CAR & GENERAL

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

30 SEPTEMBER, 1995

[illegible]

CAR & GENERAL (KENYA) LIMITED
AND SUBSIDIARIES

CAR & GENERAL

CONTENTS **Pages**

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

30 September, 1995

CAR & GENERAL

DIRECTORS, OFFICIALS AND OTHER COMPANY INFORMATION

BOARD OF DIRECTORS

P J S Hewett	-	Chairman
V V Gidoomal*	-	Managing Director
N Ng'ang'a EBS		
Harbans Singh EBS		
C J Gidoomal		
E M Grayson*		
B Kiplagat		

* British

SECRETARY

G P Shah, ACIS CPS(K)

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

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.

CAR&GENERAL

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 (Services) Limited P.O. Box 20001 Nairobi	Provision of insurance agency and insurance brokerage services.

NOTICE OF MEETING

Notice is hereby given that the fifty-sixth Annual General Meeting of the shareholders will be held at the company's registered office, New Cargen House, Uhuru Highway, Nairobi on Monday 12 August 1996 at 12 noon for the following purposes:-

Agenda

ORDINARY BUSINESS

1. To confirm the minutes of the fifty-fifth Annual General Meeting held on Friday 11 August 1995.

2. To receive the financial statements for the year ended 30th September 1995 and the reports of the Directors and Auditors thereon.

3. To declare a dividend.

4. (a) To re-elect Mr. N. Ng'ang'a, who, being eligible, offers himself for re-election in accordance with the company's articles of association.

   (b) To re-elect Mr. C. J. Gidoomal, 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.

SPECIAL BUSINESS

8. To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

   (i) That the authorised capital of the company be increased to Sh 115,000,000 by the creation of 1,000,000 new ordinary shares of Sh 5 each to rank pari passu in all respects with the existing shares of the company.

   (ii) That it is desirable to capitalise the sum of Sh 10,127,100 being part of the amount standing to the credit of the company's reserve accounts, from either the capital reserves or revenue reserves as the directors shall deem fit and, accordingly, that such sum be set free for distribution amongst members on the register of members, at close of business on 23 August 1996, who would have been entitled thereto if distributed by way of dividend and in the same proportion, on condition that the same be not paid in cash but be applied in paying up, in full at par, 2,025,420 ordinary shares of Shs 5 each to be allotted, and distributed, credited as fully paid up, to and amongst the members in proportion of one new share for every ten ordinary shares then held. The application for the necessary consent from Capital Markets Authority has already been made. The directors are hereby authorised and directed to give effect to this resolution, and to deal with fractional shares in such manner as they shall deem fit.

NOTICE OF MEETING (Continued)

9. Subject to the passing of the foregoing resolution, to consider and if thought fit, pass the following resolution as a special resolution:

> That the Articles of Association of the company be altered by the substitution for the existing Article 7 of the following:
>
> > "The share capital of the company is one hundred and fifteen million shillings (Sh 115, 000,000) divisible into twenty three million (23,000,000) ordinary shares of Sh 5 each".

BY ORDER OF THE BOARD

G SHAH (MRS)
Secretary

P O Box 20001
NAIROBI, Kenya
8 July 1996

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 Friday 9 August 1996.

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

As stated at the last Annual General Meeting, the results for the financial year 1994/1995 have been poor. This has been the result of increased competition which has inevitably resulted in shrinking market share and downward pressure on prices. Furthermore, overheads have continued to increase thereby reducing margins even further. On average there has been a decline in margin of approximately 20% which coupled with a reduction in turnover in most product lines has led to declining profits and, in some cases, losses. The effects have been particularly severe on our manufacturing sectors which contribute over 60% to group turnover. As a result, your company has made significant changes some of which will be on going. In particular, the following action has been taken:

1. Subsidiary management has been considerably strengthened. The company has embarked on a policy of installing the right person in the right position. This was not necessary during the monopoly era. This has led to many changes at top and middle management level.

2. Overheads have been significantly reduced. Certain operations have been down scaled to achieve operating profitability. Further down scaling may be necessary. The down scaling has been particularly prevalent in sectors where machinery is outdated and therefore inefficient. We have been unable to compete with imports.

3. With constantly reducing margins, interest costs are eroding profits. The cost of funds are too high for this competitive environment. Your company has embarked on a policy towards significantly reducing bank borrowings by reducing working capital levels and by sale of assets where necessary. This exercise will be completed towards the end of 1996.

4. There has been a shift in emphasis towards greater market orientation. To this end, greater emphasis is placed on service and, in particular, in specialized lines where competition (both fair and unfair) is reduced.

5. Plans are afoot to move into areas of greater profitability which I will report on at the next Annual General Meeting.

I set out below the performance of various subsidiaries for the financial year 1994/1995. As we are already into 1995/1996, I also comment on this year:

1. **Car & General (Trading) Ltd** - This sector continued to perform well. Although margins have significantly dropped in certain product lines, turnover has been maintained by adding Ingersoll Rand compressors and Aman generators to our product range. The real contribution from these products will be felt in the later half of 1996. Moves are also in hand to improve our service facilities where we see greater potential.

2. **Car & General (Industries) Ltd** - The year 1994/1995 saw a very poor performance from this sector. Considerable competition from cheap tyres (both of high and low quality) led to a significant decline in turnover and considerable downward pressure on prices. The differential between the price of a new tyre was insufficiently high to justify the purchase of a retread.

   Your company has responded by significantly down scaling this operation. In addition, we have tied up with Leader Tread of South Africa to improve our product and image. Furthermore cheap tyres are filtering out of the market. Performance is improving but progress will be slow.

3. **Car & General (Automotive) Ltd** - In 1994/1995 the Automotive parts sector became increasingly competitive particularly with cheap items. Market share has shrunk and margins significantly reduced.

CHAIRMAN'S REPORT (Continued)

Your company has responded by introducing secondary lines catering to the lower end of the market. Furthermore greater emphasis is being placed on exports in order to increase volume. Overheads have also been significantly reduced. Once again, business has improved and will continue to improve during the course of the year.

4. **Car & General (Weldtec) Ltd** - The performance of this company was modest. There has been considerable pressure on prices.

   Your company has established a permanent technical presence in Uganda and Tanzania to increase export sales to compensate for declining margins in Kenya. Business is improving.

5. **Plastics Products Ltd** - The demand for our traditional products reduced. Your company has moved into new lines which are proving profitable.

6. **Kamco Engineering Ltd** - Contracts for catering equipment reduced with the decline of tourism. Your company has moved into new lines which are profitable.

7. **Car & General (Uganda) Ltd** - Performance in this sector was satisfactory. Whereas turnover has increased, margins are declining with increasing competition.

8. **Car & General (Tanzania) Ltd** - Economic conditions were difficult and remained difficult during the election period. The growth expected did not materialize in 1994/1995 although this is anticipated after the budget in June 1996.

9. **Kibo Poultry Products Ltd** - As reported in the last Chairman's report, in 1994/1995 the operation was affected by a poultry disease. The operation is now operating satisfactorily and production will peak in the latter half of 1996.

Generally, Car & General has been badly affected by the liberalization particularly in its two largest manufacturing sectors i.e. Car & General (Industries) and to a lesser degree, Car & General (Automotive) Limited. Severe adjustments have been made and still need to be made. Performance has improved in most sectors although Car & General (Industries) remains badly hit, mainly due to a high interest burden. This will be regularized. The total impact of these changes will be seen in the 1996/1997 financial year.

It was with great regret that your directors learnt of the death of Mr V.H. Gidoomal, my predecessor and Chairman of the Company. Mr Gidoomal made a significant contribution to the company which will be missed.

There is no question that the company has been through a turbulent period and that the results are unsatisfactory. However, stability has been re-established although certain major changes are yet to be made hopefully by the end of this financial year. We are confident that these changes will improve performance.

The company's future prospects are looking brighter. In order to optimise performance medium term, capital investment needs to be made in the company in terms of updating machinery and developing real estate to an optimum. Coupled with our objective of reducing borrowings, your board is recommending payment of a conservative dividend of 2% on the current issued capital, and the issue of a bonus share of one for ever ten shares held. This dividend together with the previous year's dividend of 15% will be paid on or about 24th September 1996 to shareholders registered as at the close of business on 23rd August 1996. This will bring all dividend payments up to date.

CHAIRMAN'S REPORT (Continued)

We also intend, as far as possible, to ensure that the Annual General Meeting is not delayed in future. This year we were overtaken by a series of events.

In conclusion, I must express my gratitude to my co-directors and all members of staff of the company for their dedication and support. I look forward to their continued support and further progress of the group.

P J S HEWETT
Chairman
Nairobi
8 July 1996

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report and the audited group financial statements for the year ended 30 September 1995.

DIRECTORS
The present directors are shown on page 2. Mr V H Gidoomal died on 15 April 1996. Sir P J S Hewett and Mr V V Gidoomal were appointed Chairman and Managing Diretor respectively, on 22 February 1996.

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 financial statements show a profit after taxation and minority interest of	963
Less proposed dividend	(2,025)
Loss for the year	(1,062)

DIVIDEND
The Directors propose a first and final dividend of 2%.

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

8 July 1996

CAR&GENERAL

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

We have audited the financial statements on pages 11 to 26 and have obtained all the information and explanations considered necessary for our audit.

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

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.

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 1995 and of the profit and cash flows of the group for the year ended on that date.

GILL & JOHNSON
Certified Public Accountants (Kenya)

Nairobi

8 July 1996

CAR&GENERAL

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1995

	Note	1995 KSh'000	1994 KSh'000
TURNOVER		825,389	866,876
CONSOLIDATED OPERATING PROFIT	2	45,414	71,708
INTEREST PAYABLE	3	(33,455)	(26,455)
INTEREST RECEIVABLE	3	1,408	137
PROFIT BEFORE TAXATION		13,367	45,390
TAXATION	4	12,447	15,736
PROFIT AFTER TAXATION	5	920	29,654
MINORITY INTEREST		(43)	22
PROFIT AFTER TAXATION AND MINORITY INTEREST		963	29,632
DIVIDEND	6	2,025	15,191
(LOSS)/RETAINED PROFIT FOR THE YEAR	17	(1,062)	14,441
		KSh	KSh
EARNINGS PER SHARE	7	0.05	1.46

CAR & GENERAL

CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 1995

	Note	1995 KSh'000	1994 KSh'000
FIXED ASSETS	8	521,884	532,836
CURRENT ASSETS			
Stocks	12	259,379	228,951
Debtors	13	165,373	142,744
Cash and bank balances		11,536	12,235
		436,288	383,930
CURRENT LIABILITIES			
Creditors	14	156,910	166,178
Bank advances (secured)		138,114	85,834
Taxation		32,694	29,006
Dividends - proposed		2,025	15,191
- payable		15,047	10,127
Short term loans	15	19,000	10,000
		363,790	316,336
NET CURRENT ASSETS		72,498	67,594
		594,382	600,430
Financed by:			
SHARE CAPITAL	16	101,271	101,271
RESERVES	17	492,445	498,450
SHAREHOLDERS' FUNDS		593,716	599,721
MINORITY INTEREST		666	709
		594,382	600,430

The financial statements on pages 11 to 26 were approved by the board of directors on 8 July 1996 and were signed on its behalf by:

V V GIDOOMAL — Managing Director

E M GRAYSON — Director

CAR & GENERAL

COMPANY BALANCE SHEET
30 SEPTEMBER 1995

	Note	1995 KSh'000	1994 KSh'000
FIXED ASSETS	9	208,129	212,079
INVESTMENT IN SUBSIDIARIES	10	12,225	12,223
SUBSIDIARY COMPANIES' FUNDING	11	58,000	33,000
CURRENT ASSETS			
Subsidiary companies' current accounts	11	167,098	154,397
Debtors	13	7,492	4,951
Cash and bank balances		3,706	796
		178,296	160,144
CURRENT LIABILITIES			
Creditors	14	22,951	27,010
Bank advances (secured)		79,951	47,646
Taxation		19,432	12,109
Dividends - proposed		2,025	15,191
- payable		15,047	10,127
Short term- loan	15	6,000	—
		145,406	112,083
NET CURRENT ASSETS		32,890	48,061
		311,244	305,363
Financed by:			
SHARE CAPITAL	16	101,271	101,271
RESERVES	17	209,973	204,092
		311,244	305,363

The financial statements on pages 11 to 26 were approved by the board of directors on 8 July 1996 and were signed on its behalf by:

V V GIDOOMAL — Managing Director

E M GRAYSON — Director

CAR & GENERAL

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1995

	Note	1995 KSh'000	1994 KSh'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18(a)	3,201	66,133
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(33,455)	(26,455)
Interest received		1,408	137
Dividends paid		(10,271)	(6,093)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(42,318)	(32,411)
TAXATION PAID		(8,759)	(2,880)
INVESTING ACTIVITIES			
Purchase of fixed assets		(16,482)	(26,684)
Proceeds on disposal of fixed assets		2,379	2,115
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(14,103)	(24,569)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(61,979)	6,273
FINANCING ACTIVITIES			
Loan repayments		—	(7,500)
Loans received		9,000	5,000
Bank loan converted into overdraft		—	(40,000)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITES		9,000	(42,500)
DECREASE IN CASH AND CASH EQUIVALENTS	18(b)	(52,979)	(36,227)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1995

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.

TURNOVER

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

DEPRECIATION

Freehold land is not depreciated.

Leasehold properties with less than 50 years of the lease outstanding and leasehold land are depreciated on a straight line basis over the remaining period of the lease. Buildings on long leasehold land and freehold land are depreciated on a straight line basis over 50 years.

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. Livestocks are valued at cost or revaluation.

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.

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 taxation 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.

2 CONSOLIDATED OPERATING PROFIT

	1995 KSh'000	1994 KSh'000
The consolidated operating profit is arrived at after charging:		
Directors' emoluments -fees	700	280
-other	2,851	3,396
Auditors' remuneration	3,381	2,755
Depreciation	21,328	17,992
Bad and doubtful debts	1,005	(22)
Foreign exchange losses	771	—
and after crediting:		
Profit on disposal of fixed assets	722	328
Foreign exchange gains	—	8,133

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		1995 KSh'000	1994 KSh'000
3	**INTEREST**		
	Interest payable:		
	Bank overdraft	27,818	17,964
	Leasehire	1,355	1,233
	Loans	4,282	7,258
		33,455	26,455
	Interest receivable:		
	Short term deposits	—	137
	Other	1,408	—
4	**TAXATION**		
	(a) Current taxation		
	Based on the chargeable profit for the year		
	Income tax at 35%	12,447	14,687
	Drought levy at 2.5%	—	1,049
		12,447	15,736

The effective tax rate is higher than the standard rate mainly due to the disallowance for taxation of certain expenses and the excess of depreciation over capital allowances

(b) Deferred taxation

No deferred taxation has been provided for in the financial statements as no liability is anticipated to crystallise in the forseeable future.

5 **PROFIT AFTER TAXATION**

A profit of Sh 7,906,000 (1994 - profit Sh 2,957,000) has been dealt with in the financial statements of Car & General (Kenya) Limited.

		1995 KSh'000	1994 KSh'000
6	**DIVIDEND**		
	The dividend is shown gross and comprises:		
	Final proposed 2% (1994 - 15%)	2,025	15,191

7 **EARNINGS PER SHARE**

Earnings per share is calculated on the profit after taxation and minority interest and on the number of shares in issue at the balance sheet date.

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 1994	467,880	188,744	656,624
Exchange rate adjustments	(4,264)	(932)	(5196)
Additions	150	16,332	16,482
Disposals	—	(4,116)	(4,116)
At 30 September 1995	463,766	200,028	[illegible]

CAR & GENERAL (KENYA) LIMITED
AND SUBSIDIARIES

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 1994	215,908	18,024	233,932
Transfer from subsidiaries	—	1,059	1,059
Additions	—	1,276	1,276
Transfer to subsidiaries	—	(588)	(588)
At 30 September 1995	215,908	19,771	235,679
COMPRISING:			
At valuation 1991	215,908	—	215,908
At cost	—	19,771	19,771
	215,908	19,771	235,679
DEPRECIATION			
At 1 October 1994	12,954	8,899	21,853
Transfer from subsidiaries	—	348	348
Charge for the year	4,318	1,409	5,727
Transfer to subsidiaries	—	(378)	(378)
At 30 September 1995	17,272	10,278	27,550
NET BOOK VALUE			
At 30 September 1995	198,636	9,493	208,129
At 30 September 1994	202,954	9,125	212,079

PROPERTIES AT COST OR VALUATION:	1995 KSh'000	1994 KSh'000
Freehold	8,130	8,130
Leasehold over 50 years unexpired	131,278	131,278
Leasehold under 50 years unexpired	76,500	76,500
	215,908	215,908

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 INVESTMENT IN SUBSIDIARIES

	Holding	1995 KSh'000	1994 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
Car & General (Services) Limited			
100 shares of KSh 20 each at cost	100%	2	—
		12,225	12,223

Car & General (Services) Limited was incorporated on 28 September 1995. The company had not commenced business as at 30 September 1995.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SUBSIDIARY COMPANIES

	1995 KSh'000	1994 KSh'000
Car & General (Tanzania) Limited -		
Current account	566	3,460
Car & General (Uganda) Limited -		
Current account	20,902	11,025
Kamco Engineering Limited -		
Current account	2,035	(4,739)
Plastic Products (Kenya) Limited -		
Current account	6,541	2,711
Funding	1,000	1,000
Car & General (Industries) Limited -		
Current account	82,997	75,392
Funding	34,000	9,000
Car & General (Automotive) Limited		
Current account	41,937	33,334
Funding	6,000	6,000
Car & General (Trading) Limited -		
Current Account	2,919	23,269
Funding	15,000	15,000
Car & General (Weldtec) Limited -		
Current account	5,673	6,117
Funding	2,000	2,000
Kibo Poultry Products Ltd (a subsidiary of Car & General (Tanzania) Limited)		
Current account	3,528	3,828
	225,098	187,397
Subsidiary companies' funding	58,000	33,000
Subsidiary companies' current accounts	167,098	154,397
	225,098	187,397

12 STOCKS

	1995 KSh'000	1994 KSh'000
Raw materials, spares and consumables	44,297	50,826
Work in progress	6,216	10,096
Finished products	126,079	105,604
Goods in transit and in bond	72,124	52,259
Livestock	10,663	10,166
	259,379	228,951

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		Group		Company	
		1995 KSh'000	1994 KSh'000	1995 KSh'000	1994 KSh'000
13	**DEBTORS**				
	Trade	128,051	110,563	4,082	1,006
	Other	37,322	32,181	3,410	3,945
		165,373	142,744	7,492	4,951
14	**CREDITORS**				
	Trade	107,639	99,136	5,456	7,955
	Other	49,271	67,042	17,495	19,055
		156,910	166,178	22,951	27,010

15 LOANS (SECURED)

	1995 KSh'000	1994 KSh'000
GROUP		
Credit and Commerce Finance Limited: Secured, interest at 30%	13,000	10,000
Credit and Commerce Finance Limited: Secured, interest at 30% p.a.	6,000	—
	19,000	10,000
Less: due within one year, included under current liabilities	19,000	10,000
	—	—
COMPANY		
Credit and Commerce Finance Limited: Secured interest at 30% p.a.	6,000	—
Less: due within one year, included under current liabilities	6,000	—
	—	—

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 SHARE CAPITAL

	1995 KSh'000	1994 KSh'000
Authorised		
22,000,000 ordinary shares of Sh 5 each	110,000	110,000
Issued and fully paid		
20,254,196 ordinary shares of Sh 5 each	101,271	101,271

17 RESERVES

	Capital KSh'000	Revenue KSh'000	Total KSh'000
GROUP			
At 1 October 1994	444,047	54,403	498,450
Exchange rate adjustment			
Capital	(4,449)	—	(4,449)
Revenue	199	(693)	(494)
Loss for the year	—	(1,062)	(1,062)
At 30 September 1995	439,797	52,648	492,445
COMPANY			
At 1 October 1994	199,866	4,226	204,092
Retained profit for the year	—	5,881	5,881
At 30 September 1995	199,866	10,107	209,973

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 NOTES TO THE CASH FLOW STATEMENT

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

	1995 KSh'000	1994 KSh'000
Operating profit	45,414	71,708
Depreciation	21,328	17,992
Profit on disposal of fixed assets	(722)	(328)
(Increase)/Decrease in stocks	(30,428)	38,729
Increase in debtors	(22,629)	(2,794)
Decrease in creditors	(9,268)	(58,881)
Exchange rate adustment	(494)	(293)
Net cash inflow from operating activities	3,201	66,133

(b) Analysis of changes in cash and cash equivalents

	1995 KSh'000	1994 KSh'000	Change in the year KSh'000
Cash and bank balances	11,536	12,235	(699)
Bank advances	138,114	85,834	(52,280)
Decrease in cash and cash equivalents			(52,979)

19 CONTINGENT LIABILITIES

	1995 KSh'000	1994 KSh'000
GROUP		
Sundry bank guarantees	1,415	670
COMPANY		
Guarantees in respect of bank facilities for the subsidiaries	77,000	20,450
Sundry bank guarantees	1,415	670
	78,415	21,120

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		1995 KSh'000	1994 KSh'000
20	**CAPITAL COMMITMENTS**		
	GROUP		
	Authorised and contracted for	2,045	3,502
	Authorised but not contracted for	3,200	3,605
		5,245	7,107

21 POST BALANCE SHEET EVENT

Moulded Products, a division within Car & General (Industries) Limited ceased operations with effect from 15 February 1996.

CAR & GENERAL (KENYA) LIMITED
P.O. BOX 20001,
UHURU HIGHWAY
NAIROBI
KENYA

CAR & GENERAL

Proxy
Annual General Meeting
12 August 1996

I/We____

of____

being a Member/Members of Car and General (Kenya) Limited hereby appoint

____

of ____

or failing him/her__________________________________

of____

or failing him/her the duly appointed Chairman of the meeting to be my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 12th day of August 1996 at 12 noon or at any adjournment thereof.

Dated this ____________________ day of____________________1996

Signature ____

Notes:
1. This form of proxy should be completed, signed and returned so as to reach the Company's office by 12 noon on 9 August 1996.
2. 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.