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ANNUAL REPORT
AND ACCOUNTS

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NATIONAL
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COMMENTARY

BUSINESS AS USUAL

A Company is a legal entity independent of its shareholders, relying on the Board and management for its direction, policies and profitability.

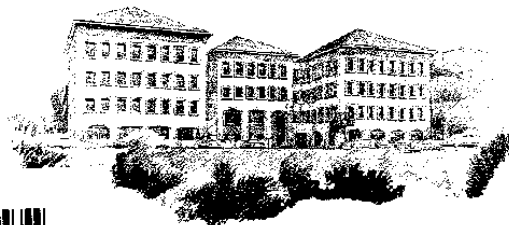
With these two important ingredients in good supply and an abundance of shareholders funds at the disposal of NIC, we are set to take advantage of the newly liberalised economy.

We realise that with the growing competition in the market place, service to the customer is of prime importance and this, backed up with good information technology, continues to feature prominently in our thoughts.

Without being complacent, we are proud of our performance over the past few years and that our balance sheet continues to expand. We look forward to the future with confidence.

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1. National Industrial Credit Limited - Periodica
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2007/0587



NATIONAL
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DIRECTORS AND OFFICIALS

DIRECTORS

P.O. Nyakiamo, E.G.H., E.B.S. (Chairman)

*P.J. Bolton (Managing Director)

*P.C. Geer

P.R. Hechle

A.C. Juma

J. Mbatia

F.M. Mbiru

R.G. Ridley

*P.C. Watford

*British

SECRETARY

A.A. Mulla

AUDITORS

Deloitte & Touche

Ring Road, Westlands

P.O. Box 40092, Nairobi

REGISTERED OFFICE

NIC House

Masaba Road

P.O. Box 44599, Nairobi

REGISTRARS AND TRANSFER OFFICE

Barclays Advisory and Registrar Services Limited

P.O. Box 30120, Nairobi

BANKERS

Barclays Bank of Kenya Limited

NIC House

P.O. Box 72058, Nairobi

NATIONAL
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CHAIRMAN'S REPORT

1994 saw great changes in the Kenyan finance industry with the monetary authorities endeavouring to put the industry on a sounder footing. Legislation was initiated empowering the Central Bank to vet the professional background and integrity of directors of financial institutions, minimum capital requirements were raised substantially and the amount of money that could be lent to any one customer or group of customers was drastically reduced, to 25% of financial institutions' capital and reserves. The objective of these measures, which we strongly support, was to safeguard the stability of the financial system by ensuring solvency and prudent management.

In July 1994 the Central Bank announced that all non-bank financial institutions would be required to convert to commercial banks although this decision was amended two months later from a mandatory to a voluntary basis. It is the view of the Board that your Company should continue to do what it does best, that is the financing of assets, mainly motor vehicles. We are leaving our options open on this subject but for the foreseeable future it is likely that NIC will rely on its strengths and not venture into a business which would have serious cost, premises and staffing implications and in which it does not presently have the necessary expertise.

It was also announced by the Central Bank that non-bank financial institutions would be required to adhere to a cash ratio at the same level as commercial banks. It is likely that the cash ratio for non-bank financial institutions will come into effect later in the year and there is no doubt that it will have cost implications for NIC. It is very much to be hoped that the current cash ratio of 18% will come down considerably by the time this is applied to us.

1994 saw a sharp decline in inflation, a steady decrease in interest rates, a much strengthened Shilling and a return of business confidence to many of our customers. The cost of vehicles, plant and machinery fell substantially because of the stronger Shilling and this was very good news for our customers, however the value of the assets we financed in 1992/1993 fell accordingly and this has caused some problems in the cases of default where the sale of repossessed assets has not always raised sufficient funds to recover the full amount of outstanding debts to NIC.

I am pleased to report that notwithstanding these problems National Industrial Credit Limited achieved a pre-tax profit of Shs. 340 million for the



year, an increase of 18% on the profit of 1993. The improvement is mainly due to an exceptional increase in our advances to customers from Shs. 2,203 million in 1993 to Shs. 3,276 million in 1994, an increase of 49%.

Our Balance Sheet continued to grow with total assets up by 36% to Shs. 4,416 million and customer deposits increased by 43% to Shs. 3,533 million to fund the sharply increased lendings mentioned above.

Our pre-tax profit of Shs. 340 million is a record one for the Company, however it is subject to Corporation Tax of Shs. 167 million, including the following exceptional items:-

| | Shs. million |
|--|--------------|
| i) Drought Levy | 10 |
| ii) Disallowed general provision | 17 |
| iii) Change in tax treatment re income on Treasury Bills | 18 |

It is proposed that a further Shs. 61 million be paid to you, the Shareholders, by way of dividend leaving Shs. 111 million to be placed in Reserves for the expansion and development of our business.

There have been some changes to your Board of Directors during 1994. Bob Bird, formerly Managing Director, Barclays Bank of Kenya Limited has returned to the United Kingdom to take up a senior post with Barclays Bank PLC, London and has been replaced by the new Managing Director of Barclays Bank of Kenya Limited, Peter Geer. We wish to thank Bob Bird for all the support he gave National Industrial Credit Limited over several years and wish him every success in his new posting. Richard Escott of Barclays Bank PLC, London has been replaced by Peter Watford the Corporate Director of Barclays Bank of Kenya Limited.

1994 saw one of the most momentous events in the history of National Industrial Credit Limited when Barclays Bank of Kenya Limited sold most of the shares it held in the Company to the public. Every effort was made by Barclays Bank of Kenya Limited to ensure that the sale of its shareholding was carried out in a manner that protected the interest of the shareholders, customers and staff. National Industrial Credit Limited has also signed a Technical Services Agreement with Barclays Bank of Kenya Limited to provide the Managing Director and back-up support for an initial period to 31st December 1997, renewable annually thereafter. The Management

CHAIRMAN'S REPORT

continued

team remains intact and we can expect the Company to continue to grow and prosper as it has done in the past.

Our shareholders have increased from 900 in September, 1994 to 24,000 today. On behalf of my co-Directors I welcome the new shareholders who have shown their confidence in our Company.

As usual I wish to pay tribute here to our Management and staff who have performed very well in 1994. I thank them on behalf of my co-Directors and, no

doubt, our Shareholders for another excellent year's work.

1995 will be another challenging year with the likely imposition of cash ratios by the Central Bank, increased competition from other financial institutions and hire purchase companies. Residual values of the assets we finance are likely to remain low which may cause some problems when customers fail to honour their commitments, and attempted fraud is becoming a growing problem. The high value of the Shilling whilst welcomed by

many is undoubtedly unpopular with many of our customers in the tourist industry and the export sector. On the plus side inflation is now at a very low level, the economy is improving with higher levels of business confidence, Kenya is maintaining the reform process and donor confidence seems to be returning. We are confident that NIC will continue to flourish in the first full year on its own outside the Barclays Group, notwithstanding the many challenges ahead.

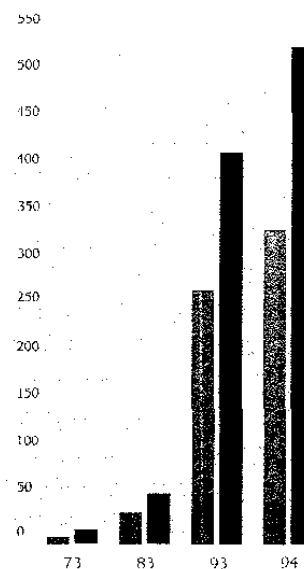
P.O. Nyakiamo E.G.H., E.B.S.

Chairman

14th March 1995

PRE-TAX AND SHAREHOLDERS FUNDS

Ksh.
Million



◆ Pre-Tax Profit

◆ Shareholders Funds

RIPOTI YA MWENYEKITI

Mwaka wa 1994 ulikuwa na mabadiliko katika shughuli za kifedha huku wakuu wa fedha wakijaribu kuimarisha hali ya fedha.

Mwafaka ulifikiwa ambao ulipa Benki kuu uwezo wa kuchunguza ujuzi na umaarifu wa wakurugenzi wa mashirika ya kifedha, viwango vya chini vya rasilimali vilivyo- pendekezwa viliongezwa kwa kiwango kikubwa na pia kiwango cha pesa ambacho kingekopeshwa kwa mteja mmoja au ki- kundi cha wateja kilipunguza hadi asili- mia 25 ya rasilimali na akiba ya kampuni. Shabaha za hatua hizi ambazo tunaziunga mkono ni kuhakikisha usalama na uthabiti wa utaratibu wa kifedha kwa kuhakikisha kwamba mashirika ni imara kifedha na yanaongozwa vyema.

Mwezi Julai 1994 Benki kuu ilitangaza kwamba mashirika yote ya kifedha ambayo hayakuwa Benki yalitazamiwa kuwa Benki za kibiashara, lakini uamuzi huu ulibadilishwa miezi miwili baadaye na kufanywa wa hiari na si wa lazima. Ni maoni ya halmashauri hii kwamba kampuni yenu iendelee kufanya vile inavyofanya kwa umaarifu mkuu kwa hutoa mikopo ya kumunulia mali na hasa magari. Kuhusu jambo hili ni maoni yetu kuwa wakati huu na siku za usoni kutumia maarifa yetu kustawisha zaidi biashara ambayo tuna ujuzi mwingi badala ya kuanzisha biashara mpya ambayo ingehitaji mabadiliko mengi.

Pia ilitangazwa na Benki Kuu kwamba mashirika ya kifedha (non Bank Financial Institutions) yangehitaji kuweka kiwango cha pesa katika Benki Kuu (cash ratio) sawa na Benki za kibiashara. Inawezekana kuwa kiwango kitachopo- pendekezwa kwa mashirika ya kifedha chaweza kutekelezwa baadaye mwakani na bila shaka jambo hili litakuwa na gharama kwa NIC. Inadhaniwa kuwa kiwango cha sasa cha asilimia 18 huenda kikapungua kufikia wakati tutakapo-

hitajika kutenga.

Mwaka wa 1994 ulishuhudia kupunguka kwa bei za bidhaa, kupunguka kwa viwango vya riba na kuimarika kwa matumaini ya kibiashara kwa wengi wa wateja wetu. Bei za magari, mitambo na mashine zilianguka kwa sababu ya kuimarika kwa shilingi na hili lilikuwa jambo la kuridhisha kwa wateja wetu ingawa dhamani ya mali tulizokopesha katika mwaka wa 1992/1993 ilipunguka kiasi kwamba mali tulizouza baada ya wateja kushindwa kulipa mikopo haingelipta deni zilizosalia kwa NIC.

Ninafuraha kutangaza kwamba dhidi ya matatizo hayo National Industrial Credit Limited ilipata faida ya Shs. 340 milioni kabla ya kulipa ushuru na hili ni



ongezeko la asilimia 18 ya faida ya mwaka wa 1993. Ufanisi huu unatokana na juhudi zetu kubwa za kuongeza ukopeshaji kwa wateja kutoka Shs. 2,203 milioni mwaka wa 1993 hadi Shs. 3,276 milioni mwaka wa 1994 ongezeko la asilimia 49.

Ripoti ya Fedha "Balance Sheet" yetu inaendelea kukua ikiwa na ongezeko la asilimia 36 ya jumla ya mali kwa Shs. 4,416 milioni na kuongezeka kwa akiba ya wateja kwa asilimia 43 kwa Shs. 3,533 milioni ilitumiwa kuongeza kiwango cha ukopeshaji kilichotajwa hapo juu.

Faida yetu kabla ya ushuru ya Shs. 340 milioni ni ya rekodi katika kampuni ingawa ni lazima faida hii itozwe ushuru wa "Corporation Tax" wa Shs. 167 milioni

ikiwa ni pamoja na matozo yasiyo ya kawaida yafuatayo.

| | Sh. milioni |
|--|-------------|
| i) Kodi ya kiangazi | 10 |
| ii) Matarajio ya deni isiyoweza kulipika na wateja ambayo haihubaliki na idara ya kodi | 17 |
| iii) Kubadilishwa kwa kamuni ya utozaji mapato kutokana na Treasury Bills | 18 |

Imependekezwa kwamba kiwango kingine cha Shs. 61 milioni kilipwe kwenu wanahisa kama mgao wa faida na Shs. 111 milioni zitakazosalia ziwewe akiba kwa matumizi ya upanuzi na maendeleo ya biashara yetu.

Kumekuwa na mabadiliko katika halmashauri yenu mwaka wa 1994. Bob Bird aliyekuwa mkurugenzi msima- mizi wa Barclays Bank of Kenya Limited amerudi Uingereza kuchukua cheo cha juu na Barclays Bank PLC, London na pahali pake pamechukuliwa na msimamizi mkurugenzi mpya Peter Geer. Tunamshukuru Bob Bird kwa usaidizi alitolea National Industrial Credit Limited kwa miaka mingi na tunamtakia ufanisi katika cheo chake kipya. Richard Escott wa Barclays Bank PLC London, pahali pake pamechukuliwa na Peter Walford aliye mkurugenzi wa Barclays Bank of Kenya Limited.

Mwaka wa 1994 ulikuwa wa kihistoria kwa National Industrial Credit Limited wakati Barclays Bank of Kenya Limited iliua baadhi ya hisa zake nyingi kwa umma. Barclays Bank of Kenya Limited ilifanya kila juhudi kuona kwamba uuzaji wa hisa zake uliendelea kwa njia nzuri kuchunga maslahi ya wanahisa, wateja na wafanyikazi. National Industrial Credit Limited imeweka mkataba na Barclays Bank of Kenya Limited ipatiwe huduma ya kitaalamu na kupewa mkurugenzi msimamizi na usaidizi

RIPOTI YA MWENYEKITI

inaendelea

mwingine hadi Desemba 1997 na mkataba huu utafanywa upya kila baada ya mwaka mmoja. Kikundi cha wasimamizi hakijabadilishwa na tunatarajia kampuni itaendelea kukua na kustawi kama ilivyofanya hapo awali.

Wanahisa wetu wameongezeka kutoka 900 mwezi wa Septemba 1994 hadi 24,000 sasa. Kwa niaba ya wakurugenzi wenzangu nawakaribisha wanahisa wapya ambao wameonyesha imani yao kwa kampuni yetu.

Kama kawaida ningependa kuwapongeza viongozi na wafanyikazi wetu ambao

wamefanya vyema sana mwaka wa 1994. Nawashukuru kwa niaba ya wakurugenzi wenzangu na bila shaka kwa niaba ya wanahisa kwa mwaka mwingine wenye mafanikio.

Mwaka wa 1995 utakuwa mgumu pengine kukiwa na uwekaji wa kiwango cha pesa (cash ratio) katika Benki Kuu, mashindano makali kutoka mashirika mengine ya kifedha na kampuni za kukopesha. Dhamani ya vyombo tuliokopesha yaweza kuendelea kupunguka na kutuletea shida wakati wateja wanaposhindwa kulipa mikopo yao na pia visa vya udanganyifu vinaendelea kuongezeka. Dhamani

ya juu ya shilingi hata ingawa ilifurahiwa na wengi ni tatizo kwa wanaoendesha biashara za kitalii na ya kutuma vitu nje ya nchi yetu. Tukiangalia upande wa bei za bidhaa nidhahiri kuwa zimepunguka na uchumi unaimarika na jambo hili limeleta matumaini mema ya kibiashara. Kenya inatekeleza mpango wa uimarishaji wa uchumi na wafadhili waonyesha kuwa na imani.

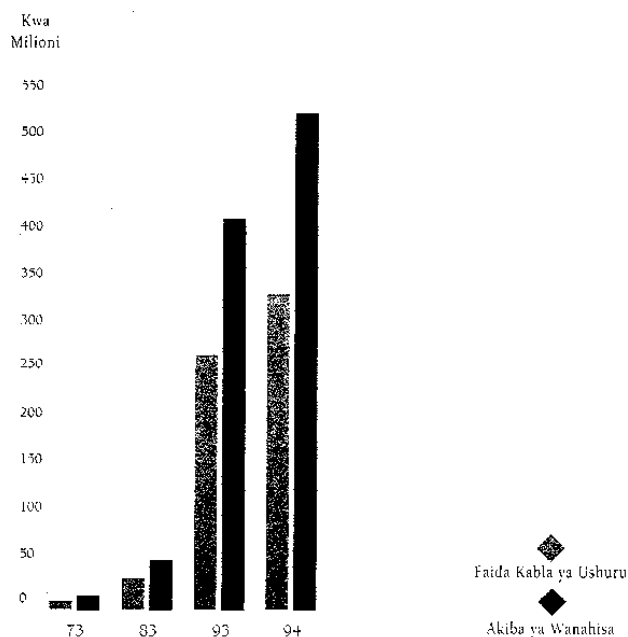
Tunahakika kwamba NIC itaendelea kustawi katika mwaka wa kwanza bila kuwa mojawapo ya makundi ya Barclays dhidi ya mashindano mengi yajayo.

P.O. Nyakiamo E.G.H., E.B.S.

Mwenyekiti

14 Machi 1995

FAIDA NA AKIBA YA WANAHISA



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty fifth Annual General Meeting of the shareholders will be held at the Amphitheatre, Kenyatta International Conference Centre, Harambee Avenue, Nairobi on Tuesday, 16th May, 1995, at 12.00 noon for the following purposes:

1. To receive and consider the Accounts for the year ended 31st December, 1994 and the Directors' and Auditors' Reports thereon.
2. To approve payment of a first and final dividend of 35% on the paid-up capital of Shs. 175,781,250.
3. To approve the payment of fees to the Directors for the year ended 31st December, 1994.
4. To re-appoint the auditors and authorise the Directors to fix their remuneration.
5. To elect Directors in accordance with the Articles of Association.
6. Special Business
To alter certain clauses of the Memorandum and Articles of Association of the Company.

BY ORDER OF THE BOARD

A. A. Mulla - Company Secretary
P. O. Box 44599, Nairobi
11th April 1995

Note: A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his/her behalf. Such proxy need not be a member of the company. To be valid proxy forms must be deposited at the Registered Office of the Company not less than 48 hours before the appointed time of the Meeting. A form of proxy is enclosed.

TANGAZO LA MKUTANO MKUU

Mnatangaziwa ya kuwa Mkutano Mkuu wa kila Mwaka wa wenye hisa utafanywa Jumanne, tarehe 16 Mei 1995 saa sita mchana (12.00 noon) hatika Amphitheatre, Kenyatta International Conference Centre, Harambee Avenue,, Nairobi. Madhumuni ya mkutano ni yafuatayo:

1. Kupokea na kuzingatia hesabu za mwaka ulioishia tarehe 31 Desemba 1994, na ripoti za Wakurugenzi na Wakaguzi wa hesabu.
2. Kuidhinishwa malipo ya kwanza na mwisho ya mgao wa faida ya asilimia 35 katika rasilimali iliyolipwa kamili ya Sh. 175,781,250.
3. Kuidhinishwa kulipwa Wakurugenzi ada za mwaka uliomalizikia tarehe 31 Desemba 1994.
4. Kuchagua Wakaguzi wa hesabu na kuwaamuru Wakurugenzi kuamua juu ya ujira wao.
5. Kuchagua Wakurugenzi kulingana na Kanuni za Kampuni.
6. Bahashishi Maalum
Kubadilisha vifungu fulani vya maagizo ya kampuni - "Memorandum of Articles of Association".

KWA AMRI YA HALMASHAURI YA KAMPUNI

A. A. Mulla - Katibu
P. O. Box 44599, Nairobi
11 Aprili, 1995

Fahamu: Mwanachama mwenye haki ya kuhudhuria na kupiga kura ana haki ya kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi huyo si lazima awe ni mwanachama wa Kampuni. Uwakilishi kutimu fomu za uwakilishi lazima ziwasilishwe kwenye Afisi ya Kampuni masaa 48 kabla ya wakati uliowekwa wa mkutano. Fomu ya uwakilishi imo pamoja na tangazo hili.

NATIONAL
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REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the accounts for the year ended 31st December 1994.

ACTIVITIES

The company continues in the hire purchase business and provides the services of a financial institution.

RESULTS

| | |
|-------------------------|---------------------|
| Profit before taxation | Sh 000's 339,616 |
| Taxation thereon | 167,507 |
| Profit after taxation | 172,109 |
| Dividends - proposed | 61,523 |
| Transferred to reserves | 110,586 |

DIVIDEND

The directors recommend a first and final dividend for the year of Sh 1.75 per share, representing 35% on the issued share capital.

AUTHORISED SHARE CAPITAL

At the annual general meeting held on 12 May 1994, the shareholders approved that the authorised share capital of the company be increased by the creation of 17,578,125 ordinary shares of Sh 5 each.

BONUS ISSUE

At the annual general meeting referred to above the shareholders also approved a bonus issue of one fully paid Sh 5 share for every one such share held.

SUBSIDIARY COMPANY

The company acquired 25,000 ordinary shares, representing the total issued share capital of National Industrial Credit Trustees Limited, in 1993. The subsidiary company did not trade during the year. Largely as a consequence of this, and the insignificance of the amounts involved, the directors are of the opinion that consolidation of this subsidiary would be of no real value to the members.

DIRECTORS

The present members of the Board of Directors are shown on page 3.

Mr P.C. Watford and Mr P.C. Geer were appointed directors on 1st July, 1994 and 31st August, 1994 respectively.

Mr R.A.G. Escott and Mr R.A. Bird resigned as directors on 30th June, 1994 and 30th August, 1994 respectively.

AUDITORS

Deloitte & Touche will continue in office in accordance with the provisions of Section 159(2) of the Companies Act.

BY ORDER OF THE BOARD

A. A. Mulla
Secretary
Nairobi
14th February, 1995



RIPOTI YA WAKURUGENZI

Wakurugenzi wanafuraha kutoa ripoti yao na hesabu ya mwaka hadi tarehe 31 Desemba, 1994.

SHUGHULI

Kampuni inaendeleza biashara ya kuuza kwa kukopesha kwa malipo ya polepole na pia inatoa huduma kama shirika la hifedha (financial institution).

MATOKEO

| | |
|---------------------------|----------|
| | Sh 000's |
| Faida kabla ya kodi | 339,616 |
| Kodi iliotozwa | 167,507 |
| Faida baada ya kodi | 172,109 |
| Mgao wa faida unaoazimiwa | 61,523 |
| Kuwekwa akiha | 110,586 |

MGAO WA FAIDA

Wakurugenzi wanependekeza mgao wa kwanza na wa mwisho wa mwaka wa shilingi 1.75 kwa kila hisa, hii ni asilimia 35 kwa hisa zilizotolewa.

RASILMALI YA HISA

Katika mkutano wa mwaka uliofanywa tarehe 12 Mei 1994, wanahisa waliidhinisha kwamba rasilimali ya hisa ya kampuni ilitokubaliwa iongezwe kwa kuongeza hisa 17,578,125 za kawaida za shilingi 5 kila moja.

UTOAJI WA BAKSHISHI

Katika mkutano wa kila mwaka ambao umetajwa hapa juu wanahisa pia walipendekeza kupeanwa kwa bakshishi ya hisa moja ya shilingi 5 kwa kila hisa iliyolipiwa kamili.

KAMPUNI YA KANDO (SUBSIDIARY COMPANY)

Kampuni ilinunua hisa za kawaida 25,000 ikiwa ni hisa zote za National Industrial Credit Trustees Ltd (NICT) mwakani wa 1993. NICT haikufanya biashara mwakani. Kwa sababu hizi na kwa vile pesa zinahusika ni kidogo sana, wakurugenzi wameonelea hakuna haja ya kuweka pamoja hesabu za NICT na zile za kampuni.

WAKURUGENZI

Wanahalmashauri ya wakurugenzi waliopo wameonyeshwa ukurasa wa 3.

Bw. P.C. Watford na Bw. P.C. Geer walichaguliwa kama wakurugenzi tarehe 1 Julai, 1994 na tarehe 31 Agosti, 1994.

Bw. R.A.G. Escott na Bw. R.A. Bird walistaafu kama wakurugenzi tarehe 30 Juni 1994 na tarehe 30 Agosti, 1994.

WAKAGUZI

Wakaguzi, Deloitte & Touche wataendelea kukagua hesabu kwa mujibu wa kifungu 159(2) cha sheria za Makampuni.

KWA AMRI YA HALMASHAURI

A. A. Mulla
Katibu
Nairobi
14 Februari, 1995



REPORT OF THE AUDITORS TO THE MEMBERS OF NATIONAL INDUSTRIAL CREDIT LIMITED

We have audited the accounts on pages 13 to 21 and have obtained all the information and explanations considered necessary for our audit.

The accounts are the responsibility of the directors. Our responsibility is to express an opinion on the accounts 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 accounts are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall presentation of the accounts.

In our opinion, proper books of account have been kept by the company and the accounts, which are in agreement therewith, comply with the Companies Act and give a true and fair view of the company's state of affairs at 31st December 1994 and of its profit and cash flows for the year ended on that date.

Deloitte & Touche
Certified Public Accountants (Kenya)

P. O. Box 40092, Nairobi
7th March, 1995

RIPOTI YA WAKAGUZI KWA WANAHISA WA NATIONAL INDUSTRIAL CREDIT LIMITED

Tumekagua hesabu zilizoko kwenye kurasa 13 mpaka 21 na tumepatiwa habari na maelezo yote muhimu kwa ukaguzi wetu.

Maelezo kuhusu fedha ni wajibu wa wakurugenzi. Jukumu letu ni kufafanua wazo kuhusu maelezo ya fedha kulingana na ukaguzi wetu.

Ukaguzi wetu ulifanywa kulingana na hiwango cha ukaguzi wa hesabu kinachokubaliwa. Viwango hivi vinapendekeza kwamba tupange na tufanye ukaguzi ili tufikie uhakika kama maelezo kuhusu fedha ni ya kweli. Ukaguzi unahusu kuchunguza na kuthibitisha kwamba ushahidi unaotolewa kuonyesha matumizi ya pesa katika taarifa ya matumizi na pia kutathmini mwenendo uliotumiwa wa kuweka hesabu na makadirio yaliyotolewa na wakurugenzi na pia kutathmini maelezo yote yaliyoandaliwa kuhusu fedha.

Kwa maoni yetu, vitabu vya hesabu vimewekwa vizuri na pia maelezo ya fedha yaeleweka na yana urari na yanazingatia sheria za kampuni na kutoa maelezo ya haki kuhusu hali ya kampuni hadi tarehe 31 Desemba 1994 na kuhusu faida na mtiririko wa pesa, katika mwaka ulioishia tarehe hiyo.

Deloitte & Touche
Certified Public Accountants (Kenya)

P. O. Box 40092, Nairobi
7 Machi, 1995

NATIONAL
INDUSTRIAL
CREDIT
LIMITED

PROFIT AND LOSS ACCOUNT*for the year ended 31 December 1994*

| | Notes | 1994 Sh 000's | 1993 Sh 000's |
|------------------------------|-------|------------------|------------------|
| Profit before taxation | 2 | 339,616 | 287,126 |
| Taxation | 3 | 167,507 | 101,825 |
| Profit after taxation | | 172,109 | 185,301 |
| Dividends (gross) - Proposed | | 61,523 | 61,523 |
| Retained profit for the year | 12 | 110,586 | 123,778 |
| Earnings per share | 4 | Sh. 4.90 | Sh. 5.27 |

NATIONAL
INDUSTRIAL
CREDIT
LIMITED

BALANCE SHEET

31-December-1994

| | Notes | 1994 Sh 000's | 1993 Sh 000's |
|----------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Cash and short term funds | 5 | 889,894 | 704,967 |
| Investments | 6 | 9,775 | 9,775 |
| Advances and other accounts | 7 | 3,340,834 | 2,343,462 |
| Deferred loans receivable | | 16,946 | 14,294 |
| Investment in subsidiary company | 8 | 500 | 500 |
| Fixed assets | 9 | 157,717 | 162,744 |
| | | <u>4,415,666</u> | <u>3,235,742</u> |
| LIABILITIES | | | |
| Deposits | | 3,533,164 | 2,460,849 |
| Other liabilities | | 211,353 | 201,379 |
| Taxation | | 57,829 | 67,928 |
| Amount due to group company | | - | 609 |
| Bank overdraft | 10 | 20,505 | 21,868 |
| Unpaid dividends (gross) | | 616 | 616 |
| Proposed dividend (gross) | | 61,523 | 61,523 |
| | | <u>3,884,990</u> | <u>2,814,772</u> |
| CAPITAL RESOURCES | | | |
| Share Capital | 11 | 175,781 | 87,891 |
| Reserves | 12 | 354,895 | 333,079 |
| | | <u>530,676</u> | <u>420,970</u> |
| | | <u>4,415,666</u> | <u>3,235,742</u> |

The accounts on pages 13 - 21 were approved by the Board of Directors on 14th February 1995 and were signed on its behalf by:

P.O. Nyakiamo E.G.H., E.B.S.)
P.J. Bolton) Directors

NATIONAL
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CASH FLOW STATEMENT

for the ended 31 December 1994

| | Notes | 1994 Sh 000's | 1993 Sh 000's |
|--|-------|------------------|------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 13(a) | 525,927 | 371,596 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Dividend paid | | (61,523) | (24,431) |
| Bonus issue expenses | | (879) | (177) |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (62,402) | (24,608) |
| TAXATION PAID | | (177,606) | (64,445) |
| INVESTING ACTIVITIES | | | |
| Purchase of investment | | - | (500) |
| Purchase of fixed assets | | (4,306) | (4,413) |
| Proceeds from sale of fixed assets | | 925 | - |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | (3,381) | (4,913) |
| INCREASE IN CASH AND CASH EQUIVALENTS | 13(b) | 282,538 | 277,630 |

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The company prepares its accounts under the historical cost convention, modified to include the revaluation of certain assets.

INVESTMENT IN SUBSIDIARY COMPANY

Investment in subsidiary company is stated at cost.

The results of the subsidiary company are not consolidated (see report of the directors).

DEPRECIATION

Depreciation is calculated to write off the cost of fixed assets in equal instalments at the following annual rates:

| | |
|--|--------------------------|
| Long leasehold land and short leasehold land and buildings | Over the period of lease |
| Long leasehold buildings | 2% |
| Furniture, fittings and equipment | 20% |
| Motor vehicles | 20% |

BAD AND DOUBTFUL DEBTS

Specific provisions are made against advances when, in the opinion of the directors, recovery is doubtful. In addition, general provisions are maintained, based on management's evaluation of the portfolios of hirers' balances and other exposures, in respect of losses which, although not specifically identified are known from experience to be present in any such portfolio.

UNEARNED FINANCE CHARGES

The provision for unearned finance charges is calculated on a basis such as to allocate charges earned to the appropriate accounting period, using "the rule of 78ths".

CURRENT TAXATION

Current taxation is provided in the profit and loss account on the basis of the profit included therein adjusted according to the fiscal laws of Kenya.

DEFERRED TAXATION

Deferred taxation is provided on timing differences between the accounting and taxation treatment of income and expenditure where, in the opinion of the directors, a significant liability to taxation will crystallise in the foreseeable future.

NATIONAL
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NOTES TO THE ACCOUNTS

continued

| | 1994 Sh 000's | 1993 Sh 000's |
|--|------------------|------------------|
| 2 PROFIT BEFORE TAXATION | | |
| The profit before taxation is arrived | | |
| at after charging: | | |
| Contribution to Deposit Protection Fund | 3,525 | 2,536 |
| Depreciation | 9,234 | 7,489 |
| Directors' emoluments | | |
| Fees | 700 | 530 |
| Other | 15,469 | 10,283 |
| Pension to past chairman | 552 | 418 |
| Auditors' remuneration | 790 | 689 |
| and after crediting: | | |
| Profit on sale of fixed assets | 826 | - |
| Income from investments | 1,075 | 2,941 |
| | <hr/> | <hr/> |
| 3 TAXATION | | |
| (a) CURRENT TAX | | |
| Based on the chargeable profit for the year: | | |
| Income tax at 35% | 139,029 | 102,309 |
| Drought levy at 2.5% | 9,931 | - |
| | <hr/> | <hr/> |
| | 148,960 | 102,309 |
| Under/(over) provision in prior years | 18,547 | (484) |
| | <hr/> | <hr/> |
| | 167,507 | 101,825 |
| | <hr/> | <hr/> |
| (b) DEFERRED TAX | | |

At 31st December, 1994 there was a potential deferred tax asset amounting to Sh 38,639,338 (1993 - Sh 6,892,382) arising out of the different treatment of certain items for accounting and taxation purposes.

4 EARNINGS PER SHARE

Earnings per share are calculated on the profit after taxation of Sh 172,109,000 (1993 - Sh 185,301,000) and on the number of shares in issue at the year end. Due to the bonus issue during the year, the 1993 comparative figure has been amended in line with generally accepted accounting practice.

NATIONAL
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NOTES TO THE ACCOUNTS

continued

| | 1994 Sh 000's | 1993 Sh 000's |
|--|------------------|------------------|
| 5 CASH AND SHORT TERM FUNDS | | |
| Cash | 3 | 9 |
| Bearer bonds | - | 129,080 |
| Treasury bills | 889,891 | 575,878 |
| | <u>889,894</u> | <u>704,967</u> |
| 6 INVESTMENTS - unquoted at cost | | |
| KES500,000 - 10.75% Kenya Government Stock | 9,775 | 9,775 |
| Directors' valuation | <u>9,775</u> | <u>9,775</u> |
| 7 ADVANCES AND OTHER ACCOUNTS | | |
| Hirers' balances (after provision for bad and doubtful debts) | 4,186,464 | 3,012,924 |
| Less: Unearned finance charges | (983,418) | (809,731) |
| | <u>3,203,046</u> | <u>2,203,193</u> |
| Loans to customers | 73,086 | - |
| Monies at call | 57,168 | 90,000 |
| Other debtors and prepayments | 7,534 | 50,269 |
| | <u>3,340,834</u> | <u>2,343,462</u> |
| Hirers' balances include amounts receivable over a period of up to four years. | | |
| 8 INVESTMENT IN SUBSIDIARY COMPANY | | |
| National Industrial Credit Trustees Limited (100% shareholding) | | |
| Shares at cost | <u>500</u> | <u>500</u> |

NATIONAL
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NOTES TO THE ACCOUNTS

continued

9 FIXED ASSETS

| | Long leasehold land and buildings Sh 000's | Short leasehold land and buildings Sh 000's | Furniture fittings and equipment Sh 000's | Motor vehicles Sh 000's | Total Sh 000's |
|-------------------------|--|---|---|-------------------------------|-------------------|
| COST | | | | | |
| At 1st January 1994 | 145,000 | 6,890 | 20,851 | 5,914 | 178,655 |
| Additions | - | - | 1,879 | 2,427 | 4,306 |
| Disposals | - | - | (2) | (736) | (738) |
| At 31st December 1994 | 145,000 | 6,890 | 22,728 | 7,605 | 182,223 |
| Comprising: | | | | | |
| At cost | - | 6,890 | 22,728 | 7,605 | 37,223 |
| At valuation - 1993 | 145,000 | - | - | - | 145,000 |
| | 145,000 | 6,890 | 22,728 | 7,605 | 182,223 |
| DEPRECIATION | | | | | |
| At 1st January 1994 | - | 1,378 | 10,800 | 3,733 | 15,911 |
| Charge for the year | 2,763 | 689 | 4,260 | 1,522 | 9,234 |
| Eliminated on disposals | - | - | (2) | (637) | (639) |
| At 31st December 1994 | 2,763 | 2,067 | 15,058 | 4,618 | 24,506 |
| NET BOOK VALUE | | | | | |
| At 31st December 1994 | 142,237 | 4,823 | 7,670 | 2,987 | 157,717 |
| At 31st December 1993 | 145,000 | 5,512 | 10,051 | 2,181 | 162,744 |

Included in furniture, fittings and equipment are assets with a cost of Sh 1,421,444 (1993 - Sh 946,000) which were fully depreciated. The normal depreciation charge on these assets would have been Sh 284,289 (1993 - Sh 189,000).

NOTES TO THE ACCOUNTS

continued

10 BANK OVERDRAFT

The bank overdraft is secured by a charge over NIC House, LR 209/8182.

| 1994 | 1993 |
|----------|----------|
| Sh 000's | Sh 000's |

11 SHARE CAPITAL

Authorised, issued and fully paid
35,156,250 (1993 - 17,578,125)
ordinary shares of Sh 5 each

| | |
|---------|--------|
| 175,781 | 87,891 |
|---------|--------|

At the annual general meeting held on 12th May 1994, the shareholders approved that the authorised share capital of the company be increased by the creation of 17,578,125 ordinary shares of Sh 5 each.

At the same annual general meeting the shareholders also approved a bonus issue of one fully paid Sh 5 share for every one such share held.

12 RESERVES

| | Capital Sh 000's | Share premium Sh 000's | Revenue Sh 000's | Total Sh 000's |
|------------------------------|---------------------|---------------------------|---------------------|-------------------|
| At 1st January 1994 | 70,924 | 2,142 | 260,013 | 333,079 |
| Bonus issue | - | - | (87,891) | (87,891) |
| Bonus issue expenses | - | (879) | - | (879) |
| Retained profit for the year | - | - | 110,586 | 110,586 |
| | 70,924 | 1,263 | 282,708 | 354,895 |
| At 31st December 1994 | | | | |

NATIONAL
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NOTES TO THE ACCOUNTS

continued

| | 1994 Sh 000's | 1993 Sh 000's |
|---|------------------|------------------|
| 13 NOTES TO THE CASH FLOW STATEMENT | | |
| (a) Reconciliation of profit before taxation to net cash inflow from operating activities | | |
| Profit before taxation | 339,616 | 287,126 |
| Depreciation | 9,234 | 7,489 |
| Profit on sale of fixed assets | (826) | - |
| Increase in other liabilities | 9,974 | 83,872 |
| Decrease in amount due to group company | (609) | (1,991) |
| (Increase)/decrease in deferred loans receivable | (2,652) | 1,486 |
| Increase in deposits | 1,072,315 | 211,701 |
| Increase in advances, loans and other debtors | (1,030,205) | (323,482) |
| Decrease in bearer bonds | 129,080 | 105,395 |
| Net cash inflow from operating activities | <u>525,927</u> | <u>371,596</u> |
| (b) Analysis of changes in cash and cash equivalents during the year | | |
| At 31st December | 926,557 | 644,019 |
| At 1st January | 644,019 | 366,389 |
| Increase in cash and cash equivalents | <u>282,538</u> | <u>277,630</u> |
| (c) Analysis of balances of cash and cash equivalents as shown in the balance sheet and notes | | |
| Cash | 3 | 9 |
| Treasury bills | 889,891 | 575,878 |
| Monies at call | 57,168 | 90,000 |
| Bank overdraft | (20,505) | (21,868) |
| | <u>926,557</u> | <u>644,019</u> |
| 14 CONTINGENT LIABILITIES | | |
| Off balance sheet finance | 81,302 | 37,317 |
| Performance bonds | 877 | - |
| Letters of guarantee | 76,984 | - |
| | <u>159,163</u> | <u>37,317</u> |

Performance bonds and letters of guarantee are on behalf of customers. The off balance sheet finance relates to hirers' balances discounted with a Merchant bank, where the Bank has recourse to the company in the event of customer default.

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PERFORMANCE HISTORY

| YEAR | FINANCE PROVIDED | PROFIT BEFORE TAX | TAXATION | DIVIDENDS PAID | FUNDS RETAINED | SHARE- HOLDERS FUNDS |
|----------------|---------------------|----------------------|----------|-------------------|-------------------|----------------------------|
| 1960 | 15,812 | (670) | - | - | (670) | 3,330 |
| 1970 | 42,088 | 5,604 | 2,190 | 3,310 | 1,040 | 8,970 |
| 1980 | 249,908 | 25,745 | 11,788 | 6,750 | 7,208 | 38,150 |
| 1981 | 290,457 | 25,266 | 13,686 | 7,312 | 4,268 | 44,457 |
| 1982 | 300,746 | 27,840 | 14,112 | 10,125 | 3,603 | 47,939 |
| 1983 | 333,623 | 34,061 | 14,764 | 11,812 | 7,485 | 55,339 |
| 1984 | 397,960 | 25,987 | 11,939 | 10,125 | 3,923 | 59,154 |
| 1985 | 522,202 | 31,621 | 14,873 | 11,250 | 5,499 | 64,595 |
| 1986 | 694,619 | 34,660 | 16,220 | 11,250 | 7,190 | 71,726 |
| 1987 | 768,416 | 42,353 | 19,890 | 11,250 | 11,212 | 81,816 |
| 1988 | 936,381 | 50,312 | 25,996 | 12,375 | 11,940 | 93,603 |
| 1989 (18 mths) | 1,090,378 | 71,501 | 36,023 | 16,875 | 18,603 | 112,147 |
| 1990 | 1,428,641 | 60,307 | 26,721 | 14,063 | 19,523 | 131,631 |
| 1991 | 1,600,090 | 83,580 | 34,965 | 17,578 | 31,037 | 162,036 |
| 1992 | 1,874,043 | 132,413 | 43,394 | 24,610 | 64,409 | 226,445 |
| 1993 | 2,203,193 | 287,126 | 101,825 | 61,523 | 123,778 | 420,970 |
| 1994 | 3,276,132 | 339,616 | 167,507 | 61,523 | 110,586 | 530,676 |

NATIONAL
INDUSTRIAL
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LIMITED

PROXY

The Secretary,
National Industrial Credit Limited,
NIC House,
Masaba Road,
P. O. Box 44599,
Nairobi.

PROXY

I/We.....

of.....

being a member/members of National Industrial Credit Limited, and entitled to

votes hereby appoint

CMA-LIBRARY

of

or failing him

of

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on

16th May, 1995, and at any adjournment thereof.

CMA-LIBRARY

As witness my/our hand this day of 1995.

Signature (s) of

.....

NOTE:

In case of a Corporation, the Proxy must be made under its Common Seal.



NATIONAL
INDUSTRIAL
CREDIT
LIMITED

WAKALA (AJENTI)

Katibu,
National Industrial Credit Limited,
NIC House,
Masaba Road,
P. O. Box 44599,
Nairobi.

WAKALA (AJENTI)

Mimi/Sisi
 wa auani hii
 nikiwa mwanachama/tukiwa wanachama wa National Industrial Credit Limited na nikiwa/tukiwa na haki ya kura

 namchagua/twamchagua
 wa sanduku la posta
 na akiwa katapata nafasi nimechagua/tumechagua
 wa sanduku la posta

 akiwa mwakilishi wangu/wetu kunipigia/tupigia kura kwa niaba yangu/yetu katika Mkutano wa Mwaka wa Kampuni
 utakafanyika tarehe 16 Mei 1995 au tarehe yoyote iwapo mkutano utahairishwa. Nashuhudia/washuhudia kwa
 mkono/mikono wangu/yetu siku hiyo tarehe mwezi wa 1995.

Sahihi

.....

ELEWA:

Mwakala akiwa anawakilisha kampuni yoyote au shirika nilazima atumie muhuri rasmi wa Kampuni hiyo
(Common Seal).

