120,144
Disposals	(6,000)	(295,535)	(301,535)
Surplus on revaluation	9,310,175	—	9,310,175
At 30 September 1991	11,232,813	5,216,342	16,449,155
COMPRISING:			
At valuation 1991	10,970,391	—	10,970,391
At cost	262,422	5,216,342	5,478,764
	11,232,813	5,216,342	16,449,155
DEPRECIATION			
At 1 October 1990	761,909	3,029,882	3,791,791
Charge for the year	74,585	343,880	418,465
Transfer from subsidiaries	—	13,691	13,691
Eliminated on disposals	(5,940)	(171,113)	(177,053)
Written back on revaluation	(817,275)	—	(817,275)
At 30 September 1991	13,279	3,216,340	3,229,619
NET BOOK VALUES			
At 30 September 1991	11,219,534	2,000,002	13,219,536
At 30 September 1990	1,100,109	1,363,956	2,464,065

PROPERTIES AT COST OR VALUATION:	K£
Freehold	581,500
Leasehold over 50 years unexpired	6,826,313
Leasehold under 50 years unexpired	3,825,000
	11,232,813

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1991

9 SUBSIDIARY COMPANIES

	Holding	1991 K£	1990 K£
Car & General (Tanzania) Limited			
520,000 shares of TSh 5 each			
at cost	100%	130,000	130,000
Current account		223,438	86,862
		353,438	216,862
Car & General (Uganda) Limited			
450,000 shares of U Sh 5 each	100%	112,500	112,500
Current account		355,788	93,619
		468,288	206,119
Kamco Engineering Limited			
130,000 shares of Sh 20 each			
at cost less amounts written off	100%	1	1
Current account		368,899	592,144
		368,900	592,145
Plastic Products (Kenya) Limited			
157,757 shares of Sh 20 each			
at cost	84%	157,757	157,757
Current account		130,274	91,950
		288,031	249,707
Kamco Distributors Limited			
5 shares of Sh 20 each at cost	62.5%	5	5
Kenya Components Limited			
95,480 shares (1990 - 54,901 shares)			
of Sh 20 each at cost less			
amounts written off	100%	54,902	14,323
Current account		270,995	386,212
		325,897	400,535
Car & General Properties Limited			
2 shares of Sh 20 each at cost	100%	2	2
		1,804,561	1,665,375

Note: Car & General (Tanzania) Limited has not been consolidated in these accounts. Car & General (Uganda) Limited accounts have only been consolidated for the year ended 30 September 1991.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991

10 STOCKS

	Group		Company	
	1991 K£	1990 K£	1991 K£	1990 K£
Kits, spares and consumables	2,303	7,342	—	—
Raw materials	1,668,551	1,856,209	1,397,283	1,516,804
Work in progress	266,788	175,932	253,013	175,932
Finished goods	5,006,499	5,171,268	4,536,180	4,775,977
Goods in transit	2,358,327	2,080,549	2,358,327	2,067,800
	9,302,468	9,291,300	8,544,803	8,536,513

11 LOANS (SECURED)

	1991 K£	1990 K£
GROUP		
Kenya Industrial Estates Limited 14% loan	34,784	47,199
Kenya Industrial Estates Limited 15% loan	24,630	65,584
Kenya Industrial Estates Limited Mortgage	—	32,141
	59,414	144,924
Less: due within one year, included under current liabilities	59,414	55,000
	—	89,924

12 SHARE CAPITAL

	1991 K£	1990 K£
Authorised		
17,000,000 ordinary shares of Sh 5 each	4,250,000	4,250,000
Issued and fully paid		
16,878,496 ordinary shares of Sh 5 each	4,219,624	4,219,624

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1991

13 RESERVES

	Capital K£	Revenue K£	Total K£
GROUP			
At 1 October 1990	452,663	1,330,740	1,783,403
Retained profit for the year	—	114,650	114,650
Revaluation surplus	14,615,630	—	14,615,630
Depreciation written back on revaluation	842,418	—	842,418
Minority interest on accumulated losses of a subsidiary assumed on acquisition of total control	—	(170,782)	(170,782)
At 30 September 1991	15,910,711	1,274,608	17,185,319
COMPANY			
At 1 October 1990	—	1,800,759	1,800,759
Loss for the year	—	(232,467)	(232,467)
Revaluation surplus	9,310,175	—	9,310,175
Depreciation written back on revaluation	817,275	—	817,275
At 30 September 1991	10,127,450	1,568,292	11,695,742

14 CONTINGENT LIABILITIES

	1991 K£	1990 K£
GROUP		
Bills discounted	618,449	356,510
Sundry bank guarantees	211,668	346,137
	830,117	702,647
COMPANY		
Guarantees in respect of bank facilities for the subsidiaries	175,000	130,000
Bills discounted	618,449	356,510
Sundry bank guarantees	211,668	346,137
	1,005,117	832,647

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 1991

15 POST BALANCE SHEET EVENTS

(a) The company's Mombasa Road Plot was sold in January 1992 for K£ 750,000. The plot is included in the accounts at a cost of K£ 262,422 (Net Book Value K£ 249,142).

(b) The company ceased trading at its Kisumu Branch and Kisumu Car Care centre in January 1992. Kisumu Retread is still trading. Adequate provision for losses incurred on cessation of trading has been made in these accounts.

(c) Kamco Engineering Limited ceased operations in February 1992 and all its activities, assets and liabilities were assumed by the parent company. Closure costs e.g. terminal dues, which have not been provided for in these accounts approximate to K£ 7,500.