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1992

## COMPANY BALANCE SHEET

31 MARCH 1992

	Note	1992	1991
		Shs	Shs
FIXED ASSETS	7	85,612,905	84,612,526
INVESTMENT IN SUBSIDIARY AND ASSOCIATED COMPANIES	8	14,134,650	510,000
OTHER INVESTMENT	9	9,775,000	9,775,000
CURRENT ASSETS			
Debtors		1,176,744,654	1,054,510,026
Due from subsidiary company		4,993,956	4,800,000
Due from associated company		1,960,000	-
Treasury bills and bonds		500,000,000	118,400,000
Money at call and short notice		311,400,000	386,500,000
Bank accounts and cash		20,634,218	15,580,502
		2,015,732,828	1,579,790,528
<b>TOTAL ASSETS</b>		<b>2,125,255,383</b>	<b>1,674,688,054</b>
CURRENT LIABILITIES			
Depositors	10	1,830,458,088	1,438,688,038
Creditors		47,471,780	22,755,971
Taxation		22,137,756	16,315,772
Proposed dividend - gross		12,000,000	10,500,000
<b>TOTAL LIABILITIES</b>		<b>1,912,067,624</b>	<b>1,488,259,781</b>
SHARE CAPITAL	11	60,000,000	60,000,000
RESERVES	12	153,187,759	126,428,273
SHAREHOLDERS' FUNDS		213,187,759	186,428,273
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>2,125,255,383</b>	<b>1,674,688,054</b>

The accounts on pages 14 to 23 were approved by the Board of Directors on 24 July 1992 and were signed on its behalf by:

P K Jani     *Director*

M P Manji     *Director*



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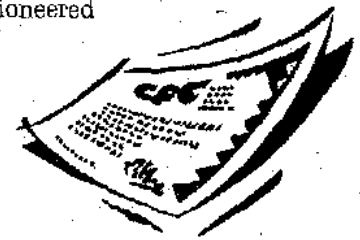
1992

## OVER THREE DECADES OF EXPERIENCE

FC's history reflects the larger story of Kenya's commercial development. The Corporation has played a key role in a nation that has evolved from the restrictions of colonialism

to the opportunities of independence. It has pioneered

various financial products, such as High Interest Bearing Savings Accounts, Factoring and Bill Discounting. More recently, it was the first financial institution to issue Bearer Certificates of Deposit.



Incorporated in February 1955 by two British businessmen, Harold Travis (Nairobi's last European Mayor) and Bill May, as the first independent hire-purchase company, it has become the largest Kenyan owned and operated financial institution to be quoted on the Nairobi Stock Exchange.

CFC became a public company on 27th March 1958 with an authorised share capital of 800,000 shares priced at Shs 5/- each. Three quarters of the shares were issued; with the major share holding being taken up by the James Finlay Group and Grindlays Bank. The

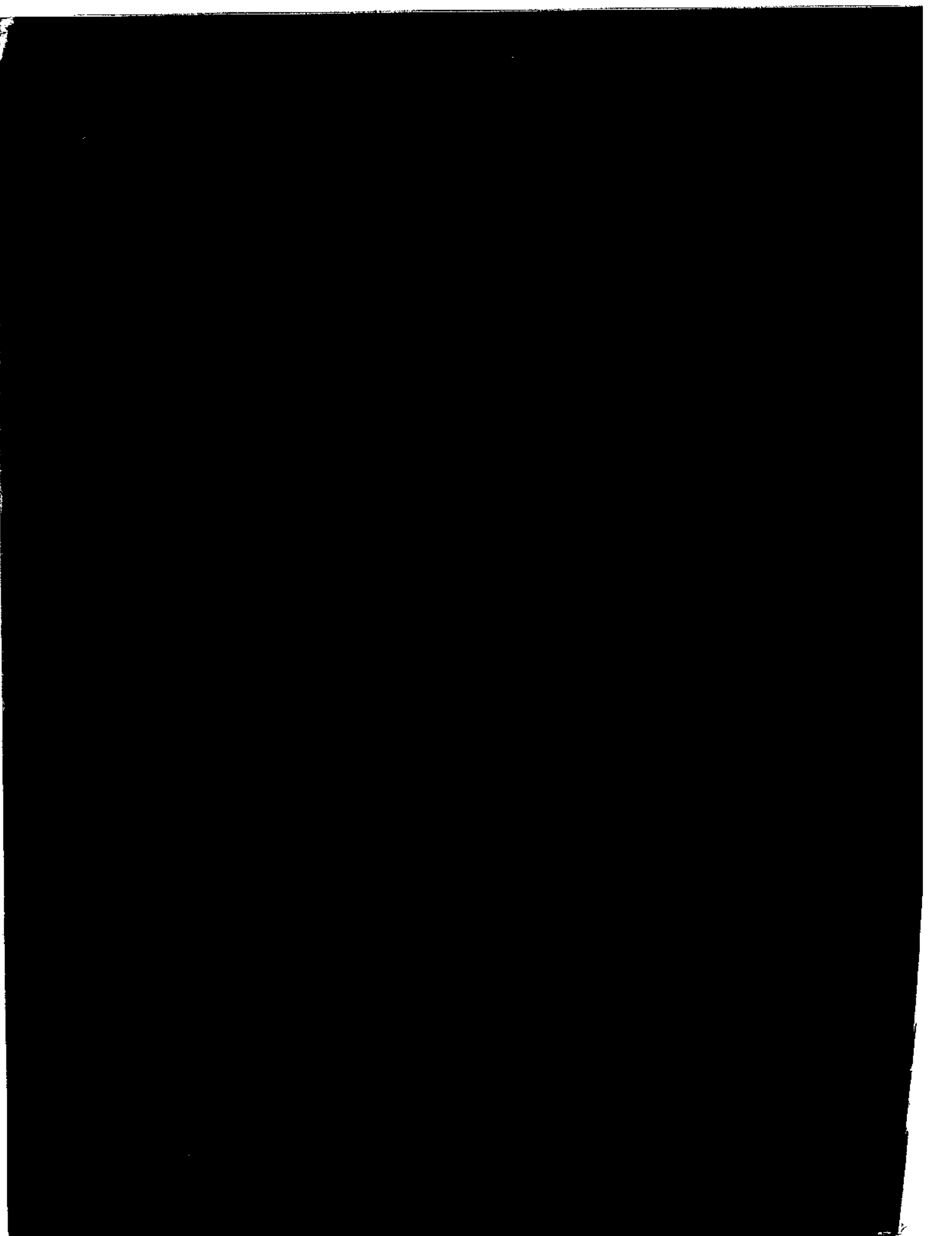


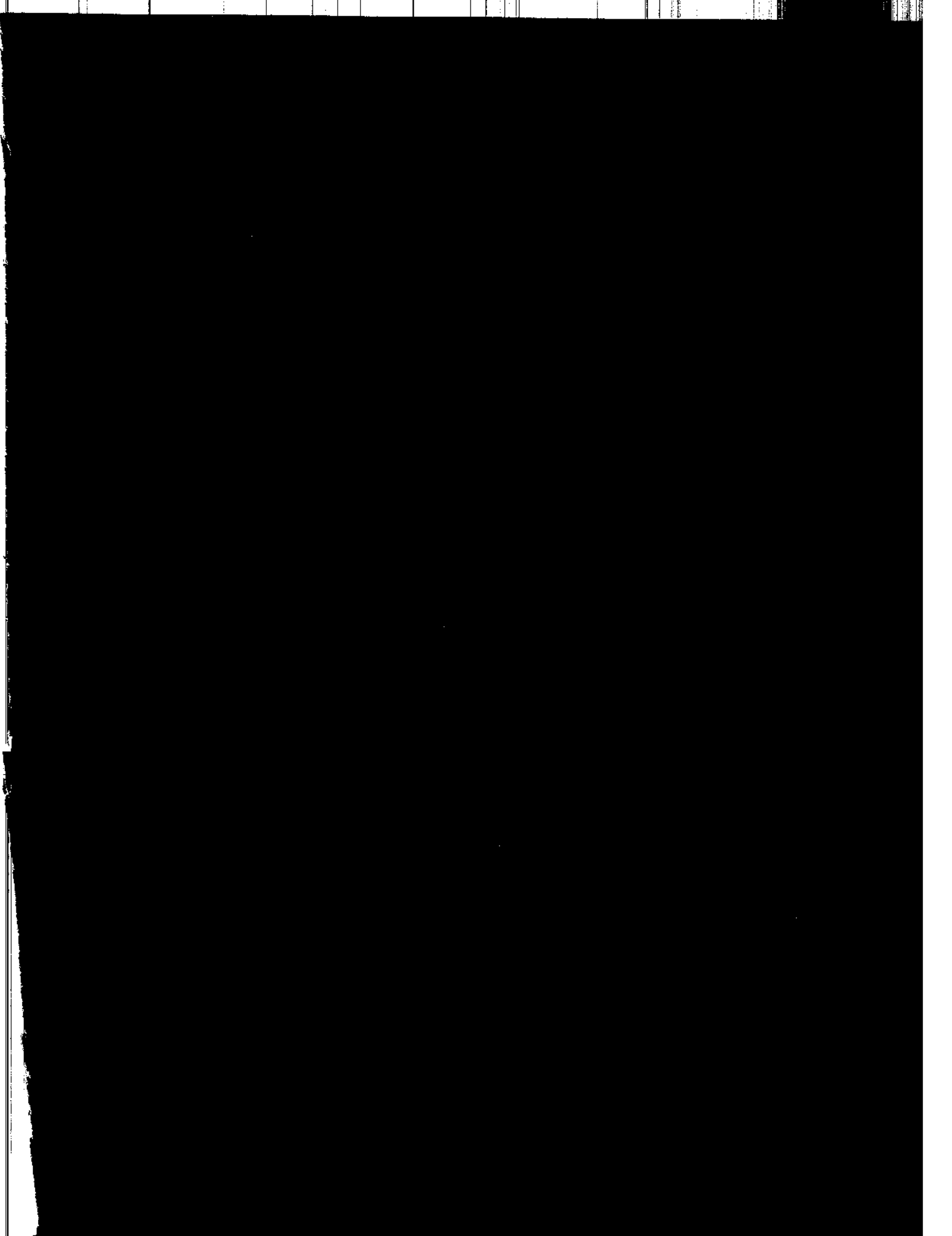
Corporation declared its first dividend at 10% of its profits in the same year. In February 1970, CFC's shares were, for the first time,

quoted on the Nairobi Stock Exchange. Its first offer of shares to the public for Shs 2 million was over-subscribed 8.5 times. In 1992, the shareholders' funds exceeded Shs 200 million.

The Corporation's shares enjoy trustee status.

2007/0307





Fold 2  
Kisa kunja hapa

Stamp

Company Secretary  
*Credit Finance Corporation Limited*  
P.O. Box 72833  
Nairobi  
Kenya

Fold 1  
Kunja hapa kwanza

Fold 3  
Halafu kunja hapa

Insert flap inside  
Sasa ingiza hii karatasi ndani ya  
mkunjo ili ionekane kama bahasha

**PROXY FORM**

**PROXY**

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of the above company hereby appoint  
\_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him/her, the duly appointed Chairman of the meeting 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 15 October 1992 and at every adjournment thereof.  
As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 1992.

Member

**NOTES:**

1. To be valid this proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.
2. If the appointer is a Corporation, the proxy must be under its common seal or under the hand of an Officer or Attorney duly authorised in writing.

**MWAKILISHI**

Mimi/Sisi \_\_\_\_\_  
wa \_\_\_\_\_  
kama mwanachama/wanachama wa Kampuni iliyotajwa hapo juu, hapa namchagua/tunamchagua \_\_\_\_\_  
wa \_\_\_\_\_ ama akikosa \_\_\_\_\_  
wa \_\_\_\_\_ ama akikosa yeye, basi namchagua/tunamchagua yule aliyechaguliwa Mwenyekiti  
wa Mkutano huu kuwa Mwakilishi wangu/wetu, kunipigia/kutupigia kura kwa niaba yangu/yetu katika Mkutano Mkuu wa Kampuni wa Mwaka  
utakaofanywa tarehe 15 Octoba 1992 ama tarehe yo yote ile iwapo Mkutano utaahirishwa.  
Kama shahidi natia/tunatia sahihi hii/hizi \_\_\_\_\_ siku hii ya \_\_\_\_\_ 1992.

Mwanachama

**UKUMBUSHO:**

1. Ili ithibitishwe Karatasi hii ya Mwakilishi inapaswa kupelekwa kwa Ofisi iliyoandikishwa ya Kampuni katika muda usiopungua masaa 48 kabla ya muda uliowekwa wa Mkutano.
2. Ikiwa mwenye kuchagua ni Shirika basi Karatasi ya Mwakilishi lazima ibandikwe ule muhuri wa Kampuni wa kawaida ama kibali cha Ofisa ama Attorney aliyepewa kibali kwa maandishi.



## NOTES TO THE ACCOUNTS (CONTINUED)

	1992	1991
	Shs	Shs
<b>11. SHARE CAPITAL</b>		
Authorised:		
20,000,000 (1991 - 12,000,000) ordinary shares of Shs 5 each	100,000,000	60,000,000
Issued and fully paid:		
12,000,000 ordinary shares of Shs 5 each	60,000,000	60,000,000
At an extraordinary general meeting held on 15 October 1991 the authorised capital was increased from Shs 60 million to Shs 100 million by the creation of 8 million shares of Shs 5 each.		

### 12. (a) RESERVES - GROUP

	Share premium Shs	Capital Shs	Revenue Shs	Total Shs
At 1 April 1991	200,000	75,032,305	51,435,670	126,667,975
Retained profit for the year	-	-	32,617,414	32,617,414
Utilised on payment of stamp duty	(200,000)	-	-	(200,000)
Excess of net assets over cost of shares in associate acquired during the year	-	8,230,249	-	8,230,249
Group share of revaluation surplus of the associate	-	2,940,000	-	2,940,000
At 31 March 1992	-	86,202,554	84,053,084	170,255,638

### (b) RESERVES - COMPANY

At 1 April 1991	200,000	75,032,305	51,195,968	126,428,273
Retained profit for the year	-	-	26,959,486	26,959,486
Utilised on payment of stamp duty	(200,000)	-	-	(200,000)
At 31 March 1992	-	75,032,305	78,155,454	153,187,759

	1992	1991
	Shs	Shs

### 13. CAPITAL COMMITMENTS

Authorised but not contracted for	-	1,600,000
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**NOTES TO THE ACCOUNTS (CONTINUED)**

**8. INVESTMENT IN SUBSIDIARY AND ASSOCIATED COMPANIES**

Company	Beneficial ownership	Group		Company	
		1992	1991	1992	1991
		Shs	Shs	Shs	Shs
CFC Financial Services Limited (formerly Downtown Securities Limited)	75%	-	-	30,000	30,000
Metropolitan Hire Purchase Company Limited	24%	-	480,000	-	480,000
Heritage Insurance Company Limited	49%	24,871,537	-	14,104,650	-
		24,871,537	480,000	14,134,650	510,000

The company's holding in Metropolitan Hire Purchase Company Limited was sold during the year. The shares in Heritage Insurance Company limited were acquired on 25 September 1991.

	1992	1991
	Shs	Shs

**9. OTHER INVESTMENT - GROUP AND COMPANY**

K£500,000 10.75% Kenya Government Stock 2000, at cost	9,775,000	9,775,000
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**10. DEPOSITORS - COMPANY**

Third party	1,787,252,677	1,415,955,513
Subsidiary	43,205,411	22,732,525
	1,830,458,088	1,438,688,038

## NOTES TO THE ACCOUNTS (CONTINUED)

## 7. (b) FIXED ASSETS - COMPANY

	Leasehold land and buildings Shs	Motor vehicles Shs	Furniture and equipment Shs	Total Shs
<b>COST OR VALUATION</b>				
At 1 April 1991	78,402,500	3,446,080	12,077,197	93,925,777
Additions	1,180,000	800,644	2,070,205	4,050,849
At 31 March 1992	79,582,500	4,246,724	14,147,402	97,976,626
<b>COMPRISING:</b>				
Cost	1,582,500	4,246,724	14,147,402	19,976,626
Valuation 1988	75,000,000	-	-	75,000,000
Valuation 1991	3,000,000	-	-	3,000,000
	79,582,500	4,246,724	14,147,402	97,976,626
<b>DEPRECIATION</b>				
At 1 April 1991	-	2,021,030	7,292,221	9,313,251
Charge for the year	81,081	912,661	2,056,728	3,050,470
At 31 March 1992	81,081	2,933,691	9,348,949	12,363,721
<b>NET BOOK VALUE</b>				
At 31 March 1992	79,501,419	1,313,033	4,798,453	85,612,905
At 31 March 1991	78,402,500	1,425,050	4,784,976	84,612,526

Motor vehicles, furniture and equipment stated at a cost of Shs 4,558,385 have been fully depreciated. The normal annual depreciation charge in respect of these assets would be Shs 951,868.

## NOTES TO THE ACCOUNTS (CONTINUED)

### 7. (a) FIXED ASSETS - GROUP

	Leasehold land and buildings	Motor vehicles	Furniture and equipment	Total
	Shs	Shs	Shs	Shs
<b>COST OR VALUATION</b>				
At 1 April 1991	78,402,500	5,651,391	12,157,197	96,211,088
Additions	1,180,000	800,644	2,190,205	4,170,849
At 31 March 1992	79,582,500	6,452,035	14,347,402	100,381,937
<b>COMPRISING:</b>				
Cost	1,582,500	6,452,035	14,347,402	22,381,937
Valuation 1988	75,000,000	-	-	75,000,000
Valuation 1991	3,000,000	-	-	3,000,000
	79,582,500	6,452,035	14,347,402	100,381,937
<b>DEPRECIATION</b>				
At 1 April 1991	-	2,572,358	7,292,221	9,864,579
Charge for the year	81,081	1,463,989	2,096,728	3,641,798
At 31 March 1992	81,081	4,036,347	9,388,949	13,506,377
<b>NET BOOK VALUE</b>				
At 31 March 1992	79,501,419	2,415,688	4,958,453	86,875,560
At 31 March 1991	78,402,500	3,079,033	4,864,976	86,346,509

Motor vehicles, furniture and equipment stated at a cost of Shs 4,558,385 have been fully depreciated. The normal annual depreciation charge in respect of these assets would be Shs 951,868.

## NOTES TO THE ACCOUNTS (CONTINUED)

### 2. CONSOLIDATED PROFIT BEFORE TAXATION

	1992	1991
	Shs	Shs
The consolidated profit before taxation is arrived at after charging:		
Depreciation	3,641,798	3,047,077
Auditors' remuneration	389,000	340,000
Directors' emoluments		
Fees	619,167	715,000
Other	1,183,761	969,160
and after crediting:		
Income from other investment	1,075,000	1,075,000

### 3. TAXATION

Taxation is based on the chargeable profit for the year and comprises:

Income tax at 37.5% (1991 - 40%)	36,337,353	23,231,665
Share of tax of associate	1,125,410	-
	37,462,763	23,231,665

The taxation charge for the year is higher than the effective rate of tax principally because:

- (a) the depreciation charged in the accounts is higher than the capital allowances for the year.
- (b) the general provisions for bad debts are not allowable for tax.

At 31 March 1992, the potential deferred tax asset amounted to approximately Shs 4,800,000.

### 4. PROFIT AFTER TAXATION AND MINORITY INTEREST

Profit after taxation and minority interest dealt with in the accounts of Credit Finance Corporation Limited is

Shs 38,959,486 (1991 - Shs 29,579,602).

### 5. DIVIDEND - GROSS

	1992	1991
	Shs	Shs
First and final dividend proposed	12,000,000	10,500,000

### 6. EARNINGS PER SHARE

Earnings per share is arrived at by dividing the profit after taxation and minority interest by the number of issued shares at 31 March.

**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 1992**

**1. ACCOUNTING POLICIES**

**(a) Basis of accounting**

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

**(b) Basis of consolidation**

The group accounts incorporate the results of the subsidiary CFC Financial Services Limited. The acquisition method of consolidation has been applied.

**(c) Associated company**

The associated company comprises an investment where the group's interest in the equity capital is long term and exceeds 20 per cent, and where the group exercises significant influence. The group's share of profits less losses of associated company is included in the consolidated profit and loss account. The group's share of net tangible assets and reserves on acquisition has been accounted for in the consolidated accounts. The amounts are taken from the audited accounts of the company for the year ended 31 December 1991.

**(d) Income**

Income derived from finance charges is, where appropriate, calculated on the reducing balance method by reference to the net investment in the finance agreements.

**(e) Depreciation**

The cost or valuation of leasehold land, with the exception of land held for development, is written off over the life of the lease.

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

Buildings	Over remaining life of the lease which is under 50 years
Motor Vehicles	25%
Furniture and equipment	20% - 25%

**(f) Taxation**

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

Deferred taxation is accounted for to the extent that it is probable that timing differences will reverse in the foreseeable future.

**(g) Debtors**

Debtors are stated after provision for bad and doubtful debts and unearned charges.

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 MARCH 1992

	1992	1991
	Shs	Shs
<b>SOURCE OF FUNDS</b>		
<b>FUNDS GENERATED FROM OPERATIONS</b>		
Consolidated profit before taxation	85,700,607	54,730,870
Adjustment for items not involving the movement of funds:		
Depreciation	3,641,798	3,047,077
Profit on sale of investment in an associated company	(353,006)	-
Share premium utilised for stamp duty	(200,000)	-
Profit of associated company	(2,682,048)	-
	86,107,351	57,777,947
<b>FUNDS FROM OTHER SOURCES</b>		
Proceeds on issue of shares	-	40,000
Proceeds on sale of investment in an associated company	833,006	-
Dividend from associated company	1,960,000	-
	88,900,357	57,817,947
<b>APPLICATION OF FUNDS</b>		
Payment of dividend	10,500,000	8,750,000
Purchase of fixed assets	4,170,849	6,475,420
Payment of taxation	27,408,045	23,684,747
Purchase of investment in an associated company	14,104,650	480,000
Dividend paid to minority shareholders	3,200,000	-
	59,383,544	39,390,167
	29,516,813	18,427,780
<b>MOVEMENT IN WORKING CAPITAL</b>		
Debtors	123,347,003	139,999,812
Due from associated company	1,960,000	-
Treasury bills and bonds	381,600,000	13,400,000
Depositors and creditors	(406,934,233)	(156,048,602)
	99,972,770	(2,648,790)
<b>MOVEMENT IN LIQUID FUNDS:</b>		
Money at call and short notice	(75,100,000)	25,200,000
Bank and cash balances	4,644,043	(4,123,430)
	29,516,813	18,427,780

**CONSOLIDATED BALANCE SHEET**

31 MARCH 1992

	Note	1992	1991
		Shs	Shs
FIXED ASSETS	7	86,875,560	86,346,509
INVESTMENT IN ASSOCIATED COMPANIES	8	24,871,537	480,000
OTHER INVESTMENT	9	9,775,000	9,775,000
CURRENT ASSETS			
Debtors		1,177,858,973	1,054,511,970
Due from associated company		1,960,000	
Treasury bills and bonds		500,000,000	118,400,000
Money at call and short notice		311,400,000	386,500,000
Bank accounts and cash		20,396,898	15,752,855
		2,011,615,871	1,575,164,825
<b>TOTAL ASSETS</b>		<b>2,133,137,968</b>	<b>1,671,766,334</b>
CURRENT LIABILITIES			
Depositors	10	1,787,252,677	1,415,955,513
Creditors		71,527,941	35,890,872
Taxation		29,991,381	21,062,073
Proposed dividend - gross		12,000,000	10,500,000
		1,900,771,999	1,483,408,458
MINORITY INTEREST		2,110,331	1,689,901
<b>TOTAL LIABILITIES</b>		<b>1,902,882,330</b>	<b>1,485,098,359</b>
SHARE CAPITAL	11	60,000,000	60,000,000
RESERVES	12	170,255,638	126,667,975
SHAREHOLDERS' FUNDS		230,255,638	186,667,975
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>2,133,137,968</b>	<b>1,671,766,334</b>

The accounts on pages 14 to 23 were approved by the Board of Directors on 24 July 1992 and were signed on its behalf by:

P K Jani     *Director*

M P Manji     *Director*

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED 31 MARCH 1992

	Note	1992	1991
		Shs	Shs
OPERATING PROFIT	2	83,018,559	54,730,870
SHARE OF PROFIT OF ASSOCIATE		2,682,048	-
PROFIT BEFORE TAXATION		85,700,607	54,730,870
TAXATION	3	37,462,763	23,231,665
PROFIT AFTER TAXATION		48,237,844	31,499,205
PROFIT ATTRIBUTABLE TO MINORITY SHAREHOLDERS		3,620,430	1,679,901
PROFIT AFTER TAXATION AND MINORITY INTEREST	4	44,617,414	29,819,304
DIVIDEND - gross	5	12,000,000	10,500,000
RETAINED PROFIT FOR THE YEAR	12	32,617,414	19,319,304
EARNINGS PER SHARE	6	3.72	2.48

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF CREDIT FINANCE CORPORATION LIMITED**

e have examined the accounts on pages 14 to 23  
and have obtained all the information and explanations considered necessary for our audit.

In our opinion:

1. Proper books of account have been kept by the Company and the Company's balance sheet is in agreement therewith.
2. The accounts, which comply with the Companies Act, give a true and fair view of the state of affairs of the Company and the Group at 31 March 1992 and of the profit and source and application of funds of the Group for the year ended on that date.

Deloitte Haskins & Sells

Certified Public Accountants (Kenya)

Nairobi

24 July 1992

## REPORT OF THE DIRECTORS

The Directors present their report and the accounts for the year ended 31 March 1992.

### ACTIVITIES

The principal activities of the Company are those of a finance house and of a savings and deposit bank.

### GROUP RESULTS

Shs.

Profit for the year after taxation and minority interest	44,617,414
Less: Proposed dividend	12,000,000
	<u>32,617,414</u>
Unappropriated profit brought forward from last year	51,435,670
Unappropriated profit carried forward	<u>84,053,084</u>

### AUTHORISED CAPITAL

On 15 October 1991, the Company increased its nominal share capital to Shs 100,000,000. This was done by increasing the authorised share capital by 8,000,000 shares of Shs 5 each.

### DIVIDENDS

The Directors recommend a first and final dividend of one shilling per share (20%) for the year ended 31 March 1992.

### DIRECTORS

Directors who have been in office since 1 April 1991 are as follows:

P K Jani (Chairman) F J Addly C Njonjo

M P Manji (Managing Director) J G Kiereini

Mr C Njonjo, who has attained the age of 70, retires, and being eligible, offers himself for re-election.

### AUDITORS

The auditors, Deloitte Haskins & Sells, continue in office in accordance with section 159 (2) of the Companies Act.

By Order of the Board

F J Addly

Secretary

24 July 1992

Nairobi

mshiriki kwa sababu za kihesabu na matokeo yake yamehusishwa katika taarifa ya pamoja ya fedha kuambatana na viwango vinavyokubalika kwa kawaida vya kufanyia hesabu.

Ikiwa ni sehemu ya mpango wa mfumo wa kujirekebisha jina la kampuni ndogo ya Shirika hili, 'Downtown Securities Limited' lilibadilishwa katika mwaka huo na kuita 'CFC Financial Services Limited' (CFCFS).

Katika wakati mgumu usiokuwa na uhakika kibiashara, hali mbaya ya kiuchumi duniani kote, kupanda kwa hali ya maisha na upungufu mkubwa wa fedha za kigeni mwaka 1993 unatarajiwa kuwa mgumu zaidi katika sekta zote za biashara. Kufahamika kwa hali ya kushuka zaidi kwa uzalishaji wa jumla wa humu nchini kwa mwaka wa 1993 katika ripoti iliyotolewa hivi karibuni ya Uchunguzi wa Kiuchumi inaongezea picha mbaya kwenye uchumi wa Kenya kwa mwaka ujao.

Kufuatia hali hii, mwaka wa 1993 utakuwa bila shaka mgumu kwa wasimamizi wa Shirika. Kulingana na utekelezaji wao, halmashauri yako ina imani kwamba litaendelea kuhifadhi hali yake iliyoko sasa kibiashara.

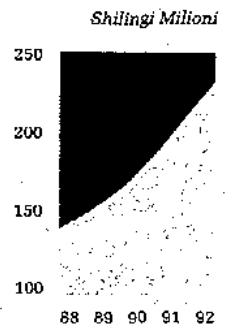
Mafanikio ya mwaka 1991 na 1992 yametokana na uaminifu wa wateja wetu, imani ya wananchi kwa shirika na jitihada kazini za wafanyakazi wetu. Ningependa kutoa sifa maalum kwa wasimamizi kwa kazi nzuri zaidi waliyofanya katika mwaka huu mgumu.

Hatimae nawashukuru Wakurugenzi wenzangu kwa msaada wao na kujihusisha kwao na mambo ya shirika lako.

P K Jani

*Mwenyekiti*

24 Julai 1992



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I S A

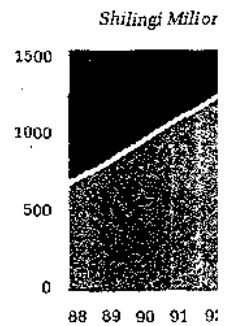
kutekelezea shughuli za Shirika chini ya hali ngumu za kiuchumi zilizopo kwa sasa.

Halmashauri ya Wakurugenzi wenu imeamua kupendelea mgawo wa kwanza na wa mwisho wa asilimia 20 kwenye raslimali iliyokwisha kupiwa ikifananihwa na asilimia 17 nukta 5 mwaka jana. Mgawo unaotarajiwa ni wa jumla ya shilingi milioni 12. Mpango huu wa mgawanyo umekuwa wa wastani tukitilia maanani hamu ya kuweko na kuendelea kukua kwa kiwango cha raslimali. Kifungu cha sheria kinachosimamia uwekaji akiba kinatilia mkazo kiasi cha raslimali na masazo tunayolazimika kuhifadhi kufuatana na kiwango cha akiba cha wateja wetu kama kilivyoonyeshwa kwenye karatasi ya hesabu za salio 'Balance Sheet'.

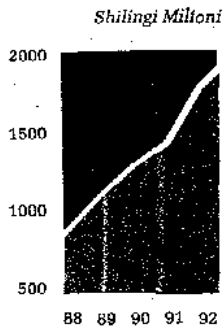
Tusipoweza kuongezea masazo yetu kutokana na faida zilizohifadhiwa tutashindwa kukubali kuchukua akiba zaidi kutoka kwa wateja na hivyo uwezo wetu wa kukopesha utaathirika. Na zaidi ya hayo halmashauri yenu inachunguza uzuri wa toleo la umilikaji hivi karibuni ili kuimarisha zaidi msingi wa raslimali na kuhakikisha kwamba mipango yetu ya upanuzi na kujiendeleza haitaathiriwa na matatizo ya kifedha.

Wasimamizi wa shirika wameonelea ni jambo la busara kuwa na kiasi cha kutosha cha fedha kwa matumizi ya kawaida mwaka huu ikiwa ni kama tahadhari dhidi ya hali ngumu za kiuchumi zinazotukabili kwa sasa. Kwa bahati mbaya matumizi ya kawaida hayastahili kupata kibali cha kutolipiwa kodi, hivyo kiwango cha kiasi cha kodi ni kikubwa kuliko kile cha kisheria cha asilimia 37 nukta 5.

Katika mwaka tunaozungumzia Shirika lako lilionunua asilimia 49 ya hisa zilizotolewa za kampuni ya bima ya 'Heritage Insurance Company Limited'. Uamuzi wa kuweka raslimali umedhihiri kuwa wazo la busara, kama ilivyodhihirishwa na matokeo ya faida kwa mwaka uliomalizikia tarehe 31 Desemba 1991. Kampuni imeorodheshwa kama



**A K I B I**



**K A R A D H A**

## TAARIFA YA MWENYEKITI

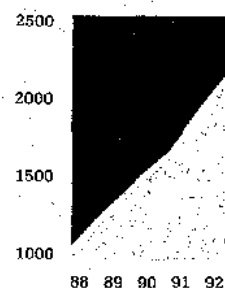
herehe za miaka 37 ya Shirika lako zilidhihirisha hatua kadhaa za maendeleo katika kuibuka kwa Shirika hili, kama ilivyothibitishwa na kiwango kikubwa zaidi cha ongezeko la faida, kuimarika zaidi kwa msingi wa raslimali ambayo imezidi kiasi cha Bilioni 2.0 kwa mara ya kwanza na umilikaji wa kiasi kikubwa katika kampuni ya Bima ya 'Heritage Insurance Company Limited'.

Katika miezi 12 iliyopita uchumi wa nchi ya Kenya umepitia mabadiliko mbalimbali, baadhi yake kwa hali ambayo isingeweza kuepukika yameathiri sekta ya kifedha. Hii ikiwa ni pamoja na kubatilishwa kwa viwango vya faida na kuadhimishwa kwa hati za kumiliki fedha za kigeni 'Foreign Exchange Bearer Certificate'.

Mabadiliko hayo hapo juu yalikuwa ni kati ya hatua za kujihusisha kwa Serikali kwenye mpango unaoendelea wa marekebisho ambao una dhamira ya kuufanya uchumi wetu kuwa imara zaidi na kuwavutia waleta raslimali. Hata hivyo wakati huohuo kuzidi kushuka kwa thamani ya Shilingi ya Kenya dhidi ya Sarafu Kuu ulimwenguni, na kuendelea kuwoko zaidi kwa kuhusika kwa Serikali kwenye soko la fedha kulizidisha ushindani mkubwa kwenye hazina ya fedha ambayo tayari ni haba humu nchini, na hivyo kuongezea gharama za kuendesha biashara.

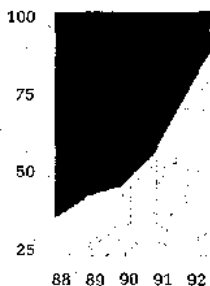
Kwa hali hiyo, utekelezaji wa hali ya kifedha wa Shirika hili kipindi cha mwaka huu unaweza kufananishwa na utendajikazi wa wengine katika sekta ya kifedha. Faida za mapato kabla ya kutozwa ushuru kwa mwaka zimeongezeka kwa asilimia 56 nukta 6 zaidi ya mwaka uliopita kufikia Shilingi milioni 85 nukta 7. Mtaji mzima wa Shirika uliongezeka kwa asilimia 27 na msingi wa akiba iliyowekwa uliongezeka kufikia Shilingi bilioni 1 nukta 8. Nina fahari kutangaza kukua huko kwa viwango vya faida, na msingi wa mtaji wa

Shilingi Milioni



NGEZECO LA  
ASLIMALI

Shilingi Milioni



AIDA ZA  
APATO

the Kenyan economy in the year ahead.

Given the foregoing, 1993 will undoubtedly be a challenging year for management. Based on its track record your board is confident that the institution will continue to sustain performance at existing levels.

As the oldest and one of the leading financial institutions we must recognise that the national mood has, to a certain extent, swung away from the commercially permissive 1980's, towards those fundamental characteristics on which your corporation's success has been built. I believe that our institution is well in step with this change of mood and I am confident that it will, therefore, continue to sustain its present position in the market.

The achievements of 1991-92 arise from loyalty of our clients, the public's confidence in the Corporation and the devotion to duty of our staff. I would like to pay special tribute to the management for an outstanding performance in a difficult year.

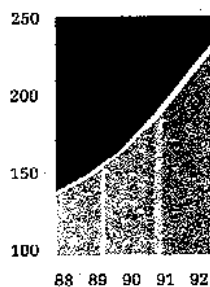
Finally, I thank my Co-Directors for their support and commitment to the interests of your Company.

P K Jani

*Chairman*

24 July 1992

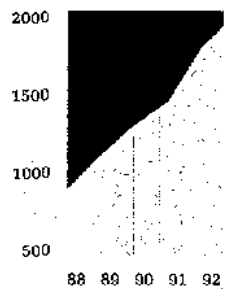
Amounts in Shs. Millions



HAREHOLDERS'

U N D S

Amounts in Shs. Millions



## DEPOSITS

current deposit base growth rate. The Banking Act strictly controls the amount of capital and reserves we must maintain in relation to our balance sheet. Unless our reserves are increased from retained profits we will be unable to accept more deposits and our lending capability will be inhibited. Furthermore, your board is assessing the merits of a rights issue in the near future in order to strengthen further the capital base and ensure that our expansion and diversification programmes are not impeded by capital constraints.

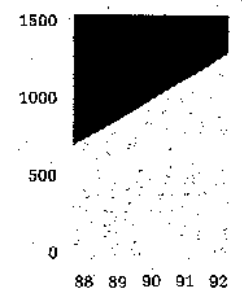
The management has thought it prudent to make a fair amount of general provisions this year as a buffer against the recessionary conditions under which we are operating. Unfortunately, general provisions do not qualify for tax relief, hence the effective rate of tax is higher than the statutory rate of 37.5%.

During the year under review, your Corporation acquired 49% of the issued share capital of Heritage Insurance Company Limited. The decision to invest has proved to be sound as evidenced by the company's results for the year ended 31 December 1991. The company is classified as an associate for accounting purposes and its results are incorporated in the consolidated financial statements in accordance with generally accepted accounting standards.

As part of the group restructuring process the name of the Corporation's subsidiary, Downtown Securities Limited was changed, during the year, to CFC Financial Services Limited (CFCFS).

In a period of considerable business uncertainty, global recession, high inflation and an acute shortage of foreign currency reserves, 1993 is expected to be a trying year for all business sectors. The disclosure of a further fall in the Gross Domestic Product in 1993 in the recently published Economic Survey Report adds to the already lack-lustre picture of

Amounts in Shs. Millions



## ADVANCES

## CHAIRMAN'S STATEMENT

The 37th anniversary of your Corporation marked several milestones in the evolution of this institution, as evidenced by the largest ever growth in profits, a gross asset base exceeding the Shs 2.0 billion benchmark for the first time and the acquisition of a significant interest in Heritage Insurance Company Limited.

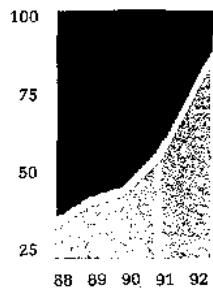
Over the last twelve months, the Kenyan economy has undergone numerous changes, some of which have, inevitably, impacted the financial sector. These include deregulation of interest rates and the introduction of the Foreign Exchange Bearer Certificates.

The above changes were part of the government's commitment to the ongoing Structural Adjustment Programme which is aimed at making our economy more versatile and attractive for investment. However, at the same time, the diminution in the value of the Kenya Shilling against major world currencies and the continuing active presence of the government in the money market enhanced stiff competition for the already scarce domestic funds available, thereby increasing the cost of conducting business.

Under the circumstances, the Corporation's financial performance during the year compares favourably with the rest of the industry. Pre-tax profits for the year increased, by 56.6% over the previous year, to Shs 85.7 million. The Corporation's gross assets increased by 27% and the deposit base increased to Shs 1.8 billion. I feel proud to announce such growth in the institution's profit levels and operating asset base under the difficult conditions prevailing in the economy.

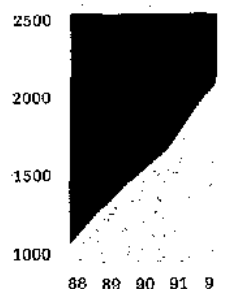
Your Board of Directors has resolved to recommend a first and final dividend of 20% on the paid up capital, compared to 17.5% last year. The proposed dividend amounts to Shs 12 million. This dividend policy is conservative in the light of the desire to sustain the

Amounts in Shs. Millions



PRE-TAX  
PROFITS

Amounts in Shs. Million



ROGS  
SSET

## NOTICE OF MEETING

Notice is hereby given that the thirty seventh Annual General Meeting of Credit Finance Corporation Limited will be held in the Hibiscus Suite, The Serena Hotel, Haile Selassie Avenue, Nairobi on Thursday 15 October 1992 at 12 noon for the following purposes:

### ORDINARY BUSINESS

1. To confirm the Minutes of the thirty-sixth Annual General Meeting held on 15 October 1991.
2. To receive and consider the Accounts for the year ended 31 March 1992 and the Directors' and Auditors' Reports thereon.
3. To approve the payment of a first and final dividend for the financial year ended 31 March 1992 of 20% on the Issued Share Capital.
4. To elect Directors in accordance with the Articles of Association.
5. To approve the Directors' remuneration for the financial year ended 31 March 1992.
6. To note that Messrs Deloitte Haskins & Sells continue as Auditors under the provisions of Section 159(2) of the Companies Act (Cap 486).
7. To authorise the Directors to agree the Auditors' remuneration.

### SPECIAL BUSINESS

8. Mr Charles Njonjo, a Director who has attained the age of 70 years, vacates office under Section 186(2) of the Companies Act (Cap 486). Special notice has been received by the Company pursuant to Section 142 of the Companies Act of the intention to propose the following resolution, in accordance with Section 186(5) of the said Act, to be considered and, if thought fit, passed by the Members:  
"That Mr Charles Njonjo, a Director who has attained the age of 70 years be and is hereby re-elected as a Director of the Company."

By Order of the Board

F J Addly

Secretary

24 July 1992

### NOTE

*A member entitled to attend and vote at the above mentioned meeting and any adjournment thereof is entitled to appoint a Proxy to attend and vote on his or her behalf. Such proxy need not be a member of the Company. A form of Proxy which must be lodged at the Registered Office of the Company not later than 48 hours before the time for holding the Meeting is enclosed.*

## DIRECTORATE AND ADMINISTRATION

### BOARD OF DIRECTORS

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P K Jani      *Chairman*  
M P Manji    *Managing Director*  
F J Addly    *Director*  
J G Kiereini *Director*  
C Njonjo    *Director*

### COMPANY SECRETARY

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F J Addly

### OFFICES

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*Registered Office:*

KCS House,  
Kaunda Street,  
P.O. Box 72833,  
NAIROBI.

*Nairobi Branch:*

KCS House,  
Kaunda Street,  
P.O. Box 72833,  
NAIROBI.

*Mombasa Branch:*

Social Security House,  
Nkrumah Road,  
P.O. Box 84418,  
MOMBASA.

### AUDITORS

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Deloitte Haskins & Sells,  
P.O. Box 40092,  
NAIROBI.



CFC formally took the title of a financial institution under the Banking Act of 1968. The Mombasa branch was opened in 1973. In the same year, CFC's expertise was recognised as far away as Ghana, which asked the Corporation to act as advisers to the establishment of the National Merchant Bank of Ghana. In 1992, the Corporation embarked on its diversification programme and acquired a substantial interest in Heritage Insurance Company Limited.

Since incorporation, almost four decades ago, CFC has developed a business philosophy which is based on the sound management principles of integrity and stability. It is this conservative policy that has enabled the Corporation to grow at a steady and sustained pace.

CFC continues to hold its position as a leading deposit taker from the private sector and a key provider of a wide range of financial products and services - including hire-purchase, working capital finance, mortgage loans and FOREX-C trading to both corporate bodies and individuals in all sectors of the economy.

