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REPORT AND FINANCIAL STATEMENTS OF CAR & GENERAL (KENYA) LIMITED AND SUBSIDIARIES

30 SEPTEMBER, 1994

CAR & GENERAL (KENYA) LIMITED
AND SUBSIDIARIES

CAR & GENERAL

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Report and Financial Statements of Car & General (Kenya) Limited and subsidiaries

30 September, 1994

CAR & GENERAL

DIRECTORS, OFFICIALS AND OTHER COMPANY INFORMATION

BOARD OF DIRECTORS

V.H. Gidoomal - Chairman
N. Ng'ang'a, EBS
Harbans Singh, EBS
C.J. Gidoomal
E.M. Grayson*
V.V. Gidoomal*
B. Kiplagat
P.J.S. Hewett
* British

SECRETARY

G. P Shah, ACIS

REGISTERED OFFICE

New Cargen House
Uhuru Highway
P.O. Box 20001
Nairobi

AUDITORS

Gill & Johnson
Ring Road, Westlands
P.O. Box 40092
Nairobi

BANKERS

Standard Chartered Bank Kenya Limited
Moi Avenue Branch
P.O. Box 72585
Nairobi

Standard Chartered Bank Kenya Limited
Harambee Avenue Branch
P.O. Box 20063
Nairobi

Stanbic Bank Kenya Limited
Kenyatta Avenue
P.O. Box 30550
Nairobi

2007/0106

SUBSIDIARY COMPANIES	ACTIVITIES
Kamco Engineering Limited P.O. Box 20001 Nairobi	Stainless steel fabrication and manufacture of commercial and domestic kitchen equipment.
Plastic Products (Kenya) Limited P.O. Box 78039 Nairobi	Manufacture of plastic containers and other allied products.
Car & General (Industries) Limited P.O. Box 20001 Nairobi	Manufacture and sale of retread tyres, gumboots, rubber soles, automotive and other rubber products.

DIRECTORS, OFFICIALS AND OTHER COMPANY INFORMATION (Continued)

SUBSIDIARY COMPANIES (Continued)	**ACTIVITIES**
Car & General (Trading) Limited P.O. Box 20001 Nairobi	Sales and service of power equipment, household goods, marine engines, motor cycles, commercial engines and general goods.
Car & General (Automotive) Limited P.O. Box 20001 Nairobi	Manufacture and sale of brake linings, friction materials, gaskets, oil seals, spark plugs and sale of tyres. Automotive service by way of a car care centre.
Car & General (Weldtec) Limited P.O. Box 20001 Nairobi	Manufacture and sale of welding alloys and sale of welding equipment.
Car & General (Tanzania) Limited P.O. Box 1552 Dar es Salaam	Activities of the subsidiaries mentioned above.
Car & General (Uganda) Limited P.O. Box 207 Kampala	Activities of the subsidiaries mentioned above.
Kibo Poultry Products Limited (a subsidiary of Car & General (Tanzania) Limited) P.O. Box 742 Moshi	Day old chick farming.

CAR & GENERAL

NOTICE OF MEETING

Notice is hereby given that the fifty-fifth Annual General Meeting of the shareholders will be held at the company's registered office, New Cargen House, Uhuru Highway, Nairobi on Friday 11 August 1995 at 12 noon for the following purposes:-

Agenda

ORDINARY BUSINESS

1 To confirm the minutes of the fifty-fourth Annual General Meeting held on Thursday 31 March 1994.

2 To receive the financial statements for the year ended 30th September 1994 and the reports of the Directors and Auditors thereon.

3 To declare a dividend.

4 (a) To re-elect Mr. H. Singh, who, being eligible, offers himself for re-election in accordance with the Company's Articles of Association.

(b) To re-elect Mr. B. Kiplagat who was appointed during the year.

(c) To re-elect Mr. P.J. S. Hewett who was appointed during the year.

(d) To re-elect Mr. V.V. Gidoomal who was appointed during the year.

(e) To re-elect Mr. E.M. Grayson who was appointed during the year.

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

G SHAH (MRS)
Secretary

P O Box 20001
NAIROBI, Kenya
23 June 1995

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 10 August 1995.

3 In the case of a corporation, the proxy must be under its common seal.

CAR & GENERAL

CHAIRMAN'S REPORT

Since my last report, when I reported high interest rates and a weak shilling, a great deal has changed. Interest rates reduced from a peak of 70% per annum to a base rate of 17%. Equally, the shilling appreciated against the dollar from a high of Kshs. 70 per dollar to a low of Kshs. 35 per dollar. The effects of these changes were felt towards the end of the 1993/94 financial year and continue to be felt in the 1994/95 financial year. These changes proved disadvantageous to your company's business activity and I shall expand on this later. Notwithstanding these developments your company has shown an improved profit performance for the financial year 1993/94.

1 **Car & General (Trading) Limited** - This sector has continued to perform well. In spite of competition, unit turnover has remained constant in most product lines. We are looking to increase our product range which will lead to an increased turnover and, therefore, profitability. We are increasingly looking to move into more specialized lines in which we will face reduced competition, both fair and unfair. We expect our performance to continue to improve.

2 **Car & General (Industries) Limited** - In my last report, I had stated that we were concerned about this division which continues to perform unsatisfactorily. Competiton from cheap and uncustomed tyres continues, as a result of which the demand for retreads has remained subdued. Strong representation has been made to the authorities to change custom tariffs, regrettably without much success. Significant inroads have been made in the reduction of overheads. We will continue to monitor this. In terms of marketing, we are more aggressive. Rigid quality controls have been introduced. We hope that as a result of these measures the performance of this operation will improve.

3 **Car & General (Automotive) Limited** - This operation returned a satisfactory profit in the year 1993/94. The level of competition that has entered the automotive parts industry was far greater than expected. Whereas we have significantly improved market coverage, competition from less expensive and uncustomed imports is proving a very real threat particularly in our dealer market where profit margin is the overriding factor. Consumer education is the key to success. As a result we are gearing ourselves to an aggressive marketing programme.

4 **Car & General (Weldtec) Limited** - This operation has continued to operate profitably. We are seeking to expand into new markets in East and Central Africa. In order to assist us in achieving this, we are seeking assistance from our principals in recruiting more technical staff which will certainly boost our exports and improve our share of the market.

5 **Plastic Products (Kenya) Limited** - We have made a modest profit in this sector. The demand for our traditional plastic products has reduced. We have expanded into new product lines and are working on a number of others.

6 **Kamco Engineering Limited -** We have supplied a number of hotel and government contracts. The quality of our product is good. We need to strengthen our marketing particularly in the neighbouring territories where considerable development in tourism is taking place. We believe there is a good future for this industry.

7 **Car & General (Uganda) Limited** - Our performance in the year 1993/94 continues to improve in both trading and retreading operations. All properties have now been renovated. We anticipate turnover growth in the current financial year.

8 **Car & General (Tanzania) Limited** - The year 1993/94 was a difficult year, particularly due to exchange losses from a devaluation of the Tanzania Shilling. We anticipate a much improved performance for the current financial year and anticipate good future growth in this sector assuming no political upheavals during election time.

CHAIRMAN'S REPORT (Continued)

9 **Kibo Poultry Products Limited** - This sector returned a modest profit in the 1993/94 financial year. In the current financial year, the operation has suffered through poultry diseases. This has significantly reduced production. However, this is now on the up-turn and we anticipate improvement. It should be borne in mind that the risk factor in poultry is high.

As I write this report for 1993/94 we are well into the current financial year on which I feel it appropriate to comment. The economic liberalization and the strengthening of the Kenya Shilling have made the business environment more difficult. Competition has flooded the local market creating a downward pressure on pricing which has been exacerbated by a strong Kenya Shilling value. Therefore, whereas unit turnover may have remained constant, revenue has fallen without the corresponding decrease in overheads. Your company has responded by significantly reducing overheads, increasing marketing efforts to maintain market share, and entering into new lines to maintain turnover. These efforts have proved expensive and, in particular, I refer to a considerable reduction in the workforce under a Voluntary Retirement Scheme. Inevitably, heavy retirement benefits were paid. Notwithstanding the short-term effects, these efforts are proving successful and the fruits long-term will be high. After a period of relative stability, the Kenya Shilling recently devalued. Whereas this makes conditions for the manufacturing sector easier, in the current financial year the sudden devaluation will give rise to lower margins due to foreign exchange losses.

Generally, your company is now much slimmer and healthier and I hope will be more profitable in the future.

It was with regret that your directors learnt of the death of Mr Frank J Addly my predecessor and Chairman of the company.

Despite recent economic difficulties in Kenya and Tanzania, your Board remains confident and is recommending a dividend of 15% on the current issued capital.

Generally your board is optimistic in relation to your company's future prospects. Your board is convinced that satisfactory progress is being made and will continue to be made.

In concluding, I would like to pay tribute to my co-directors for their guidance and support. I thank them and all members of staff for their dedication and loyalty. I look forward to their continued support.

V H GIDOOMAL
Chairman
Nairobi
23 June 1995

CAR & GENERAL

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report and group financial statements for the year ended 30 September 1994.

DIRECTORS

The present directors are shown on page 2. Mr. N.B. Jones resigned on 20th April 1994. Mr E.M. Grayson, Mr. V.V Gidoomal and Mr. B. Kiplagat were appointed on 8th June 1994 and Mr. P.J.S. Hewett was appointed on 12th October 1994.

ACTIVITIES

The company acts as a holding company and derives its revenue from interest, management fees and the rents charged to its subsidiaries.

GROUP RESULTS

	KSh'000
The accounts show a profit after taxation and minority interest of	29,632
Less proposed dividend	15,191
Retained profit for the year	14,441

DIVIDEND

The Directors propose a first and final dividend of 15%.

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

G SHAH (MRS)
SECRETARY

Nairobi

23 June 1995

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

1 We have audited the financial statements on pages 9 to 23 and have obtained all the information and explanations considered necessary for our audit.

2 The financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

3 We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation.

4 In our opinion:

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

(ii) The financial statements, 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 1994 and of the profit and cash flows of the group for the year ended on that date.

GILL & JOHNSON
Certified Public Accountants (Kenya)

Nairobi

30 June 1995

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1994

	Notes	1994 KSh'000	1993 KSh'000
TURNOVER		866,876	747,975
CONSOLIDATED OPERATING PROFIT	2	71,708	59,803
INTEREST PAYABLE	3	(26,455)	(26,922)
INTEREST RECEIVABLE	3	137	—
PROFIT BEFORE TAXATION		45,390	32,881
TAXATION	4	15,736	13,706
PROFIT AFTER TAXATION	5	29,654	19,175
MINORITY INTEREST		22	402
PROFIT AFTER TAXATION AND MINORITY INTEREST		29,632	18,773
DIVIDEND	6	15,191	10,127
RETAINED PROFIT FOR THE YEAR	17	14,441	8,646
		KSh	KSh
EARNINGS PER SHARE	7	1.46	0.93

CAR&GENERAL

CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 1994

	Notes	1994 KSh'000	1993 KSh'000
FIXED ASSETS	8	532,836	517,853
CURRENT ASSETS			
Stocks	12	228,951	267,680
Debtors	13	142,744	139,950
Cash and bank balances		12,235	14,415
		383,930	422,045
CURRENT LIABILITIES			
Creditors	14	166,178	225,059
Bank advances (secured)		85,834	51,787
Taxation		29,006	16,150
Dividends - proposed		15,191	10,127
payable		10,127	6,093
Loans repayable within one year	15	10,000	13,500
		316,336	322,716
NET CURRENT ASSETS		67,594	99,329
		600,430	617,182
Financed by:			
SHARE CAPITAL	16	101,271	84,392
RESERVES	17	498,450	492,701
SHAREHOLDERS' FUNDS		599,721	577,093
LOANS	15	—	39,000
MINORITY INTEREST		709	1,089
		600,430	617,182

The financial statements on pages 9 to 23 were approved by the board of directors on 23 June 1995 and were signed on its behalf by:

V.H. GIDOOMAL — Chairman

E.M. GRAYSON — Director

COMPANY BALANCE SHEET
30 SEPTEMBER 1994

	Notes	1994 KSh'000	1993 KSh'000
FIXED ASSETS	9	212,079	215,734
INVESTMENTS IN SUBSIDIARIES	10	12,223	12,223
SUBSIDIARY COMPANIES FUNDING	11	33,000	86,266
CURRENT ASSETS			
Subsidiary companies current accounts	11	154,397	132,556
Debtors	13	4,951	4,823
Cash and bank balances		796	4,582
		160,144	141,961
CURRENT LIABILITIES			
Creditors	14	27,010	48,574
Bank advances (secured)		47,646	14,708
Taxation		12,109	6,585
Dividends - proposed		15,191	10,127
payable		10,127	6,093
Loans repayable within one year	15	—	13,500
		112,083	99,587
NET CURRENT ASSETS		48,061	42,374
		305,363	356,597
Financed by:			
SHARE CAPITAL	16	101,271	84,392
RESERVES	17	204,092	233,205
		305,363	317,597
LOANS	15	—	39,000
		305,363	356,597

The financial statements on pages 9 to 23 were approved by the board of directors on 23 June 1995 and were signed on its behalf by:

V.H. GIDOOMAL — Chairman

E.M. GRAYSON — Director

CAR & GENERAL

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1994

	Notes	1994 KSh'000	1993 KSh'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18(a)	66,133	73,143
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(26,455)	(26,922)
Interest received		137	—
Dividends paid		(6,093)	(4,220)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(32,411)	(31,142)
TAXATION			
Corporation tax paid		(2,880)	(508)
INVESTING ACTIVITIES			
Purchase of fixed assets		(26,684)	(20,400)
Proceeds on disposal of fixed assets		2,115	2,597
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(24,569)	(17,803)
NET CASH INFLOW BEFORE FINANCING		6,273	23,690
FINANCING ACTIVITIES			
Minority interest acquired		—	(153)
Loan repayments		(7,500)	(222)
Loan received		5,000	5,000
Bank overdraft converted into loan		—	47,500
Bank loan converted into overdraft		(40,000)	—
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(42,500)	52,125
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	18(b)	(36,227)	75,815

CAR&GENERAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1994

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The group prepares its financial statements 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.

TAXATION

Current taxation is provided on the basis of results for the year as shown in the financial statements, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 **ACCOUNTING POLICIES** (Continued)

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 financial statements include the financial statements of Car & General (Kenya) Limited and its subsidiary companies, all made up to 30 September.

Foreign subsidiaries are consolidated using the closing rates of exchange.

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

	1994 KSh'000	1993 KSh'000
2 **CONSOLIDATED OPERATING PROFIT**		
The consolidated operating profit is arrived at after charging:		
Directors' fees - current year	280	323
Directors' other emoluments	3,396	1,787
Depreciation	17,992	17,352
Auditor's remuneration	2,755	2,466
and after crediting:		
Profit on disposal of fixed assets	328	459
Foreign exchange gains	8,133	1,013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		1994 KSh'000	1993 KSh'000
3	**INTEREST**		
	Interest paid:		
	Bank overdraft	17,964	15,056
	Leasehire	1,233	—
	Loans	7,258	11,866
		26,455	26,922
	Interest received:		
	Short term deposits	137	—
4	**TAXATION**		
	INCOME TAX		
	Based on the chargeable profit for the year		
	Income tax at 35%	14,687	13,706
	Drought levy at 2.5%	1,049	—
		15,736	13,706

The drought levy is applicable for accounting periods ending between 1 July 1994 and 30 June 1995.

The tax charge is higher than expected mainly due to disallowable expenses and excess of depreciation over capital allowances.

5 PROFIT AFTER TAXATION

A profit of Sh 2,957,000 (1993 - profit Sh 1,569,000) has been dealt with in the financial statements of Car & General (Kenya) Limited.

		1994 KSh'000	1993 KSh'000
6	**DIVIDEND**		
	The dividend is shown gross and comprises:		
	Final proposed 15% (1993 - 12%)	15,191	10,127

7 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. Due to the bonus issue during the year, the 1993 comparative figure has been amended in line with generally accepted accounting practice.

CAR & GENERAL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 FIXED ASSETS - GROUP

	Properties KSh'000	Other assets KSh'000	Total KSh'000
COST OR VALUATION			
At 1 October 1993	459,335	166,174	625,509
Exchange rate adjustments	(6,455)	(1,454)	(7,909)
Additions	—	26,684	26,684
Disposals	—	(2,660)	(2,660)
Valuation	15,000	—	15,000
At 30 September 1994	467,880	188,744	656,624
COMPRISING:			
At valuation 1994	15,000	—	15,000
At valuation 1992	32,385	—	32,385
At valuation 1991	414,219	1,000	415,219
At cost	6,276	187,744	194,020
	467,880	188,744	656,624
DEPRECIATION			
At 1 October 1993	9,720	97,936	107,656
Exchange rate adjustments	(298)	(689)	(987)
Charge for the year	5,101	12,891	17,992
Eliminated on disposals	—	(873)	(873)
At 30 September 1994	14,523	109,265	123,788
NET BOOK VALUE			
At 30 September 1994	453,357	79,479	532,836
At 30 September 1993	449,615	68,238	517,853

NOTES TO THE FINANCIAL STATEMENTS (Continued)

PROPERTIES AT COST OR VALUATION:

	1994 KSh'000	1993 KSh'000
Freehold	11,630	11,630
Leasehold over 50 years unexpired	379,750	371,205
Leasehold under 50 years unexpired	76,500	76,500
	467,880	459,335

The exchange rate adjustments arise as a result of translation of Car & General (Uganda) Limited and Car & General (Tanzania) Limited fixed assets opening balances at closing rate. The rates of exchange applied were as follows:

		1994 KSh	1993 KSh
1 Tanzania shilling	=	0.11	0.1519
1 Uganda shilling	=	0.06	0.0593

VALUATION
This represents the open market value of plot No 4 and a house along Hanlon Close, Bugolobi, both in Uganda, repossessed in May 1994.

CAR & GENERAL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 FIXED ASSETS - COMPANY

	Properties KSh'000	Other assets KSh'000	Total KSh'000
COST OR VALUATION			
At 1 October 1993	215,908	16,285	232,193
Transfer to subsidiaries	—	(648)	(648)
Additions	—	2,387	2,387
At 30 September 1994	215,908	18,024	233,932
COMPRISING:			
At valuation 1991	215,908	—	215,908
At cost	—	18,024	18,024
	215,908	18,024	233,932
DEPRECIATION			
At 1 October 1993	8,636	7,823	16,459
Transfer to subsidiaries	—	(434)	(434)
Charge for the year	4,318	1,510	5,828
At 30 September 1994	12,954	8,899	21,853
NET BOOK VALUES			
At 30 September 1994	202,954	9,125	212,079
At 30 September 1993	207,272	8,462	215,734

PROPERTIES AT COST OR VALUATION:

	1994 KSh'000	1993 KSh'000
Freehold	11,630	11,630
Leasehold over 50 years unexpired	127,778	127,778
Leasehold under 50 years unexpired	76,500	76,500
	215,908	215,908

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 INVESTMENTS IN SUBSIDIARIES

	Holding	1994 KSh'000	1993 KSh'000
Car & General (Tanzania) Limited 520,000 shares of TSh 5 each at cost	100%	2,600	2,600
Car & General (Uganda) Limited 450,000 shares of USh 5 each at cost	100%	2,250	2,250
Kamco Engineering Limited 130,000 shares of KSh 20 each at cost	100%	2,600	2,600
Plastic Products (Kenya) Limited 157, 757 shares of KSh 20 each at cost	84%	3,155	3,155
Car & General (Industries) Limited 997 shares of KSh 20 each at cost	100%	20	20
Car & General (Automotive) Limited 95,480 shares of KSh 20 each at cost	100%	1,098	1,098
Car & General (Trading) Limited 2 shares of KSh 20 each at cost	100%	—	—
Car & General (Weldtec) Limited 25,000 shares of KSh 20 each at cost	100%	500	500
		12,223	12,223

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SUBSIDIARY COMPANIES

	1994 KSh'000	1993 KSh'000
Car & General (Tanzania) Limited		
Current account	3,460	8,163
Car & General (Uganda) Limited		
Current account	11,025	12,792
Kamco Engineering Limited		
Current account	(4,739)	(6,990)
Plastic Products (Kenya) Limited		
Current account	2,711	1,185
Funding	1,000	1,000
Car & General (Industries) Limited		
Current account	75,392	47,182
Funding	9,000	62,266
Car & General (Automotive) Limited		
Current account	33,334	21,490
Funding	6,000	6,000
Car & General (Trading) Limited		
Current Account	23,269	42,924
Funding	15,000	15,000
Car & General (Weldtec) Limited		
Current account	6,117	4,640
Funding	2,000	2,000
Kibo Poultry Products Ltd (a subsidiary of Car & General (Tanzania) Limited)		
Current account	3,828	1,170
	187,397	218,822
Subsidiary companies funding	33,000	86,266
Subsidiary companies current accounts	154,397	132,556
	187,397	218,822

12 STOCKS

Raw materials, spares and consumables	50,826	89,603
Work in progress	10,096	15,056
Finished goods	105,604	95,514
Goods in transit	52,259	63,528
Livestock	10,166	3,979
	228,951	267,680

NOTES TO THE FINANCIAL STATEMENT (Continued)

13 DEBTORS

	Group		Company	
	1994 KSh'000	1993 KSh'000	1994 KSh'000	1993 KSh'000
Trade	110,563	111,413	1,006	2,321
Other	32,181	28,537	3,945	2,502
	142,744	139,950	4,951	4,823

14 CREDITORS

Trade	99,136	118,570	7,955	3,725
Other	67,042	106,489	19,055	44,849
	166,178	225,059	27,010	48,574

15 LOANS (SECURED)

	1994 KSh'000	1993 KSh'000
GROUP		
Stanbic Bank Kenya Limited, interest at 35.5%	—	47,500
Credit and Commerce Finance Limited, interest at 36%	10,000	5,000
	10,000	52,500
Less: due within one year, included under current liabilities	10,000	13,500
	—	39,000

16 SHARE CAPITAL

Authorised		
22,000,000 (1993 - 17,000,000) ordinary shares of Sh 5 each	110,000	85,000
Issued and fully paid		
20,254,196 (1993 - 16,878,496) ordinary shares of Sh 5 each	101,271	84,392

At the annual general meeting held on 31 March 1994, the shareholders approved that the authorised share capital of the company be increased by the creation of 5,000,000 ordinary shares of K.Sh. 5 each.

At the same Annual General Meeting the shareholders also approved the capitalisation of K.Sh. 16,878,500 to be applied to a bonus issue of one ordinary share for every five shares held.

CAR & GENERAL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 RESERVES

	Capital KSh'000	Revenue KSh'000	Total KSh'000
GROUP			
At 1 October 1993	435,487	57,214	492,701
Capitalisation of reserves	—	(16,879)	(16,879)
Exchange rate adjustment			
Capital	(6,520)	—	(6,520)
Revenue	80	(373)	(293)
Surplus on valuation	15,000	—	15,000
Retained profit for the year	—	14,441	14,441
At 30 September 1994	444,047	54,403	498,450
COMPANY			
At 1 October 1993	199,866	33,339	233,205
Capitalisation of reserves	—	(16,879)	(16,879)
Deficit for the year	—	(12,234)	(12,234)
At 30 September 1994	199,866	4,226	204,092

18 (a) Reconciliation of operating profit to net cash inflow from operating activities

	1994 KSh'000	1993 KSh'000
Operating profit	71,708	59,803
Depreciation	17,992	17,352
Profit on disposal of fixed assets	(328)	(459)
Decrease /(increase) in stocks	38,729	(71,471)
Increase in debtors	(2,794)	(25,800)
(Decrease) /increase in creditors	(58,881)	100,437
Exchange rate adustment	(293)	(6,719)
Net cash inflow from operating activities	66,133	73,143

(b) Analysis of changes in cash and cash equivalents

	1994 KSh'000	1993 KSh'000	Change in the year KSh'000
Cash and bank balances	12,235	14,415	(2,180)
Bank advances	(85,834)	(51,787)	(34,047)
	(73,599)	(37,372)	(36,227)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 CONTINGENT LIABILITIES

	1994 KSh'000	1993 KSh'000
GROUP		
Sundry bank guarantees	670	28
COMPANY		
Guarantees in respect of bank facilities for the subsidiaries	20,450	31,915
Sundry bank guarantees	670	28
	21,120	31,943

20 CAPITAL COMMITMENTS

GROUP		
Authorised and contracted for	3,502	—
Authorised but not contracted for	3,605	—
	7,107	—

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