CAR & GENERAL (KENYA) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

CAR & GENERAL (KENYA) PLC

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CORPORATE INFORMATION

BOARD OF DIRECTORS	N Ng'ang'a, EBS	-	Chairman
	V V Gidoomal	-	Group Chief Executive Officer
	S P Gidoomal		
	P Shah		
	M Soundararajan*		
	C M Ngini		
	G M Mboya		
	* Indian		

SECRETARY

Conrad Nyukuri - CPS (Kenya)
Adili Corporate Services
ALN House, Eldama Ravine Close,
Off Eldama Ravine Road,
Westlands
P.O. Box 764 - 00606,
Nairobi, Kenya

REGISTERED OFFICE

New Cargen House
Lusaka Road
P.O. Box 20001 - 00200
Nairobi, Kenya

AUDITORS

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P.O. Box 40092 - 00100
Nairobi, Kenya

PRINCIPAL BANKERS

Standard Chartered Bank Kenya Limited
Standard Chartered Headquarters
48 Westlands Road
P.O. Box 30003 - 00100
Nairobi, Kenya

I&M Bank Limited
I&M Bank House
2nd Ngong Avenue
P.O. Box 30238 – 00100
Nairobi, Kenya

LEGAL ADVISOR

Coulson Harney LLP
5rd Floor, West Wing, ICEA Lion Centre
Riverside Park, Chiromo Road
P.O. Box 10643 - 00100
Nairobi, Kenya

CORPORATE INFORMATION (Continued)

SUBSIDIARIES	ACTIVITIES
Car & General (Trading) Limited - Kenya P O Box 20001 - 00200 Nairobi	Sales and service of power equipment, household goods, agricultural tractors and implements, marine engines, motor cycles and three-wheeler vehicles, commercial laundry equipment, commercial engines, forklifts, excavators and general goods.
Car & General (Tanzania) Limited P O Box 1552 Dar es Salaam	Sales and marketing service relating to the provision of power equipment, motor cycles, three-wheeler vehicles, commercial engines and related services.
Car & General (Trading) Limited - Tanzania P O Box 1552 Dar es Salaam	Sales and marketing services relating to the provision of power equipment, motor cycles, three-wheeler vehicles, commercial engines and general goods.
BodaPlus Limited P.O Box 1331 - 00232 Kiambu	Manufacture of helmets, plastic components, and motorcycle safety accessories.
Dew Tanzania Limited P O Box 1552 Dar es Salaam	Property holding company
Car & General (Uganda) Limited P O Box 207 Kampala	Sales and service of power equipment, marine engines, motor cycles, agricultural tractors and implements, commercial engines and general goods.
Kibo Poultry Products Limited P O Box 742 Moshi	Day old chick farming.
Sovereign Holdings International Limited P O Box 146, Road Town, Tortola British Virgin Islands	Property holding company.
Dewdrops Limited P O Box 20001 – 00200 Nairobi	Property holding company
Progen Company Limited P O Box 20001 – 00200 Nairobi	Property holding company
NIIT Learning Limited P O Box 20001 – 00200 Nairobi	Development of talent by offering multi-disciplinary learning, management and training delivery solutions to corporations, institutions and individuals.
Car & General (Rwanda) Limited Plot 1403, Muhima Road P O Box 7238 Kigali, Rwanda	Sales and service of power equipment, marine engines, motor cycles, three-wheeler vehicles, commercial engines and general goods.

The company also has the following dormant subsidiaries in Kenya: Car & General (Automotive) Limited, Car & General (Engineering) Limited, Car & General (Marine) Limited, Car & General (Industries) Limited and Cargen Insurance Agencies Limited.

CORPORATE INFORMATION (Continued)

ASSOCIATE	ACTIVITIES
Watu Credit Limited P O Box 10556 – 80101 Nyali, Mombasa	Asset financing
Watu Holding Limited Suite 2004, Level 2 Alexander House 35 Cybercity Ebene, Republic of Mauritius	Asset financing
Watu Tuu Limited Dar Es Salaam. Tanzania	Asset financing

JOINT VENTURE	
Cummins C&G Holdings Limited Suite 2004, Level 2 Alexander House 35 Cybercity Ebene, Republic of Mauritius	Sale and service of commercial engines and power equipment

CAR & GENERAL (KENYA) PLC

CHAIRMAN'S REPORT

The year to 30th September 2022, particularly the second half, was extremely challenging. The Russian invasion of Ukraine in February 2022 brought a host of unforeseeable challenges including significant inflation, exchange rate fluctuations, dollar shortages and logistic challenges. As a result, coupled with the Kenyan election in August, quarter 3 and quarter 4 were difficult. Whereas the Group posted 13% growth in turnover, sales in Kenya dropped 5%. Sales outside Kenya grew 48 %. Uganda and Tanzania now represent over 45% of Group sales. Our two-wheeler ("boda boda") business in Kenya was most affected with volumes dropping almost 50%. Our equipment businesses (namely tractors, construction equipment and forklifts) remained stable and grew marginally.

As a result of the above, turnover for the year ended 30 September 2022 was Shs 19.3 billion against Shs 17.1 billion achieved in the previous financial year. EBITDA (Earnings before interest, tax, depreciation and amortization) grew by 7 % to Shs 2 billion from Shs 1.8 billion. Profit after tax over the same period was Shs 679 million which is 23% lower than Shs 887 million made during the same period last year. Profitability was significantly impacted by forex losses in Kenya of Shs 301 million and demurrage costs of Shs 139 million in the Trading businesses, resulting from global logistical issues and localization of production. Our cashflow was negatively impacted by lower sales in Kenya and supply chain issues in Kenya and Tanzania, resulting in higher levels of paid-up stock to the tune of Shs 1.9 billion.

The highlight of the financial year was the volume growth in our consumer business particularly in two wheelers in Tanzania. Our equipment business was also stable and enjoyed a gain in market share. We now offer a complete range of specialized engine related products (both consumer and equipment) through a solid distribution network and are making good progress in achieving significant market shares in each segment.

Our investment in associate, Watu Holdings is also performing well. In addition to Kenya, Watu has now established operations in Uganda, Tanzania and Sierra Leone. Uganda is growing satisfactorily and we expect similar growth in Tanzania in 2023. The contribution from Watu to the Group's net profit was significant.

Our investment property business saw a valuation gain of Shs 112 million this year. Footfall has grown at Nairobi Mega now that the Nairobi Expressway is complete and Uhuru Highway is fully open. We continue to review the property portfolio to ensure it generates satisfactory returns.

In order to support the Government's localization initiatives and create industrial employment, we opened BodaPlus, our helmet manufacturing business. Production commenced in September 2021. This is the first of its kind in East and Central Africa. In addition, we have worked with manufacturers to produce an additional six parts (Phase 2) locally to support our assembly process. Phase 1 (which also comprised of six parts) are now in full production at various local manufacturers. We now employ over 3000 people as a Group (including associates). We employed over 500 additional people in 2022.

I now comment more specifically below:

The Consumer Business

Volumes in our two wheeler business in Kenya dropped significantly whilst three wheeler and consumable sales remained stable. In Tanzania, volumes of two wheeler and three wheeler sales grew. We see positive potential in this area going forward.
Our product and value proposition is strong especially when coupled with our aftermarket offerings. We expect market share to increase further in 2022/2023 given brand strength and growing distribution.

Assuming stability, we expect consumer markets to grow this year and Kenya two wheeler sales to recover fully in the second half of 2023. We must get closer to markets and our customers throughout the region in order to increase market share and unit sales in order to ensure profitable growth. Detailed planning and disciplined implementation will be key to success.

Our aftermarket strategy is robust and we see continued growth in our sales of parts, tyres and oils.

The Equipment Business

The Cummins business in Kenya and regionally was flat in 2021/2022.The challenge remains growth of market share and our ability to differentiate ourselves. Investments in our aftermarket business are now yielding results and will separate us from competition. We have significant scope for growth assuming economic prosperity throughout the region translates into development opportunities in terms of new projects.

The fundamentals of the Ingersoll Rand business have been established. We expect this business to grow.

The Doosan business had a positive year in terms of growth. We have seen reasonable sales performance in wheel loaders and excavators. We are confident that we can achieve sustainable profitability and market share in this sector in 2023.

The Toyota forklift business is also gaining traction. The market size remains restrictive to building a scalable business in the short term but we are confident we are well positioned for the long term.

The Kubota tractor business remains a challenge given model constraints and low market share. We feel confident this business will grow over time.

Financial Services

Watu has continued to perform well and we expect this trend to continue. We expect revenues to grow in Uganda, Tanzania and Sierra Leone where they have now established operations. We are very positive about the business prospects.

Our forklift leasing fleet is growing and has crossed 100 units this year.

Manufacturing

We are confident BodaPlus will do well over time. We are gaining good traction and expect to be profitable this year. The market for helmets is growing throughout the region and our value proposition is solid. We have created over 120 new jobs. We are exploring other opportunities related to the localization of manufacturing of two wheelers and three wheelers in Kenya.

The Property Business

With the opening of the Uhuru Highway, Nairobi Mega is now doing much better in terms of footfall. We are fully rented across all developed properties. We are exploring development opportunities for our Shanzu property including the possible disposal of some plots.

Kibo Poultry Products Limited

Sales of poultry were positive throughout the year. We generated a reasonable profit for the year. We expect reasonable performance this financial year. We have expanded production marginally in order to build scale and sustainability.

The Future

Going forward, we believe uncertainty will persist in 2023 given the challenging economic environment both global and local particularly with regard to inflationary impact and the continual devaluation of the Kenyan shilling. This has been exacerbated by the continued drought in East Africa. This has resulted in the reduction in demand in our consumer business which continues in 2023.

We have a more balanced business with five distinct business lines being automotive and equipment distribution, real estate investment, financial services, poultry and now helmet manufacturing. This diversity builds sustainability and we are confident that each line offers scope for growth.

We continue to strive to deliver on our Triple P bottom line – People, Planet and Profit.

The Future (Continued)

People – We are already having a significant impact on millions of lives in terms of delivering daily livelihoods and entrepreneurship opportunities.

Planet - We are focusing more energy on electric vehicles and we intend to launch electric three wheelers in April 2023. In addition, we have made two investments in the electric two wheeler space. We are also working hard with our regular suppliers to develop fit for market two wheelers.

Profit - Key to success will be maintaining strict fundamentals in terms of higher efficiency levels in all areas of our business, maintaining market share in core products and achieving satisfactory profitability across all businesses. We have made all necessary manpower and infrastructure investments, we now need to drive volume, increase margin and reduce costs to ensure profitability given the volatile environment.

This next year will be critical to future success and will require a growth in market share in all sectors. Our primary concern is to ensure that we stay ahead of competition in our key markets in all respects. The quality of competition is increasing.

Given the performance this year, the Directors recommend the payment of a first and final dividend of Shs 64,165,293 which is equal to Shs. 0.80 per share based on issued share capital of 80,206,616 shares of Shs 5 each. (2021 Shs 128,330,586 which equal Shs 1.60) per share based on current issued share capital.
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 continued support and to further progress of the Group.

Nicholas Ng'ang'a – Chairman

25 January 2023

CORPORATE GOVERNANCE REPORT

Corporate Governance

The Group's Board of Directors is responsible for the governance of the Group and is accountable to the shareholders for ensuring that the Group complies with the law, the highest standards of corporate governance and business ethics. The Directors attach great importance to the need to conduct the business and operations of the Group and the Company with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance. The Group is compliant with the Code of Corporate Governance Practices for Issuers of Securities to The Public 2015 ("The Code") issued by the Capital Market Authority (CMA).

Board of Directors

The full Board meets at least four times a year. The Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues.

Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-today business to the Group Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Group's overall internal control over financial, operational and compliance issues.

Six out of the seven members of the Board are Non-Executive including the Chairman of the Board and other than the Group Chief Executive Officer, all other Directors are subject to periodic reappointment in accordance with the Company's Articles of Association.

Committees of the Board

The Group has the following standing committees which operate under the terms of reference set by the Board:

Audit Committee

The Board has an audit committee that meets at least four times a year. Its responsibilities include review of financial information, budgets, development plans, compliance with accounting standards, liaison with the external auditors, fixing the remuneration of external auditors and overseeing internal control systems.

Members of the audit committee comprise four Non-Executive Directors; P Shah (Chairman), M Soundararajan, C M Ngini and S P Gidoomal. Internal and external auditors and other company executives attend on invitation as required.

Governance, Nominations and Compensation Committee

The Committee meets as required. The committee is responsible for monitoring and appraising the performance of senior management including the Group Chief Executive Officer, review of all human resource policies, determining the remuneration of senior management and making recommendations to the Board on the remuneration of Executive Directors.

The Committee's role is also to make recommendations to the Board to fill vacancies for Executive and Non-Executive Directors. In making recommendations, the committee looks at the mix of skills, expertise, gender and how the new appointment will add value to the present complement.

The Committee also reviews all group policies and governance related issues.

The committee meets as necessary and is comprised of four Non-Executive Directors; C M Ngini (Chairman), M Soundararajan, S P Gidoomal, Gladys Mboya and the Group Chief Executive Officer, Mr V V Gidoomal attend on invitation as required.

Internal Controls

The Group has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the Group remains structured to ensure appropriate segregation of duties.

Internal Controls (Continued)

A comprehensive management accounting system is in place providing financial and operational performance indicators. Monthly management meetings are held by the executive management to monitor performance and to agree on measures for improvement.

The Group's internal auditor caries out internal audits based on a program, and timetable approved by the Audit Committee. The internal auditor also reviews policies, systems and procedures on a regular basis and reports to the Group Chief Executive Officer and the Audit Committee.

Distribution of shareholders as at 30 September 2022

Shareholding (No. of Shares)	No. of shares held	No. of shareholders	Percentage of Shareholding
Less than 500	106,094	587	0.13
500 - 5,000	831,522	411	1.04
5,001 - 10,000	646,104	92	0.81
10,001 -100,000	3,531,688	140	4.40
100,001 - 1,000,000	6,022,318	20	7.51
above 1,000,000	69,068,890	9	86.11
Total	80,206,616	1,259	100
	=========	========	======

Top ten shareholders

	30 September 2022 No. of shares	Percentage
Fincom Limited	26,066,838	32.50
Betrin Limited	12,774,318	15.93
Monyaka Investments Limited	10,034,224	12.51
Primaco Limited	7,301,292	9.10
Paul Wanderi Ndungu	6,419,922	8.00
Vapa Limited	3,681,036	4.59
Rakesh Prakash Gadani	1,711,160	2.13
Nairobi Commercial Continental Limited	1,080,000	1.35
Chandan Jethanand Gidoomal	884,436	1.10
Investment & Mortgage Nominees Ltd A/c 028950	838,942	1.05

Directors' direct shareholdings

V Gidoomal	3,168
N Ng'ang'a	10,896
G M Mboya	10,080
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REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited consolidated and company financial statements of Car & General (Kenya) Plc (the "Company) and its subsidiaries (together the "Group") for the year ended 30 September 2022, in accordance with the Kenya Companies Act, 2015 which discloses the state of affairs of the Group and Company.

PRINCIPAL ACTIVITIES

The Company acts as a holding company and derives its revenue from rental income, management fees, interest income and dividend income.

The activities of the subsidiaries are detailed on page 3.

GROUP RESULTS

	2022 Shs '000	2021 Shs '000
Profit before taxation	735,740	1,103,242
Taxation charge	(56,280)	(215,999)
Profit for the year	679,460	887,243
Attributable to:		
Owners of the parent	686,120	899,447
Non - controlling interests	(6,660)	(12,204)
	679,460	887,243

DIVIDEND

The Directors propose payment of a first and final dividend of Shs 64,165,293 which is equal to Shs. 0.80 per share based on issued share capital of 80,206,616 shares of Shs 5 each. (2021 Shs 128,330,586 which equal Shs 1.60) per share.

DIRECTORS

The present Board of Directors is shown on page 2.

ENHANCED BUSINESS REVIEW

The general business environment in the region has been extremely challenging given the global impact of the war in Ukraine and the consequences thereof. Real GDP in the East African economies have suffered due to drought and inflationary pressures. This position has been made worse by foreign exchange devaluation and availability challenges. Disposable income in the mass market is constrained reduced consumption of non essential needs. Fortunately, tourism, hospitality and exports have recovered which, coupled with a peaceful Kenyan election in August and September, bode well for the region in the medium term.

The Group has managed these challenges effectively during the financial year ended 30 September 2022. The two wheeler business in Kenya has been particularly effected in 2022 dropping 50% between June and October. The other consumer businesses (three wheelers and consumable parts) have remained relatively stable. The two wheeler business in Tanzania has in fact grown, The Equipment businesses (namely generators, construction equipment, tractors and forklifts) have also shown good signs of recovery. The Group has managed to grow volume and been able to achieve its market share objectives and grow sales 12%%. Tanzania, Kibo and Watu Uganda grew particularly strongly.

ENHANCED BUSINESS REVIEW (Continued)

Management continues to implement the growth strategy with the focus being establishing leading positions in core products in their respective markets. It is expected that markets will continue to expand in 2023 and the two wheeler market in Kenya will recover assuming no further upheavals. Achieving 2023 volume objectives across the region and all businesses is critical to delivering an EBITDA percentage of 10% which remains a key financial objective.

The Group now has a great stable of quality brands and products catering to significant markets which are now well positioned to grow especially if economic prosperity is achieved. We have in excess of 300,000 customers who depend on our products. It is our duty to improve their lives by delivering a superior level of support.

In terms of investment property, the group has completed one property project being the refurbishment of Nairobi Mega, Uhuru Highway. We continuously review the entire portfolio.

We have recently opened a helmet manufacturing facility under BodaPlus Limited and invested in two electric vehicle companies.

Environmental matters

The Group continues to be conscious about environmental aspects and operates accordingly and is in compliance with all fuel emission standards and best practice safety processes. Safety is paramount in our operations, and we strive to provide a safe working environment for our staff and all other stakeholders.

Our 2023 focus will be directed towards the launch of electric vehicles. We will introduce electric 3- wheeler vehicles in April and 2 wheelers through associate investments. We are working hard with our suppliers to deliver products that are fit for purpose.

Our people

The Group believes in developing talent and in rewarding fairly for performance. We are committed to improving skills, knowledge and wellbeing of all employees. Our selection, training, development and promotion policies ensure equal opportunities for all employees.

As at 30 September 2022, the group’s staff headcount stood at 1,080 (2021: 872) and 3,743 (2021: 3,032) together with Joint venture and associates.

Social community initiatives

The Group continues to support the eye clinic and water security programs and has recently launched the Cargen Techup program which trains mechanics throughout the country. We have so far trained over 5,000.

BOARD AUDIT COMMITTEE

The Directors recommend that Mr P Shah, Mr M Sundararajan, Mr S P Gidoomal and Mr C Ngini the members of the Board Audit Committee, be re-appointed as members of the Committee in accordance with provisions of Section 769 of the Kenyan Companies Act, 2015.

DIRECTORS’ CONFLICTS OF INTEREST

The Company has procedures in place for managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they notify the Board in writing or at the next Board meeting. Internal controls are in place to ensure that any related party transactions involving Directors, or their connected parties, are conducted on an arm’s length basis. Directors have a continuing duty to update any changes to these conflicts.

DIRECTORS’ INDEMNITIES

The Group maintains Directors’ and officers’ liability insurance which gives appropriate cover for legal action brought against its Directors. The Group has also granted indemnities to each of its Directors and the Group Secretary to the extent permitted by law.

CAR & GENERAL (KENYA) PLC

REPORT OF THE DIRECTORS (Continued)

DIRECTOR'S STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance provisions of Section 719(2) of the Kenyan Companies Act, 2015 and being eligible, offer themselves for re-election in accordance with provisions of Section 721 of the same law. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD

Conrad Nyukuri
Secretary

25 January 2023

DIRECTORS' REMUNERATION REPORT

INFORMATION NOT SUBJECT TO AUDIT

The Directors' Remuneration Report sets out policy that has been applied by the Group to remunerate Executive and Non-Executive Directors.

Remuneration policy

The Governance, Nominations and Compensation Committee considers the remuneration policy annually to ensure that it remains aligned to business needs and Directors are fairly rewarded with regard to the responsibilities taken.

The Committee makes its recommendation to the main Board. The entire Board then collectively decides what is presented to shareholders for approval. For the financial year ending 30 September 2022, the following is the recommended remuneration for Non-Executive Directors.

Annual basic retainer fee

	2022 Shs	2021 Shs
Main Board Chairman	154,731	140,664
Audit Committee Chairman	139,258	126,598
Other Directors	123,786	112,533
	========	========

Sitting allowances

	Board Shs	Audit Committee Shs	Governance and Compensation Committee Shs
Chairman	154,731	139,258	103,153
Other Directors	123,786	103,153	103,153
	=======	=======	=======

Executive Directors

The Executive Directors' remuneration is designed to attract talented persons with relevant skills and experience required for the job.

Non-Executive Directors

The Group appoints as Non-Executive Directors persons with a wide range of strategic and operational experience gained in other businesses or organizations.

Non-Executive Directors earn an annual basic retainer fee and sitting allowances per meeting attended.

Insurance

The Group has taken a Directors' and officers' liability insurance cover for all Directors.

Shareholding requirements

The remuneration of Directors is paid in cash. As per the Memorandum and Articles of Association of the company, there is no requirement for Directors to hold shares in the company.

Terms of appointment and termination

The Executive Director has a service contract with the company and is a member of the company's pension scheme.

The contract may be terminated by giving six months' notice.

The Non-Executive Directors do not have service contracts with the company but are issued with letters of appointment. On exit from the company as a Director, a Non-Executive Director is only entitled to any accrued but unpaid Directors fees.

INFORMATION SUBJECT TO AUDIT

Remuneration

30 September 2022	**Salaries and benefits Shs'000'**	**Pension scheme Shs'000'**	**Directors fees Shs'000'**	**Total Shs'000'**
Mr V V Gidoomal*	24,474	180	-	24,654
Mr N Ng'ang'a EBS	-	-	1,542	1,542
Mr P Shah	-	-	1,775	1,775
Mr S P Gidoomal	-	-	1,369	1,369
Mr M Soundararajan	-	-	1,157	1,157
Mr C M Ngini	-	-	1,350	1,350
Ms G M Mboya	-	-	664	664
Total	24,474	180	7,857	32,511

30 September 2021	**Salaries and benefits Shs'000'**	**Pension scheme Shs'000'**	**Directors fees Shs'000'**	**Total Shs'000'**
Mr V V Gidoomal*	21,588	180	-	21,768
Mr N Ngángá, EBS	-	-	2,272	2,272
Mr P Shah	-	-	2,644	2,644
Mr S P Gidoomal	-	-	1,353	1,353
Mr M Soundararajan	-	-	1,353	1,353
Mr C M Ngini	-	-	1,529	1,529
Ms G M Mboya	-	-	915	915
Total	21,588	180	10,066	31,834

*Mr V V Gidoomal is an Executive Director and the Group Chief Executive Officer.

BY ORDER OF THE BOARD

Conrad Nyukuri
Secretary

25 January 2023

CAR & GENERAL (KENYA) PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the group and of the company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the parent company and its subsidiaries maintain proper accounting records that are sufficient to show and explain the transactions of the parent company and its subsidiaries and to disclose, with reasonable accuracy, the financial position of the Group and the company. The directors are also responsible for safeguarding the assets of the Group and the company, and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(ii) selecting suitable accounting policies and applying them consistently; and

(iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Group's and Company's ability to continue as going concerns, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as going concerns.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

N Ng'ang'a, EBS	V V Giddomal
Director	Director

25 January 2023

Deloitte & Touche LLP
Deloitte Place
Waiyaki Way, Muthangari
P.O. Box 40092- GPO 00100
Nairobi
Kenya

Tel: +254 (20) 423 0000
Cell:+254 719 039 000
Dropping Zone No. 92
Email: admin@deloitte.co.ke
www.deloitte.com

INDEPENDENT AUDITORS REPORT
TO THE SHAREHOLDERS OF CAR & GENERAL (KENYA) PLC

Report on the Audit of the Consolidated and Company Financial Statements

Our opinion

We have audited the accompanying financial statements of Car & General (Kenya) Plc ("the Company") and its subsidiaries (together, "the Group"), set out on pages 20 to 87, which comprise the consolidated and company statements of financial position as at 30 September 2022 and consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the consolidated and company financial position of Car & General (Kenya) Plc as at 30 September 2022 and of its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and company financial statements* section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated and company financial statements of the current period. The matter was addressed in the context of our audit of the consolidated and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MAKING AN IMPACT THAT MATTERS *since 1845*

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Key Audit Matter (Continued)

Valuation of investment properties As disclosed in note 15 of the consolidated and company financial statements, the Group's and Company's investment property amounted to Shs 3,061.4 million and Shs 1,727.9 million as at 30 September 2022 respectively. The fair valuation of the investment properties for the current period resulted in a net gain of Shs 111.5 million and Shs 61.5 million for Group and Company respectively. The valuation method adopted by the Directors for a significant portion of investment properties is based on the income capitalization approach. Significant judgement is required when determining the capitalization/yield rate where the income capitalization approach is employed. The valuation of investment properties is therefore considered a key audit matter. Refer to note 2 for the accounting policy on investment properties.	Our procedures to address the risk of material misstatement relating to valuation of investment properties included: • Assessing the competence, capabilities and objectivity of the Group's and Company's investment properties professional valuers; • Involving our in-house fair value specialists in evaluating the judgements applied by the Directors and the Group's independent professional valuers for reasonableness and in particular the assumptions and methodologies used to estimate the fair value of the investment properties; and • Checking the accuracy and completeness of the data used by management professional valuers in the valuation of investment properties. Based on procedures performed, we concluded that the methodology and assumptions used by the Directors in the valuation of investment properties were appropriate. In addition, the disclosures pertaining to the valuation of investment properties in the financial statements were found to be appropriate.

Other Information

The Directors are responsible for the other information, which comprises the Chairman's Report, Corporate Governance Report, Report of the Directors and Directors' Remuneration Report which were obtained prior to the date of our report. The other information does not include the consolidated and company financial statements and our auditors' report thereon.

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Directors and those charged with governance - for the consolidated and company financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and company financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal controls as Directors determine are necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company and its subsidiaries or to cease operations, or have no realistic alternative but to do so.

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Auditor’s responsibilities for the audit of the consolidated and company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain responsible for our audit opinion.

We communicate with the Board Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board Audit Committee with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Report on Other Matters Prescribed by the Kenyan Companies Act, 2015

Report of the Directors

In our opinion the information given in the Report of the Directors on pages 10 to 12 is consistent with the consolidated and company financial statements.

Directors' Remuneration Report

In our opinion the auditable part of the Directors' Remuneration Report on pages 13 to 14 has been prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is **FCPA Fred Aloo, Practising certificate No. 1537.**

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

25 January 2023

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
REVENUE	5	19,398,885	17,141,960
COST OF SALES		(16,253,626)	(13,987,931)
OTHER COSTS	6	(138,992)	(102,911)
GROSS PROFIT		3,006,267	3,051,118
OTHER INCOME	7	208,208	118,884
GAIN IN FAIR VALUE OF INVESTMENT PROPERTIES	15	111,500	12,294
IMPAIRMENT PROVISION FOR FINANCIAL ASSETS	23	(73,926)	(15,629)
SELLING AND DISTRIBUTION COSTS		(857,981)	(751,213)
ADMINISTRATIVE EXPENSES		(1,368,152)	(1,204,418)
SHARE OF PROFIT IN ASSOCIATES	20	623,273	370,373
SHARE OF PROFIT IN JOINT VENTURE	21	17,497	25,350
PROFIT BEFORE FINANCE COSTS AND TAXATION		1,666,686	1,606,759
FINANCE COSTS	8	(930,946)	(503,517)
PROFIT BEFORE TAXATION	10	735,740	1,103,242
TAXATION CHARGE	11	(56,280)	(215,999)
PROFIT FOR THE YEAR		679,460	887,243
OTHER COMPREHENSIVE INCOME/(LOSS)			
Gain on property revaluation	16	91,111	25,220
Deferred tax on revaluation of property	26	(21,582)	(7,243)
Effect of change in tax rate	26	-	(27,382)
		69,529	(9,405)
Exchange difference arising on translation of foreign operations net of tax		129,762	3,983
Other comprehensive income/(loss) for the year, net of tax		199,291	(5,422)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		878,751	881,821

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022 (Continued)

	Note	2022 Shs '000	2021 Shs '000
PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:			
Owners of the company		686,120	899,447
Non - controlling interests	12	(6,660)	(12,204)
Profit for the year		679,460	887,243
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		885,411	894,023
Non - controlling interests	12	(6,660)	(12,204)
Total comprehensive income for the year		878,751	881,821
EARNINGS PER SHARE:			
Basic and diluted earnings per share (Shs)	13	8.55	11.21
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	1,980,431	1,844,282

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
REVENUE	5	181,197	176,385
OTHER INCOME	7	53,672	50,429
GAIN IN FAIR VALUE OF INVESTMENT PROPERTIES	15	61,500	12,294
IMPAIRMENT PROVISION FOR FINANCIAL ASSETS	36(a)	(23,845)	-
ADMINISTRATIVE EXPENSES		(169,573)	(161,785)
PROFIT BEFORE FINANCE COSTS AND TAXATION		102,951	77,323
FINANCE COSTS	8	(87,050)	(21,136)
PROFIT BEFORE TAXATION	10	15,901	56,187
TAXATION CHARGE	11	(17,962)	(83,897)
LOSS FOR THE YEAR		(2,061)	(27,710)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation	16	61,000	11,500
Deferred tax on revaluation of property	26	(18,300)	(3,450)
Effect of change in tax rate	26	-	(27,382)
		42,700	(19,332)
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign operations net of tax		446	(38)
Other comprehensive income/(loss) for the year, net of tax		43,146	(19,370)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		41,085	(47,080)
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	150,299	119,203

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	3,061,437	3,525,004
Property, plant and equipment	16	2,840,067	2,011,185
Intangible assets	17	36,561	21,047
Right of Use Asset	18	614,006	567,016
Investment in associates	20	1,424,403	789,203
Investment in joint venture	21	333,594	316,097
Deferred tax asset	26	367,020	335,228
		8,677,088	7,564,780
Current assets			
Inventories	22	7,540,924	4,496,940
Trade and other receivables	23	1,873,538	1,271,679
Due from related companies	24(a)	446,072	391,180
Loan due from related company	24(b)	136	192,944
Corporate tax recoverable	11(c)	187,615	109,885
Cash and bank balances	30(c)	197,511	420,201
		10,245,796	6,882,829
Total assets		18,922,884	14,447,609
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25(a)	401,033	200,516
Revaluation reserve		898,195	816,978
Retained earnings		3,904,902	3,559,317
Exchange translation reserve		135,712	5,950
Equity attributable to owners of the parent		5,339,842	4,582,761
Non-controlling interests	12	264,532	271,192
		5,604,374	4,853,953
Non-current liabilities			
Deferred tax liabilities	26	883,736	832,622
Borrowings	27	1,426,611	819,594
Lease liabilities	28	515,794	410,919
Loan due to a related party	24(c)	165,266	165,266
		2,991,407	2,228,401
Current liabilities			
Due to a related company	24(d)	733,753	545,358
Borrowings	27	5,693,411	4,123,838
Lease liabilities	28	188,366	207,362
Trade and other payables	29	3,667,891	2,482,448
Corporate tax payable	11(c)	43,682	6,249
		10,327,103	7,365,255
Total equity and liabilities		18,922,884	14,447,609

The financial statements on pages 20 to 87 were approved and authorised for issue by the Board of Directors on 25 January 2023 and were signed on its behalf by:

N. Ng'ang'a, EBS
Director

V. V. Gidoomal
Director

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	1,727,892	2,250,914
Property, plant and equipment	16	1,223,304	635,976
Intangible assets	17	282	256
Right of Use Asset	18	269,812	294,156
Investment in subsidiaries	19	405,975	405,975
		3,627,265	3,587,277
Current assets			
Trade and other receivables	23	49,468	42,784
Due from related companies	24(a)	831,484	782,005
Loan due from related company	24(b)	120,575	-
Corporate tax recoverable	11(c)	32,537	25,260
Cash and bank balances	30(c)	851	23,611
		1,034,915	873,660
Total assets		4,662,180	4,460,937
EQUITY AND LIABILTIES			
Capital and reserves			
Share capital	25(a)	401,033	200,516
Revaluation reserve		491,971	457,575
Retained earnings		894,660	1,217,264
Exchange translation reserve		3,357	2,911
		1,791,021	1,878,266
Non-current liabilities			
Deferred tax liability	26	671,873	649,068
Borrowings	27	263,792	100,000
Lease liabilities	28	288,481	322,484
		1,224,146	1,071,552
Current liabilities			
Due to related companies	24(d)	1,023,830	787,771
Borrowings	27	468,219	625,301
Lease liabilities	28	34,002	8,821
Trade and other payables	29	120,962	89,226
		1,647,013	1,511,119
		4,662,180	4,460,937

The financial statements on pages 20 to 87 were approved and authorised for issue by the Board of Directors on 25 January 2023 and were signed on its behalf by:

N. Ng'ang'a, EBS
Director

V. V. Gidoomal
Director

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital Shs '000	Revaluation Reserve* Shs '000	Retained earnings Shs '000	Exchange translation Reserve** Shs '000	Attributable to owners of the company Shs '000	Non - controlling interest Shs '000	Total Shs '000
At 1 October 2020	200,516	788,445	2,729,890	1,967	3,720,818	218,502	3,939,320
Profit for the year	-	-	899,447	-	899,447	(12,204)	887,243
Other comprehensive income for the year	-	17,977	(27,382)	3,983	(5,422)	-	(5,422)
Transfer of excess depreciation	-	13,842	(13,842)	-	-	-	-
Deferred tax on excess depreciation transfer	-	(3,286)	3,286	-	-	-	-
Dividends paid	-	-	(32,082)	-	(32,082)	-	(32,082)
Non-controlling interest from BodaPlus Limited (note 12)	-	-	-	-	-	64,894	64,894
At 30 September 2021	200,516	816,978	3,559,317	5,950	4,582,761	271,192	4,853,953
	=======	=======	=======	=======	=======	=======	=======
At 1 October 2021	200,516	816,978	3,559,317	5,950	4,582,761	271,192	4,853,953
Profit for the year	-	-	686,120	-	686,120	(6,660)	679,460
Bonus shares issue (note 25(a))	200,517	-	(200,517)	-	-	-	-
Other comprehensive income for the year		69,529	-	129,762	199,291	-	199,291
Transfer of excess depreciation	-	15,247	(15,247)	-	-	-	-
Deferred tax on excess depreciation transfer	-	(3,559)	3,559	-	-	-	-
Dividends paid – 2021	-	-	(128,330)	-	(128,330)	-	(128,330)
At 30 September 2022	401,033	898,195	3,904,902	135,712	5,339,842	264,532	5,604,374
	=======	=======	=======	=======	=======	=======	=======

The reserve accounts included in the statement of changes in equity are explained below:

*The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - Note 16.

**The foreign currency translation reserve represents the cumulative position of translation gains and losses arising from translation of the net assets of the foreign subsidiary companies to the reporting currency.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital Shs' 000	Revaluation Reserve* Shs' 000	Retained earnings Shs' 000	Exchange translation reserve** Shs' 000	Total Shs' 000
At 1 October 2020	200,516	484,574	1,269,389	2,949	1,957,428
Loss for the year	-	-	(27,710)	-	(27,710)
Other comprehensive loss for the year	-	(19,332)	-	(38)	(19,370)
Transfer of excess depreciation	-	(10,953)	10,953	-	-
Deferred tax on depreciation transfer	-	3,286	(3,286)	-	-
Dividends paid	-	-	(32,082)	-	(32,082)
At 30 September 2021	200,516	457,575	1,217,264	2,911	1,878,266
At 1 October 2021	200,516	457,575	1,217,264	2,911	1,878,266
Profit for the year	-	-	(2,061)	-	(2,061)
Bonus shares issue (note 25(a))	200,517	-	(200,517)		-
Other comprehensive income for the year	-	42,700	-	446	43,146
Transfer of excess depreciation	-	(11,863)	11,863	-	-
Deferred tax on depreciation transfer	-	3,559	(3,559)	-	-
Dividends paid – 2021	-	-	(128,330)	-	(128,330)
At 30 September 2022	401,033	491,971	894,660	3,357	1,791,021

The reserve accounts included in the statement of changes in equity are explained below:

*The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - Note 16.

**The foreign currency translation reserve represents the cumulative position of translation gains and losses arising from translation of the net assets of the foreign operation/branch to the reporting currency.

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
Cash flows from operating activities			
Net cash (used in)/ generated from operations	30(a)	(898,500)	20,852
Corporate tax paid	11(c)	(106,227)	(169,176)
Interest paid	8	(616,983)	(443,231)
Net cash used in operating activities		(1,621,712)	(591,555)
Cash flows from investing activities			
Additions to investment properties	15	-	(1,706)
Purchase of property, plant and equipment	16	(242,553)	(309,230)
Purchase of intangible assets	17	(21,560)	(7,593)
Investment in associate	20	(11,927)	-
Proceeds on disposal of investment property		41,500	-
Proceeds on disposal of property, plant and equipment		1,208	4,238
Net cash used in investing activities		(233,332)	(314,291)
Cash flows from financing activities			
Repayment of lease liabilities	28	(174,020)	(157,088)
Loans received	30(b)	16,137,008	13,194,866
Loans repaid	30(b)	(14,300,919)	(12,045,989)
Hire - purchase finance	30(b)	(2,807)	(1,502)
Dividend paid		(128,330)	(32,082)
Proceeds from non-controlling interests- BodaPlus		-	64,894
Net cash generated from financing activities		1,530,932	1,023,099
Net (decrease)/increase in cash and cash equivalents		(324,112)	117,253
Cash and cash equivalents at beginning of the year		349,120	229,779
Effects of foreign exchange rates		32,564	2,088
Cash and cash equivalents at end of the year	30(c)	57,574	349,120
		=========	=========

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
Cash flows from operating activities			
Net cash generated from operations	30(a)	198,552	199,839
Corporation tax paid	11(c)	(20,734)	(16,028)
Interest (paid)/received		(78,597)	3,200
Net cash generated from operating activities		99,221	187,011
Cash flows from investing activities			
Additions to investment properties	15	-	(1,706)
Purchase of property, plant and equipment	16	(9,247)	(3,527)
Purchase of intangible assets		(80)	-
Loan repayment by a subsidiary		-	110,917
Proceeds on disposal of investment property		41,500	-
Net cash generated from investing activities		32,173	105,684
Cash flows from financing activities			
Repayment of lease liabilities	28	(32,384)	(30,841)
Loans received	30(b)	299,734	85,454
Loans repaid	30(b)	(298,091)	(298,955)
Dividend paid		(128,330)	(32,082)
Net cash used in financing activities		(159,071)	(276,424)
Net (decrease)/increase in cash and cash equivalents		(27,677)	16,271
Cash and cash equivalents at the beginning of the year		22,887	6,418
Effects of foreign exchange rate changes		(148)	198
Cash and cash equivalents at the end of the year	30(c)	(4,938)	22,887

1. GENERAL INFORMATION

Car & General (Kenya) Plc is a limited liability company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The Group derives its revenue from rental income and management fees and dealing in supply of generators, motorbikes, tuktuks, laundry equipment, lawn mowers, scooters, marine engines, construction equipment and a wide range of power generation, automotive and engineering products.

The Company shares are listed on the Nairobi Securities Exchange.

2 ACCOUNTING POLICIES

Statement of compliance

The consolidated and company financial statements (hereafter referred to as financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Kenyan Companies Act, 2015.

For the Kenyan Companies Act, 2015 reporting purposes, in these financial statements, the balance sheet is represented by/is equivalent to the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

The accounting policies apply to both consolidated and company financial statements.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the year ended 30 September 2022

Interest Rate Benchmark Reform – Phase 2 –Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform.

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).
Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow the institution's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the institution to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the institution may elect on a hedge by hedge basis to reset the cumulative fair value change to zero.

The institution may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives.

For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the institution reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the institution is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

The amendments did not have material impact on the Group.

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the year ended 30 September 2022 (Continued)

IFRS 16, 'Leases' COVID-19- Related Rent Concessions Amendment

This standard becomes effective for annual periods beginning on or after 1 June 2021 and early adoption is permitted.

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(ii) Relevant New and revised IFRSs in issue but not yet effective for the year ended 30 September

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New and Amendments to standards	***Effective for annual periods beginning on or after***
Amendments to IFRS 3: *Reference to the Conceptual Framework*	1 January 2022, with earlier application permitted
Amendments to IAS 16- *Property, plant and equipment-Proceeds before intended use*	1 January 2022, with earlier application permitted
Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022, with earlier application permitted
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an investor and its Associate or Joint Venture*	1 January 2023, with early application permitted.
IFRS 17: *Insurance Contracts*	1 January 2023
Amendments to IAS 1-*Classification of liabilities as current or non-current*	1 January 2023, with earlier application permitted
Amendments to IAS 1 and IFRS practice statement 2: *Disclosure of accounting policies*	1 January 2023, with earlier application permitted
Amendments to IAS 8: *Definition of accounting estimates*	1 January 2023, with earlier application permitted
Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single*	1 January 2023, with earlier application permitted
Amendments to IFRS 16-Lease Liability in a Sale and Leaseback	1 January 2024, with earlier application permitted
Annual improvements to IFRS standards 2018-2021 Cycle: *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter, IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities, and IAS 41 Agriculture – Taxation in fair value measurements*	1 January 2022, with earlier application permitted

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

ii) Relevant New and revised IFRSs in issue but not yet effective for the year ended 30 September 2022 (continued)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, as detailed below:

Amendments to IAS 16 - Property, Plant and Equipment- Proceeds before intended use	These are amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. This amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.
Amendments to IFRS 3: Reference to the Conceptual Framework	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. The changes in Reference to the Conceptual Framework are as follows; a) Update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; b) Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and c) Add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references at the same time or earlier. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.
Amendments to IAS 37: Onerous Contracts- Cost of Fulfilling a Contract	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

ii) Relevant New and revised IFRSs in issue but not yet effective for the year ended 30 September 2022 (Continued)

IFRS 17 Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2021, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The directors do not expect that the adoption of the Standard will have a material impact on the financial statements of the Group.
IFRS 10 and IAS 28 (amendments) ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

ii) Relevant New and revised IFRSs in issue but not yet effective for the year ended 30 September 2022 (Continued)

Amendments to IAS 1- Classification of Liabilities as Current or Non-current	The amendments aim at providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position- not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. In July 2021, the Board tentatively decided to defer the effective date of the 2020 amendments to no earlier than 1 January 2024. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and are to be applied retrospectively. Earlier application is permitted. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.
Amendments to IAS 8: Definition of accounting estimates	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The changes to IAS 8 focus entirely on accounting estimates and clarify the following: a) The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. b) Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. c) The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. d) A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

ii) Relevant New and revised IFRSs in issue but not yet effective for the year ended 30 September 2022 (Continued)

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.
Amendments to IAS 1 and IFRS practice statement 2: Disclosure of accounting policies	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways: a) An entity is now required to disclose its material accounting policy information instead of its significant accounting policies; b) several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material; c) the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and d) the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

ii) Relevant New and revised IFRSs in issue but not yet effective for the year ended 30 September 2022 (Continued)

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.
Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle (*Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities, IAS 41 Agriculture – Taxation in fair value Measurements, IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities***)**	**IFRS 1 First-time Adoption of International Financial Reporting Standards.** The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).
	IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
	IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements.
	IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

iii) Early adoption of standards

The Group did not early-adopt any new or amended standards in 2022.

Basis of preparation

The financial statements are prepared under the historical cost basis of accounting except for land and buildings and investment properties which are measured at revalued amounts and and biological assets which are carried at fair value.

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Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to revenue reserves) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 measured at fair value.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Investment in associate and joint ventures

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

2 ACCOUNTING POLICIES (Continued)

Investment in associate and joint ventures (Continued)

The results and assets and liabilities of associates or a joint venture are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates or a joint venture are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate or a joint venture, less any impairment in the value of individual investments. Losses of an associate or a joint venture in excess of the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the company's net investment in the associate or a joint venture) are not recognised, unless the company has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer

Sale of equipment, motorcycles and three-wheeler vehicles

The Group recognizes revenue when it satisfies a performance obligation by transferring promised goods to a customer (which is when the customer obtains control of the goods). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation is satisfied at a point in time, for promises, to transfer goods to a customer. Revenue is stated net of Value Added Tax (VAT) and discounts.

Service revenue

Sales of services are recognised at a point in time in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

Rental income

Rental income is recognised when the Group's right to receive the rent payment is established.
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

ICT Training and Talent development

ICT Training and Talent development revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the school's activities. This is shown net of rebates and discounts. The school recognises revenue to depict the transfer of promised services to students in an amount that reflects the consideration to which the school expects to be entitled in exchange for those services.

Poultry sale

The company recognises revenue from the following major sources:

- Sales of day-old chicks.
- Sales of eggs.
- Sales of parent stock.

2 ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Poultry sale (Continued)

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Cost of sales

Cost of sales is the accumulated total of all costs used to create our products which have been sold. Cost of sales of inventory is recognized as an expense in the period in which the related revenue is recognized. The various costs of sales fall into the general sub-categories of carrying amount of inventories, direct labour, direct materials, depreciation, overheads and write-down of inventories. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The cost of sales does not include selling and distribution expenses.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to revenue reserves. At the end of each reporting period the difference between depreciation charge for the year based on revalued amount of property, and that based on historical cost is transferred from the revaluation reserve to the revenue reserve net of the related deferred tax.

Depreciation

Depreciation on other property, plant and equipment is provided using the reducing balance method at the following annual rates and recognised in profit or loss:

Buildings	2%
Heavy machinery	12.5% - 25%
Furniture and equipment	12.5% - 30%
Motor vehicles	25%
Computers	30%

Leasehold land is depreciated over the unexpired term of the lease on the straight-line basis.

2. ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets represent computer software stated at cost less amortisation. Amortisation is calculated to write off the cost of computer software using the straight-line method at an annual rate of 20% and is included under administrative expenses in the statement of profit or loss and other comprehensive income.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount (higher of value in use and fair value less costs of disposal) of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Any impairment loss is recognised as an expense immediately under administrative expenses in the statement of profit or loss and other comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised as income immediately.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

2 ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment loses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, plant and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation (including property under construction and leasehold land held for such purposes), is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of the business including direct material costs and other overheads incurred to bring the asset to the existing location and condition. Cost of issues is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of disposal. An allowance is made for obsolete, slow moving and defective inventories.

Livestock

Livestock comprises poultry and is carried at fair value. The fair value of livestock is determined based on the prices of livestock existing in the market less estimated point of sale costs.

2 ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial assets

The Group classifies financial instruments into three categories as described below.

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) De-recognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial instruments (Continued)

Financial assets (Continued)

(a) Classification of financial assets (Continued)

(i) De-recognition (Continued)

On derecognition of a financial asset measured at amortised cost, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(ii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of Financial assets

The Group recognises an allowance for expected credit losses (ECLs) for its Trade receivables and Bank balances. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other assets include cash and bank balances and deposits which the Group uses counter party external rating equivalent both to determine whether the financial asset has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Related parties

The Group is controlled by Car & General (Kenya) Plc incorporated in Kenya being the ultimate parent. There are other companies that are related to Car & General (Kenya) Plc through common shareholdings or common Directorships.

The Group discloses the nature and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the Directors, executive officers and related companies.

2 ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Employee entitlements

Employee entitlements to annual leave and gratuity are recognised when they accrue to employees. A provision is made for the estimated liability for the entitlements as a result of services rendered by employees up to the reporting date.

Employee benefits obligations

The group operates a defined contribution pension scheme for its eligible employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is funded by payments from both the employees and the companies in the group.

The Group also contributes to statutory defined contribution pension schemes in the countries where the entities in the group operate, the National Social Security Fund (NSSF). Contributions are determined by local statute.

The Group's obligations to retirement benefit schemes are recognised in profit or loss as they fall due.

Foreign currencies

Assets and liabilities at year end which are expressed in foreign currencies are translated at the exchange rates ruling at year end. Transactions during the year which are denominated in foreign currency are translated at the rates of exchange ruling at the transaction dates. Gains and losses on exchange are dealt with in the profit or loss in the year in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Kenya Shillings using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate) under the translation reserve/(deficit).

2 ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value net of any outstanding bank overdrafts at the end of the reporting period.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Group Chief Executive Officer). The directors then allocate resources to and assess the performance of the operating segments of the Group.

The operating segments are based on the Group's internal reporting structure. In accordance with IFRS 8, the Group has the following operating segments; trade and workshop, rental, poultry, investment properties, financial services, joint venture, and Information and Computer Technology (ICT) training and development.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property, plant and equipment).

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the consolidated and company statement of profit or loss and other comprehensive income has been presented to show the expenses by function. Please refer to note 31.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Property, plant and equipment and intangible assets

Useful life of assets

The Group reviews the estimated useful lives, depreciation method and residual values of property, plant and equipment at the end of each reporting period. In reviewing the useful lives of property, plant and equipment, the Group considers the remaining period over which an asset is expected to be available for use. Judgment and assumptions are required in estimating the remaining useful period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

b) Revaluation of land and buildings

Land and buildings are measured at revalued amounts. The fair value is determined based on the market and cost approaches using comparable market prices for similar items when available and replacement cost when appropriate.

c) Valuation of investment properties

Investment properties are stated at valuation. In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The measurement of impairment losses across all categories of financial assets requires judgement and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's Expected Credit Losses (ECL) calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Historical default and expected loss rates;
- The Group's criteria for assessing if there has been a significant increase in credit risk; and
- Development of ECL models, including the various formulas and the choice of inputs.

e) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. Non -financial assets that are not subject to amortisation are tested annually for impairment. These calculations require the use of estimates and assumptions such as future expected cash flows and pre-tax discount rate

f) Deferred tax asset

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward used tax losses can be utilised.

g) Determination of discount rate

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses either the property yield or incremental borrowing rate (IBR) to measure the lease liabilities. For property leases that make up substantially all of the Group's lease portfolio, the discount rate is the estimated property yield over a similar lease term assessed at commencement date.

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group's incremental borrowing rate is estimated at the Group level and is based on the average rate of obtaining loans from commercial banks.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately above), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several property lease contracts that include extension options.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

(ii) Classification of rental property as property, plant and equipment or investment property

The Group determines whether a property should be classified as investment property or property, plant and equipment by considering the following factors;

- The intention for the use of the property;
- The proportion of leased space to the owner-occupied space;
- The proportion of rental income to the total income;
- The portion that is held for rentals or capital appreciation versus the portion that is held for use in the production or supply of goods or services or for administrative purposes; and
- The significance of ancillary services provided to the occupants of the property.

Included in land and buildings is a property valued at Shs 535 million (2021: Shs 500 million) that is currently partly leased out to third parties and occupied by the Group. The Group has treated the property as land and buildings as opposed to investment property since the proportion of leased space to the owner-occupied space is less than 30 percent.

4 SEGMENTAL INFORMATION

(a) *Reportable segments*

The Group's reportable segments under IFRS 8 are as follows:

- Trade and workshop – sales and service of power equipment, household goods, agricultural tractors and implements, marine engines, motor cycles, motor cars, three-wheeler vehicles, commercial laundry equipment, commercial engines and general goods.
- Investment properties– property rentals.
- Poultry – day old chick farming.
- ICT Training and Talent development - development of talent by offering multi-disciplinary learning, management and training delivery solutions to corporations, institutions and individuals.
- Manufacturing - manufacture of helmets, plastic components, and motorcycle safety accessories.

4 SEGMENTAL INFORMATION (Continued)

(b) Segment revenues and results

The segment information provided to the Group Chief Executive Officer for reportable segments is as follows:

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	Manufacturing Shs '000	ICT Training and development Shs '000	Total Shs '000
30/09/2022						
Revenue	18,378,102	152,591	630,332	237,837	23	19,398,885
	========	=======	======	======	======	========
Gain in fair value of investment properties	-	111,500	-	-	-	111,500
	========	=======	======	======	======	========
30/09/2021						
Revenue	16,651,920	151,114	302,419	32,288	4,219	17,141,960
	========	=======	======	======	======	========
Gain in fair value of investment properties	-	12,294	-	-	-	12,294
	========	=======	======	======	======	========

Revenue reported above represents revenue generated from external customers.

No single customer contributed 5% or more to the group’s revenue in either 2022 or 2021.

4 SEGMENTAL INFORMATION (Continued)

(b) Segment revenues and results (Continued)

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	Financial Services* Shs '000	Joint Venture* Shs '000	ICT Training & Development Shs '000	Manufacturing Shs '000	Total Shs '000
30 September 2022								
Earnings before finance cost, depreciation, amortization and taxation								
Kenya	825,515	150,298	-	623,273	17,497	(3,915)	(4,862)	1,607,806
Uganda	87,232	-	-	-	-	-	-	87,232
Tanzania	167,188	-	118,876	-	-	-	-	286,064
Rwanda	(671)	-	-	-	-	-	-	(671)
Total	1,079,264	150,298	118,876	623,273	17,497	(3,915)	(4,862)	1,980,431
30 September 2021								
Earnings before finance cost, depreciation, amortization and taxation								
Kenya	947,825	119,204	-	370,373	25,350	(9,810)	-	1,452,942
Uganda	68,960	-	-	-	-	-	-	68,960
Tanzania	264,846	-	58,224	-	-	-	-	323,090
Rwanda	(690)	-	-	-	-	-	-	(690)
Total	1,280,941	119,204	58,224	370,373	25,350	(9,810)		1,844,282

*Financial services business is undertaken through associates. EBITDA figures for financial services and Joint venture are after tax.

4 SEGMENTAL INFORMATION (Continued)

(c) Segment assets and liabilities

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	ICT Training & Talent Development Shs '000	Manufacturing Shs '000	Total Shs '000
30 September 2022						
Assets	14,014,973	3,870,336	736,062	25,560	275,953	18,922,884
	=========	========	========	========	========	=========
Liabilities	11,104,785	1,846,873	194,237	7,589	165,026	13,318,510
	=========	========	========	========	========	========
30 September 2021						
Assets	9,906,173	3,664,219	571,654	33,256	272,307	14,447,609
	=========	========	========	========	=========	=========
Liabilities	7,467,653	1,794,981	196,599	12,401	122,022	9,593,656
	=========	========	========	========	========	=========

(d) Other segment information

30 September 2022						
Cost of sales	15,661,616	(1,388)	393,021	-	200,377	16,253,626
Other costs	138,992	-	-	-	-	138,992
Expenses - selling and administrative	1,811,255	169,573	155,366	9,696	80,245	2,226,135
Interest expenses	651,824	-	-	667	16,784	669,275
Depreciation/amortisation	199,672	47,346	23,150	5,758	37,819	313,745
	========	======	=====	======	======	========
30 September 2021						
Cost of sales	13,806,748	-	134,006	-	47,177	13,987,931
Other costs	102,911	-	-	-	-	102,911
Expenses - selling and administrative	1,413,429	161,785	104,889	20,590	17,415	1,718,108
Interest expenses	496,920	-	16	(6)	6,587	503,517
Depreciation/amortisation	163,023	41,880	13,291	6,561	12,768	237,523
	========	========	========	=========	=========	=========

(e) Geographical information

The group's revenues are derived from sales in the following markets.

	2022 Shs '000	2021 Shs '000
Kenya	10,615,205	11,221,011
Uganda	1,334,470	912,300
Tanzania	7,446,453	5,006,156
Rwanda	2,757	2,493
	19,398,885	17,141,960
	========	========

4 SEGMENTAL INFORMATION (Continued)

(f) The group's total assets and liabilities are located in the following countries:

	2022 Shs '000	2021 Shs '000
Non-current assets (excluding deferred tax assets)		
Kenya	6,913,812	6,102,821
Tanzania	1,271,228	1,002,593
Uganda	123,554	119,628
South Sudan	1,392	4,414
Rwanda	82	96
	8,310,068	7,229,552
Total assets		
Kenya	13,123,112	10,593,391
Tanzania	4,893,415	3,084,432
Uganda	881,602	737,963
Rwanda	23,178	26,998
South Sudan	1,577	4,825
	18,922,884	14,447,609
Total liabilities		
Kenya	9,136,830	7,098,285
Tanzania	3,721,875	2,162,049
Uganda	456,461	324,831
Rwanda	3,344	8,491
	13,318,510	9,593,656

5 REVENUE

	GROUP		COMPANY	
	2022 Shs '000	2021 Shs '000	2022 Shs '000	2021 Shs '000
Trade and workshop	18,378,102	16,651,920	-	-
Poultry	630.332	302,419	-	-
ICT training and development	23	4,219	-	-
Rental income – third parties	152,591	151,114	152,591	151,113
Rental income - internal	-	-	28,606	25,272
Manufacturing	237,837	32,288	-	-
Total	19,398,885	17,141,960	181,197	176,385

	GROUP 2022 Shs '000	GROUP 2021 Shs '000	COMPANY 2022 Shs '000	COMPANY 2021 Shs '000
6 OTHER COSTS				
Demurrage and storage costs	138,992	102,911	-	-
	=======	=======	=======	=======

The Kenya and Tanzania trading operations suffered significant storage and demurrage charges during clearing processes due to logistical and motorbike localization challenges.

	GROUP 2022 Shs '000	GROUP 2021 Shs '000	COMPANY 2022 Shs '000	COMPANY 2021 Shs '000
7 OTHER INCOME				
Gain on disposal of property, plant and equipment	-	180	-	-
Management fees	53,672	50,429	53,672	50,429
Interest income on related party loans – Watu Group	62,455	38,766	-	-
Miscellaneous income	92,081	29,509	-	-
	208,208	118,884	53,672	50,429
	======	======	======	======
8 FINANCE COSTS				
Net interest on borrowings	616,983	443,231	78,597	(3,200)
Interest expense on lease liability (note 28)	52,292	49,976	23,562	24,128
Net foreign exchange losses/(gains)	261,671	10,310	(15,109)	208
	930,946	503,517	87,050	21,136
	======	======	======	======
9 EMPLOYMENT COSTS				
Salaries and wages	1,003,719	877,664	34,546	39,965
Retirement benefit costs:				
- Defined contribution scheme	38,079	28,770	3,226	3,145
- National Social Security Fund contribution	26,730	17,761	21	21
Leave pay provision charge	2,917	2,225	2,059	1,658
	1,071,445	926,420	39,852	44,789
	=======	=======	======	======

10 PROFIT BEFORE TAXATION

The profit before tax is arrived at after charging:

	GROUP 2022 Shs '000	GROUP 2021 Shs '000	COMPANY 2022 Shs '000	COMPANY 2021 Shs '000
Employment costs (note 9)	1,071,445	926,420	39,852	44,789
Directors' remuneration - Non-Executive	7,857	10,066	7,857	10,066
- Executive	24,654	21,768	24,654	21,768
Auditors' remuneration	15,735	14,758	1,264	1,698
Depreciation of property, plant and equipment (note 16)	161,581	111,044	22,950	17,472
Amortisation of intangible assets (note 17)	6,501	3,800	54	64
Depreciation of right-of-use asset (note 18)	145,663	122,679	24,344	24,344
Impairment provision relating to trade receivables (note 23)	73,926	15,629	-	-
Interest expense on lease liability (note 28)	52,292	49,976	23,562	24,128
Impairment provision relating to related party balances	-	-	23,845	-
	=======	======	======	======

11 TAXATION

(a) Taxation charge

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Current taxation based on taxable income	65,265	120,759	13,457	15,868
Deferred tax charge/(credit) (note 26)	(2,000)	113,229	2,165	465
Effect of change in tax rate* (note 26)	-	17,814	-	80,143
Deferred tax on tax losses (not previously recognised now recognised)/not recognised) (note 26)	-	(27,047)	-	-
Prior year under provision - deferred taxation (note 26)	(6,985)	(8,756)	2,340	(12,579)
Taxation charge	56,280	215,999	17,962	83,897
	=======	=======	=======	=======

*In 2020, the Kenyan government announced tax measures to in response to the Covid-19 and on April 25, 2020, the Income tax Act amended Paragraph 2(a) Head B of the Third Schedule to the Income Tax Act by reducing the corporate income tax rate to 25% from the previous 30%. This reverted to 30% starting 1 January 2021.

(b) Reconciliation of expected tax based on accounting profit to the taxation charge

The tax on the Group's and Company's profit before taxation differ from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Profit before taxation	735,740	1,103,242	15,901	56,187
	=======	=======	=======	=======
Tax calculated at the applicable rate	206,897	310,765	4,770	16,154
Tax effect of share of results of associate and joint venture	(198,975)	(118,717)		-
Tax effect of income not taxable	-	(4,875)	-	(2,375)
Tax effect of expenses not deductible for tax	54,748	46,815	10,852	2,554
Deferred tax on tax losses (not previously recognised now recognised)/not recognised	595	(27,047)	-	-
Effect of change in tax rate	-	17,814	-	80,143
Prior year under provision - deferred taxation	(6,985)	(8,756)	2,340	(12,579)
Taxation charge	56,280	215,999	17,962	83,897
	=======	=======	=======	=======

11 TAXATION (Continued)

(c) Corporate tax recoverable/(payable)

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
At beginning of the year	103,636	57,876	25,260	25,100
Charge for the year (note 11(a))	(65,265)	(120,759)	(13,457)	(15,868)
Paid in the year	106,227	169,176	20,734	16,028
Translation adjustments	(665)	(2,657)	-	-
At end of the year	143,933	103,636	32,537	25,260
This is analysed as:				
Corporate tax recoverable	187,615	109,885	32,537	25,260
Corporate tax payable	(43,682)	(6,249)	-	-
	143,933	103,636	32,537	25,260

12 NON-CONTROLLING INTEREST - GROUP

	2022	2021
	Shs '000	Shs '000
At the beginning of the year	271,192	218,502
Non-controlling interest arising from incorporation of BodaPlus Limited	-	64,894
Share of loss for the year	(6,660)	(12,204)
At the end of the year	264,532	271,192

	2022	2021
	%	%
Represented by non-controlling interests in:		
Car & General (Marine) Limited	16	16
Dewdrops Limited	34	34
Progen Company Limited	34	34
BodaPlus Limited	35	35

The above entities are incorporated in Kenya.

13 EARNINGS PER SHARE - GROUP

Earnings per share is calculated based on the profit attributable to equity holders of the Group divided by the weighted average number of ordinary shares outstanding during the year:

	2022	2021
Profit attributable to owners of the company (Shs' 000)	686,120	899,447
Weighted average number of ordinary shares	80,206,616	80,206,616
Basic and diluted earnings per share (Shs)	8.55	11.21

The comparatives for the purposes of calculating both basic and diluted earnings per share in 2021 has been adjusted to reflect the capitalisation issue in 2022.

14 EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION

The Group and Company have disclosed Earnings before finance costs, depreciation, amortization and taxation because management believes that this measure is relevant to an understanding of the financial performance. This disclosure is provided for illustrative purposes only.

Earnings before finance costs, depreciation, amortization and taxation is calculated by adjusting profit for the year to exclude the impact of taxation, net finance costs, depreciation of property, plant & equipment, amortisation of intangible assets and depreciation of right of use asset.

Earnings before finance costs, depreciation, amortization and taxation is not a defined performance measure in IFRS. The Groups' definition of Earnings before finance costs, depreciation, amortization and taxation may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of Earnings before finance costs, depreciation, amortization and taxation to profit/(loss) for the year:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Profit/(loss) for the year	679,460	887,243	(2,061)	(27,710)
Taxation (credit)/charge	56,280	215,999	17,962	83,897
Profit before tax	735,740	1,103,242	15,901	56,187
Finance costs	930,946	503,517	87,050	21,136
Depreciation of property, plant and equipment	161,581	111,044	22,950	17,473
Amortisation of intangible assets	6,501	3,800	54	64
Depreciation of right of use asset	145,663	122,679	24,344	24,344
Earnings before finance costs, depreciation, amortization and taxation	1,980,431	1,844,282	150,299	119,204

15 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
At beginning of the year	3,525,004	3,509,690	2,250,914	2,237,150
Additions	-	1,706	-	1,706
Transfer to property, plant and equipment	(540,000)	-	(540,000)	-
Disposals	(41,500)	-	(41,500)	-
Fair value gain	111,500	12,294	61,500	12,294
Translation adjustments	6,433	1,314	(3,022)	(236)
At end of the year	3,061,437	3,525,004	1,727,892	2,250,914

The fair value of the Group’s and Company’s investment properties as at 30 September 2022 have been arrived at on the basis of valuation carried out at that date by R.R Oswald & Company Limited, Survesis Company Limited and Trace Associates Limited. The valuers are registered, independent and not connected with the Group. R.R Oswald & Company Limited are members of the Institute of Surveyors of Kenya, Survesis Company Limited are members of the Institute of Surveyors of Uganda and Trace Associates are members of the Institute of Surveyors of Tanzania. The valuers have the appropriate qualifications, relevant and recent experience in the fair value measurement of property in various locations in Kenya, Uganda and Tanzania.

15 INVESTMENT PROPERTIES - GROUP AND COMPANY (Continued)

The carrying value of the investment properties charged as security for loan facilities is Shs 3,525 million (2021: Shs 3,546 million) and Shs 2,251 million (2021: Shs 2,272 million) for Group and Company at the end of the year. Details of the outstanding loan facilities are disclosed in note 27.

Details of the Group's and Company's investment properties and information about the fair value hierarchy at the end of the reporting period are as follows:

Group

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
30 September 2022				
New Cargen House	-	-	1,726,500	1,726,500
Shanzu plots	-	1,250,000	-	1,250,000
Tanzania plot	-	83,545	-	83,545
Juba plot	-	1,392	-	1,392
	-	1,334,937	1,726,500	3,061,437
30 September 2021				
New Cargen House	-	-	1,665,000	1,665,000
Shanzu plots	-	1,200,000	-	1,200,000
C.G. Retread	-	-	540,000	540,000
Diani Beach plots	-	74,090	-	74,090
Tanzania plot	-	41,500	-	41,500
Juba plot	-	4,414	-	4,414
	-	1,320,004	2,205,000	3,525,004

Company

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
30 September 2022				
New Cargen House	-	-	1,726,500	1,726,500
Juba plot	-	1,392	-	1,392
	-	1,392	1,726,500	1,727,892
30 September 2021				
New Cargen House	-	-	1,665,000	1,665,000
C.G. Retread	-	-	540,000	540,000
Diani Beach plots	-	41,500	-	41,500
Juba plot	-	4,414	-	4,414
	-	45,914	2,205,000	2,250,914

15 INVESTMENT PROPERTIES - GROUP AND COMPANY (Continued)

Property	Valuation technique	Significant unobservable inputs	Sensitivity
New Cargen House	Income capitalization method.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 7.5% to 9 % (2021: 8.15% to 10.4 %).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa
C.G. Retread	Cost method	Market prices for undeveloped land, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property, of Shs 300M - Shs 350M per acre (2021: Shs 250M - Shs 300M per acre). Warehouse construction costs of Shs 27,000 - Shs 34,000 per square meter (2021: Shs 27,000 - Shs 34,000 per square meter)	A slight increase in the market price used would result in a significant increase in fair value, and vice versa A slight increase in the cost of construction used would result in a significant increase in fair value, and vice versa
Shanzu plots Diani Beach plots Tanzania plot Juba plot	Market comparable approach	Market prices for undeveloped land, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, of Shs 250M - Shs 300M weighted average per acre (2021: Shs 230M - Shs 260M weighted average per acre)	A slight increase in the market price used would result in a significant increase in fair value, and vice versa

There has been no change on the valuation technique during the year.

The income generated from the properties is as follows:

	2022 Shs'000	2021 Shs'000
Rental income from investment properties (note 5)	152,591	151,114
Direct operating expense arising from rented out investment property *	(37,903)	(25,920)
	114,688	125,194

*These expenses are recorded together with other administrative expenses.

16 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings Shs '000	Machinery Shs '000	Furniture, fittings and equipment Shs '000	Motor vehicles Shs '000	Computers Shs '000	Work in progress Shs '000	Total Shs '000
Cost or valuation							
At 1 October 2020	1,394,193	247,576	247,749	191,509	56,245	1,598	2,138,870
Translation adjustments	5,806	1,053	2,341	(702)	653	32	9,183
Additions	27,085	187,970	26,204	53,114	11,330	3,527	309,230
Disposals	-	(835)	(4,012)	(12,073)	(5,935)	-	(22,855)
Revaluation surplus	8,417	-	-	-	-	-	8,417
At 30 September 2021	1,435,501	435,764	272,282	231,848	62,293	5,157	2,442,845
At 1 October 2021	1,435,501	435,764	272,282	231,848	62,293	5,157	2,442,845
Translation adjustments	106,247	3,062	14,078	8,582	1,612	659	134,239
Additions	48,619	109,025	59,007	18,615	7,287	-	242,553
Transfer from investment properties	540,000	-	-	-	-	-	540,000
Transfer to Group company	5,816	-	-	-	-	(5,816)	-
Disposals	-	(2,531)	(5,143)	(6,584)	(4,525)	-	(18,783)
Revaluation surplus	71,522	-	-	-	-	-	71,522
At 30 September 2022	2,207,706	545,320	340,224	252,461	66,611	-	3,412,378
Depreciation							
At 1 October 2020	-	90,746	97,084	132,060	34,875	-	354,765
Translation adjustments	1,136	288	1,270	(1,818)	575	-	1,451
Charge for the year	15,667	53,580	16,507	19,443	5,847	-	111,044
Eliminated on disposals	-	(725)	(2,152)	(10,327)	(5,593)	-	(18,797)
Write back on revaluation	(16,803)	-	-	-	-	-	(16,803)
At 30 September 2021	-	143,889	112,709	139,358	35,704	-	431,660
At 1 October 2021	-	143,889	112,709	139,358	35,704	-	431,660
Translation adjustments	386	1,517	6,768	5,124	1,017	-	14,812
Charge for the year	22,557	86,046	22,476	23,652	6,849	-	161,580
Eliminated on disposals	-	(2,164)	(3,641)	(6,007)	(4,341)	-	(16,153)
Write back on revaluation	(19,329)	-	-	-	-	-	(19,329)
At 30 September 2022	3,354	229,288	138,312	162,127	39,229	-	572,310
Net book value							
At 30 September 2022	2,202,352	316,032	201,912	90,334	27,438	-	2,840,067
At 30 September 2021	1,435,501	291,875	159,573	92,490	26,589	5,157	2,011,185
Net book value (cost basis)							
At 30 September 2022	895,532	316,032	201,912	90,334	27,438	-	1,531,248
At 30 September 2021	310,520	291,875	159,573	92,490	26,589	5,157	886,205

16 PROPERTY, PLANT AND EQUIPMENT – COMPANY

	Land and buildings Shs '000	Motor vehicles Shs '000	Furniture, fittings and equipment Shs '000	Computers Shs '000	Total Shs '000
Cost or Valuation					
At 1 October 2020	575,000	1,227	79,973	6,585	662,785
Additions	-	-	1,023	2,504	3,527
At 30 September 2021	575,000	1,227	80,996	9,089	666,312
At 1 October 2021	575,000	1,227	80,996	9,089	666,312
Additions	-	100	8,491	656	9,247
Transfer from related parties	-	-	-	298	298
Transfer from investment properties	540,000	-	-	-	540,000
Revaluation surplus	45,000	-	-	-	45,000
At 30 September 2022	1,160,000	1,327	89,487	10,043	1,260,857
Depreciation					
At 1 October 2020	-	1,054	18,067	5,243	24,364
Charge for the year	11,500	43	5,370	559	17,472
Written back on revaluation	(11,500)	-	-	-	(11,500)
At 30 September 2021	-	1,097	23,437	5,802	30,336
At 1 October 2021	-	1,097	23,437	5,802	30,336
Charge for the year	16,000	45	6,209	696	22,950
Transfer to related parties	-	-	-	267	267
Written back on revaluation	(16,000)	-	-	-	(16,000)
At 30 September 2022	-	1,142	29,646	6,765	37,553
Net book value					
At 30 September 2022	1,160,000	185	59,841	3,278	1,223,304
At 30 September 2021	575,000	130	57,559	3,287	635,976
Net book value (cost basis)					
At 30 September 2022	611,817	185	59,841	3,278	675,121
At 30 September 2021	26,805	130	57,559	3,287	87,781

16 PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY (Continued)

Work in progress in prior year relate to renovations of one of the buildings in Tanzania.

Assets pledged as security

The carrying value of land and buildings charged as security for loan facilities is Shs 1,457 million (2021: Shs 1,394 million) and Shs 1,160 million (2021: Shs 575 million) for Group and Company respectively at the end of the year. Details of the outstanding loan facilities are disclosed in note 27.

Fair value measurement of the Group's and Company's land and buildings

The Group's and Company's land and buildings were revalued as at 30 September 2022 by independent valuers, R.R. Oswald Company Limited and Trace Associates Limited, not related to the Group. R.R Oswald & Company Limited are members of the Institute of Surveyors of Kenya and Trace Associates Limited are members of the Institute of Surveyors of Tanzania. The valuers have the appropriate qualifications and recent experience in the fair value measurements of properties in the relevant locations. The valuation conforms to International Valuation Standards (IVS) and Institution of Surveyors of Kenya (ISK) guidelines.

The fair value of the land was determined based on the sales comparison/market approach that reflects recent transaction prices for similar properties.

The fair value for the buildings was determined using the contractors' method/cost approach that reflects the cost to a market participant to construct or purchase assets of comparable utility adjusted for depreciation.

There has been no change in the valuation technique during the year.

Details of the fair value hierarchy for the Group's and Company's property carried at fair value as at 30 September 2022 and 30 September 2021 are as follows:

	Level 1 Shs '000	Level 2 Shs '000	Level 3 Shs '000	Total Shs '000
30 September 2022				
Group				
Land and buildings	-	-	2,202,326	2,202,326
	========	========	========	========
Company				
Land and buildings	-	-	1,160,000	1,160,000
	========	========	========	========
30 September 2021				
Group				
Land and buildings	-	-	1,435,501	1,435,501
	========	========	========	========
Company				
Land and buildings	-	-	575,000	575,000
	========	========	========	========

There were no transfers between the levels during the current or prior year.

17 INTANGIBLE ASSETS - COMPUTER SOFTWARE

	GROUP Shs '000	COMPANY Shs '000
Cost		
At 1 October 2020	34,066	2,688
Translation adjustments	65	-
Additions	7,593	-
At 30 September 2021	41,724	2,688
At 1 October 2021	41,724	2,688
Translation adjustments	759	-
Additions	21,560	80
Write off	(140)	-
At 30 September 2022	63,903	2,768
Amortisation		
At 1 October 2020	16,830	2,368
Translation adjustments	47	-
Charge for the year	3,800	64
At 30 September 2021	20,677	2,432
At 1 October 2021	20,677	2,432
Translation adjustments	294	-
Charge for the year	6,501	54
Eliminated on write off	(130)	-
At 30 September 2022	27,342	2,486
Net book value		
At 30 September 2022	36,561	282
At 30 September 2021	21,047	256

Intangible assets relate to computer software in use by the Group. The intangible assets have an estimated useful life of 5 years.

18 RIGHT OF USE ASSETS

Group

	Buildings Shs '000	Motor vehicles Shs '000	Total Shs '000
Cost:			
At 1 October 2020	631,152	35,973	667,125
Translation adjustment	148	-	148
Additions	123,869	24,590	148,459
Modifications/alteration*	(26,597)	(3,304)	(29,901)
At 30 September 2021	728,572	57,259	785,831
At 1 October 2021	728,572	57,259	785,831
Translation adjustment	16,144	-	16,144
Additions	165,845	24,590	190,435
Modifications/alteration*	(77,134)	(3,304)	(80,438)
At 30 September 2022	833,427	78,545	911,972
Depreciation:			
At 1 October 2020	87,383	13,040	100,423
Translation adjustment	25	-	25
Charge for the year	109,638	13,041	122,679
Modifications/alteration*	(3,673)	(639)	(4,312)
At 30 September 2021	193,373	25,442	218,815
At 1 October 2021	193,373	25,442	218,815
Translation adjustment	6,634	-	6,634
Charge for the year	132,622	13,041	145,663
Modifications/alteration*	(72,507)	(639)	(73,146)
At 30 September 2022	260,122	37,844	297,966
Net book value:			
At 30 September 2022	573,305	40,701	614,006
At 30 September 2021	535,199	31,817	567,016

18 RIGHT OF USE ASSETS (Continued)

Company

	Buildings Shs '000
Cost:	
At 1 October 2021 and 30 September 2022	342,844
Depreciation:	
At 1 October 2020	24,344
Charge for the year	24,344
At 30 September 2021	48,688
At 1 October 2021	48,688
Charge for the year	24,344
At 30 September 2022	73,032
Net book value:	
At 30 September 2022	269,812
At 30 September 2021	294,156

The Group and Company leases several assets including buildings and motor vehicles. The average lease term for buildings is 3 to 8 years and motor vehicles is 2 to 5 years.

The various lease agreements do not provide for purchase options on expiry of the lease terms.

No restrictions have been imposed by the lessors on the Group and Company in respect to dividend pay outs, borrowings or further leasing.

* Lease modification/alterations relates to lease retirement, extension and cancellation.

19 INVESTMENT IN SUBSIDIARIES - COMPANY

Details of investment	Country of incorporation	2022 % of equity interest	2021 % of equity interest	2022 Shs '000	2021 Shs '000
Wholly-owned subsidiaries					
Car & General (Trading) Limited – Tanzania	Tanzania	100%	100%	137,755	137,754
Kibo Poultry Products Limited	Tanzania	100%	100%	256,538	256,539
Car & General (Tanzania) Limited	Tanzania	100%	100%	2,600	2,600
Car & General (Uganda) Limited	Uganda	100%	100%	2,250	2,250
Car & General (Engineering) Limited	Kenya	100%	100%	2,600	2,600
Car & General (Rwanda) Limited	Rwanda	100%	100%	508	508
NIIT Learning Limited	Kenya	100%	100%	500	500
Car & General (Industries) Limited	Kenya	100%	100%	20	20
Car & General (Trading) Limited - Kenya	Kenya	100%	100%	40	40
Cargen Insurance Agencies Limited	Kenya	100%	100%	2	2
Sovereign Holdings International Limited	British	100%	100%	-	-
Car & General (Automotive) Limited	Kenya	100%	100%	-	-
Dew Tanzania Limited	Tanzania	100%	100%	-	-
Non-wholly-owned subsidiaries					
Car & General (Marine) Limited	Kenya	84%	84%	3,155	3,155
Dewdrops Limited	Kenya	66%	66%	7	7
Progen Company Limited Kenya	Kenya	66%	66%	-	-
				405,975	405,975

Set out below is the summarised financial information in respect of the subsidiaries with non-controlling interests:

	Car & General (Marine) 2022 Shs '000	Car & General (Marine) 2021 Shs '000	Boda Plus 2022 Shs '000	Boda Plus 2021 Shs '000	Progen Company Limited 2022 Shs '000	Progen Company Limited 2021 Shs '000	Dewdrops Limited 2022 Shs '000	Dewdrops Limited 2021 Shs '000
Summarised statement of financial position								
Total assets	66,654	66,654	275,953	272,806	1,277,803	1,216,653	1,052,823	1,052,823
Total liabilities	18,878	18,768	165,026	122,022	1,175,058	1,142,616	430,666	430,657
Net assets	47,776	47,886	110,927	150,784	102,745	74,037	622,157	622,166
Non - controlling interests	16%	16%	34%	34%	34%	34%	34%	34%
Summarised statement of profit or loss								
Gain in fair value of investment property	-	-	-	-	50,000	-	-	-
Revenue	-	-	237,837	32,288	(3,081)	-	-	(39)
Loss for the year	(110)	(121)	(47,267)	(36,230)	(46,919)	(4,181)	(9)	(39)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	(110)	(121)	(47,267)	(36,230)	(46,919)	(4,181)	(9)	(39)

20 INVESTMENT IN ASSOCIATES - GROUP

Details of the Group's associates at the end of reporting period are as follows:

Name of Associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2022	2021
Watu Credit Limited	Microfinance Services	Kenya	29.00%	29.00%
Watu Holding Limited	Holding company. Microfinance Services through subsidiaries.	Mauritius	29.00%	29.00%
Watu Tuu Limited	Holding company. Microfinance Services through subsidiaries.	Tanzania	29.00%	-
			======	======

For 2022, the major operations for microfinance services were in Kenya and Uganda.The Group's investment in associates is as follows:

	2022 Shs'000	2021 Shs'000
Watu Credit Limited (note 20(a))	1,175,105	747,921
Watu Holdings Limited (note 20(b))	245,853	41,282
Watu Tuu Limited	3,445	-
	1,424,403	789,203
	========	=======

The movement in the investment is as follows:

At the beginning of the year	789,203	418,830
Additional investment in the year	11,927	-
Share of profit in the year	623,273	370,373
	1,424,403	789,203
	========	=======

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents the amount shown in the associate's financial statements for the 12 months period ended 30 September prepared in accordance with IFRSs.

Associates	Watu Credit Limited		Watu Holdings Limited		Watu Tuu Limited	
	2022 Sh '000	2021 Sh '000	2022 Sh '000	2021 Sh '000	2022 Sh '000	2021 Sh '000
Current assets	14,666,163	12,280,649	9,674,486	2,724,284	1,094,677	-
Non-current assets	1,537,486	924,831	262,911	25,756	27,676	-
Non - current liabilities	9,787,106	6,530,372	6,885,494	1,852,741	-	-
Current liabilities	1,666,870	3,747,778	1,654,866	53,357	1,129,591	-
Total revenue	10,925,803	7,198,800	3,284,468	988,351	236,771	-
Profit/(loss) for the year	1,473,051	1,134,797	705,419	142,352	(29,248)	-
Group's share of profit/(loss) from associates	427,184	329,091	204,571	41,282	(8,482)	-

20 INVESTMENT IN ASSOCIATES – GROUP (Continued)

(a) Watu Credit Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2021: 29%) of the equity holding in Watu Credit Limited.

Watu Credit Limited as part of its micro finance services offers asset finance – financing motorcycles and three-wheelers across Kenya.

Watu Credit Limited is accounted for using the equity method in these financial statements and taking into account the following factors:

- The financial year end date of Watu Credit Limited is 31 December. This is the reporting date established when the company was incorporated. For purposes of applying the equity method of accounting, the unaudited financial statements of Watu Credit Limited for the period ended 30 September 2022 have been used which incorporate the audited figures to 31 December 2021. The last audited financial statements were for the year ended 31 December 2021; and
- The Group holds 29% (2021: 29%) of the equity shares of Watu Credit Limited.

The Group exercises significant influence by virtue of its contractual right to appoint two out of six Directors to the Board of Directors of Watu Credit Limited.

The carrying amount of the Group's interest in Watu Credit Limited is recognised in the consolidated financial statements:

	2022 Shs '000	2021 Shs '000
At beginning of year	747,921	418,830
Share of profit for the year	427,184	329,091
At end of year	1,175,105	747,921

The Group has also advanced a loan to the associate whose outstanding balance at the end of the year was Shs Nil (2021: Shs 69 million) and attracts interest at the rate of 18% p.a. Please refer to note 24(b).

(b) Watu Holdings Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2021: 29%) of the equity holding in Watu Holdings Limited.

Watu Holdings Limited was incorporated in Mauritius in 2021. The principal activities of Watu Holdings Limited is to hold investments and provide micro-credit facilities. The Company has two subsidiaries i.e., Watu Credit (Uganda) Limited and Watu Sierra Leone Limited.

Watu Holdings Limited is accounted for using the equity method in these financial statements and taking into account the following factors:

- The financial year end date of Watu Holdings Limited is 31 December. This is the reporting date established when the company was incorporated. For purposes of applying the equity method of accounting, the unaudited financial statements of Watu Holdings Limited for the period ended 30 September 2022 have been used which incorporate the audited figures to 31 December 2021. The last audited financial statements were for the year ended 31 December 2021; and
- The Group holds 29% (2021: 29%) of the equity shares of Watu Holdings Limited.

20 INVESTMENT IN ASSOCIATES – GROUP (Continued)

(b) Watu Holdings Limited (continued)

The Group exercises significant influence by virtue of its contractual right to appoint two out of six Directors to the Board of Directors of Watu Holdings Limited.

The carrying amount of the Group's interest in Watu Holdings Limited is recognised in the consolidated financial statements:

	2022 Shs '000	2021 Shs '000
At beginning of year	41,282	-
Share of profit for the year	204,571	41,282
At end of year	245,853	41,282

The Group has also advanced a loan to Watu Credit (Uganda) Limited, a subsidiary of Watu Holdings Limited, whose outstanding balance at the end of the year was Shs nil (2021: Shs 101 million) and attracts interest at the rate of 18% (2021: 18%) p.a. Please refer to note 24(b).

(c) Watu Tuu Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2021: 0%) of the equity holding in Watu Tuu Limited. Watu Credit (Tanzania) is a subsidiary of Watu Tuu Limited.

Watu Tuu Limited as part of its micro finance services offers asset finance – financing motorcycles and three-wheelers across Tanzania.

Watu Tuu Limited is accounted for using the equity method in these financial statements and taking into account the following factors:

- The financial year end date of Watu Tuu Limited is 31 December. This is the reporting date established when the company was incorporated. For purposes of applying the equity method of accounting, the unaudited financial statements of Watu Tuu Limited for the period ended 30 September 2022 have been used which incorporate the audited figures to 31 December 2021. The last audited financial statements were for the year ended 31 December 2021; and
- The Group holds 29% of the equity shares of Watu Tuu Limited.

The Group exercises significant influence by virtue of its contractual right to appoint two out of six Directors to the Board of Directors of Watu Tuu Limited.

The carrying amount of the Group's interest in Watu Tuu Limited is recognised in the consolidated financial statements:

	2022 Shs '000	2021 Shs '000
At beginning of year	-	-
Purchase of shares	11,927	-
Share of loss in the year	(8,482)	-
At end of year	3,445	-

In the current year, the Group invested 104,400 shares in Watu Tuu Limited leading to the total owership by the Group in Watu Tuu Limited to 29%.

The Group has also advanced a loan to Watu Credit (Tanzania) Limited, a subsidiary of Watu Tuu Limited, whose outstanding balances at the end of the year was Shs 0.14 million (2021; Shs 22 million) and attracts interest at the rate of 18% p.a. Please refer to note 24(b).

21 INVESTMENT IN JOINT VENTURE – GROUP

The joint venture, Cummins C&G Holdings Limited, is jointly owned (50:50) by Cummins Africa Holdings BV and Car & General (Trading) Limited Kenya. Cummins C&G Holdings Limited carries on the business of distributing, selling and service of Cummins products.

Details of the Group's joint venture at the reporting period is as follows:

Name of Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2022	2021
Cummins C&G Holdings Limited	Product Distribution	Mauritius	50%	50%

The joint venture is accounted for using the equity method in these financial statements.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents the amount shown in the joint venture's audited financial statements for the year ended 30 September 2022 prepared in accordance with IFRSs.

	2022 Shs '000	2021 Shs '000
Value of net assets at year end		
Total assets	1,882,549	1,556,813
Total liabilities	1,042,533	867,559
Net assets at year end	840,016	689,254
The above amounts of assets and liabilities includes the followings:		
Cash and cash equivalents	137,653	204,392
Revenue	1,882,600	1,672,354
Profit for the year	34,994	50,699
Company share of profit	17,497	25,350
The above profit for the year is after charging/(crediting) the following:		
Depreciation	30,359	31,572
Income tax charge	3,314	8,178

21 INVESTMENT IN JOINT VENTURE - GROUP (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements.

	2022 Shs '000	2021 Shs '000
Net assets of the joint venture	840,016	689,254
Proportion of the Group's ownership interest in the joint venture	50%	50%
Share of net assets in the joint venture	420,008	344,627
Other adjustments - effect of exchange rate adjustments	(86,414)	(28,530)
Carrying amount of the Group's interest in the venture	333,594	316,097

The carrying amount of the company's interest in the venture is summarised as follows:

	2022	2021
At beginning of the year	316,097	290,747
Share of profit in year	17,497	25,350
At end of the year	333,594	316,097

22 INVENTORIES - GROUP

	2022	2021
Goods in transit and in bond	4,350,313	2,053,394
Finished products	1,942,904	1,778,236
Raw materials, spares and consumables	1,252,195	923,024
Work in progress	4,033	9,498
Livestock (Parent stock) inventories	52,273	27,453
Books and learning materials	1,091	1,222
Inventory provision for obsolescence	(61,885)	(295,887)
	7,540,924	4,496,940

23 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022 Shs '000	2021 Shs '000	2022 Shs '000	2021 Shs '000
Trade receivables	1,965,874	1,423,637	68,816	69,783
Allowance for expected credit losses	(599,499)	(512,277)	(48,594)	(48,594)
Net trade receivables	1,366,375	911,360	20,222	21,189
Prepayments	56,342	29,951	8,547	3,700
Other receivables	450,821	330,368	20,699	17,895
	1,873,538	1,271,679	49,468	42,784

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 TRADE AND OTHER RECEIVABLES (Continued)

Set out below is the movement in the allowance for expected credit losses of trade receivables

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
As at 1 October	512,277	496,648	48,594	48,594
Translation adjustments	13,296	-	-	-
Provision for expected credit losses	73,926	15,629	-	-
At 30 September	599,499	512,277	48,594	48,594

24 RELATED PARTIES BALANCES AND TRANSACTIONS

A number of transactions are entered into with related parties in the normal course of business. The volumes of related party transactions, outstanding balances at the end of the year and the related expenses and income for the year are as follows:

a) Due from related companies

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Car & General (Automotive) Limited	-	-	469	154
NIIT Learning Limited	-	-	-	14,997
Car & General (Trading) Limited - (Tanzania)	-	-	4,665	2,462
Car & General (Uganda) Limited	-	-	1,528	872
Progen Company Limited	-	-	59,992	54,484
Sovereign Holdings International Limited	-	-	10,822	10,416
Car & General (Marine) Limited	-	-	18,519	18,316
Car & General (Engineering) Limited	-	-	15,019	14,776
Dewdrops Limited	-	-	274,398	274,348
Cummins C&G Holdings Limited	446,072	391,180	446,072	391,180
	446,072	391,180	831,484	782,005

The current related party balances are non-interest bearing and have no fixed repayment terms.

b) Loan due from related companies

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
BodaPlus	-	-	538	-
Watu Credit Limited	-	69,288	-	-
Watu Credit (Uganda) Limited	-	101,294	-	-
Watu Credit (Tanzania) Limited	136	22,362	-	-
Car & General (Trading) - Tanzania	-	-	120,037	-
	136	192,944	120,575	-

The loans to related companies above are denominated in Kenya Shillings and attract interest at the rate of 18% (2021: 18%) per annum. The loan is repayable within 12 months of the financial year.

24 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

c) Loan due to a related party

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Due to a minority interest shareholder	165,266	165,266	-	-
	=======	=======	=======	=======

The unsecured loan from a minority interest shareholder in a subsidiary is denominated in Kenya Shillings and is non-interest bearing. The loan is repayable beyond 12 months of the financial year.

d) Due to related companies

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Cummins C&G Holdings Limited	733,753	545,358	-	-
Car & General (Trading) Limited – Kenya	-	-	1,020,483	784,241
Car & General (Industries) Limited	-	-	3,180	3,383
Car & General (Rwanda) Limited	-	-	167	147
	733,753	545,358	1,023,830	787,771
	=======	=======	=======	=======

The current related party balances are non-interest bearing and have no fixed repayment terms.

e) Related party transactions

The following transactions were carried out with related parties during the year.

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Management fees				
Cummins C&G Holdings Limited	53,672	50,429	53,672	50,429
	=======	=======	=======	=======
Rental income				
Car & General (Trading) Limited - (Kenya)	28,606	25,272	28,606	25,272
	=======	======	======	======
Interest income				
Interest income on related party loans – Watu Group	62,455	38,766	-	-
	=======	======	======	======

24 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

(e) Related party transactions (continued)

Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	2022 Shs '000	2021 Shs '000
Salaries and other benefits to key management	359,444	316,378
Directors' remuneration		
Executive Director	24,654	21,768
Non-Executive Directors	7,857	10,066
	32,511	31,834

During the year, the following transactions with regard to borrowings were carried out with related parties. The related parties involved were:

- I&M Bank Limited, which is not a member of Car & General (Kenya) Plc Group, but is related through certain common Directors.
- Fincom Limited which is a shareholder of Car and General (Kenya) Plc Group and is also related through common Director.

	GROUP		COMPANY	
	2022 Shs '000	2021 Shs '000	2022 Shs '000	2021 Shs '000
Borrowings repaid	1,049,642	792,986	29,239	3,499
Borrowings received	889,123	1,111,128	9,239	-
Interest paid on related company loans (Banks)	78,556	54,920	383	91
Interest paid on Directors' loans	29,780	30,462	29,780	30,462
Loan balance – Directors	211,000	220,000	200,000	220,000
Loan balance - Banks	612,639	772,804	-	-
Overdraft balance - Banks	114,777	51,430	5,788	723

25(a) SHARE CAPITAL - GROUP AND COMPANY

	2022 Shs '000	2021 Shs '000
Authorised:		
82,103,308 (2021: 42,000,000) ordinary shares of Shs 5 each	410,517	210,000

25(a) SHARE CAPITAL - GROUP AND COMPANY (Continued)

	2022 Shs '000	2021 Shs '000
Issued and fully paid:		
80,206,616 (2021: 40,103,308) ordinary shares of Shs 5 each	401,033	200,516
	=======	======

	2022		2021	
	Number of shares	Shs '000	Number of shares	Shs '000
At the beginning of the year	40,103,308	200,516	40,103,308	200,516
Bonus share issue	40,103,308	200,517	-	-
At the end of the year	80,206,616	401,033	40,103,308	200,516
	========	========	=======	=======

During the year, the company issued bonus shares from retained earnings of one share for every ordinary share held with a par value of Shs 5 each. This was approved at the Annual General Meeting of the Company held on Thursday, 24 March 2022.

25(b) DIVIDENDS

	2022 Shs '000	2021 Shs '000
Amounts proposed as distributions to equity holders in the year:		
Proposed first and final dividend for the year ended 30 September 2022 of Shs 0.80 (2021: Shs 3.20) per share.	64,165	128,331
	=======	======

The proposed first and final dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the register of members on or about 23rd March 2023. The payment of this dividend will not have any tax consequences for the Group.

26 DEFERRED TAXATION

Deferred income tax is calculated using the enacted income tax rate of 30% (2021: 30%). The deferred income tax liability/(asset) is made up as follows:

	GROUP		COMPANY	
	2022 Shs ‘000	2021 Shs ‘000	2022 Shs ‘000	2021 Shs ‘000
Other provisions	(181,222)	(158,210)	(24,303)	(12,249)
Tax losses	(57,521)	(136,992)	-	-
Unrealised exchange differences	(7,826)	(7,895)	1,624	1
Accelerated capital allowances	26,219	54,723	(5,186)	(8,825)
Provision for expected credit losses	(164,725)	(182,125)	(45,858)	(38,705)
Fair value gain on investment property	452,546	605,446	400,841	544,391
Revaluation surplus on property, plant and equipment	449,245	300,432	344,755	164,455
Net deferred tax liability	516,716	475,379	671,873	649,068
Deferred tax assets not recognised	-	22,015	-	-
	516,716	497,394	671,873	649,068
	======	======	======	======

26 DEFERRED TAXATION (Continued)

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Presented in the statement of financial position as follows:				
Deferred tax asset	(367,020)	(335,228)	-	-
Deferred tax liability	883,736	832,622	671,874	649,068
	516,716	497,394	671,874	649,068

	GROUP		COMPANY	
	2022	2021	2022	2021
The movement on the deferred tax account is as follows:				
At start of year	497,394	376,871	649,068	550,206
(Credit)/charge to profit or loss (note 11(a))	(2,000)	113,229	2,165	465
Deferred tax on revaluation surplus of property	21,582	7,243	18,300	3,450
Effect of change in tax rate to profit or loss	-	17,814	-	80,143
Effect of change in tax rate – revaluation surplus	-	27,382	-	27,382
Prior year (over)/under provision	(6,985)	(8,756)	2,341	(12,578)
Movement in deferred tax assets not recognised	-	(27,047)	-	-
Exchange difference	6,725	(9,342)	-	-
At end of year	516,716	497,394	671,874	649,068

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. At 30 September 2022, the Group had tax losses amounting to Shs 192 million (2021: Shs 307 million) available for carry forward and set off against future taxable income. Kenyan Income Tax laws allow for carry forward of tax losses indefinitely. The accumulated tax losses will be utilised to offset future taxable profits.

27 BORROWINGS

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Loans – working capital loans	1,857,317	1,765,527	263,792	724,578
Import loans	5,122,164	3,103,413	462,430	-
Hire purchase finance	604	3,411	-	-
Bank overdrafts	139,937	71,081	5,789	723
	7,120,022	4,943,432	732,011	725,301
Presented in the statement of financial position as follows:				
Non-current liability	1,426,611	819,594	263,792	100,000
Current liability	5,693,411	4,123,838	468,219	625,301
	7,120,022	4,943,432	732,011	725,301

27 BORROWINGS (Continued)

Maturities of amounts included in loans is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Within one year	5,693,411	4,123,838	468,219	625,301
Between two and five years	1,426,611	803,926	263,792	100,000
Later than 5 years	-	15,668	-	-
	7,120,022	4,943,432	732,011	725,301
	=======	=======	======	======

Analysis of borrowings by currency

Borrowings in USD	4,723,390	3,887,512	-	725,301
Borrowings in KShs	2,306,043	909,385	732,011.	-
Borrowings in TZS	90,589	146,535	-	-
	7,120,022	4,943,432	732,011	725,301
	=======	=======	======	======

Analysis of borrowings by security

Secured borrowings	5,018,186	3,623,744	5,788	100,723
Unsecured borrowings	2,101,836	1,319,688	726,223	624,578
	7,120,022	4,943,432	732,011	725,301
	=======	=======	======	======

Included in loans are unsecured loans advanced to the Group amounting to Shs 211 million (2021: Shs 220 million) that are due to two company Directors or their associates. The loans are unsecured, denominated in Kenya Shillings and attract interest at the rate of 14% p.a.

The unsecured borrowings are from various lenders while the secured borrowings are from Banks, mainly Standard Chartered Bank Kenya Limited, I&M Bank Limited and Standard Chartered Bank Uganda Limited.

Interest rates

The effective interest rates at 30 September were as follows:

	2022	2021
Bank overdrafts	12.17%	12.47%
	=======	=======
Loans		
Loans in Kshs	10.98%	10.98%
Loans in USD	9.52%	6.22%
Loans in TZS	8.99%	7.55%
	=======	=======

Loans in Ush - base rate set by the bank from time to time plus 0.75%

Hire purchase facility	14.00%	12.30%
	=======	=======

27 BORROWINGS (Continued)

Details of security

a) The Standard Chartered Bank Kenya Limited loans and overdraft are secured by:

- A first legal charge for Shs 1,600,000,000 over land and buildings located on LR No. 37/273 collateralised to the debenture. The legal charge is shared in pari passu with I&M Bank for Shs 510,000,000.

- Corporate cross guarantees for USD 24,540,000 and Shs 153,000,000 by Car & General (Trading) Limited, Car & General (Piaggio) Limited and Car & General (Kenya) Plc.

- A legal charge for Shs 200,000,000 over land and buildings located on LR No. 209/8319, LR 209/8320 and LR 209/8321 Nairobi. The legal charge is held in pari passu with I&M Bank for Shs 260,000,000.

- A legal charge for Shs 248,000,000 over land and buildings located on LR No. 209/6980. The legal charge is held in pari passu with I&M bank for Shs 260,000,000.

- All Assets Debenture over assets of Car & General (Kenya) Ltd, Car & General (Trading) Ltd for Shs2,373,000,000 ranking pari passu with I&M Bank.

b) The I&M Bank Limited loans and overdraft are secured by:

- A debenture of Shs 510,000,000 over all assets of Car & General (Kenya) Ltd, ranking pari passu with the debenture created in favour of Standard Chartered Bank Kenya Limited.

- A legal charge for Shs 510,000,000 over land and buildings located on LR No. 209/8319, LR No. 209/8320, LR No. 209/8321 and LR No. 37/273 ranking pari passu to the legal charge created in favour of Standard Chartered Bank Kenya Limited.

- A first legal charge for Shs 63,000,000 over land and building on KSM/MUN/Block 3/7 registered in the name of Car & General (Kenya) Plc.

c) The Standard Chartered Bank Tanzania Limited loans and overdraft are secured by an all-asset debenture over all Car & General (Trading) Limited - Tanzania for Shs 425,020,000, a fixed charge on associated company's property and corporate guarantee by associated companies.

d) The Standard Chartered Bank Uganda Limited overdraft is secured by a legal mortgage for USD 4,750,000 over the company`s property on Plot 81 Jinja Road (obligator; Car and General (Uganda) Limited) a debenture for USD 5,800,000 over fixed and floating assets of the company (obligator; Car & General (Uganda) Limited) and a corporate guarantee for USD 4,750,000..

Undrawn facilities

At the end of the reporting period, the Group had undrawn committed borrowing facilities amounting to Shs 457 million (2021: Shs 646 million).

28 LEASE LIABILITIES

	GROUP		COMPANY	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
At beginning of year	618,281	602,091	331,305	338,018
Additions	190,435	148,459	-	-
Modifications/alterations*	(7,547)	(27,022)	-	-
Interest expense on lease liabilities	52,292	49,976	23,562	24,128
Lease payments	(174,020)	(157,088)	(32,384)	(30,841)
Translation adjustment	24,719	1,865	-	-
At end of year	704,160	618,281	322,483	331,305
Maturity analysis				
Year 1	188,366	178,025	34,002	35,016
Year 2	176,206	135,616	35,702	34,002
Year 3	134,688	129,028	37,487	35,702
Year 4	136,170	94,229	39,362	37,487
Year 5	72,922	59,291	41,330	39,362
Year 6 and onwards	214,311	260,325	295,179	333,877
Undiscounted lease payments at the end of the year	927,663	856,514	483,062	515,446
Less unearned interest	(223,503)	(238,233)	(160,579)	(184,141)
	704,160	618,281	322,483	331,305
Analysed as:				
Current	188,366	207,362	34,002	8,821
Non-current	515,794	410,919	288,481	322,484
	704,160	618,281	322,483	331,305

* Lease modification/alterations relates to lease retirement, extension and cancellation.

The statement of profit or loss shows the following amounts relating to leases:

	GROUP		COMPANY	
	2022 Shs '000	2021 Shs '000	2022 Shs '000	2021 Shs '000
Depreciation of right-of-use asset	145,663	122,679	24,344	24,344
Interest expense on lease liabilities	52,292	49,976	23,562	24,128

The Group has lease contracts that include an extension option. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether the extension option is reasonably certain to be exercised.

The total cash outflow for leases in the year for Group and Company was Shs 174.0 million (2021: KShs 158.1 million) and Shs 32.3 million (2021:Shs 30.8 million) respectively that related to principal portion of lease payments and interest expense on the leases.

29 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Trade payables	3,043,069	1,588,137	57,978	32,421
Provision	166,154	258,153	25,572	29,754
Other payables	458,668	636,158	37,412	27051
	3,667,891	2,482,448	120,962	89,226

30 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation to net cash (used in)/ generated from operations

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Profit before taxation	735,740	1,103,242	15,901	56,187
Adjusted for:				
Gain in fair value of investment properties (note 15)	(111,500)	(12,294)	(61,500)	(12,294)
Depreciation of property, plant and equipment (note 16)	161,580	111,044	22,950	17,472
Amortisation of intangible assets (note 17)	6,501	3,800	54	64
Depreciation of right of use asset (note 18)	145,663	122,679	24,344	24,344
Loss/(gain) on disposal of property, plant and equipment	1,422	(180)	-	-
Interest on borrowings (note 8)	616,983	443,231	78,597	(3,200)
Interest expense on lease liability (note 8)	52,292	49,976	23,562	24,128
Unrealised exchange on borrowings (note 30(b))	274,452	35,144	-	2,678
Share of profit in associates	(623,273)	(370,373)	-	-
Share of profit in joint venture	(17,497)	(25,350)	-	-
Movements in working capital items:				
Inventories	(3,043,984)	(1,497,744)	-	-
Trade and other receivables	(601,859)	24,117	(6,683)	9,850
Net movement in related company balances	319,537	(140,150)	69,590	87,905
Trade and other payables	1,185,443	173,710	31,737	(7,295)
Net cash generated from operations	(898,500)	20,852	198,552	199,839

(b) Analysis of changes in borrowings (excluding bank overdraft)

	Group 2022	Group 2021	Company 2022	Company 2021
At the beginning of the year	4,872,351	3,689,832	724,578	935,401
Loan received	16,137,008	13,194,866	299,735	85,454
Loan repayments	(14,300,919)	(12,045,989)	(298,091)	(298,955)
Hire purchase facility	(2,807)	(1,502)	-	-
Exchange differences	274,452	35,144	-	2,678
At the end of the year	6,980,085	4,872,351	726,222	724,578

30 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Analysis of cash and cash equivalents

Cash and bank balances	197,511	420,201	851	23,611
Bank overdrafts (note 27)	(139,937)	(71,081)	(5,789)	(723)
	57,574	349,120	(4,938)	22,887

The carrying amount of cash and cash equivalents recognised in the financial statements approximate their fair values.

31 CAPITAL COMMITMENTS

	2022 Shs '000	2021 Shs '000
Authorised and contracted for	142,285	150,417

32 CONTINGENT LIABILITIES

(a) Guarantees

Group		
Sundry bank guarantees	41,143	43,430
Company		
Guarantees in respect of bank facilities for subsidiaries	2,439,837	5,020,438
Sundry bank guarantees	6,300	9,300
	2,446,137	5,029,738

(b) Litigation:

The Group is a defendant in various legal suits. In the opinion of the Directors, after taking appropriate legal advice, the outcome of such suits are unlikely to result in any significant loss

(c) Tax matters:

The Group is regularly subject to evaluation, by the taxation authorities, of its direct and indirect taxation affairs and in connection with such reviews, tax assessments can be issued by the taxation authorities in respect of the Group's taxation affairs.

In particular, the Kenya Revenue Authority (KRA) issued a customs tax assessment in the year 2021 of Shs 677 million, excluding interest and penalties. This assessment is in respect of the company's tariff classification for three wheelers for the years of income 2015 to 2021. The company formally objected to the assessment in accordance with the tax legislation.

The basis of the company's objection relates to the specific matters of application and interpretation of tax legislation affecting the company and the industry in which it operates. The objection went through the Tax Appeals Tribunal (TAT) and judgement was issued in the company`s favour on 15 October 2021.

KRA appealed the TAT judgement on 6 December 2021. The appeal is yet to be heard. With assistance of professional advice, the Directors have considered all matters in contention and are confident that the TAT ruling will be upheld, as was the case with our competitors, and no material liability will crystallise to the company.

33 OPERATING LEASE ARRANGEMENTS - COMPANY

Operating leases in which the Group is the lessor, relate to the investment properties owned by the Group with lease terms of between 1 to 5 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date, the Group had contracted with tenants for the following non-cancellable future minimum lease payments:

	2022 Shs '000	2021 Shs '000
Within one year	184,634	178,602
In the second to fifth year inclusive	793,390	768,890
	978,024	947,492

Rental income earned by the Group from its investment property and direct operating expenses arising on the investment properties for the year are set out in note 15.

34 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of borrowings, cash and cash equivalents and equity attributable to owners of the parent, comprising issued capital, revaluation reserves, revenue reserves and non-controlling interests.

Consistent with others in similar industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less bank balances. Total capital is calculated as equity attributable to owners of the parent and non-controlling interests.

	GROUP		COMPANY	
	2022 Shs'000'	2021 Shs'000'	2022 Shs'000'	2021 Shs'000'
Equity	5,685,384	4,853,953	1,934,324	1,878,266
Total borrowings	7,120,022	4,943,432	732,011	725,301
Less: cash and bank balances	(197,511)	(420,201)	(851)	(23,611)
Net debt	6,922,511	4,523,231	731,160	701,690
Gearing Ratio	122%	93%	38%	37%

The Directors are aware of the increased gearing ratio due to import financing in form of letters of credit and unsecured borrowings arising from the purchase of inventory. Management is working on initiatives to expand volumes and improve margins. The Directors are therefore of the view that as the Group's and Company's profitability continues to improve, the adverse gearing ratio will reverse. The peaceful elections in Kenya will also bode well for the company in increasing demand for our products.

35 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks. The Board provides policies for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

(a) Credit risk

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns generally, trade receivables are written-off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Bank balances are fully performing, they are held in reputable banks that have a high credit rating. The customers under the fully performing category are paying their debts as they continue trading. Part of trade and other receivables in the past due category are fully impaired and have been provided for. The Group does not hold any collateral or other enhancements to cover the credit risk.

The Group and Company do not have significant concentrations of credit risk on derivative counterparties where transactions are limited to financial institutions possessing high credit quality since the risk of default is low.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

35 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

The tables below detail the credit quality of the Group's and Company's financial assets as well as the Group's and Company's maximum exposure to credit risk by credit risk rating grades.

Group

30 September 2022	**Internal/ external rating**	**12-month lifetime ECL**	**Gross carrying amount Shs'000**	**Loss allowance Shs'000**	**Net carrying amount Shs'000**
Trade receivables	Investment grade	Lifetime ECL (simplified approach - SPPI)	1,965,874	(599,499)	1,366,375
Due from related company	Performing	Lifetime ECL not credit-impaired	446,072	-	446,072
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	136	-	136
Bank balance	Doubtful	Lifetime ECL not credit-impaired	197,511	-	197,511
			2,609,593	(599,499)	2,010,094
			=======	========	========
30 September 2021					
Trade receivables	Investment grade	Lifetime ECL (simplified approach - SPPI)	1,423,637	(512,277)	911,360
Due from related company	Performing	Lifetime ECL not credit-impaired	391,180	-	391,180
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	192,944	-	192,944
Bank balance	Doubtful	Lifetime ECL not credit-impaired	420,201	-	420,201
			2,427,962	(512,277)	1,915,685
			=======	========	========

Company

30 September 2022

Trade receivables	Investment grade	Lifetime ECL (simplified approach - SPPI)	68,816	(48,594)	20,222
Due from related companies	Performing	Lifetime ECL not credit-impaired	489,505	(104,091)	385,414
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	120,575	-	120,575
Bank balance	Doubtful	Lifetime ECL not credit-impaired	851	-	851
			679,747	(152,685)	527,062
			=======	========	=======

35 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

Company (Continued)

	Internal/ external rating	**12-month lifetime ECL**	**Gross carrying amount Shs'000**	**Loss allowance Shs'000**	**Net carrying amount Shs'000**
30 September 2021					
Trade receivables	Investment grade	Lifetime ECL (simplified approach - SPPI)	69,783	(48,594)	21,189
Due from related companies	Performing	Lifetime ECL not credit-impaired	862,251	(80,246)	782,005
Bank balance	Doubtful	Lifetime ECL not credit-impaired	23,611	-	23,611
			955,645	(128,840)	826,805

Group

	Trade and other receivables	Bank balances	Due from related companies	Total
At 1 October 2020	496,648	-	-	496,648
Increase in loss allowance in the year	15,629	-	-	15,629,
At 30 September 2021	512,277	-	-	512,277
At 1 October 2021	512,277	-	-	512,277
Translation adjustments	13,296			13,296
Increase in loss allowance in the year	73,926			73,926
At 30 September 2022	599,499	-	-	599,499

Company

	Trade and other receivables	Bank balances	Due from related companies	Total
At 1 October 2020	48,594	-	80,246	128,840
Increase in loss allowance in the year	-	-	-	-
At 30 September 2021	48,594	-	80,246	128,840
At 1 October 2021	48,594	-	80,246	128,840
Increase in loss allowance in the year	-	-	23,845	23,845
At 30 September 2022	48,594	-	104,091	152,685

35 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group

	Up to 1 month Shs'000	1 – 3 Months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	over 5 years Shs 000	Total Shs'000
At 30 September 2022						
Liabilities						
Trade payables	1,581,384	1,285,970	175,715	-	-	3,043,069
Borrowings	1,051,402	1,644,122	2,997,887	1,426,611	-	7,120,022
Lease liabilities	-	-	188,366	301,483	214,311	704,160
Loan due to related party	-	-	-	165,266	-	165,266
Due to related parties	-	-	733,753	-	-	733,753
Total financial liabilities	2,632,786	2,930,092	4,095,721	1,893,360	214,311	11,766,270
At 30 September 2021						
Liabilities						
Trade payables	739,284	476,401	372,452	-	-	1,588,137
Borrowings	274,488	1,506,033	2,343,317	819,594	-	4,943,432
Lease liabilities	-	-	178,025	179,931	260,325	618,281
Loan due to related party	-	-	-	165,266	-	165,266
Due to related parties	-	-	545,358	-	-	545,358
Total financial liabilities	1,013,772	1,982,434	3,439,152	1,164,791	260,325	7,860,474

35 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Company

30 September 2022

	Up to 1 month Shs'000	1 – 3 Months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	over 5 years Shs 000	Total Shs'000
Liabilities						
Trade payables	57,978	-	-	-	-	57,978
Borrowings	5,788	50,996	411,435	263,792		732,011
Lease liabilities	-	-	34,002	153,881	134,600	322,483
Due to related parties	-	-	1,023,830	-	-	1,023,830
Total financial liabilities	63,766	50,996	1,469,267	417,673	134,600	2,136,302

At 30 September 2021

	Up to 1 month Shs'000	1 – 3 Months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	over 5 years Shs 000	Total Shs'000
Liabilities						
Trade payables	32,421	-	-	-	-	32,421
Borrowings	723	624,578	-	100,000	-	725,301
Lease liabilities	-	-	35,016	146,553	149,736	331,305
Due to related parties	-	-	787,771	-	-	787,771
Total financial liabilities	33,144	624,578	822,787	246,553	149,736	1,876,798

35 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk

(i) Foreign exchange risk

A sizable portion of the Group's purchases are denominated in foreign currencies. The Group manages the currency risk on net exposure by monitoring exchange rate movements and mitigates the risks by invoicing customers in the relevant foreign currency, where possible.

The carrying amounts of the Group's major foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

30 September 2022	USD Shs'000	EURO Shs'000	RWF Shs'000	JPY Shs'000	GBP Shs'000	ZAR Shs'000
Assets						
Bank and cash balances	2,886	-	23	-	-	-
Trade and other receivables	112,752	263	8,378	-	3,725	-
Due from related parties	-	-	1,384	-	-	-
	115,638	263	9,785	-	3,725	3,451
Liabilities						
Trade and other payables	948,586	4,511	48	6,017	-	3,451
Borrowings	4,723,390	-	-	-	-	-
Due to related parties	303,696	-	-	-	-	-
	5,975,672	4,511	48	6,017	-	3,451
Net exposure	(5,860,034)	(4,248)	9,737	(6,017)	3,725	(3,451)
30 September 2021						
Assets						
Bank and cash balances	22,684	-	23	-	-	-
Trade and other receivables	99,355	263	11,699	-	3,725	-
Due from related parties	-	-	1,384	-	-	-
	122,039	263	13,106	-	3,725	-
Liabilities						
Trade and other payables	948,586	-	48	26,690	-	82,339
Borrowings	909,385	-	-	-	-	-
Due to related parties	220,901	-	-	-	-	-
	2,078,872	-	48	26,690	-	82,339
Net exposure	(1,956,833)	263	13,058	(26,690)	3,725	(82,339)

Sensitivity analysis

A 10% percent appreciation or depreciation of the Kenya shilling against the following currencies would increase/(decrease) the reported profit or loss and equity by amounts shown below. This analysis is based on foreign currency exchange rates variances that the Group considered to be reasonably possible at end of the reporting period. This analysis assumes that all other variables in particular interest rates remain constant.

35 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity analysis (continued)

Profit or loss

	2022 Shs ‘000	2021 Shs ‘000
USD	(586,003)	(173,593)
ZAR	(345)	(8,234)
JPY	(602)	(2,669)
RWF	974	1,306
GBP	373	373
EURO	425	26
	(585,178)	(182,791)

(ii) Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Group's borrowings. To manage the interest rate risk, management has endeavoured to only sign and obtain borrowings from institutions that offer contracts with fixed interest rates. At year end, borrowings with no fixed interest rate were minimal.

The table below summarises the exposure to interest rate risk at the reporting to date. Included in the table are the Group's financial instruments at carrying amounts, categorized by the earlier of contractual re pricing or maturity dates.

	Up to 1 month Shs’000	1-3 months Shs’000	3-12 months Shs’000	1-5 years Shs’000	Over 5 years Shs’000	Total Shs’000
At 30 September 2022						
Financial assets						
Bank balances	197,511	-	-	-	-	197,511
Financial liabilities						
Borrowings	(1,055,477)	(2,457,933)	(2,503,793)	(1,102,819)	-	(7,120,022)
Interest sensitivity gap	(857,966)	(2,457,933)	(2,503,793)	(1,102,819)		(6,922,511)
At 30 September 2021						
Financial assets						
Bank balances	420,201	-	-	-	-	420,201
Financial liabilities						
Borrowings	(63,725)	(1,197,244)	(3,122,869)	(559,594)	-	(4,943,432)
Interest sensitivity gap	356,476	(1,197,244)	(3,122,869)	(559,594)	-	(4,523,231)

35 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity analysis

The following table details the Group's sensitivity to a 1% increase and decrease in interest rates (all the other variables held constant).1% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

	2022 Shs'000 Effect on profit	**2021 Shs'000 Effect on profit**
+1% Movement	(69,225)	(45,232)
-1% Movement	69,225	45,232
	=======	=======

(iii) Price risk

As at 30 September 2022, the group did not hold financial instruments that are subject to price fluctuations.

36 FAIR VALUE OF INVESTMENT PROPERTIES AND PROPERTY, PLANT & EQUIPMENT (Land and Buildings)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices(unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

37 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

No material events or circumstances have arisen between the reporting date and the date of this report.

38 CURRENCY

The financial statements are presented in Kenya Shillings as rounded to the nearest thousand (Shs ‘000). The Kenya Shilling is the functional currency for the Group and reflects the economic environment where majority of the business transactions are conducted.