#MakingCustomersSmile

2023
INTERGRATED REPORT

CAR and GENERAL

Power for better living

PUBLIC NOTICE:

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the eighty fourth (84th) Annual General Meeting of Car & General (Kenya) plc (the Company) will be held virtually at the Company's Registered Office, New Cargen House, Lusaka/Dunga Road, Industrial Area, Nairobi via electronic means on Tuesday, 25th June 2024 at 10.00 a.m., to conduct business detailed below. Shareholders will be able to attend, register for, access the information pertaining to the Audited Financial Statements for the year ended 31st December 2023, vote electronically in person or by proxy and follow the meeting in the manner detailed in the Notes below. Shareholders may ask questions in advance of the meeting as detailed in the Notes below. A copy of this notice and the documents stated herein can be accessed on the Company's website at https://www.cargen.com/ All resolutions will be conducted by way of a Poll.

Ordinary Business

1. To receive the Directors' Report and audited financial statements for the year ended 31st December 2023.

2. To receive and approve the Directors' Remuneration Report and Policy for the financial year ended 31st December 2023.

3. To note that the Directors do not recommend the payment of a dividend in respect of the financial year ended 31st December 2023.

4. To elect Directors:

(a) Mr C M Ngini who retires by rotation and being eligible, offers himself for re-election.

(b) Ms G M Mboya who retires by rotation and being eligible, offers herself for re-election.

5. To appoint the Audit Committee: Mr P Shah (Chairman), Mr M Soundararajan, Mr S P Gidoomal and Mr C M Ngini being members of the Audit Committee be re-appointed to continue to serve as members of the said Committee in accordance with the Companies Act, 2015.

6. To appoint Messrs Deloitte & Touche as auditors of the Company until the conclusion of the next Annual General Meeting in accordance with Section 721 of the Companies Act and to authorize the Directors to fix the remuneration of the auditors in terms of Section 724 of the Companies Act, 2015.

By Order of the Board

Conrad Nyukuri
Secretary

28th May 2024

Notes:

a. The Companies Act, 2015 was amended to permit companies to convene and conduct virtual general meetings. In this respect, the Company has already amended its Articles of Association, to this effect.

b. Car & General (Kenya) plc has convened and will conduct its eighty fourth (84th) Annual General Meeting via virtual/electronic means.

c. Shareholders wishing to participate in the meeting should register for the AGM by dialling *483*498# for all networks and following the various prompts regarding the registration process. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders (whether in Kenya or outside) should dial the following helpline number: (+254) 709 170 000/40 from 9:00 a.m. to 3:00 p.m. from Monday to Friday.

A Shareholder domiciled outside of Kenya can send an email to Image Registrars via cargen@image.co.ke providing their details i.e. Name, Passport/ID no., CDS no. and Mobile telephone number requesting to be registered. Image registrars shall register the shareholder and send a confirmation to that effect.

d. Registration for the AGM opens on the 3rd day of June 2024 at 9:00 a.m. and will close on Monday 24th June 2024 at 10.00 a.m. Shareholders will not be able to register after Monday 24th June 2024 at 10.00 a.m.

e. In accordance with Section 283 (2) (C) of the Companies Act, the following documents may be viewed on the Company's website www.cargen.com (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year 2022; (iii) Copy of the Amended Articles of Association.

The reports may also be accessed by registered shareholders by dialling the USSD code above and selecting the reports option.

f. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

i. sending their written questions by email to cargen@image.co.ke.

ii. shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialling the USSD code above and selecting the option (ask Question) on the prompts

iii. to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, or

IV. sending their written questions with a return physical address or email address by registered post to the Company's address at P. O. Box 58485-00200 Nairobi.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

All questions and clarification must reach the Company on or before Monday 24th June 2024 at 10.00 a.m.

Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before the start of the general meeting. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 hours before the start of the general meeting.

(g) In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website via this link: http://www.cargen.co.ke. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street. A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to info@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Sox 9287 - 00100 GPO, Nairobi, so as to be received not later than Monday 24th June 2024 at 10.00 am. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Monday 24th June 2024 at 10.00 am. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Monday 24th June 2024 at 4.00 p.m. to allow time to address any issues.

(h) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hour's time and providing a link to the live stream.

(i) Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the chairman) via the USSD prompts.

(j) A poll shall be conducted for all the resolutions put forward in the notice.

(k) Results of the AGM shall be published on the Company's website within 24 hours following conclusion of the Annual General Meeting.

FINDINGS AND RECOMMENDATIONS ON CAR & GENERAL PLC CORPORATE

GOVERNANCE ASSESMENT FOR THE FINANCIAL YEAR 2022

Car & General (Kenya) Plc diligently submitted its Corporate Governance self-assessment report for the period ending Sepetember 30, 2022 to the Capital Markets Authority. Following a comprehensive review, the Authority identified both the strengths and areas for improvement in Car & General's Governance and Sustainability practices, subsequently sharing its findings and recommendations with the company.

Acknowledging the fundamental importance of good governance to sustainable business performance, Car & General committed itself to implementing the recommendations outlined by the CMA. These included ensuring thorough familiarity among all Directors, the CEO, and Management with the principles of Good Corporate Governance.

The company undertook regular assessments of the independence of its Board members, providing transparent documentation of procedures for facilitating smooth transitions within the Board. Furthermore, Car & General integrated evaluation outcomes into its annual report and mandated Corporate Governance training for all members in adherence to regulatory standards.

Car & General also institutionalized a formal dispute resolution process and diligently incorporated sustainability considerations into its operational framework. The company consistently evaluates performance on ethical grounds and maintains transparency through comprehensive disclosure practices.

Additionally, Car & General regularly reviews the adequacy and integrity of its internal board control system, offering detailed insights into audit committee activities within its annual report.

Embracing CMA's recommendations, the Company engaged in an external legal and compliance audit, alongside a Corporate Governance audit during the financial year.

The Corporate Governance performance rating for the year, signifying the overall weighted score, demonstrated an impressive commitment to excellence, standing at 70%. This reflects Car & General's dedication to upholding high standards in governance and sustainability.

Given the advancements the company has implemented over the past year in accordance with CMA's recommendations, we are optimistic that the rating for this fiscal year will demonstrate marked improvement.

Contents

CORPORATE INFORMATION

Cargen Overview

At Car & Genaral, we endevor to make customers smile in every street, every town through the diversified range of products and services we offer. We accord decent and sustainable livelihoods to millions of customers who use our products everyday.

As pioneers of two and three-wheeler transport in Kenya, we have revolutionized mobility for individuals, businesses, corporates and organizations.

We are passionate about social investment in communities that we serve. We enable entrepreneurship for sustainable and inclusive economic growth and development of our people.

Our product range covers reputable international brand names in power generation, automotive and engineering products in East Africa, grouped into consumer and equipment business categories.

Consumer products include TVS motorcycles, Piaggio three-wheelers, Briggs & Stratton small petrol engine power products (water pumps, lawn mowers, generators, and brush cutters), Garmin satellite navigation devices, Mariner and Mercury outBoard engines, Elecrolux laundry equipment, MRF tyres and Motorol lubricants.

The Equipment business consists of Cummins diesel generators, Ingersoll Rand air compressors, Kubota agricultural tractors, Toyota forklifts, BT lifting equipment, Develon excavators and wheel loaders and ACE back hoes and graders.

We offer aftersales service; on-shelf genuine parts and service by qualified personnel for all products we sell.

Besides these, we are also in poultry (Kibo Poultry Products Limited), real estate (Nairobi Mega Mall), Micro-finance (Watu Africa Limited) and manufacturing (Bodaplus Limited).

We deliver innovative excellence at every touch point. Number 1 in markets, day 1 mentality, 1 team!

Our Vision

To make customers smile in every street,in every town.

Our Mission

To achieve leadership position in all our primary markets -power generation, automotive and engine-related products in East Africa

Core Values at Cargen

These are the core values that we have developed that make Car & General stand out. Our people practice it every day, and in a very consistent manner, everywhere we operate.

- **Making customers smile** – In every street, every town through the lens of the customer. No 1 in markets.
- **Quality** – products, processes and people.
- **Integrity** – Doing the right thing every minute, every day.
- **Innovation** – Improving everyday. Day 1 mentality.
- **Empowerment** – Taking responsibility. 1 team

Our Disciplines

People: Our people are the greatest asset that is why we are people-centric. They are A-grade and live the Cargen Way. We promote from within and encourage diversity

Thought: Yes we can! We think long-term, make information-based decisions and are consultative.

Communication: Open and transparent. Clear and respectful, Never enough, Timely, Two way.

Action: We value actual implementation and taking action. 100% implementation, Taking responsibility.

Performance: Delivering numbers, Achieving plans, Reward and recognition.

Cargen Strengths

- Diversified portfolio – Automotive and equipment distribution, finacle services, real easte, agriculture and manufacturing
- Governance - regulated by Nairobi Securities Exchange and Capital Markets Authority.
- Quality world class brands with high market share growth potential.
- Robust Infrastructure and network.
- Solid investment property and finance base.
- Good relationship with stakeholders - principals etc
- Good team in place – 1 team.
- Good culture - embedded values, competent mangement, driven by innovation, Day 1 mentality.
- Access to finance.
- Strong Digitization.

The Future

- To lead E-Mobility – products and infrastructure.
- Invested in EV companies in Kenya and Uganda.
- Exploring solar power.
- Localization – Several two-wheeler and three-wheeler parts are local.
- Bodaplus Limited to grow beyond East Africa.
- Local assembly for two and three wheeler.
- Make Watu Africa a continental player.
- Real estate – cautious about future projects.
- No 1 in all core distribution markets
- Dominate the EV two and three - wheeler space in East Africa

HIGHLIGHTS 2023

Relocated Kitale branch

1 October 2023

Free eye camp in Kisii

5 - 7 July 2023

Issue profit waring

30 October 2023

Cummins team building

2 December 2023

Doosan re-branding to Develon

17 November 2023

Tree planting in Kitengela

10 June 2023

TVS Antenna meeting in Nairobi

16 November 2023

Cummins C&G buy back by C&G Trading

1 July 2023

Discountinued Kericho and Nyanyuki outlets

31 March, 2023

Board strategy meeting

Board traing on ESG

Board traing on EV

8 December 2023

Won IT Award in manufacturing category

25 November 2023

Watu clearance by Senate committee

30 November 2023

Management Team

Vijay Vashdev Gidoomal
David Chesoni
Venkatesh Jayaraman
Naveen Kumar
Eric Sangoro
Pavit Kenth
Carol Omanjo
Sam Njenga
George Rubiri
Srinivas Devarakonda
Raphael Atanda
Costa Cherutich
Faith Mumo
Christine Odhiambo
Eunice Malelu
Gilbert Mutai
Jeremiah Mureu

Board of Directors

Nicholas Nganga (Chairman)
Vijay Vashdev Gidoomal (Group CEO)
Gladys Mboya
Carey Muriithi Ngini
Soundararajan Madabhushi
Pratul Hemraj Shah
Sanjay Prem Gidoomal
Conrad Nyukuri (Secretary)

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
Dunga/Lusaka Road P.O. Box 20001 - 00200
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

Auditors

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

ABOUT OUR REPORT

Scope and Boundary

This integrated report is Car & General Plc's primary communication to all stakeholders. It enables them to make informed assessments of our performance and the value we create and preserve through our activities.

The report covers Car & General (Kenya)Plc's perfomace for the year ended 31st December 2023. It provides users with information about how we create and sustain value, how we engage with our stakeholders, our material matters, strategy, corporate governance, sustainability stewardship and financial performance.

It evaluates growth and successes at Car & General over the last financial year and how we have employed our resources to achieve our mission.

Framework

This report is prepared in accordance with the International Integrated Reporting Framework 2021 - as adopted by the Board. It conforms to the regulatory requirements of Capital Markets Authority (CMA), Code of good corporate governance (2015), Nairobi Securities Exchange (NSE) listing requirement and Companies Act. The financial statements have been prepared and reported in accordance with the International Financial Reporting Standards (IFRS).

Materiality

We consider material matters as anything positive or negative that may affect the ability of the group to create and sustain value to our stakeholders in the short, medium, and long-term.

Approval

Material matters at Car & General are generally described as risks and opportunities. Our reporting focuses on those material matters that have or may have the significant impact on the Group's social, environmental and financial performance.

Assurance

The Financial statements and all other information that require assurance have been audited by Deloitte & Touche.

Approval

The Board of directors acknowledges its responsibility to ensure the integrity of the integrated report. We as the Board believe that this report has been prepared in accordance with the value reporting foundation Integrated Reporting Framework. We are of the opinion that it addresses all material matters and offers a balanced view of our strategy and how it relates to the organisations ability to create and preserve value in the short, medium and long term. The report adequately addresses the use of, and effects on, the capitals and the way the availability of capital impacts our strategic positioning.

N. Ng'ang'a, EBS	V. V. Gidoomal
Chairman	CEO

CARGEN IN SOCIETY

At Car & General, we believe in working to improve communities in which we operate. Our Corporate Social Responsibility policy promotes employee engagement by ensuring that every C&G employee has an opportunity to serve and improve his or her community as per our priority areas.

We focus our efforts to pursue positve relationship in our comminities with our partner organizations that align with our priority areas and are present where C&G does business.

Our top mangement endorses this policy and ensure that it is compatible with the context and strategic direction of the organization.

Our Corporate Responsibility priority areas are Education, Health, Environment & Road Safety.

Techniqual Education: Donation of training equimpemnts to techniqual institutions

Health: Offering free eye camp with Lions

Enviroment: Planting trees to curb climate change

PGM: Training of private garage mechanics

Road Safety: Fighting road accidents by training two and three - wheeler drivers

Health is wealth: Offering staff health programs to ensure optimum performance

OUR HISTORY OF

MAKING CUSTOMERS SMILEz

1936
Established as Car & General Equipment Limited in Nakuru.

1937
Relocated to Nairobi.

1950
Quoted on the Nairobi Securities Exchange.

1960's
Branch offices in Dar-es-Salaam (Tanzania) and Kampala (Uganda) were formed into separate subsidiaries

1941
Introduced tyre re-treading becoming one of pioneers of local industry.

1964
Founded Kibo Poultry Products.

2003
Took over Cummins distributorship in Kenya.

1997
Moved from Uhuru Highway to new premises along Lusaka Road.

1966
Changed name to Car & General (Kenya) Limited.

2005
Re - opended in Kisumu.

2005
Became Cummins distributor in Uganda and Tanzania.

2002
Introduced three wheelers as taxis in east Africa.

1996
Changed in company's revenue base to gradually introduce new products.

2006
Became Cummins distributor in the entire East Africa region.

2007
Became Cummins distributor in East Africa - PowerGen, Filters and Engines.

2009
Opened in Rwanda.

2011
Unveiled new showroom in Dar-es-Salaam, Tanzania.

2008
Re - established presence in Nakuru.

2009
Moved to new premises in Kampala Uganda.

2011
Opened the Cummins High Horsepower Engine Rebuild Centre.

2011
Moved to new premises in Mombasa.

2012
Introduced Doosan, now Develon brand excavators, wheel loaders and articulated dump trucks.

2020
Completed the Nairobi mega Mall in Nairobi.

2020
Incorporated Bodaplus Limited.

2016
Introduced Toyota forklifts.

2013
Intoduced Kubota tractors in Kenya.

2023
Introduced Godrej warehousing solutions and Boreni agricultural equipment.

2023
Started own brand - Cargen.

2017
Formed Cummins C&G as a joint venture with Cummins Inc.

2013
Launched the TVS assembly plant Nakuru.

2013
Intoduced Garmin.

WHAT WE OFFER

Our Brands

TVS

Motorcycles and Three-wheelers

PIAGGIO

Three-wheelers

MOTOROL

SPECIALITY • INDUSTRIAL • AUTOMOTIVE LUBRICANTS

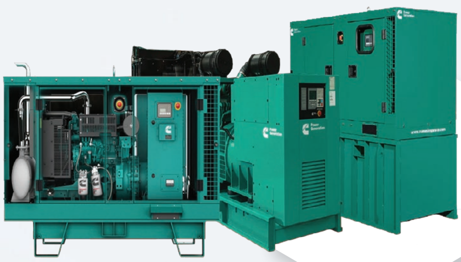
Motorcycle and Three-wheeler Lubricants

GARMIN

Fitness watches and GPS devices

BRIGGS & STRATTON

Generators, Lawnmowers, Water pumps and Engines



Cummins

Diesel generators, engines and Parts

BERONI

Farm implements

Equipment Business

Our Brands

MRF

Motorcycle, Three-wheeler, Four-wheeler, Truck and Farm tyres

Kubota

Tractors and Implements

DEVELON

Excavators, Wheel loaders, Articulated dump trucks and Attachments

TOYOTA MATERIAL HANDLING

Forklifts, Reach trucks, Lifter trucks, Hand pallets and Stackers

ACE

Backhoe loaders, Graders, Cranes and Rollers

IR Ingersoll Rand

Air compressors, Pneumatic tools and pumps, Line filters, Light sources, Light compactors and Portable compressors

MERCURY

Outboard engines

Electrolux

Commercial laundry equipment

WHERE WE OPERATE

Uganda

Kampala

Tanzania

Dar-es-Salaam,
Dodoma, Arusha

Rwanda

Kigali

Our Footprint

SUBSIDIARIES AND ASSOCIATED COMPANIES

Car & General (Trading) Limited – Kenya

Our Kenya Trading company distributes household, commercial and industrial products ranging from fitness watches, GPS devices, two-wheelers, three wheelers, tractors among others. We have branches in Nairobi, Mombasa, Nakuru, Kisumu, Kisii, Kitale, Kitengela, Eldoret, Bungoma, Nanyuki, Thika, Voi and Malindi.

Car & General (Trading) Limited – Tanzania

In Tanzania, the distribution of consumer and equipment products ranges from two-wheelers, three wheelers, tractors, excavators, wheel loaders, air compressors, out Board engines, satellite devices, lawn mowers and water pumps.

Car & General (Trading) Limited – Uganda

Our outfit in Uganda distributes consumer and equipment products ranging from three wheelers, tractors, excavators, wheel loaders, air compressors, out Board engines, among others. We offer aftersales service – on-shelf genuine parts and service by qualified personnel.

Car & General (Trading) Limited – Rwanda

Sales and service of power equipment, marine engines, three-wheeler vehicles, commercial engines and general goods.

Car & General (Trading) Limited – South Sudan

Sales and service of power equipment, marine engines, three-wheeler vehicles, commercial engines and general goods.

Kibo Poultry Products Limited

Poultry farming in Tanzania founded in 1964. The farm produces and sells day old chicks from Moshi.

Nairobi Mega

The Mall is conveniently located along Uhuru Highway, opposite Nyayo Stadium. Refurbished in 2020 with Carrefour as anchor tenant, the mall also houses Safaricom, Airtel, LC Waikiki and City Walk among other top brands.

Cummins C&G Limited

Cummins C&G Limited is fully-owned by C&G. Car & General become a distributor of Cummins in 2003 in Kenya, and a few years later across all the 11 countries of Eastern Africa. We distribute Cummins power generators, components, filters and parts. We offer 24/7 service availability.

Watu Africa Limited

Car & General has a 29% equity in Watu Africa Limited. Watu Credit is a leading provider of asset finance for two and three wheeled vehicles. Watu provides financing opportunity for Africa's unbanked population at the bottom of the pyramid in Kenya, Uganda, Tanzania, Sierra Leone, Nigeria and Rwanda.

Bodaplus Limited

Bodaplus Limited was incorporated in 2020 as the first motorcycle helmet manufacturing plant in East Africa. It is located in Life Industrial Park, Ruiru, Kenya – spreading over 40,000 square feet. Its products include a range of KEBS - approved two - wheeler helmets and motorcycle safety accessories. Bodaplus has a capacity of 768,000 helmets per annum, with a planned increase to 1,200,000 helmet per annum.

Dew Tanzania Limited

Property holding company.

Dewdrops Limited

Property holding company.

Sovereign Holdings International Limited

Property holding company.

Progen Limited

Property holding company.

Other Dormant Subsidiaries

Car & General (Automotive)

Limited Car & General (Engineering)

Limited Car & General (Marine) Limited

Car & General (Industries) Limited

Cargen Insurance

Agencies Limited

CHAIRMAN'S REPORT

The fifteen-month period from 1 October 2022 to 31 December 2023, was extremely challenging. The dollar shortages in Kenya and Tanzania coupled with a devaluation in Kenya of 27% and Tanzania of above 8% led to forex losses of Ksh 645 million. This was exacerbated by demurrage and storage charges of Ksh 180 million in Tanzania. The combined loss of these two exceptional items was Ksh 825 million which had a significant impact on Group profitability. The forex appreciation of the Kenya shilling in 2024 has reversed some of these forex losses.

The Group delivered a 12% year on year growth in turnover, the highest growth area being Tanzania at 36%. Sales in Uganda and Tanzania now represent over 58% of Group sales. Our two-wheeler ("boda boda") business in Kenya was most affected with overall market volumes in 2023 dropping almost 77%. This was the result of unit price increases due to the devaluation, the increase in the price of fuel and the general inflationary environment which resulted in a lack of profitability for boda boda riders. Our equipment businesses (namely tractors, construction equipment and forklifts) remained stable and grew marginally.

As a result of the above, turnover for the fifteen-month period ended 31 December 2023 was Ksh 27.2 billion against Shs 19.1 billion achieved in the twelve-month period ending 30th September 2022. EBITDA (Earnings before interest, tax, depreciation, and amortization) grew to Ksh 2.18 billion from Ksh 1.98 billion. Due to the forex losses, demurrage and storage costs, the Group made a loss after tax of Ksh 273m against a profit after tax of Ksh 679 million made during previous financial year. Other comprehensive income, net of tax, was positive to the tune of Ksh 465 million resulting in positive total comprehensive income of Ksh 191 million.

In spite of many challenges, there are several highlights.

- Our consumer business growth in Tanzania particularly in the two and three-wheeler segments.
- We concluded the acquisition of 50% Cummins' share in the joint venture representing Cummins.
- We have now launched electric 3 wheelers in Kenya and Compressed Natural Gas 3 wheelers in Tanzania
- The progress of Watu Simu which is a significant new product line for Watu.
- Watu Uganda and Tanzania are fully established and growing profitably.
- Our commitment to the transition to greener energy is taking shape and through our associates, we have successfully launched electric 2 wheelers in Uganda and Kenya and have built over 150 battery swap facilities.

Going forward, we believe uncertainty will persist in 2024 given the challenging global geopolitics. We do however expect less turbulence in East Africa. 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, and we now need to drive volume, improve efficiencies, and increase margin to ensure profitability given the uncertain operating environment.

I now comment more specifically below:

The Consumer Business

Volumes in our two-wheeler ("boda boda") business in Kenya dropped significantly whilst three-wheeler ("tuk tuk") 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 remains strong especially when coupled with our aftermarket offerings. We expect to further increase our market share in 2024 given brand strength and growing distribution.

Assuming stability in the operating environment, we expect consumer markets to grow this year and Kenya two-wheeler sales to recover slowly in the second half of 2024. 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 saw positive growth in 2023. 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 profitably

The Develon (previously 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 2024.

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. However, 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 Kenya, Uganda, Tanzania, Democratic Republic of Congo (DRC), 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 during the year under review.

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 are exploring other opportunities related to the localization of manufacturing including the manufacture of riding suits.

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 challenged throughout the year. We have now stabilized and expect reasonable performance this financial year. We have expanded production marginally in order to build scale and sustainability.

The Future

We now 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 coupled with a broader geographical reach builds sustainability, and we are confident that each line offers scope for growth.

Going forward, we are well positioned to deliver on our Triple P bottom line – People, Planet and Profit. We are already having a significant impact on millions of lives in terms of delivering daily livelihoods and entrepreneurship opportunities. We will now be focusing more energy on electric and Compressed Natural Gas (CNG) vehicles. We are also working hard with our regular suppliers to develop fit for market two wheelers. With our symbiotic relationship with Watu, we can play a significant role in transforming the 2-wheeler and 3-wheeler market towards electric and compressed natural gas. This will play a positive role in reducing our carbon footprint over the coming years.

This next year will be critical to future success and will require 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 during the financial period and the need for investment throughout the business, the Directors do not recommend the payment of a dividend.

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

April 2024

RIPOTI YA MWENYEKITI

Kipindi cha miezi kumi na tano kutoka tarehe 1 Oktoba 2022 hadi 31 Desemba 2023, kilikuwa kigumu sana. Upungufu wa dola nchini Kenya na Tanzania pamoja na kupungua kwa thamani ya sarafu nchini Kenya kwa asilimia 27 na Tanzania kwa zaidi ya asilimia 8 kulileta hasara ya kubadilishana fedha ya Ksh milioni 645. Hii iliongezeka na malipo ya kuchelewesha na gharama za kuhifadhi za Ksh milioni 180 nchini Tanzania. Hasara ya pamoja ya vitu hivi viwili vya kipekee ilikuwa Ksh milioni 825 ambayo ilikuwa na athari kubwa kwa faida ya Kikundi. Kuimarika kwa thamani ya sarafu ya Kenya mwaka wa 2024 kulirejesha sehemu ya hasara hizi za kubadilishana fedha.

Kikundi kilitoa ukuaji wa 12% kila mwaka katika mapato, eneo lenye ukuaji mkubwa zaidi likiwa Tanzania kwa 36%. Mauzo nchini Uganda na Tanzania sasa yanawakilisha zaidi ya 58% ya mauzo ya Kikundi. Biashara yetu ya pikipiki ("boda boda") nchini Kenya ilikuwa imeathiriwa zaidi huku kiasi cha soko kwa jumla mwaka wa 2023 kikipungua karibu 77%. Hii ilikuwa ni matokeo ya ongezeko la bei ya kipekee kutokana na kupungua kwa thamani ya sarafu, ongezeko la bei ya mafuta na mazingira ya mfumuko wa bei ambayo yalisababisha kutokuwepo kwa faida kwa wapanda boda boda. Biashara zetu za vifaa (hasa trekta, vifaa vya ujenzi na forkilifti) zilikuwa thabiti na zilikuwa zinakua kidogo kidogo.

Kama matokeo ya yaliyotangulia, mapato kwa kipindi cha miezi kumi na tano kilichoishia tarehe 31 Desemba 2023 yalikuwa Ksh bilioni 27.2 ikilinganishwa na Shs bilioni 19.1 zilizopatikana katika kipindi cha miezi kumi na mbili kilichoishia tarehe 30 Septemba 2022. EBITDA (mapato kabla ya riba, kodi, na upunguzaji) yalikua hadi Ksh bilioni 2.18 kutoka Ksh bilioni 1.98. Kutokana na hasara za kubadilishana fedha, malipo ya kuchelewesha na gharama za kuhifadhi, Kikundi kilipata hasara baada ya kodi ya Ksh milioni 273 ikilinganishwa na faida baada ya kodi ya Ksh milioni 679 iliyopatikana wakati wa mwaka wa fedha uliopita. Mapato mengine ya kina, baada ya kodi, yalikuwa chanya kwa Ksh milioni 465 ikisababisha jumla chanya ya mapato kamili ya Ksh milioni 191.

Licha ya changamoto nyingi, kuna mambo kadhaa ya kuvutia.

- Ukuaji wa biashara yetu ya watumiaji nchini Tanzania haswa katika sehemu za pikipiki za magurudumu mawili na magurudumu matatu.
- Tulikamilisha ununuzi wa asilimia 50 ya hisa za Cummins katika ushirikiano wa pamoja unaowakilisha Cummins.
- Tumezindua sasa pikipiki za umeme nchini Kenya na pikipiki za Gesi ya Asili iliyoshindiliwa nchini Tanzania, zote zikiwa na magurudumu matatu.
- Maendeleo ya Watu Simu ambayo ni mstari wa bidhaa mpya muhimu kwa Watu.
- Watu Uganda na Tanzania wameanzishwa kabisa na wanakua kwa faida.
- Azma yetu ya kuhama kwenye nishati ya kijani inachukua umbo na kupitia washirika wetu, tumefanikiwa kuzindua pikipiki za magurudumu mawili za umeme nchini Uganda na Kenya na kujenga zaidi ya vituo vya kubadilishana betri 150.

Kuelekea mbele, tunaamini kuendelea na kutokuwa na uhakika mwaka wa 2024 kutokana na siasa za kimataifa zenye changamoto. Hata hivyo, tunatarajia utulivu kidogo katika Afrika Mashariki. Kiini cha mafanikio kitakuwa kudumisha msingi imara kwa viwango vya ufanisi wa juu katika maeneo yote ya biashara yetu, kudumisha sehemu ya soko katika bidhaa kuu na kufikia faida ya kuridhisha katika biashara zote. Tumefanya uwekezaji wote muhimu wa nguvu kazi na miundombinu, na sasa tunahitaji kuongeza kiasi, kuboresha ufanisi, na kuongeza marhala ili kuhakikisha faida ikizingatiwa mazingira ya uendeshaji yasiyotabirika.

Sasa natoa maoni yangu kwa undani zaidi hapa chini:

Biashara ya Watumiaji

Vipimo katika biashara yetu ya pikipiki za magurumu mawili ("boda boda") nchini Kenya vilipungua kwa kiasi kikubwa wakati mauzo ya pikipiki za magurudumu matatu ("tuk tuk") na bidhaa za matumizi zikabaki thabiti. Nchini Tanzania, vipimo vya mauzo ya pikipiki za magurumu mawili na matatu viliendelea kuongezeka. Tunauona uwezo mzuri katika eneo hili kuelekea mbele.

Bidhaa zetu na pendekezo letu la thamani bado ni imara hasa tukiunganisha na huduma zetu baada ya mauzo. Tunatarajia kuongeza zaidi sehemu yetu ya soko mwaka wa 2024 kwa kuwa na nguvu ya chapa na usambazaji unaokua.

Tukitilia maanani utulivu katika mazingira ya uendeshaji, tunatarajia masoko ya watumiaji kukua mwaka huu na mauzo ya pikipiki za magurumu mawili nchini Kenya kurejesha taratibu katika nusu ya pili ya mwaka wa 2024. Tunapaswa kuwa karibu zaidi na masoko na wateja wetu katika kanda nzima ili kuongeza sehemu ya soko na mauzo ya vitengo ili kuhakikisha ukuaji unaofaa kifedha. Mpango uliokamilifu na utekelezaji wa nidhamu utakuwa muhimu kwa mafanikio yetu.

Stratejia yetu baada ya mauzo ni imara, na tunaona ukuaji endelevu katika mauzo yetu ya vipuri, matairi, na mafuta.

Biashara ya Vifaa

Biashara ya Cummins nchini Kenya na kanda nzima iliona ukuaji chanya mwaka wa 2023. Changamoto inabaki kuwa ukuaji wa sehemu ya soko na uwezo wetu wa kujitofautisha. Uwekezaji katika biashara yetu ya baada ya mauzo sasa unazaa matunda na utatutofautisha na ushindani. Tunayo nafasi kubwa ya ukuaji ikizingatiwa ustawi wa kiuchumi katika kanda nzima unaleta fursa za maendeleo katika miradi mipya.

Msingi wa biashara ya Ingersoll Rand umewekwa. Tunatarajia biashara hii kuendelea kukua kwa faida.

Biashara ya Develon (iliyokuwa Doosan hapo awali) ilikuwa na mwaka mzuri kwa upande wa ukuaji. Tumeshuhudia utendaji wa mauzo wa wastani kwa magari ya kubeba mizigo na kuchimba visima. Tunahakika tunaweza kufikia faida endelevu na sehemu ya soko katika sekta hii mwaka wa 2024.

Biashara ya forkilifti ya Toyota pia inapata nguvu. Ukubwa wa soko unabaki mdogo kwa kujenga biashara inayoweza kukua kwa kiwango kikubwa katika muda mfupi, lakini tuna uhakika kwamba tupo vizuri kwa muda mrefu.

Biashara ya trekta ya Kubota inaendelea kuwa changamoto kutokana na vikwazo vya mfano na sehemu ndogo ya soko. Hata hivyo, tuna imani kwamba biashara hii itakua kadri ya muda.

Huduma za Kifedha

Watu wameendelea kufanya vizuri, na tunatarajia mwenendo huu kuendelea. Tunatarajia mapato kuongezeka nchini Kenya, Uganda, Tanzania, Jamhuri ya Kidemokrasia ya Kongo (DRC), na Sierra Leone ambapo sasa wameanzisha operesheni. Tuna mtazamo mzuri sana kuhusu matarajio ya biashara.

Floti yetu ya kukodisha forkilifti inakua na imepita vitengo 100 wakati wa mwaka uliofanyiwa ukaguzi.

Utengenezaji

Tuna imani kwamba BodaPlus itafanya vizuri kadri ya muda. Tunapata msaada mzuri na tunatarajia kuwa na faida mwaka huu. Soko la kofia (Helimeti) za kichwa linakua katika kanda nzima na pendekezo letu la thamani ni imara. Tunachunguza fursa zingine zinazohusiana na uhamishaji wa utengenezaji ikiwa ni pamoja na utengenezaji wa mavazi ya kuendesha.

Biashara ya Mali

Kwa kufunguliwa kwa Barabara ya Uhuru, Nairobi Mega sasa inafanya vizuri zaidi kwa kuzingatia idadi ya watu wanaopita. Tumepangisha kabisa kote mali zilizojengwa. Tunachunguza fursa za maendeleo kwa mali yetu ya Shanzu ikiwa ni pamoja na uwezekano wa kuuza baadhi ya viwanja.

Kibo Poultry Products Limited

Mauzo ya kuku yalikumbana na changamoto katika mwaka mzima. Sasa tumestahimili na tunatarajia utendaji mzuri katika mwaka wa fedha huu. Tumeongeza uzalishaji kidogo ili kujenga ukuaji na endelevu.

Hatima

Sasa tuna biashara yenye usawa zaidi na mistari mitano tofauti ya biashara ikiwa ni usambazaji wa magari na vifaa, uwekezaji katika mali isiyohamishika, huduma za kifedha, kuku na sasa utengenezaji wa kofia za kichwa. Utofautishaji huu pamoja na kufikia maeneo zaidi kijiografia inajenga uthabiti, na tuna imani kwamba kila mstari unatoa fursa za ukuaji.

Kuelekea mbele, tupo vizuri kuwajibika kufikia malengo yetu ya tatu ya chini - Watu, Sayari na Faida. Tuna athari kubwa tayari kwa mamilioni ya maisha kwa kutoa riziki za kila siku na fursa za ujasiriamali. Sasa tutakuwa tukilenga nishati za umeme na Gesi ya Asili iliyoshindiliwa (CNG) zaidi. Tunafanya kazi kwa bidii na wauzaji wetu wa kawaida kukuza pikipiki za magurudumu mawili zinazofaa kwa soko. Kwa mahusiano yetu ya kutegemezana na Watu, tunaweza kucheza jukumu muhimu katika kubadilisha soko la pikipiki za magurudumu mawili na matatu kuelekea umeme na gesi asilia iliyoshindiliwa. Hii itacheza jukumu chanya katika kupunguza alama yetu ya kaboni katika miaka ijayo.

Mwaka ujao utakuwa muhimu kwa mafanikio ya baadaye na utahitaji ukuaji wa sehemu ya soko katika sekta zote. Wasiwasi wetu kuu ni kuhakikisha kwamba tunabaki mbele ya ushindani katika masoko muhimu katika kila hali. Ubora wa ushindani unazidi kuongezeka.

Kutokana na utendaji wakati wa kipindi cha kifedha na haja ya uwekezaji katika biashara nzima, Wakurugenzi hawapendekezi malipo ya gawio.

Napenda kutoa shukrani zangu kwa wakurugenzi wenzangu na wafanyakazi wote wa kampuni kwa kujitolea na kwa msaada wao. Nina tarajia kuendelea kupata msaada na kuendelea kwa mafanikio ya Kikundi.

Nicholas Ng'ang'a – Chairman

April 2024


SPEAK
UP!
C&G CAR and GENERAL
Power for better living
THEFT
HARRASSMENT
NEPOTISM
BRIBERY
CORRUPTION
MISCONDUCT
Take
CONTROL
Report incidents of fraud and misconduct now
Deloitte.
INDEPENDENT
Ethics Service
Promoting transparency, ethics and integrity
Using this service
To make your ANONYMOUS report:
+ 254 800 - 722 - 626
+ 255 800 - 780 - 026
+ 256 800 - 100 - 255
cargen@tips-offs.com

STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

Car & General recognizes the diverse range of stakeholders who are intricately connected to our operations and are impacted, either directly or indirectly, by our business activities. These stakeholders encompass various entities such as customers, suppliers, employees, shareholders, regulatory bodies, local communities, and environmental organizations, among others. Understanding and effectively managing the expectations, needs, and concerns of these stakeholders are paramount to our ability to create and sustain value.

Our stakeholders play a vital role in shaping our business strategies and influencing our decision-making processes. Their input and feedback are invaluable in guiding us towards responsible and sustainable practices that align with our business objectives while considering the broader societal and environmental implications.

To foster meaningful engagement and collaboration with our stakeholders, Car & General maintains an open and transparent dialogue on a regular basis. We actively seek input from stakeholders through various channels such as surveys, focus groups, town hall meetings, and one-on-one discussions. This ongoing exchange of information allows us to gain valuable insights into their expectations, preferences, and concerns, which in turn, informs our strategic direction and decision-making.

By actively engaging with our stakeholders, we not only strengthen relationships but also identify new opportunities for growth and innovation. Their diverse perspectives help us anticipate emerging trends, market demands, and regulatory changes, enabling us to adapt swiftly and proactively to dynamic business environments.

Furthermore, this continuous dialogue with stakeholders enables us to effectively identify and mitigate risks associated with our operations. By understanding their concerns related to environmental, social, and governance issues, we can implement robust risk management strategies that safeguard both our business interests and the well-being of our stakeholders

In essence, Car & General is committed to fostering a culture of stakeholder engagement and responsiveness. We recognize that our long-term success hinges on our ability to build trust, collaborate effectively, and create shared value with all our stakeholders. Through open communication, active listening, and meaningful action, we strive to cultivate enduring relationships that drive sustainable growth and positive impact for our business and society at large.

In January 2022, Car & General Group underwent a thorough process of management and board deliberations, culminating in the revision and publication of its Stakeholder Engagement Policy. This policy serves as the foundational framework governing the organization's interactions with its diverse array of stakeholders across all facets of its operations and activities. The formulation of this policy was guided by a set of fundamental principles aimed at fostering effective and meaningful engagement with stakeholders.

Cargen Journey to Excellence

Principles of Stakeholder Engegement:

i.Transparency and Openness:

Car & General is committed to fostering a culture of transparency and openness in its interactions with stakeholders. This entails providing clear and accessible information regarding the organization's activities, strategies, performance, and impacts.

ii. Inclusivity and Diversity:

The Stakeholder Engagement Policy emphasizes the importance of inclusivity and diversity in engaging with stakeholders. Car & General recognizes the diverse perspectives, interests, and needs of its stakeholders and is dedicated to ensuring that all voices are heard and considered in decision-making processes.

iii. Responsiveness and Accountability:

The organization pledges to be responsive and accountable to its stakeholders' concerns, feedback, and expectations. Car & General acknowledges its responsibility to address stakeholder inquiries, grievances, and suggestions in a timely and constructive manner, demonstrating accountability for its actions and decisions.

iv. Collaboration and Partnership:

Car & General values collaborative partnerships with its stakeholders as essential drivers of mutual success. The organization seeks to actively engage stakeholders in collaborative initiatives, joint ventures, and strategic partnerships aimed at achieving shared goals and objectives.

v. Continuous Improvement:

The Stakeholder Engagement Policy underscores Car & General's commitment to continuous improvement in its engagement practices. The organization is dedicated to regularly reviewing and enhancing its stakeholder engagement processes, mechanisms, and outcomes to ensure effectiveness and relevance.

By adhering to these fundamental principles, Car & General aims to cultivate robust and mutually beneficial relationships with its stakeholders, ultimately contributing to sustainable value creation and long-term success for all parties involved.

A committee comprising of the CEO, COO and the Head of Communications and Stakeholder Engagement, is tasked with the ongoing development and oversight of comprehensive guidelines aimed at addressing several key areas related to stakeholder engagement and management.

Overall, these guidelines serve as a comprehensive framework for effectively managing stakeholder relationships, aligning business objectives with stakeholder needs, and driving sustainable value creation for Car & General and its stakeholders.

At the onset of each financial year, Car & General diligently crafts a robust stakeholder engagement plan designed to proactively address the needs and expectations of both internal and external stakeholders. This comprehensive plan is meticulously structured with specific targets tailored to each stakeholder group, ensuring a focused and strategic approach to engagement efforts.

Within this plan, clear objectives are outlined to guide interactions with stakeholders throughout the year. These objectives are informed by insights gathered from previous engagements, emerging trends, and the evolving landscape of stakeholder expectations. By setting specific targets, Car & General aims to measure the effectiveness of its engagement initiatives and track progress towards meeting stakeholder needs and objectives..

In the current financial year, Car & General has demonstrated a heightened focus on stakeholder engagement by increasing its budget for this purpose. This upward adjustment reflects the company's recognition of the critical role that stakeholders play in shaping its business outcomes and the importance of nurturing strong, mutually beneficial relationships with them. By allocating additional resources to stakeholder engagement initiatives, Car & General aims to further enhance communication, collaboration, and value creation across its stakeholder ecosystem.

The six (6) key areas identified are mentioned below.

1. Segmentation and Prioritization:

The guidelines focus on segmenting stakeholders, identifying stakeholders' sub-groups within each segment, and prioritizing them based on the Group's impact on them and their ability to influence the Group. This strategic approach ensures that efforts are directed towards engaging with stakeholders who have the greatest significance in terms of mutual impact and influence.

2. Communication Capacity:

Guidelines are established to ensure that stakeholders have adequate channels to communicate with the company. Regular evaluations of these communication channels are conducted to assess their effectiveness, taking into account factors such as the number, type, and frequency of usage. The evolving nature of these channels allows for adjustments to meet changing needs and maximize effectiveness in fostering strong, enduring relationships.

3. Issue Prioritization and Risk Management:

The guidelines outline procedures for identifying and prioritizing relevant issues (including needs and expectations) for each stakeholder group. Additionally, they address the management of risks and opportunities associated with these significant issues, particularly in relation to the company's contribution to achieving the Sustainable Development Goals (SDGs). Risk management involves evaluating risks based on factors such as probability, impact, and the presence of associated reputational risks.

4. Action Plan Design and Monitoring:

Guidelines are established for designing and monitoring action plans that address significant issues identified for stakeholders. These action plans are developed based on assessments of associated risks and opportunities, with a focus on improving communication and relations with stakeholders.

5. Impact Assessment:

The guidelines facilitate the assessment of the impacts of company actions on stakeholders, with the aim of maximizing positive impacts and mitigating negative ones. This ensures that the company's activities are aligned with stakeholder needs and expectations, contributing to mutually beneficial outcomes.

6. Future Trends and Best Practices:

The guidelines include mechanisms for identifying future trends related to stakeholder expectations. They also facilitate the identification and sharing of good practices throughout the Group, enabling continuous improvement in stakeholder engagement strategies.

OUR STAKEHOLDERS

We have identified our internal and external stakeholders as illustrated:

1. Customers:

Car & General values its extensive customer base, which comprises over 65 million individuals who contribute to the company's revenue generation. Recognizing the importance of delivering value and addressing customer needs for long-term business sustainability, the company actively engages with customers on various levels to understand and fulfill their requirements effectively.

2. Employees:

Employees are integral stakeholders at Car & General as they are instrumental in executing the company's strategies and achieving its objectives. With a workforce of over 3,500 individuals across branches, subsidiaries, and affiliates, the company prioritizes regular engagement with employees to address their needs and ensure continuous improvement and value creation.

3. Communities:

Communities represent a significant stakeholder group, influencing the company's strategic decisions and value creation processes.

4. Shareholders/Investors:

Shareholders and investors provide crucial financial capital for the company's operations and are key decision-makers, with the company striving to meet their expectations.

5. Strategic Partners:

Strategic partners play a pivotal role in Car & General's value chain, facilitating the acquisition of inputs and offering valuable ideas to enhance business operations.

6. Regulators:

Regulatory bodies provide the legal framework within which Car & General operates, ensuring compliance with minimum standards and guidelines.

7. Suppliers:

Car & General relies on its network of suppliers, comprising over 16 globally renowned suppliers and numerous local ones, to provide the products sold to customers.

8. Financial Institutions:

Financial institutions, including banks and insurers, support Car & General's business strategy by providing liquidity through short-term borrowing and offering insurance coverage to instil confidence in business operations.

9. Trade Unions:

Trade unions play a significant role in fostering positive relationships between Car & General and its workers, as well as providing mechanisms for resolving disputes effectively.

10. Governments:

Governments set policies and regulations to protect consumers and implement economic development programs that create a conducive business environment in the countries where Car & General operates.

Employees

Sub – groups

Directors; Managers; Accountants; Technicians; Marketers; Analysts; Administrators; Sales Associates; Engineers; Caterers; Trainers; Mechanics; Legal advisors; IT professionals; Demand Planners; Public relations professionals; Communications specialists; Supply Chain Professionals; Office drivers.

How we engage

HR Business partners; Email communication; Telephone Communication; Regular Departmental Meetings; Trainings and Workshops; Staff engagement surveys; Periodic Communication; Town Hall Forums; Podcasts and videos; CEO mentorship programs.

Their expections	How we respond
▪ A conducive, safe environment for work life integration. ▪ Skills development and career progression. ▪ A conducive culture for productivity. ▪ Professionalism and integrity. ▪ Equal opportunities for all staff. ▪ Uphold labour standards. ▪ An effective performance management and reward system.	▪ Consistent implementation of HR manuals (including sexual harassment policy) ▪ Health insurance ▪ Favourable and flexible working hours ▪ Equal employment opportunity statement ▪ Group personal accident insurance ▪ Warehouses Policy ▪ Code of conduct ▪ HR Manual implementation ▪ Paid compassionate leave ▪ Emergency evacuation procedure ▪ Paid sick leave ▪ Pension plans ▪ Staff complaints handling procedure ▪ Corporate sponsored trainings ▪ Employee run CSR initiatives ▪ Employee team building activities ▪ Staff family day

Customers

Sub – groups

Corporates, SMEs, Individuals, Government, Academic Institutions, Manufacturers.

How we engage

Customer surveys and feedback, Consultations, Trainings & Work- shops, Launches, Alerts, Publications, Exhibitions, Telephone Calls, Interviews & Surveys, Aftersales Services, Emails & Letters, Social media.

Their expections	How we respond
■ Quality Products ■ Timely Delivery ■ Availability of Products ■ Convenient access to products ■ Easy-to-use products ■ Aftersales services ■ One-Stop shopping ■ Quick resolution-time for complaints ■ Good customer care	■ 18 globally renowned brands ■ Providing a variety of Products and services ■ 23 branches in 7 countries ■ Trainings on products ■ In-house service center ■ Toll free phone number ■ Interactive social media site ■ Customer service policy implementation

Community

Sub – groups

Social groups, Neighbors, Industry players, General members of the public.

How we engage

Consultations, TV and Radio, Newspaper, Corporate Social Responsibility, Launches, Alerts, Public Relations, Interviews & Surveys, Social Media.

Their expections	How we respond
▪ Accessibility ▪ Affordability ▪ Social Responsibility ▪ Environmental Stewardship ▪ Contributions to SDGs ▪ Non-destructive operations	▪ Tree planting ▪ Eye clinic ▪ Free trainings ▪ Public education ▪ Environmental stewardship ▪ Waste management ▪ Creating employment ▪ Accessible services ▪ Open communication and dialogue ▪ Road safety initiatives ▪ Free goodies

Investors & Shareholders

Sub – groups

Institutions, Individuals, long-term, short-term, Debt providers, Equity providers.

How we engage

Website, Social media, Newspapers, TV, General Meetings, Visits, Letters, Consultations.

Their expections	How we respond
■ Profits ■ Dividends ■ Sustainability ■ Interest	■ Providing a variety of Products and services ■ 25 branches in 7 countries ■ Steady increase in earnings ■ Dividends payment on time ■ Corporate sustainability ■ Diversity and inclusion ■ AGMs

Regulators

Sub – groups

Registrar of Companies, Capital Markets Authority, Nairobi Securities Exchange, Kenya Revenue Authority.

How we engage

Letters, Emails, Consultations, Lobbying, Regulation, Meetings.

Their expections	How we respond
■ Compliance with Regulations ■ Social responsibility ■ Environmental stewardship	■ Timely reporting to stakeholders ■ Published Board Charter ■ Payment of all dues ■ Board and strategy meetings ■ Corporate policies ■ Annual audits

MATERIAL MATTERS

OUR MATERIAL MATTERS

Material matters are the heartbeat of our commitment. They are the issues, factors and concerns that have a significant impact on our ability to create and sustain value in the short, medium and long term.

Materiality Identification Process

Step 1: Identification

C&G thoroughly examines issues deemed materially significant by stakeholders, management and the Board. This process encompasses evaluating top risks and opportunities, understanding the business environment, and considering stakeholder concerns.

By aligning these perspectives, Car & General ensures strategic coherence and informed decision-making, contributing to the organization's sustained success.

Step 2: Prioritization

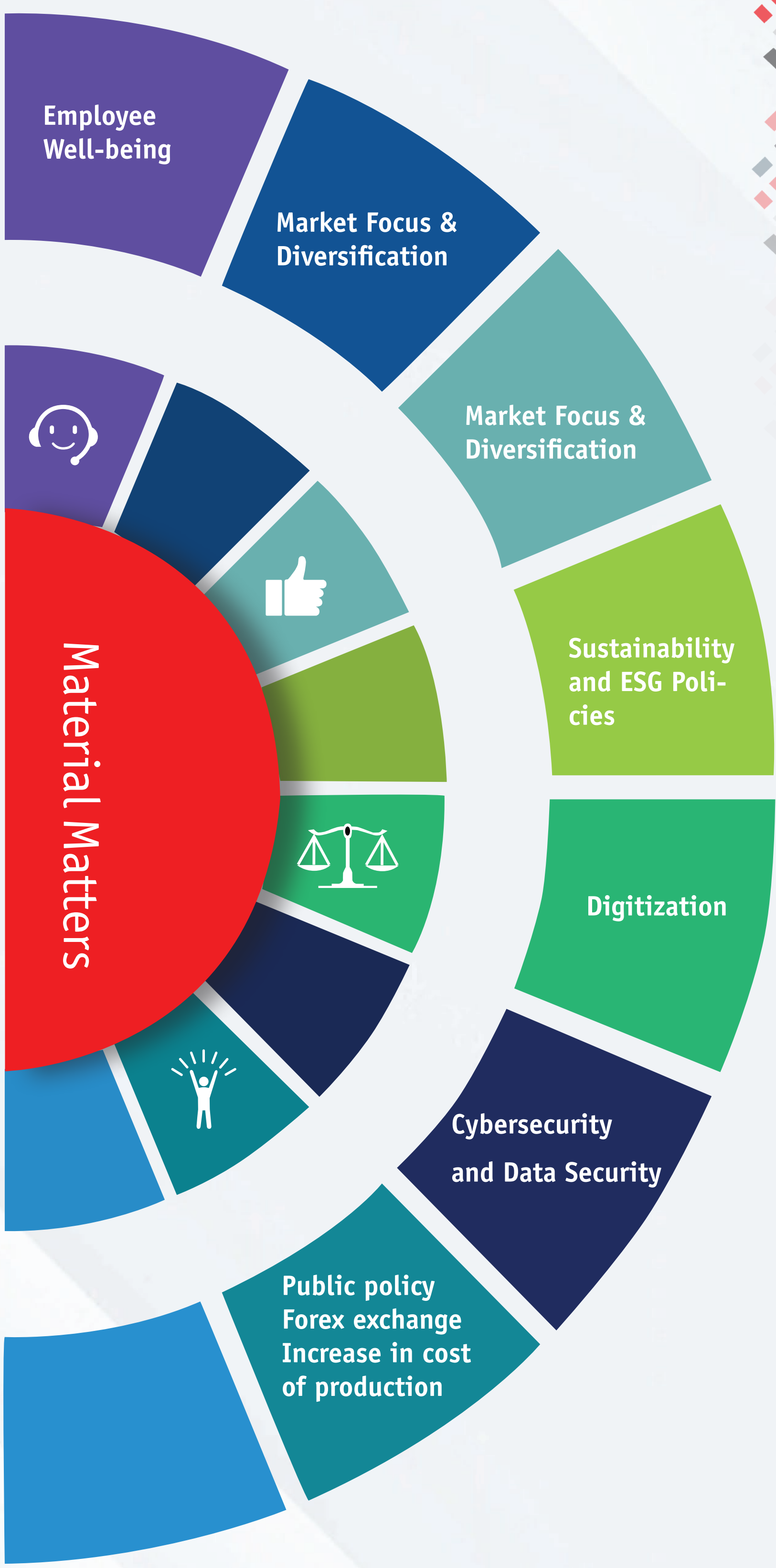
Identified issues are prioritized in meetings involving departmental heads across business units. The assessment considers the issues' magnitude and impact on business operations, economic performance, and stakeholder interests. Following this evaluation, approval is sought from key leadership, including the Chief Finance Officer, Chief Executive Officer, the Executive Committee, and Car & General's Board.

Step 3: Response

In response to these critical issues, Car & General implements strategic management actions. This approach involves capitalizing on opportunities that present significant value creation and implementing interventions to mitigate potential disruptions.

Step 4: Reconceptualizing Materiality

We communicate information about these material matters to both internal and external stakeholders through comprehensive reporting.



Matters	Overview	Action Plan	Opportunities	SDGs
Employee Well-being	We are committed to improving our employees	Initiatives focused on enhancing employee satisfaction, well-being, and professional development have been implemented. Regular feedback mechanisms, training programs, and fostering a positive work culture demonstrate the company's commitment to employee well-being.	Engaged and satisfied employees contribute to a positive workplace culture, fostering creativity, innovation, and improved organizational performance.	SDG 8 SDG 3 SDG 5
Market Focus & Diversification	The commitment to East and West African markets aligns with long-term growth strategies. Initiatives such as digitization and diversification into new product lines contribute to sustainable market growth.	Initiatives like achieving carbon neutrality by 2050 and leading in electric vehicles demonstrate a commitment to sustainability and diversification. The introduction of new product lines enhances diversity and aligns with the organization's long-term goals.	Focusing on diverse markets allows for capturing emerging opportunities, expanding market share, and mitigating risks associated with dependence on a single market. Diversification into sustainable practices and new product lines opens avenues for capturing emerging markets and ensuring long-term business resilience.	SDG 9
Sustainability and ESG Policies	Adherence to comprehensive sustainability and ESG policies demonstrates the organization's commitment to responsible business practices.	C&G's commitment to sustainability is integrated into operations through policies, ESG charters, and a roadmap with ambitious targets. This proactive approach ensures accountability and provides a roadmap for achieving tangible outcomes in the sustainability journey.	Demonstrating commitment to sustainability attracts socially responsible investors, strengthens stakeholder relationships, and aligns the company with evolving global sustainability trends. Integrating sustainability into business operations creates opportunities for cost savings, enhanced reputation, and alignment with global sustainability goals.	SDG 8 SDG 9
Digitization		Embracing digitization involves implementing SAP ERP, a revamped website with an online shop, and active engagement on social media platforms. This digital transformation enhances operational efficiency and customer interaction.	Digitization opens opportunities for improved customer engagement, streamlined operations, and the development of innovative digital solutions.	SDG 9

Matters	Overview	Action Plan	Opportunities	SDGs
Cyber-security and Data Security	The persistent threat of cyber-security remains a paramount challenge for organizations, necessitating continual assessment and mitigation efforts.	Developing a comprehensive ICT strategy for 2022-2026, integrating ESG considerations and advancing efforts to manage the entire product lifecycle effectively. Implementing continuous monitoring of cyber-crimes and fraud, with a dedicated toll-free number in place to promptly address and mitigate these risks.	The persistent threat of cyber-security remains a paramount challenge for organizations, necessitating continual assessment and mitigation efforts.	
Public policy **Forex exchange** **Increase in cost of production**	The Finance Act, 2023 brought forth abrupt changes in a lot of the statutory requirements including changes in Vat, PAYE, Housing levy, NSSF, NHIF, minimum wage	1. Stay informed about regulatory developments. 2. Engage with stakeholders to shape policy decisions. 3. Assess the impact of policy changes on operations and compliance. 4. Implement robust compliance measures. 5. Advocate for favorable policies that align with organizational objectives	Market differentiation and enhanced reputation. Encouraging innovation and new business initiatives. Building stakeholder trust through responsible governance. Forming strategic partnerships and alliances. Expanding into new markets by adhering to international standards.	

OUR STRATEGY

OUR STRATEGY

As part of our strategy, we focus on markets where we have scale: The East African region and West Africa. We also want to improve the customer experience further and make Car & General the first choice for sustainability. This section presents our strategy and sustainability-related risks, how they impact our business, and our countermeasures for 2023. We also examine our strategy, ambitions, and targets that will take us through 2024 and beyond.

In the fiscal year 2022-2023, our strategic focus was anchored in our overarching purpose and values, aiming to generate value for all stakeholders. By effectively managing our business operations, we initiated significant organizational changes by prioritizing and balancing critical tasks within the Group. This approach fostered simplicity, allowing staff to execute well-defined roles and responsibilities supported by a robust framework promoting accountability. Our key objectives for the period included enhancing efficiency, optimizing costs, pursuing diversification through mergers and acquisitions, and investing in talent development. Additionally, we prioritized improving corporate governance, sustainable business growth, resource mobilization, and digital transformation. Forming strategic partnerships and fostering customer-centric initiatives were integral to our approach. Through these concerted efforts, we aimed to ensure alignment with our values, streamline operations, and consistently deliver sustained value to our stakeholders.

Cargen Beyond 2023

The Car & General Group convened its Strategic Meeting on December 8, 2023, at the Muthaiga Club, featuring participation from the Board, Executive Committee, and Business leaders from Kenya, Uganda, Tanzania, Cummins C&G, Watu Credit, and Bodaplus Limited. Business leaders presented comprehensive strategies encompassing market size, market share, performance against budgets, working capital, cash flows, key strategies, key result areas, key risks, and a three-year directional outlook.

The period's overarching theme is building a sustainable business and charting the trajectory for C&G beyond 2023. Notably, the introduction of three new lines in 2023, including Beroni agricultural implements, Godrej warehousing solutions, and Cargen branded products, signifies a strategic move to enhance diversity and provide customers with expanded options.

Digitization as part of our strategy

Embracing digitization as a pivotal component of the overall strategy, Car & General has embarked on a transformative journey. The successful implementation of SAP ERP in Kenya has now extended to Uganda and Tanzania, gaining real-time access to business information. The digitization journey also includes a revamped website with a functional online shop, facilitating online transactions. Active engagement on social media platforms further enhances customer interaction.

The integration of Google Workspace in 2021 has significantly advanced digital capabilities, providing efficient access to email, documents, calendar services, virtual meetings platforms, group chats, workflows, basic analytics, dashboards, and survey features. Car & General has continued to expand its digital footprint, encompassing staff leave management, appraisal portals, online learning modules, customer loyalty programs, SAP Express, logbook management, and digital signing and filing. This comprehensive digitization strategy underscores Car & General's commitment to innovation, efficiency, and responsiveness in an evolving business landscape, positioning the company for sustained growth beyond 2023.

Our strategy and three-year plan

Our key strategies are multidimensional: First, we aim to improve working capital efficiencies, focusing on the African market segment. Second, we prioritize margin protection at 20%, ensuring profitability through strategic pricing. Third, we strive for a balanced business portfolio across our Equipment and Consumer Product lines. Fostering diversified revenue streams. Additionally, our focus includes strategically developing and expanding the Kubota and IR business segments to seize market opportunities, alongside the introduction of ACE in the equipment business to address market demands.

The commitment to sustainability and maintaining market leadership is based on our three-year strategy and plan. We plan to establish dominance in the electric vehicle (EV) two-wheeler and three-wheeler space in East Africa, expanding our footprint into the agricultural sector with a focus on irrigation and pumps. Venturing into the switchgear business by introducing electrical panels is another strategic move. We aim to attain a 25% market share in all core distribution markets.

Additionally, financial optimization and expansion initiatives are integral to our plan. Our plans involve extending the reach of Watu to Watu Simu, electric vehicles, and two and three-wheeler financing across the continent. In addition, we remain committed to supporting Bodawerk and ArcRide as they expand their operations across Africa. Our concurrent goal is to strengthen our presence and influence in the industry by expanding Bodaplus operations throughout the continent.

Our short to medium-term strategies are designed to strengthen our market position and improve operational efficiency. We are intensifying awareness of product and business value proposition and running a mega mileage test campaign to showcase our products.

Mapping and engagement are pivotal strategies and will involve active involvement with our retailers, parts suppliers, PGM, and fleet owners across significant towns in every region. Simultaneously, we plan to introduce the HLX+ (100cc) in selected towns, aligning with our commitment to innovation. We fully commit to achieving our sales targets through rigorous and collaborative efforts with our dealers, which will involve working closely with them to identify and generate demand for our products and services. To ensure we continuously improve and innovate, we have established a framework called Triple M (measure, manage, and maximize), which we use to guide our decision-making and actions. We measure our performance against established metrics, manage our resources effectively, and maximize our potential to drive growth and success. This framework underscores our dedication to refining our processes, improving efficiency, and delivering the best possible outcomes for our customers and stakeholders.

It is essential to recognize that our key success factors underpin the continued execution of these strategies. These factors, including market share growth, cost control, cash preservation, margin protection, working capital efficiencies, and balanced business growth across aftermarket, MRF, and equipment segments, constitute the bedrock of our strategic approach and collectively drive the sustained implementation and success of our strategic initiatives.

Sustainability as part of our strategy

Car & General is deeply committed to aligning its business practices with sustainability principles, recognizing the imperative of harmonizing social, environmental, and economic objectives. Our dedication extends beyond compliance with laws and guidelines, aiming to optimize resource utilization effectively to meet the needs of both current and future stakeholders. The code of our sustainability commitment is rooted in a holistic approach, ensuring a seamless integration of sustainability principles into our work environment and business processes. In line with this commitment, we prioritize continuous improvement and uphold a standard of responsiveness, accountability, and transparency in our sustainability performance.

To formalize our commitment, Car & General has instituted a comprehensive sustainability policy, which guides the integration of sustainability development throughout our operations. Additionally, we have adopted a distinct ESG policy, underlining our pledge to conduct business responsibly and uphold the highest standards across various facets, including reporting, disclosures, business practices, policies, procedures, investments, Board activities, stakeholder engagement, and investor relations.

We have established an ESG charter commitment and roadmap to further our sustainability objectives. This strategic framework outlines clear descriptions of each commitment, accompanied by ambitious metrics, targets and KPIs set for 2023 through 2024. This structured approach ensures accountability and provides a roadmap for achieving tangible outcomes in our sustainability journey.

Recognizing the potential impact of sustainability and climate-related risks on our business and bottom line, Car & General proactively analyzes these risks. This analysis enhances the resilience of our strategies and reinforces our commitment to disclose relevant information transparently. By addressing sustainability risks head-on, we aim to fortify our business against potential challenges and contribute positively to the broader climate agenda. Car & General's concerted efforts toward sustainable business practices reflect our unwavering dedication to responsible corporate citizenship and a resilient, future-ready business model.

Recognized climate-related risks and opportunities.

a. Short, medium and long-term climate-related risks and opportunities identified by Car & General.

Recognizing the potential impact of climate-related risks on our business and bottom line, Car & General proactively analyzes these risks. This analysis enhances the resilience of our strategies and reinforces our commitment to disclose relevant information transparently. By addressing sustainability risks head-on, we aim to fortify our business against potential challenges and contribute positively to the broader climate agenda. Car & General's concerted efforts toward sustainable business practices reflect our unwavering dedication to responsible corporate citizenship and a resilient, future-ready business model.

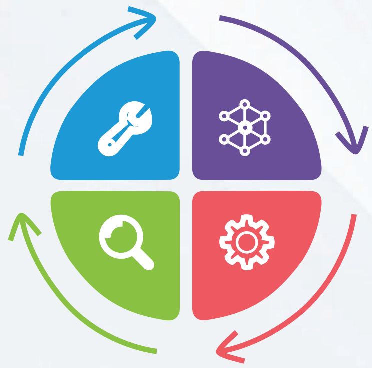
	Category	Item	Assumed impact on Car & General Business Activities	Timing of impact	Degree of impact
TRANSITION RISKS	Policies and regulations	Enhancement of regulations about fuel efficiency and zero emissions vehicles.	Rising expenses linked to development, procurement, and production processes to comply with stricter regulations.	Medium/long term	High
	Markets	Shifts in the composition of the energy blend	Increased energy expenses resulting from the escalation and variability in electricity rates and pricing, coupled with the cost consideration of renewable energy alternatives such as Solar energy.	Short/Medium/long term	Medium
		Tight supply and demand for raw materials (mention any rare materials especially in EV batteries eg Lithium)	Increased expenses for raw materials, including rare metals and components, attributed to the rising demand in the EV industry, particularly for storage batteries.	Medium/long term	Medium
	Reputation	A growing rigor in ESG.	Decline in our social image and share price	Short/medium-term	Low
PHYSICAL RISKS	Acute	Escalating occurrence and severity of weather-related disasters.	Typhoons and heavy rainfall have led to both structural and facility damage. Additionally, interruptions in the supply chain have caused operational halts at production facilities. These supply chain disruptions are primarily attributed to delays in parts delivery, which result from damage to suppliers and disruptions in transportation routes.	Short/medium/long term	Large
	Chronic	Rise in average temperatures.	Rising (energy) cost of air conditioning to maintain the work environment and employee health.	Medium/long term	Low
		Rise in sea levels.	Heightened flooding and storm occurrences attributed to rising sea levels, leading to operational closures at manufacturing facilities and an augmented focus on investing in disaster mitigation measures	Short/medium/long term	Medium
OPPORTUNITIES	Products and services	Growing demand for electric vehicles	Expand sales of electrified vehicles by improving product capabilities and taking advantage of government measures to promote electrified vehicles.	Medium/long term	High
	Energy usage and mix sources	Advancements in energy technologies	Reduce energy costs by promoting energy conservation activities and introducing renewable energy.	Medium/long term	Medium

* Impact duration varies: short-term (within three years), medium-term (from three to 10 years), and long-term (beyond ten years).

b. Impact of climate-related risks and opportunities on the organization's

Business, strategic, and financial plans

Car & General recognizes that climate-related issues may affect its business, strategies, and financial plans and reviews them occasionally in light of climate change risks and opportunities.



Impact on strategies and plans

Business area	Recognized impact	Incorporation into strategies and plans
Products and services	We are currently working on enhancing our fuel efficiency and electric vehicles. These changes will impact our product development, production, procurement, and sales strategies.	To align ourselves with these goals, we are actively working on initiatives to adopt electric 2-wheeler and 3-wheeler vehicles at an early stage, with a vision extending to 2030.
Supply chain, value chain	In the transport sector, more so in automotive manufacturing and sales business, the release of greenhouse gases occurs not only during the production of goods but also across the entire value chain. As climate change progresses, there is a global risk of more frequent and severe incidents, such as typhoons and floods. These events could disrupt our operations if they impact our supply or value chain. The acceleration of emission reduction plans as well will have an impact on our distribution strategies and financial plans	We have developed a comprehensive Business Continuity Plan (BCP) to ensure uninterrupted operations during and after any disruption. This plan encompasses alternative suppliers, backup transportation routes, and emergency response procedures. Additionally, it includes scenario planning for potential disruptions and strategies to effectively manage each situation.
Adaptation and mitigation measures	Our business may face impacts arising from the increasing energy costs.	Our ESG charter articulates specific commitments, targets, and key performance indicators (KPIs) for 2023-2024, mainly focusing on reducing carbon emissions. To achieve this goal by 2030, we will drive energy conservation initiatives and the adoption of renewable energy sources.

Car & General's Response Measures Based on Risks and Opportunities

In 2022, we committed to becoming a sustainable business by incorporating sustainability principles in response to climate-related risks and opportunities. The same year saw the establishment of a comprehensive sustainability policy, guiding the integration of sustainable development across our operations. We also adopted an ESG policy, reinforcing our commitment to responsible business conduct and marking a milestone net zero by 2040. In the product front, we aim to be at the forefront of the early adoption of electric 2-wheeler and 3-wheeler vehicles. We will introduce optimal electrified vehicles at strategic times to address diverse market needs in the regions in which we operate.

Item	Risks and opportunities		Impact on Car & General business	Key countermeasures
Enhancement of regulations about fuel efficiency and electric vehicles	Risks	• Need for both developed countries and emerging markets to comply with stricter regulations • Increasing likelihood of noncompliance.	• Higher development/procurement/production costs. • Fines and credit purchase costs increase if regulations are not met.	• Promote electrification, including PHEVs and EVs. • Promote new mobility businesses such as energy management using electrified vehicles.
	Opportunities	• Growing demand for electrified vehicles	• Increased sales of electrified vehicles and expansion of the value chain related to electrified vehicles	
Introduction and expansion of carbon pricing	Risks	• The risk of introduction and expansion of carbon taxes, that could have a potential risk on pricing.	• Increased direct and indirect tax burdens and higher costs at the procurement, production, and logistics stages	• Promote energy conservation activities and introduce renewable energy • Promote reduction efforts in cooperation with suppliers. • Align with suppliers and distributors keen on climate change mitigation and adaptation strategies.
	Opportunities	• Promotion of energy-saving technologies • Increasing use of renewable energy	• Lower energy costs	
Increasing frequecy and intensity of meteorological disasters, e.g., flooding.	Risks	• Increased possibility of factory damage and supply chain disruptions due to frequent and severe weather patterns.	• Damage to our suppliers' production and development facilities halting the supply chain. • Lower earnings due to operational shutdowns due to damage to our supplier's premises.	• Review the business continuity plan (BCP), assuming such factors as heavy rain and flooding resulting from extreme weather patterns. • Promote risk mitigation initiatives in collaboration with suppliers and dealers
	Opportunities	• Greater demand for electrified vehicles.	• Increased use of electrified vehicles that can help supply emergency power	• Promote electrification of PHEVs/EVs • Promote new mobility businesses such as energy management using electrified vehicles and used batteries

Impact of Risks and Opportunities on the Car & General's Business Activities

MAPPING CAR & GENERAL BUSINESS

Key drivers contributing to value creation include diverse offerings in equipment and consumer lines, robust opportunities in 2-wheelers and 3-wheelers, high-quality, world-class brands, prominent brands with substantial market share growth potential, a well-established infrastructure and network, a solid foundation in investment properties and finances, strong partnerships and relationships with principals, a skilled and cohesive team, a positive organizational culture with embedded values, an open-door policy, focused management, and succession planning. Additionally, access to finance and effective digitalization, demonstrated by a mature IT infrastructure and an online shop, further enhance the company's value creation capabilities.

The primary revenue drivers for Car and General include maintaining premium pricing for quality products and achieving higher sales volumes in TVs and Piaggio. To further differentiate and enhance revenue potential, the company aims to capitalize on the growth in the 2-wheeler and 3-wheeler segment, expand aftermarket offerings such as oils, tyres, and spares, boost growth in equipment and aftermarkets, grow the leasing business, explore opportunities in online sales expansion, and capitalize on the growing market for Electric Vehicles. These strategic initiatives align with our objective of diversifying revenue streams and maximizing sustainable growth opportunities across various business segments.

Our Value Creation Model

The success of Car and General can attributed to various key factors that contribute to its value creation. These include a broad range of equipment and consumer line offerings, catering to diverse customer needs. The company's opportunities in the 2-wheeler and 3-wheeler segments are also noteworthy, as they provide robust prospects for growth and development. Additionally, Car and General boasts of high-quality, world-class brands with substantial market share growth potential, enabling the company to maintain a competitive edge.

Our primary objective is to create and maintain value by developing and distributing innovative products and services. To achieve this, we rely on six different resources and relationships, referred to as the six capitals. These six capitals are financial, manufactured, intellectual, human, social, relationship, and natural. Each of these six capitals is crucial to our success. We recognize the importance of balancing their use and considering the trade-offs between them. We strive to maximize positive outcomes and minimize any negative impact on these six capitals

We understand that our actions have consequences beyond our immediate business operations. We are committed to growing inclusively, responsibly, and sustainably. We aim to impact the communities we serve and the natural environment positively. Our success is intertwined with the well-being of our stakeholders, and we work hard to ensure that we create value for everyone involved.

Key capital inputs

Financial
- Debt
  Equity

Manufactured
- Technical capability management
  Market and product development
  IT advancements

Intellectual
- Technical capability management
  Trusted brands and product quality
  Skilled and experienced Board
  Partnerships and joint ventures
  Brand and reputation

Natural capital
Water
Energy consumption
Business activities
1) Automotive and equipment distribution
2) Financial services
3) Real estate
4) Agriculture
5) Manufacturing

Human Capital
- Human Capital (SDG 8)
  3,743 talented and skilled employees
  Investment in employees

SDGs Contribution
- Financial, (SDG 8, 17)
- Human (SDG 8)
- Intellectual (SDG 9)
- Manufactured (SDG 9
- Social (SDG 4,5,10,17)

Business Activity

Automotive and equipment distribution

Financial services

Real estate

Agriculture

Manufacturing

Outputs

Financial
- EBITDA - 2,175,150,000
- (Loss)/profit for the period – (273,693,000)
- Cash used in operating activities – 205,937,000
- Return on Equity – 4.7%
- Manufactured
- Branch footprint
- Strengthened IT capability

Manufactured
- Branch footprint
- Strengthened IT capability

Intellectual
Our well-established brands in our portfolio demonstrate the business's strong market presence.

Social
- Corporate Social investment;
- 3500+ employees with access to the Employee Wellness Programmes;
- Kes 2,544,900 in employee training
- Zero fatalities

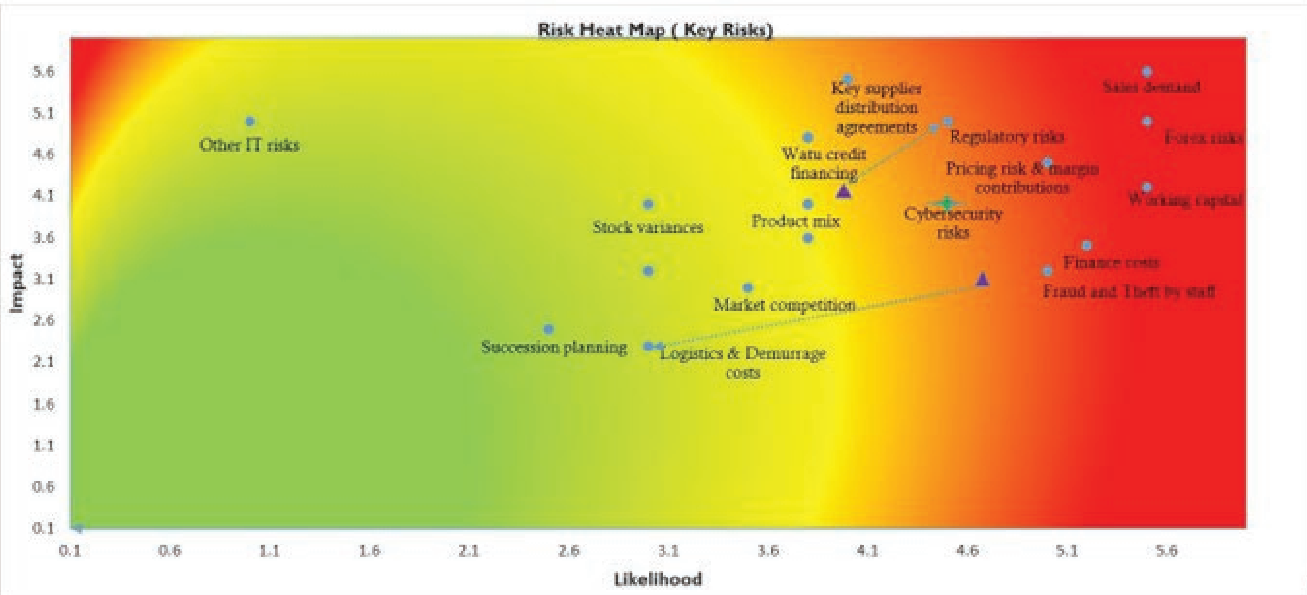
Natural : Water and energy
- Bottled water 9.324 m3
- Water delivered through main-supply network 17466 m3
- Energy 3022228 kWH Impact

Capital	Inputs	Value	Outcomes	Value	How we achieved this	The trade-offs
Human	Number of employees	3,743	Staff costs	1,770,068,000	Car & General recognizes the importance of ongoing learning and development to stay ahead in a competitive landscape. Consequently, we've arranged numerous tailored online training programs to address the unique requirements of our staff.	Implementing cost-cutting measures to support financial capital adversely impacted training and staff morale, thereby negatively affecting the social capital. Despite these challenges, the company encouraged diversity to ensure that the workforce understood customer needs efficiently and was equipped to cater to them.
	Investment in employees	Kes 2,544,900	Voluntary staff turnover (%)	0.62%		
	Gender diversity (women %)	34%	Time spent on employee development (total hours)			
	Those who are contractors and temporary employees	217				
Manufactured					Accelerated digital transformation has reshaped how we do business at Car & General. Our capital investment has played a pivotal role in driving the changes. We have strategically allocated funds to digital technologies that enhance operational efficiency, customer experience, and competitive edge. Car & General recognizes that sustained investment in this area is crucial for long-term success and resilience.	
	Value of property and equipment	61,796,000	Depreciation	618,880,000		
	Capital expenditure (IFRS 16)	803,295,000				
Financial	Market capitalization	2,005,165,400	EBITDA	2,175,150,000	We've devised strategies to diversify our business across multiple sectors to ensure we meet the necessary cash flow requirements.	The Finance Act negatively impacted capex deployment, affecting financial capital.
	Net debt	8,041,461,000	Cash generated from operations	1,885,755,000		
Intellectual	Our robust and established brand		Goodwill		On the 9th of March, 2023, a special awards ceremony was held to honor and recognize 11 staff members, from Car & General and Cummins C & G, for outstanding performance. This event celebrated the dedication, hard work, and achievements of the employees who have significantly contributed to the success of their respective companies.	Continued investment in our digital and fintech offerings reduces financial capital.
	Our skilled and experienced employees		C&G staff members awards for outstanding performance.	11 staff members		
	Our partnerships and joint ventures					We are constantly striving to improve our driving efficiencies to achieve this goal. We recognize that investments in greener economy initiatives might be expensive in the short term. However, we firmly believe these investments create a lasting and positive environmental effect. Moreover, these initiatives improve our social capital by promoting sustainable practices and reducing our carbon footprint.
Natural	Energy used	3,022,228.2 kwh	Committed to net zero or carbon neutral.		Our foremost concern is to ensure that our technical infrastructure optimally supports service delivery while minimizing energy consumption.	
	Water used	17,466 m3	Implementation of our sustainability roadmap			
			Encouraging early adoption of Evs			

Inputs	How we achieved this	The trade-offs
Car and General values constructive relationships with various stakeholders, including regulators, customers, trade unions, employees, communities, and civil society. We maintain ongoing interactions with government and KRA to ensure compliance and regulatory adherence. The company also prioritizes regular engagement with shareholders and investors to provide updates on its plans and performance. Car and General strives to maintain transparency and accountability while achieving its business goals by fostering strong relationships with these key groups.	The company has implemented enhanced management structures to improve efficiency and productivity. Additionally, they have revised their critical ethics structures and policies to ensure regulatory compliance. The company conducts annual surveys to gauge employee satisfaction and monitor staff morale.	Implementing CSI initiatives may reduce financial capital in the short term but will positively impact all capitals in the long run. Furthermore, the company has developed programs to support staff, which is expected to improve employee engagement and productivity, positively affecting all capitals.

Social

Changing business environment and principal risks linked to Car & General's strategic Value chain.



Key Risk Area	Mitigation
High Working Capital	Improve inventory conversion cycle to below 120 days
Forex Risk	Adopted Robust Pricing/ Price Equipment units in USD/ Converted $ loans into Kes
High Finance Cost	Improve working capital management. Reduce average debtors from 650M to below 400M
Pricing and Margin contribution	Target over 100% absorption rate.Increasing selling prices to factor increased costs, forex effects and inflation. Control costs
Fraud and Theft by staff	Daily monitoring of cash accounts by both Internal audit and finance.Digitalization of dispatches, cash receipts & going cashless Limited Value of Goods on Van Sales Implemented Sales Automation Tool to monitor Sales Activities.
Regulatory risk	Legal and Compliance officer on-boarded to assist on legal matters
Dropping Sales Demand (Mainly Bikes)	Diversify the business through growth in Automotive and Equipment Sales
Cyber Risk	Currently exploring acquisition of Security Information and Event Management tool (SIEM) and independent monitor of all journals executed by super users in SAP

SUSTAINABILITY

SUSTAINABILITY

At Car & General, our commitment revolves around actively contributing to the enhancement of the communities in which we operate. Through our Environmental and Sustainability Policy, we aim to embed the principles of sustainable development into all aspects of Car & General's activities, fostering responsible practices throughout our operations.

This policy serves as a practical framework for implementing Car & General PLC's commitment to creating a sustainable society. This involves safeguarding and enhancing the social, environmental, and economic impacts of the company. We strive to achieve this by practices such as reducing our carbon footprint, addressing social inequality, and promoting sustainable development goals.

Our Corporate Responsibility remains focused on key areas, including Education, Health, Environment, and Road Safety. Actively pursuing collaborations with organizations that share our priorities and have a presence in the regions where Car & General operates, we aim to build positive relationships and make meaningful contributions to the overall well-being of our communities.

1) Health And Safety Performance

Ensuring occupational safety is a fundamental prerequisite for any job, and at Car & General, we are dedicated to instigating a cultural shift in the safety landscape. We invest in and implement management systems that prioritize the health and safety of our employees and third parties in the workplace. This commitment is realized through comprehensive employee training, awareness campaigns, and active involvement.

Outlined in our Health, Safety, and Environmental policy, our pledge involves a continual enhancement of our Health, Safety, and Environmental Management systems in accordance with legal requirements.

We strive to provide healthy working conditions, encouraging consultation and active participation of workers and their representatives. Our aim is to continually improve HSE performance, reducing HSE risk levels to as low as reasonably practicable.

To make our work environment safer for everyone, we emphasize the assessment and management of risks. We encourage our staff to cultivate a safety mindset, contributing to an overall safer workplace.

2) Environmental Performance

Environmental and biodiversity protection is critical to our business strategy and we are committed to making the principles of environmental sustainability integral to our business processes. We are exploring worthwhile investments that aim to improve our energy and water efficiency. This ensures that we reduce our emissions of greenhouse gases and other pollutants. By doing so, we safeguard natural capital and reduce our operating costs.

In review is also a waste management program that aims at reducing print paper usage in all our sites and waste paper recycling. We are exploring sources of renewable energy as part of our agenda to reduce our carbon footprint with our manufacturing plant being a pioneer project.

Industry, Innovation, and Infrastructure

We are firmly dedicated to Research and Development (R&D) as a crucial component that sets apart our market offerings. Our robust industry focus empowers us to acquire profound insights into the sectors where we are active. Several of our commitments to innovation and industry specialization align with climate action, including:

- Investing % of the Group's capacity in R&D
- Deepening our digital transformation
- Electric Vehicles Space: Right now, we are testing the three-wheelers and with our distribution network, our fairly strong brands, and our ability to finance it, we see ourselves as being able to play a significant role in EV transformation. We believe we can have a major role in moving the market from the internal combustion engine in the two and three-wheeler space to electric vehicles. It is going to take time because it is a long play, but it is one thing that Car & General can be very committed to.

Climate action

Car & General acknowledges its potential impact on climate change stemming from its operations and is committed to addressing this concern. We actively support Sustainable Development Goal 13 (SDG 13), which focuses on climate action, through various climate-related initiatives.

- Partnership with Kenya Forest Service in tree planting: To help rehabilitate degraded forest land in Kenya,
- In 2023, C&G partnered with various organisations across the country to plant over 2000 trees

Goal 11. Sustainable cities and communities, Goal 12. Responsible consumption and production and Goal 15. Life on land

As trailblazers in the realm of two and three-wheeler transportation in Kenya, Car & General has transformed mobility for individuals, businesses, corporates, and organizations. Our commitment to social investment in the communities we serve has opened doors for many. We foster entrepreneurship, contributing to sustainable and inclusive economic growth and the development of our nations. Nurturing creativity and innovation, we strive to enhance our daily operations, delivering innovative excellence at every touchpoint.

In the realm of manufacturing, particularly in our helmet business, we collaborate with the government of Kenya to industrialize the two and three-wheeler space. This partnership aims to explore opportunities for backward integration, enabling us to industrialize more components involved in two and three-wheelers, thereby promoting the manufacturing process.

While our activities have a limited environmental impact, with typical concerns arising from our office space and 20% from manufacturing processes, we remain highly sensitive to environmental issues. To address this, ongoing initiatives include

- Reduction of Environmental Impact: Implementing policies for energy efficiency, reduced water and electricity consumption, carbon footprint reduction, recycling, and minimizing paper usage across all countries where Car & General operates.
- Environmental Protection Activities: Engaging in tree planting projects to contribute to the restoration of local forests and enhance environmental sustainability.
- Investment in Electric Vehicle (EV) Mobility: Striving to lead the transition towards Electric Vehicle (EV) mobility by incorporating EVs into our product portfolio, aligning with our commitment to environmental responsibility and sustainable transportation solutions.

3) Employees and Culture

Building a thriving, diverse, inclusive, and healthy workplace

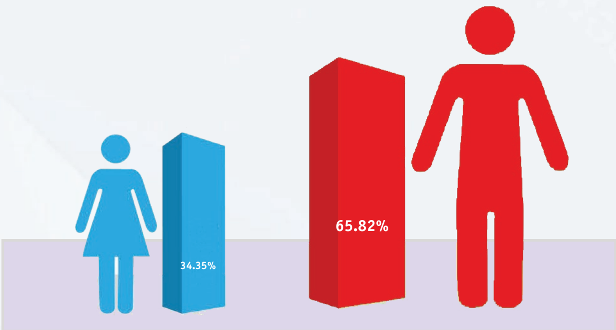
Emphasizing employee involvement, our Corporate Social Responsibility (CSR) policy ensures that every C&G employee has the chance to contribute to and enhance their local communities, focusing on our specified priority areas. This policy is wholeheartedly endorsed by our top management, who ensures its alignment with the organization's overall context and strategic direction. Furthermore, top management takes responsibility for effectively communicating, ensuring comprehension, implementing, and sustaining the policy throughout all levels within Car & General.

Car & General upholds the principle of providing equal opportunities without regard to race, religion, sex, national origin, ancestry, marital status, or the presence of a disability. We are committed to accommodating the physical or mental limitations of our qualified employees, facilitating the performance of essential job functions. Our approach to fostering equal opportunities and empowering employees spans various avenues:

- Building Diverse Teams: Our commitment to building diverse teams involves enhancing the representation of underrepresented groups in our talent pool. We actively work to mitigate bias throughout the hiring process, ensuring a fair and inclusive recruitment approach.

- Fostering an Inclusive Workplace: We are actively constructing an inclusive Human Resource function that provides equal access to opportunities irrespective of race, gender, or other differences. Aiming for a 50:50 gender representation by 2030, we are committed to creating an environment where everyone feels included. To bring more underrepresented talent into our recruiting process, we have strengthened partnerships with recruiting agencies and expanded the reach of our opportunities. Conducting staff surveys in April and September each year allows us to address needs and issues and serves as a tool for continuous improvement in fostering inclusivity.

Employees Gender Demographics



Female **34.35%**

Male **65.82%**

Career development and learning

At Car & General, we foster a culture of continuous growth by providing resources that empower employees to take charge of their career paths. This commitment is realized through various programs and training initiatives:

- CEO Mentorship Program: Our CEO mentorship program involves a series of workshops designed to help managers enhance their leadership skills, lead high-performing teams, and address everyday business challenges. This program includes monthly CEO video communications to provide valuable insights.
- Management Trainee/Internship Program: We have established a robust trainee program in collaboration with select institutions. This initiative ensures that we attract and retain top-notch talent, aligning with our strategic objective to be a workplace of choice. This year, we have welcomed a significant number of trainees.
- Loyalty Program: In addition to the core programs, we have implemented a loyalty program to recognize and reward the dedication and commitment of our employees.
- Developmental Training: Complementing these immersive programs, we offer a range of developmental training to our staff. This includes: First Aid training, Fire Prevention training, Onboarding programs, Sales & Technical training, TVS & Service training, and regular Soft Skills refresher courses. These initiatives contribute to the holistic development of our workforce.

Employee Benefits

Car & General recognizes the pivotal role of benefits in fostering an inclusive company culture and retaining a diverse workforce. While the specific benefits may vary based on scale, we consistently audit our offerings and take pride in providing comprehensive coverage across various areas. Key highlights include:

- **Medical Scheme with First Assurance:** We offer a robust medical scheme in partnership with First Assurance, ensuring that our employees have access to quality healthcare.
- **Pension Scheme:** To support the long-term financial well-being of our employees, we provide a pension scheme as part of our benefits package.
- **Union Membership:** Recognizing the importance of collective representation, we facilitate union membership for our employees.
- **Quarterly Recognition Program:** We believe in acknowledging and celebrating the accomplishments of our staff through a quarterly recognition program.
- **Staff Awards:** To further recognize outstanding contributions and achievements, we have instituted a staff awards program.
- **Sacco Membership (Voluntary):** Employees have the option to voluntarily participate in the Sacco membership program.
- **Staff Fitness and Wellness:**

Acknowledging the significance of employee well-being, we invest in staff wellness programs aimed at promoting a healthy lifestyle. This includes internal medical camps and the provision of an on-site gym supervised by a qualified trainer. We believe that healthy employees contribute to a thriving and successful business.

8 DECENT WORK AND ECONOMIC GROWTH

Decent Work and Economic Growth

Car & General, as a trailblazer in the automobile industry and one of the largest employers in Kenya, is committed to fostering a positive work environment that upholds human rights for all stakeholders within the value chain. This commitment aligns with Goal 8 of promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Key performance indicators in this regard include:

- Workforce Diversity (Target 8.5): We aim to promote inclusivity and diversity in our workforce, tracking and setting targets for the representation of women, men, young people, and persons with disabilities (PWD). Our commitment extends to achieving equal pay for all employees.
- Employee Retention/Turnover Rate: To gauge our commitment to providing stable employment, we monitor and compare our employee retention and turnover rates, assessing progress over time. This includes a percentage comparison from 2020 with a forecast for 2022.

Regarding labor rights, Car & General has implemented policies to safeguard employee rights throughout various stages, including recruitment. Our policies emphasize non-discrimination and actively work towards reducing forced labor within our operations. These measures underscore our commitment to creating a workplace that respects and upholds fundamental labor rights for all.

4) Integrity

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Peace, justice, and strong institutions

Car & General is deeply committed to elevating business ethics and integrity in Kenya, actively demonstrating efforts against bribery and corruption within our operations. Ethical conduct and integrity form the bedrock of our core values at Car & General, and we are dedicated to ensuring that all employees are well-informed about and adhere to our comprehensive Code of Conduct.

As part of our commitment to upholding ethical standards, one of our key performance indicators (KPIs) is centered around ensuring that every em

ployee conducts themselves with the utmost integrity and consistently upholds the values of the company. This reflects our steadfast dedication to fostering a workplace culture where ethical behavior is not just encouraged but actively practiced by all members of our team.

Fraud is a pervasive issue that affects countries and industries across the globe. While greed is a significant factor, it's not the sole driver of fraudulent activities. Economic pressures, peer influence, and the presence of opportunities also contribute. Employees facing financial difficulties may resort to fraud for survival, and peer pressure can lead them to engage in dishonest behavior to match certain lifestyles. Additionally, lax enforcement of policies and procedures creates opportunities for fraud.

Car & General has developed a robust strategy to prevent and detect fraud, consisting of three key components:

1. Commitment:

- Zero tolerance for fraud and other wrongdoing.
- Every reported incident undergoes an initial vetting process to determine the need for further investigation.

- Firm commitment to follow up on every reported incident.

2. Culture:

- Foster an organizational culture that discourages fraud.
- Adopt a proactive approach, including the implementation of Tip-offs Anonymous and relevant policies and procedures to mitigate fraud and corruption.

3. Honest Communication:

- Conduct awareness campaigns to help employees understand what constitutes wrongdoing.
- Implement induction programs for new employees to educate them on the consequences of fraud.
- Ongoing awareness initiatives highlighting the impact of unethical behavior and successes in preventing fraud and corruption.

Car & General encourages everyone to take a bold stand against unethical behavior within the organization. They have established Tip-offs contact details for reporting incidents, ensuring anonymity and providing a secure channel for reporting. The organization is committed to creating an environment where fraud is not tolerated, and honest communication is actively promoted.

Tip-offs contact details:

Toll-free: Kenya-0800 722 626

Tanzania-0800780026

Uganda-800100255

Email: cargen@tip-offs.com

Website: www.tip-offs.com

5) Community Relations

Goal 3: Good Health and Well-being:

At Car & General, our commitment to Goal 3 involves providing a safe working environment for our employees. Lessons from the Covid-19 pandemic prompted us to implement measures such as remote work and telepresence to protect employee health. We actively promote a healthy lifestyle through internal medical camps, a gym, and regular medical talks. Additionally, we contribute to the well-being of society through initiatives like blood donation campaigns in partnership with the Kenya National Transfusion Service, eye care programs with Lions Club International, and a focus on mental health in 2022.

Goal 4: Quality Education: As a member of the Motorcycle Assemblers Association of Kenya, we work towards a collision-free society by spreading safety awareness and providing education on road safety. Our road safety campaign program targets motorcycle and three-wheeler drivers, mechanics, and users. The Cargen Tech-Up program aims to train 3,000 Juakali mechanics annually, ensuring technical proficiency. We collaborate with TVETA through an MOU to support technical institutions with donations, attachments, internships, and industry-based learning. Our partnerships with universities and technical training institutions include MOUs for training sessions and donations of training equipment. We also adopt the Treeside School for the Deaf, contributing to community development.

Goal 6: Clean Water and Sanitation: Water security and efficiency are crucial for economic empowerment, improved livelihoods, and better health. In collaboration with CSR partners, including Cummins Inc and the Lions Club of Mombasa, we have constructed two dams, investing over Kshs 3 million. These dams, each with a capacity of 5 million liters, help residents harvest rainwater for farming, addressing the issue of starvation. Looking ahead, we plan to explore water drilling as part of our CSR program for 2023, further contributing to Goal 6.

Our Carbon Footprint

CAR & GENERAL LTD - 01.10.2022 - 31.12.2023 GHG emissions report

Category		Emission source category		t CO2e
GHG Protocol Standards: Corporate Scope - 1 and 2, Value Chain - Scope 3	Scope 1	Direct emissions arising from owned or controlled stationary sources that use fossil fuels and/or emit fugitive emissions	Fuels	60.47
			Bioenergy	
			Refrigerants	
		Direct emissions from owned or controlled mobile sources	Passenger vehicles	
			Delivery vehicles	
		Total Scope 1		60.47
	Scope 2	Location-based emissions from the generation of purchased electricity, heat, steam or cooling	Electricity	828.87
			Heat and steam	
			Electricity for Evs	
			District cooling	
		Total Scope 2		828.87
	Scope 3	Fuel- and energy-related activities	All other fuel- and energy related activities	
			Transmission and distribution losses	
		Waste generated in operations	Waste water	
			Waste	14.08
		Purchased goods	Water supplied	2.60
			Material use	
		Business travel	All transportation by air	
			Emissions arising from hotel accommodation associated with business travel	
			All transportation by sea	
			All transportation by land, public transport, rented/ leased vehicle and taxi	
		Upstream transportation and distribution	Freighting goods	
		Employees commuting		
		Food		
		Home office		
		Total Scope 3		73.47
		Total Emissions		**962.82**

Our carbon footprint consists of various scopes of greenhouse gas (GHG) emissions, each associated with different sources:

Scope 1 GHG Emissions:

These emissions originate from direct sources that are owned or controlled by Car & General. These include emissions generated by stationary sources like fuel usage. For example, our operated fleet of vehicles and machinery that burn fossil fuels, the emissions from these activities would fall under Scope 1.

Scope 2 GHG Emissions:

These emissions arise from the generation of purchased electricity that we consume from the national grid. Essentially, it's the indirect emissions associated with the electricity consumed. For instance, when we buy electricity from a utility provider, the emissions from the generation of that electricity would be considered Scope 2 emissions.

Scope 3 GHG Emissions:

These emissions are more complex and encompass a broader range of indirect sources. They relate to emissions resulting from activities outside our direct control but are associated with the Car & General's operations. This includes emissions from purchased goods and services, such as supplied water and material utilization. For example, when we buy raw materials or products from suppliers, the emissions associated with the production, transportation, and disposal of those materials or products would be Scope 3 emissions to us.

In summary, while Scope 1 emissions are direct emissions from owned or controlled sources like fuel usage, Scope 2 emissions are indirect emissions from purchased electricity, and Scope 3 emissions are a broader category covering indirect emissions associated with purchased goods and services. Each scope represents a different aspect of our carbon footprint and we have put it place strategies for mitigation and reduction.

CORPORATE GOVERNANCE

Governance Structure at Car & General

The Board of Directors at Car & General holds the primary responsibility for overseeing the governance of the entire Group, ensuring adherence to legal requirements, and upholding the highest standards of corporate governance and business ethics. They are directly accountable to the shareholders for maintaining compliance and fostering a culture of integrity within the organization. The Directors prioritize conducting business operations with transparency, honesty, and in alignment with globally recognized principles of good corporate governance.

A key aspect of the Board's oversight role is ensuring compliance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (Amended 2023), as mandated by the Capital Market Authority (CMA). By adhering to this regulatory framework, the Board aims to uphold best practices and enhance investor confidence in the Group's operations.

To effectively fulfill their governance responsibilities, the Board delegates certain functions to various committees within the parent company and subsidiaries. These committees, composed of Board members and senior management representatives, are tasked with specific governance and management functions, including risk management, audit, compliance, and executive compensation. Through the work of these committees, the Board ensures that the Group's business is conducted within acceptable risk parameters and with a robust system of internal controls in place.

The composition and roles of the Board of Directors and management are structured to facilitate effective governance and management of the Group's affairs. The Board comprises experienced professionals with diverse backgrounds and expertise, bringing valuable perspectives to strategic decision-making and oversight. Management, led by the Chief Executive Officer (CEO) and executive team, is responsible for executing the Board's directives, implementing strategic initiatives, and day-to-day operations management.

Overall, the Board of Directors at Car & General is committed to upholding the highest standards of corporate governance, ensuring compliance with regulatory requirements, and safeguarding the interests of shareholders and stakeholders alike. Through their diligent oversight and commitment to ethical conduct, the Board plays a crucial role in driving the Group's long-term success and sustainability.

The Board of Directors

Nicholas Ng'ang'a EBS, Chairman and Non-Executive Director

Nicholas Ng'ang'a is the Chairman of the Board of Directors of Car & General (Kenya) Plc. Nganga, an astute businessman, is a holder of a BA degree from Makerere University and served as Permanent Secretary in the Ministries of Finance, Foreign Affairs and Health.

Mr. Nganga has been extensively involved in the tea industry and was Chairman of the Tea Board of Kenya. He is a past Chairman to the boards of the National Bank of Kenya and Safaricom Plc – where he served from since 2007 to 2020. Currently he is also member of the Board of Kakuzi PLC and G4S Security.

Vijay Vashdev Gidoomal, Group CEO

Vijay Gidoomal qualified as a lawyer from Clifford Chance in the UK in 1992. He returned to Kenya in 1993 and was responsible for establishing Car & General operations in Uganda and Tanzania as Executive Director.

He became the Managing Director of Car & General in 1996 and oversaw a complete restructuring of the company's revenue base, gradually introduc- ing new product lines that included the pioneering of the introduction of three wheelers and two wheelers as taxis in East Africa.

Vijay has seen the company grow regionally with representation in Kenya, Uganda, Tanzania, Rwanda, Burundi, Seychelles, Eritrea, Ethiopia, Djibouti and Somalia. He is an active member of the Young Presidents Association, its past Chairman (Kenya Chapter) and regional board member.

Carey Muriithi Ngini, Independent Director

Carey has a wealth of experience across a variety of sectors ranging from property, finance and insurance to oil and gas. Carey has established a number of operations in these areas and is currently a Director of several companies including G4S Secure Data Solutions (Kenya) Limited (archiving),

St Christopher's Schools Ltd (education), Syndicate Holdings Ltd (property) and Bentworth Investments Ltd (oil and gas). His experience is very relevant to the current direction of Car & General. Carey graduated with a Bachelor of Science Degree in Business and Finance from the US International University in the UK.

Sanjay. P. Gidoomal, Non-Executive:

Sanjay Gidoomal is the Board Chairman of Watu Credit. He was previously Managing Director at GIRO Commercial Bank Ltd until February 2017.

He is currently a Director of Bodaplus, Car & General (Kenya) Limited, Car & General (Tanzania) Limited and Car & General (Uganda) Limited.

Gladys Mumbua Mboya, Independent Director

Gladys is an advocate of the High Court of Kenya with over twenty years' experience in commercial and corporate law having advised both private and public companies in diverse industries including government and non-governmental organizations, financial institutions, pr vate equity funds, microfinance organizations, manufacturing, health and aviation companies.

Gladys is Managing Partner of Mboya Wang'ondu & Waiyaki Advocates. She is a strategic thinker and an adept negotiator. With her proven leadership skills, she leads a good legal practice. Gladys holds degrees in Law and Masters in Business Administration, from the University of Wales and University of Warwick respectively.

Madabhushi Soundararajan, Non-Executive Director

Madabhushi Soundararajan, CEO of Delta Corp East Africa Ltd, a real estate development company substantially owned by the reputed Reliance Industries Limited from India, joined the Car & General Board in 2009. He made a name for himself in the banking industry having served in different positions in banks both in Kenya and India. Mr. Soundararajan has been a career banker for 36 years with the State Bank of Standard Chartered Bank, Commer cial Bank of Africa (NCBA Plc) and the CFC Group (CFC Stanbic).Before joining Delta Corp East Africa, he was the managing Director of CFC Financial Services Ltd and of Managing Director of CFC Bank.

Pratul Shah, Non-Executive Director

Pratul Shah FCCA, CPA (Kenya), CPS(Kenya) has over 35 years of professional experience in general practice and specialist advisory areas in audit, tax planning, strategic planning, corporate finance, and corporate recovery work with Price-Waterhouse-Coopers (PwC), where he was a Partner. He currently assists companies in the banking, insurance, retail, manufacturing, and services sectors develop their strategic plans and restructuring advice to compete and build shareholder wealth. He is an advisor to various Boards and has been a lead advisor in many mergers and acquisitions transactions. He has served on ICPAK's Technical and Ethics Committee, Banking & Insurance Committees and has been a past member of the Insurance Tribunals Board appointed by the Minister of Finance.

Conrad Nyukuri, Secretary to the Board

Conrad Nyukuri is the Secretary to the Board of Car & General. He is a Partner at Adili Corporate Services Kenya. Conrad has vast experience in compliance matters and is also well versed in corporate governance. Conrad has been the secretary to boards of several listed public companies, multinationals and private companies in various sectors.

He holds a BSc Business Administration degree and is a practicing member of the Institute of Certified Public Secretaries Kenya with over sixteen years post-qualification experience. Conrad is also an affiliate of the Institute of Certified Secretaries and Administrators. He is a founder member of the Council of Institute of Certified Public Secretaries of Kenya.

Summary BOD information

Our Board

Name	Age	Gender	Expertise	Nationality	Year of Appointment (Tenure)	Status	Meeting attendance
Nicholas Nganga	84	Male	Business Operations Finance Management	Kenyan	1988 (35)	Non-Executive	9/10
Vijay Vashdev Gidoomal	54	Male	Legal Finance Management	Kenyan	1994 (29)	Executive	10/10
Gladys Mumbua Mboya	54	Female	Legal Investments	Kenyan	2018 (5)	Independent	10/10
Carey Muriithi Ngini	54	Male	Finance Insurance	Kenyan	2017 (6)	Independent	10/10
Soundararajan Madabhushi	72	Male	Banking Management	Indian	2008 (15)	Non-Executive	10/10
Pratul Hemraj Shah	68	Male	Audit tax Planning	Kenyan	2001 (22)	Non-Executive	10/10
Sanjay Prem J Gidoomal	55	Male	Banking Credit Management	Kenyan	2008 (15)	Non-Executive	8/10

Committee Meetings

Name	Audit Risk and Compliance Committee Attendance	Governance, Nomination and Compensation Committee Attendance
Nicholas Ng'ang'a	N/A	4/4
Pratul Shah	4/4	N/A
Madabhushi Soundararajan	4/4	4/4
Sanjay Prem Gidoomal	4/4	4/4
Carey Muriithi Ngini	4/4	4/4
Gladys Mumbua Mboya	N/A	4/4

The Management Team

Vijay Gidoomal - (CEO, Car & General Kenya PLC)

A UK-trained lawyer, Vijay joined C&G in 1993 as Executive Director, and became CEO in 1996, overseeing the restructuring of the company and introducing new product lines and regional expansion.

Venkatesh Jarayaman - (MD, Car & General Trading Limited, Tanzania)

He joined C&G in 1998. Venkatesh is responsible for profitability of the C&G trading business in Tanzania. He graduated from the Regional Engineering College -Trichy India, in 1992. He was appointed MD of C&G Tanzania in 2011.

David Chesoni - (MD, Car & General Trading Limited, Kenya)

A graduate of Economics from Egerton University, David was appointed MD in 2018 responsible for profitability of Kenya's distribution business in Kenya. David joined the C&G in April 1996.

Naveen Kumar - (MD, Car & General Trading Limited, Uganda)

Naveen joined C&G in 2005. He has a Diploma in Mechanical Engineering from Andra Pradesh Technical Board. He also holds Bachelor of Arts Degree from Osmania University, Hyderabad. He became the Head of Uganda business in 2021.

Carol Omanjo - (COO, Car & General PLC)

Carol joined Car & General in 1996, as Accounts Assistant. She was appointed COO in 2020. Carol is responsible for human resources, administration, treasury, credit control, logistics, real estate and communications. A graduate of KCA University with a Bachelor of Commerce degree with CPA from Strathmore Business School.

Sam Njenga - (CFO, Car & General PLC)

Sam joined C&G in 2008 as an Internal Auditor. He was appointed CFO in 2020. As CFO, Sam ensures prudent financial management that includes producing timely and accurate accounts. Sam holds a Bachelor of Commerce degree from Kenyatta University and has a Masters of Commerce degree from Strathmore University. He is a CPA (K).

Eric Sangoro , General Manager Cummins C&G Limited

He was appointed the General Manager of Cummins C&G in 2021. Erick holds a Bachelor's Degree in Commerce (Finance and Cost Accounting) and a Master's in Business Administration from Strathmore Business School.

Faye Crane, Resident Director, Kibo Poultry Products Limited

Faye Crane, famously known as "Mama Kuku", has been in the poultry business for many years,seeing the company grow in leaps and bounds

Srinivas Devarakonda, General Manager, Equipment Business, Car & General Trading Limited, Kenya.

Srinivas joined C&G in 2014. He has a Diploma in Mechanical Engineering from the Institute of Mechanical Engineers, India. He has also undergone an Executive Development Program – Strategic Management from XLRI University, India.

George Rubiri - (GM, Consumer Products, Car & General Trading Limited, Kenya)

George joined C&G in 2005 and was appointed GM in 2016. George is a graduate of Moi University with a Bachelor of Arts – Government and Public Administration.

Andris Kaneps, CEO – Watu Credit Limited

Andres founded Watu Credit, a non-banking, finance company head-quartered in Mombasa. A lawyer by profession, Andris holds a Master's Degree in Law from the University of Latvia

Pavit Kenth , CEO – Bodaplus Limited

Pavit was appointed the CEO in 2021. He has a Bachelor's Degree in Mechanical Engineering from Kingston University, United Kingdom.

Jeremiah Mureu - (Head of Credit Control, Car & General PLC)

Joined : 2008

Appointed : 2015

Education: Bachelor of Commerce degree from the University of Nairobi and is a Certified Credit professional by the School of Credit management.

Raphael Atanda - (Head of Communications, Car & General PLC)

Raphael joined C&G in 1996 as a Librarian. He holds a Diploma in information Science from Technical University of Kenya, an Executive Diploma in Marketing Communications from the Marketing Society of Kenya and is a member of the Public Relations Society of Kenya.

Eunice Malelu - (Head of Treasury, Car & General PLC)

Eunice joined C&G in 2012. She holds a Bachelor degree in Business and Management and CPA (K) from Egerton University. Eunice was appointed to head the Treasury in 2021

Saumil Vyas - Head of Digital Marketing and Strategy, Car & General Trading Limited, Kenya

Saumil joined C&G in 2018 and was appointed to head the Digital Marketing and Strategy in 2021. He is a graduate of Narmada College of Management with an MBA in Marketing.

Faith Mumo - (Head of Marketing, Car & General Trading Limited, Kenya)

Faith joined C&G in 2007 and was appointed as Head of Marketing in 2020. Faith has a degree in Public Relations from Daystar University and a Practitioners Diploma in Marketing from the Marketing Society of Kenya.

Gilbert Mutai - (Head of Information Technology, Car & General PLC)

Gilbert joined C&G in 2017. He graduated with a Bachelor in Computer Science – Egerton University and Masters in Information technology Management – University of Nairobi. He hold Project management certification from Computer Pride Training Centre, Nairobi. He is also the SAP Manager at C&G.

Costa Cherotich - (Head of Audit, Car & General PLC)

Costa joined C&G in 2011 after completing her Bachelor of Commerce degree, Accounting Option, from Kenyatta University. In recognition of her dedication and expertise, she was appointed to the role of Head of Audit in 2020. Her certification as a Certified Public Accountant (CPA-K) underscores her qualifications for this role in ensuring the integrity and accuracy of C&G's financial operations.

Commitment To Good Corporate Governance

At C&G, we recognize the paramount importance of corporate governance in fostering a conducive and sustainable business environment, a sentiment echoed worldwide as corporate governance continues to gain prominence globally. It serves as the bedrock of our operational framework, guiding our business practices and ensuring adherence to the highest standards of ethics and governance principles.

The Group's Board of Directors bears the responsibility of overseeing the governance of the Group, with a clear mandate to uphold compliance with applicable laws, uphold the highest standards of corporate governance, and promote ethical business conduct. The Directors are steadfast in their commitment to conducting business operations with integrity and in alignment with internationally recognized corporate governance principles. The Board (including the CEO) are fully trained on the Code of Corporate Governance Practices for Issuers of Securities to The Public 2015 issued by the Capital Market Authority (CMA). Our adherence to the well elaborate Code underscores our dedication to upholding best practices in corporate governance.

The Board understands the significance of integrated thinking in decision-making processes, recognizing the intrinsic relationship between financial and non-financial values in driving sustainable value creation for all stakeholders. By embracing this holistic approach, the Board aims to enhance the company's performance and ensure its long-term success.

Furthermore, the Board acknowledges that ethical and effective leadership is the cornerstone of good corporate governance, essential for achieving sustainable results. It adopts a stakeholder-inclusive approach, considering and balancing the legitimate interests and expectations of all stakeholders in its deliberations and actions.

To ensure effective oversight, the full Board convenes at least four times a year, providing Directors with timely and comprehensive information to enable informed decision-making across strategic, financial, operational, and compliance domains. While day-to-day business operations are entrusted to the Group Chief Executive Officer, the Board retains ultimate responsibility for establishing and maintaining the Group's overall internal control framework concerning financial, operational, and compliance matters.

Moreover, our corporate governance guidelines include a robust code of conduct aimed at promoting transparency and disclosure, ensuring adherence to regulatory requirements and laws. Throughout the reporting period, the company remained fully compliant with all applicable regulations and laws in Kenya, reaffirming our unwavering commitment to ethical conduct and corporate governance excellence.

BOARD OPERATIONS AND CONTROL

Board appointment and composition

The group has meticulously crafted and implemented clear procedures and guidelines for the appointment of Board members, underpinned by a robust Board charter. Each director's appointment is conducted through a formal and transparent process, ensuring utmost integrity and alignment with corporate governance standards.

The composition and size of the Board are determined by the full Board itself, adhering to all pertinent laws, regulations, and provisions outlined in the Company's Memorandum of Incorporation (MOI). Moreover, the Board structure is particularly designed to encompass an appropriate mix of individuals, encompassing diverse backgrounds in terms of knowledge, skills, age, gender, race, and expertise. This ensures a holistic and well-rounded perspective at the highest level of governance, commensurate with the intricate nature, scale, and complexity of the company's operations and risks.

Comprising eight members, the Board includes both non-executive and independent directors, strategically appointed to foster impartiality and objectivity in decision-making processes. Each director possesses the requisite skills and competencies necessary to discharge their duties effectively, further bolstered by ongoing induction and training provided by the esteemed Centre for Corporate Governance in Kenya.

Our Board members do not act in similar capacity in more than three listed companies. The chairperson is not a Board chair in more than two listed companies. C&G Board has not appointed alternate directors; however, the Governance, Nomination and Compensation Committee may appoint alternate directors as and when the need arises.

The Board's structural framework is carefully calibrated to optimize efficiency and collaboration among its committees, with a deliberate emphasis on minimizing redundancy and ensuring a balanced distribution of responsibilities and authority. The term of office of the Board members is organized in a manner that ensures that there is a smooth transition. Specifically, two key committees, namely the Audit, Risk, and Compliance Committee, as well as the Governance, Nomination, and Compensation Committee, are meticulously constituted to fulfill their respective mandates with utmost diligence and efficacy.

Functions of the Board

At the board level, roles and responsibilities are meticulously assigned to ensure clarity and accountability. The distinct roles of the chairman and the chief executive officer (CEO) are clearly delineated and separated, in line with best corporate governance practices.

Furthermore, the Board of Directors delegates powers and responsibilities to relevant Board Committees, empowering them to guide and oversee critical areas such as strategy formulation, company performance evaluation, resource management, and adherence to the Code of Conduct. This delegation of authority not only enhances efficiency in decision-making but also ensures comprehensive oversight and protection of the company's interests across various facets of its operations.

Chairman to the Board

The primary functions of the board chairman encompass a range of crucial responsibilities aimed at fostering effective governance and leadership within the organization. These functions include:

1. Providing Leadership: The chairman is responsible for providing strong and effective leadership to the Board, ensuring its overall effectiveness in fulfilling its duties and responsibilities.
2. Facilitating Input and Relations: The chairman facilitates constructive engagement and collaboration between executive and non-executive directors, ensuring that all perspectives are considered in board deliberations.
3. Setting Agenda: The chairman sets the agenda for board meetings, ensuring that key topics and matters are addressed in a timely and comprehensive manner.
4. Setting Ethical Tone: The chairman plays a pivotal role in setting the ethical tone for both the Board and the company, ensuring that ethical standards are upheld in all aspects of business operations.
5. Stakeholder Engagement: The chairman ensures effective engagement with shareholders and stakeholders, representing the interests of various stakeholders and fostering open communication and transparency.
6. Representative Responsibilities: The chairman may also have representative responsibilities on behalf of the company, representing its interests in external engagements and interactions.

Independent/Non-Executive Directors

The roles of the Board of Directors are comprehensive and multifaceted, encompassing a wide range of responsibilities aimed at ensuring the company's success and adherence to best governance practices. Some of these roles include:

1. Analyzing Company Performance: The Board analyzes and holds the company's performance against its objectives, assessing progress and identifying areas for improvement.
2. Evaluating and Monitoring Company Performance: The Board continuously evaluates and monitors the company's performance, ensuring alignment with strategic objectives and addressing any deviations or challenges.

3. Reviewing Management Plans and Providing Strategic Guidance: The Board reviews management plans and provides strategic guidance, offering valuable insights and direction to steer the company towards its goals.
4. Overseeing Executive Appointments and Succession: The Board ensures the existence of adequate policies and procedures relating to the appointment, dismissal, and succession planning of Managing Executives, safeguarding the company's leadership continuity and effectiveness.
5. Providing Oversight on Risk Management and Internal Control: The Board provides oversight in the design and implementation of robust risk management and internal control systems, safeguarding the company against potential risks and ensuring compliance with regulations.
6. Adopting Policies for Managing Executives' Responsibilities: The Board adopts appropriate policies and procedures to oversee Managing Executives' responsibilities, ensuring accountability and effective management practices.
7. Monitoring Governance Framework: The Board regularly monitors and evaluates the adequacy and effectiveness of the company's governance framework, ensuring alignment with best practices and regulatory requirements.
8. Oversight of Company Strategy and Resource Allocation: The Board plays an oversight role in the development and execution of the company's strategy, ensuring that resources are allocated efficiently and effectively to support strategic objectives.

Chief Executive Officer (CEO)

The Chief Executive Officer (CEO) plays the role of overseeing the day-to-day operations of the company and executing the strategic direction set forth by the Board of Directors. The CEO's responsibilities include:

1. Implementing Board Policies: The CEO ensures the effective implementation of the policies outlined by the Board in the company's overall corporate strategy, aligning operational activities with strategic objectives.
2. Apprising the Board: The CEO keeps the Board frequently and adequately informed about the institution's operations by presenting relevant board papers, providing transparency and facilitating informed decision-making.
3. Oversight of Strategy and Resource Allocation: The CEO plays a critical oversight role in the company's strategy and resource allocation, ensuring alignment with organizational goals and optimal utilization of resources to drive performance.
4. Establishing Internal Control Systems: The CEO establishes and maintains efficient and adequate internal control systems, safeguarding assets, ensuring compliance with regulations, and mitigating risks.
5. Evaluating Company Performance: The CEO evaluates and monitors company performance, tracking progress towards strategic objectives, identifying areas for improvement, and implementing corrective measures as necessary.
6. Monitoring Control and Risk Management: The CEO oversees control and risk management systems, ensuring their effectiveness in identifying, assessing, and managing risks to the organization's operations and objectives.
7. Reviewing Management Plans and Providing Strategic Guidance: The CEO reviews management plans and provides strategic guidance, offering leadership and direction to the management team in alignment with the company's strategic objectives.

Governance, Nomination and Compensation Committee

The Committee convenes as required and when necessary, comprised of four non-executive Directors: Carey M Ngini (Chairman), M Soundararajan, S P Gidoomal, Gladys Mboya, and the Group CEO, Mr. Vijay Gidoomal. The committee holds a significant responsibility in various aspects of governance and oversight, including:

1. Performance Monitoring: The committee monitors and evaluates the performance of senior management, including the Group Chief Executive Officer, ensuring account-

ability and effectiveness in leadership.

2. Human Resource Policies: The committee reviews all human resource policies, ensuring alignment with organizational goals and compliance with regulatory requirements.
3. Remuneration Policy: The committee oversees the development and implementation of the remuneration policy for the Group, encompassing compensation structures for the Chairman, non-executive Directors, Executive Directors, Senior Management, and the wider workforce.
4. Director Appointments: The committee makes recommendations to the Board to fill vacancies for Executive and non-executive Directors, ensuring a balanced composition and diversity of skills and expertise.
5. Board Composition: The committee ensures that the Board and its Committees maintain an appropriate balance of skills, experience, independence, and knowledge relevant to the Group's operations and strategic objectives.
6. Review of Group Policies: The committee conducts a comprehensive review of all group policies, corporate governance systems, and practices, supporting the Board in its stewardship responsibility and obligations to the stakeholders of the Group.

Board Independence

The C&G Board places paramount importance on compliance with the independence requirements outlined in both the CMA Code of Good Corporate Governance (2015) and the Nairobi Securities Listing Standards. It has conducted thorough assessments and confirmed that both the Chairman and all non-executive Directors meet these stringent standards, thus contributing to a balanced and effective composition of the Board.

As per the CMA Code, an issuer is mandated to have a board consisting of a majority of non-executive directors, with at least one third of the total number being independent directors. The C&G Board adheres to these guidelines, with six out of seven Directors holding non-executive positions, including the Chairman. All Directors, excluding the Group Chief Executive Officer, undergo periodic reappointment in accordance with the Company's Articles of Association.

In alignment with the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, an independent director is defined as a board member who is not an executive director, does not possess a material or pecuniary relationship with the company or related persons, is compensated through sitting fees or allowances, and does not own shares in the company. It is noted that after six years of continuous service as an independent director, such person shall no longer be considered as independent.

The C&G Board affirms that all non-executive Directors maintain independence, as they do not hold any business or other relationships that could potentially influence their judgment. Recognizing the critical importance of this independence, the Board ensures that unbiased decision-making prevails in its deliberations and actions.

Age Limit for Board of Directors

The Group has opted not to impose an age limit for its Directors. However, C&G Board is committed to follow the recommendations of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, which proposes Board members retire at the age of seventy years. Only two directors at C&G are above seventy years of age.

Retired Directors seeking to extend their tenure in the office of Director are required to seek approval from shareholders at the Annual General Meeting, as recommended in the Code. This approach allows for flexibility in Director appointments while ensuring that Shareholders have a say in the continuation of retired Directors' service.

Board Tools

The company has proactively established essential tools to enable the Board to effectively fulfill its roles and responsibilities. These tools include:

1. C&G's Code of Conduct Policy: This policy outlines the ethical standards and behaviours expected from Board members and employees, ensuring adherence to principles of integrity, transparency, and account-

ability.

2. The Board Charter: This document delineates the roles, responsibilities, and operating procedures of the Board, providing a framework for effective governance and decision-making.
3. Audit, Risk, and Compliance Committee Terms of Reference (TOR): These TOR outline the specific responsibilities, authority, and scope of the Audit, Risk, and Compliance Committee, ensuring robust oversight of financial reporting, risk management, and compliance activities.
4. Governance, Nomination, and Compensation Committee Terms of Reference (TOR): These TOR define the responsibilities and authority of the Governance, Nomination, and Compensation Committee, focusing on matters related to corporate governance, director nominations, and executive compensation.

By implementing these tools, the company empowers the Board with the necessary guidance and resources to carry out its duties effectively, promote accountability, and uphold the highest standards of corporate governance.

Board of Directors Induction & continuous skill development

The Board induction program aims to provide new Board members with a solid foundation of knowledge and understanding, enabling them to contribute effectively to the Board's deliberations and decision-making processes from the outset of their tenure.

Newly appointed Board members undergo a comprehensive induction program tailored to familiarize them with the Company's business, strategy, objectives, policies, procedures, operations, senior management, and the broader business environment. This induction program is designed to equip new members with all the necessary information required for effective performance on the Board.

During the induction, new Board members are introduced to their fiduciary duties and responsibilities, ensuring a clear understanding of their roles in upholding the Company's best interests. Additionally, they are briefed on any other unique aspects of the business that may be pertinent to their roles. Periodically, the Board members undertake various trainings to develop and sharpen their skills especially in new developments and trends.

During the month of October 2023, Deloitte & Touche facilitated comprehensive training sessions for the entire C&G Board on Environmental, Social, and Governance (ESG) principles. The primary objective of this training was to enhance the Board's understanding of emerging sustainability and ESG issues and to equip them with various frameworks and guidelines.

The training aimed to foster a deeper appreciation of sustainability practices and their significance within the context of C&G's operations. By gaining insight into ESG principles, the Board was better prepared to integrate sustainability programs seamlessly into C&G's value chain.

Deloitte & Touche's training sessions provided the Board with valuable knowledge and tools necessary to navigate the evolving landscape of sustainability and ESG considerations. This initiative underscores C&G's commitment to responsible business practices and its dedication to aligning with global sustainability goals.

In December 2023, the full C&G Board underwent a comprehensive training session on Electric Vehicles (EVs) facilitated by Arc Ride, under the leadership of their CEO, Mr. J. Hurst-Croft. This strategic initiative was undertaken to equip the Board with the necessary knowledge and insights as C&G planned to introduce electric three-wheelers into the Kenyan market. The decision to engage in this training was in direct alignment with the group's Sustainability commitments, particularly its focus on fostering environmentally friendly mobility solutions to combat climate change and pollution.

Annual evaluations of Board Members

To enhance Board effectiveness, the Board Governance, Nomination and Compensation Committee, conducts a comprehensive assessment of directors' performance, as well as that of key stakeholders including the Chairperson, committees, individual members, the Chief Executive Officer, and the Company Secretary.

This assessment involves evaluating various aspects such as governance practices, decision-making processes, strategic alignment, and individual contributions. The results of this evaluation are discussed within the Board, providing valuable insights into areas of strength and opportunities for improvement.

Importantly, the evaluation exercise informs the Board's decisions regarding training and development needs for its members. By identifying areas for enhancement, the Board can proactively address skill gaps and ensure continuous improvement in governance practices and performance. This commitment to regular assessment and development underscores the Board's dedication to achieving optimal effectiveness and driving sustainable business growth.

Board Remuneration

Remuneration Policy

Our remuneration policy aligns with division 6 of the Companies Act, 2015 Laws of Kenya, specifically pertaining to Directors' Remuneration Reports. This ensures that our approach to compensating Directors is in compliance with relevant legal requirements and regulations outlined in the Companies Act. By adhering to these guidelines, we prioritize transparency and accountability in our remuneration practices, providing a clear framework for determining and disclosing Directors' compensation in our reports. This commitment underscores our dedication to upholding governance standards and meeting statutory obligations related to Directors' remuneration.

The Governance, Nominations, and Compensation Committee conducts an annual review of the remuneration policy to ensure its alignment with business needs and to ensure fair compensation for Directors based on their responsibilities.

Following this review, the Committee presents its recommendations to the main Board. Subsequently, the entire Board collectively deliberates and determines the proposed remuneration package to be presented to shareholders for approval.

For the financial year ending December 2023, the recommended remuneration for non-executive Directors is as follows:

Executive Directors

The remuneration package for executive Directors is strategically designed to attract highly skilled individuals with the relevant expertise and experience necessary to fulfill their roles effectively. This approach aims to ensure that the company can attract and retain top talent who can contribute significantly to the organization's success. By offering competitive compensation aligned with market standards, the company aims to incentivize executive Directors to drive performance and achieve strategic objectives while also recognizing and rewarding their valuable contributions to the company's growth and success.

Non-Executive Directors

Our non-executive Directors bring a wealth of strategic and operational experience garnered from various businesses and organizations. To recognize their valuable contributions, they receive an annual basic retainer fee along with sitting allowances for each meeting attended. This compensation structure reflects the importance of their expertise and their commitment to providing guidance and oversight to the company.

Annual basic retainer fee			
	2023	2022	
	KES	KES	
Main Board Chairman	154,731	144,608	
Audit Committee Chairman	139,258	130,148	
Other Directors	123,786	115,688	
Sitting allowances			
	Board Committee	Audit Committee	Governance & Nominations Committee
	KES	KES	KES
Chairman	154,731	139,258	103,153
Other Directors	123,786	103,153	103,153

Remuneration	Salaries and benefits	Pension scheme	Directors Fee	Total
31-Dec-23	KES'000'	KES'000'	KES'000'	KES'000'
Mr. V. Gidoomal*	28,887	225	-	29,112
Mr. N Ng'ang'a EBS	-	-	2,458	2,458
Mr. P Shah	-	-	3,124	3,124
Mr. S P Gidoomal	-	-	2,140	2,140
Mr. M Soundararajan	-	-	2,044	2,044
Mr. C M Ngini	-	-	2,237	2,237
Ms. G M Mboya	-	-	1,620	1,620
Total	**28,887**	**225**	**13,623**	**42,735**
30-Sep-22	KES'000'	KES'000'	KES'000'	KES'000'
Mr. 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**

Insurance

The Group has proactively taken out a comprehensive Directors' and Officers' Liability insurance cover to protect all Directors against potential legal liabilities arising from their roles and responsibilities within the company. This insurance coverage provides financial protection for Directors in the event of lawsuits or legal actions brought against them for alleged wrongful acts or omissions while carrying out their duties. By securing this insurance, the Group demonstrates its commitment to safeguarding the interests and welfare of its Directors and ensuring they can perform their duties without undue concern about personal liability.

Board Annual Remuneration

The remuneration of Directors is disbursed in the form of cash payments. According to the Memorandum and Articles of Association of the company, there is no mandatory requirement for Directors to hold shares in the company as a condition of their appointment or continued service on the Board. This approach allows for flexibility in the compensation structure for Directors and ensures alignment with the company's governing documents and policies.

Compliance with Laws, Regulations and Standards

As a listed company on the Nairobi Securities Exchange, C&G is bound by and adheres to several regulatory frameworks and standards to ensure compliance and uphold good corporate governance practices.

These include:

1. The Companies Act 2015, its regulations, and any subsequent amendments: This legislation outlines the legal framework governing the establishment, operation, and dissolution of companies in Kenya, including requirements related to corporate governance, financial reporting, and shareholder rights.

2. The Capital Markets Act Cap. 485A rules and regulations: This Act regulates activities in the capital markets in Kenya, including the issuance and trading of securities, disclosure requirements, licensing of market intermediaries, and investor protection measures.

3. The Nairobi Stock Exchange Listing Standards: These standards set out the requirements and obligations for companies listed on the Nairobi Securities Exchange, covering areas such as corporate governance, financial reporting, disclosure of material information, and compliance with relevant laws and regulations.

4. All other applicable laws and regulations governing the various lines of business in which the company operates: In addition to the specific regulations governing listed companies, our company complies with all relevant laws and regulations applicable to its specific industry sectors and operations.

By adhering to these regulatory requirements and standards, our company ensures transparency, accountability, and integrity in its operations while protecting the interests of shareholders and stakeholders. Compliance with these regulations also enhances investor confidence and fosters trust in the company's governance practices.

Terms of appointment and termination of Directors

The executive Director of the company has a formal service contract with the company and is also enrolled in the company's pension scheme. According to the terms of the contract, either party can terminate the contract by providing six months' notice.

On the other hand, non-executive Directors do not have service contracts with the company. Instead, they are appointed through letters of appointment. In the event of their exit from the company, non-executive Directors are entitled only to any accrued but unpaid Directors' fees.

These distinctions in contractual arrangements reflect the differing roles and responsibilities of executive and non-executive Directors within the company.

Internal Controls

The Group has implemented robust procedures and financial controls to ensure the accurate and complete reporting of accounting information. These procedures encompass obtaining authorization for significant transactions and ensuring compliance with relevant laws and regulations with substantial financial implications. Additionally, the Group maintains proper physical controls over assets and maintains a structured organization to facilitate appropriate segregation of duties.

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

Internal audits are conducted by the Group's internal auditor based on a program and timetable approved by the Audit Committee. The internal auditor also conducts regular reviews of policies, systems, and procedures, reporting findings to the Group Chief Executive Officer and the Audit Committee.

The Board has ensured that Directors, the Chief Executive Officer, Managing Directors, and Executive management have received training on the requirements outlined in the Code of Good Corporate Governance in Kenya.

Furthermore, the Chief Financial Officer, Sam Njenga, and the Head of Internal Audit, Costa Cherutich, are members of the Institute of Certified Public Accountants of Kenya (ICPAK). Conrad Nyukuri, the Secretary to the Board of Car & General, is a member of the Institute of Certified Public Secretaries of Kenya (ICS) and a founder member of the Council of the Institute of Certified Public Secretaries of Kenya. These professional affiliations underscore their commitment to upholding high standards of professionalism and ethical conduct in their respective roles.

Directors' Conflicts Of Interest

The Group has established robust procedures to effectively manage conflicts of interest among Directors and members of the executive management. In the event that a Director becomes aware of any personal interest or connection, or that of their connected parties, in an existing or proposed transaction with the Group, they are required to promptly notify the Board in writing or during the next Board meeting.

The group implements internal controls to ensure that any transactions involving related parties, including Directors or their connected parties, are conducted at arm's length and in accordance with fair market value principles. Directors are obligated to continuously update the Board on any changes to their conflicts of interest, ensuring transparency and accountability in decision-making processes.

Furthermore, both Directors and members of the executive management are strictly prohibited from exploiting their official positions or accessing confidential company information for insider trading or personal gain. Any conflicts or potential conflicts of interest pertaining to specific business matters or other directorships must be disclosed to the Board in a timely manner.

These measures are integral to maintaining integrity, impartiality, and ethical conduct within the Group's governance framework, thereby safeguarding the interests of all stakeholders.

Directors' Indemnities

The Group prioritizes the protection of its Directors and officers by maintaining comprehensive Directors' and officers' liability insurance. This insurance provides appropriate coverage for legal actions brought against the Directors, offering financial protection and ensuring their ability to fulfill their duties without undue personal risk.

Additionally, the Group has extended indemnities to each Director and the Group Secretary to the extent permitted by law. These indemnities serve to further safeguard Directors and the Group Secretary from potential legal liabilities arising from their roles within the company.

Furthermore, the Group has implemented qualifying third-party indemnity provisions in accordance with section 197 (division 9) of The Companies Act, 2015 Laws of Kenya. These provisions are designed to cover certain losses and liabilities incurred by Directors or the Group Secretary in the course of their duties, providing an additional layer of protection against third-party claims.

By implementing these measures, the Group demonstrates its commitment to supporting and protecting its Directors and officers, ensuring they can carry out their responsibilities effectively while mitigating personal risk exposure.

Ethics And Social Responsibility

The Board of Car & General is committed to enhancing the communities in which we operate by prioritizing corporate sustainability. We recognize the importance of achieving a balance between social, environmental, and financial impacts in our business operations.

Our Corporate Social Responsibility (CSR) policy is designed to foster employee engagement and ensure that every member of the C&G team has the opportunity to contribute to and improve their community. The policy focuses on priority areas such as Education, Health, Environment, and Road Safety.

This commitment to CSR is endorsed by top management, who ensure that the policy aligns with the organization's strategic direction. It is communicated effectively across all levels of Car & General, ensuring understanding, implementation, and maintenance throughout the company.

In pursuit of our CSR goals, we collaborate with partner organizations that share our values and are aligned with our priority areas. This collaborative approach allows us to make a meaningful and positive impact in the communities where Car & General operates, contributing to sustainable development and fostering positive relationships with stakeholders.

Our CSR programs are extensively detailed in the Sustainability section of this integrated report report. This section provides a comprehensive overview of our initiatives and activities aimed at promoting social, environmental, and economic sustainability. From supporting education and healthcare initiatives to fostering environmental conservation and promoting road safety, our CSR efforts are highlighted in detail, showcasing our commitment to making a positive impact in the communities where we operate. We encourage stakeholders to refer to this section for a deeper understanding of our CSR initiatives and their outcomes.

Stakeholders Relations

At all levels of our business operations, we recognize the importance of engaging with a diverse range of stakeholders who play a significant role in our success. To effectively create lasting and sustainable value, we have implemented a structured stakeholder engagement agenda that identifies and prioritizes strategic stakeholders aligned with our company's objectives and current or emerging risks.

Our key stakeholders are outlined in the stakeholder engagement section of our reports, where we describe their significance to our long-term sustainable success, their key concerns and interests, and the methods by which we engage and respond to them. This allows us to tailor our approach to meet the unique needs and expectations of each stakeholder group.

We engage with our key stakeholders on a regular basis, utilizing appropriate formats and levels of communication that best suit the context of the board or senior management. Our governance framework, which includes our Code of Conduct and specific stakeholder engagement frameworks/guidelines, emphasizes the principles of openness, transparency, and integrity, while also outlining requirements for adequate management oversight.

Moving forward, the board of directors will continue to monitor and assess the effectiveness of our group's engagement with stakeholders, ensuring that we maintain meaningful and productive relationships that contribute to our long-term sustainability and success.

Rights Of Shareholders

The company recognizes the importance of providing timely and relevant information to its shareholders, empowering them through effective communication channels that are readily accessible. This commitment ensures the active participation of shareholders and other stakeholders in company affairs.

Our Shareholder's Policy, established in 2020, outlines the processes and procedures followed by the company to ensure that communication with shareholders and the wider investor community is effective, consistent, and transparent. This policy also emphasizes the importance of providing reasonable access to senior management and directors for shareholders and investors seeking information or engagement.

The company prioritizes shareholder privacy and confidentiality. We are committed to safeguarding shareholders' information and will not disclose any shareholder information without their explicit consent, except when required by law. This commitment underscores our dedication to maintaining trust and transparency in our communications with shareholders and stakeholders.

As recommended in the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, C&G treats all shareholders, including minority and foreign, in an equitable manner according to the rights conferred on them including; the right to attend general meetings; the right to participate and vote in general meetings; the right to receive a copy of the annual report and financial statements of the company in a timely manner; the right to a secure method of transfer and registration of ownership of their shares; the right to receive a dividend, when issued; and, the right to the product of liquidation.

Transparency And Disclosure

The company is committed to transparent and balanced disclosure of all material information in a timely manner. We ensure that relevant material information is promptly published on our website, providing stakeholders with easy access to essential information about our operations and governance practices.

This comprehensive disclosure encompasses various company policies, including our Board charter, financial reports, Environmental Social and Governance (ESG) policies, governing ethical principles, shareholder communication policy, and our overall governance structure, among others. By making this information readily available, we aim to promote transparency, accountability, and trust among our stakeholders.

This report serves as a platform for disclosing and communicating important updates and developments related to the company's performance, policies, and initiatives. We are committed to maintaining open and transparent communication with our stakeholders, ensuring they are well-informed about our activities and decisions.

Acountability, Risk Management And Internal Control

The company is deeply committed to making a positive impact while ensuring economic viability, striving to improve lives and sustain prosperity. To achieve this, robust risk management frameworks and controls have been established.

These controls are rooted in the company's core values, supported by comprehensive audit, risk, and compliance frameworks, as well as a strong governance structure and ethical principles. We adhere strictly to current laws and regulations governing our business operations. Additionally, we undergo external assurance processes for our financials and maintain an internal audit unit in line with guidelines provided by the Capital Markets Authority. The Audit, Risk and Compliance committee has put in place a precises process that assesses the competence and independence of the External Auditors.

In the previous financial year (2021-2022), the company submitted its Corporate Governance self-assessment report to the CMA, which conducted a thorough assessment as per the Code. The Authority identified both strengths and weaknesses in C&G's governance and sustainability practices, providing valuable findings and recommendations for improvement. These recommendations have been carefully considered and are being implemented in the current financial year, ending on 31st December 2023.

As we continue our commitment to good governance and stability in the current financial year, the board is dedicated to meeting all requirements and fully complying with the CMA Code of Good Corporate Governance. Recognizing that good governance is an ongoing journey, C&G remains steadfast in reviewing and implementing the Authority's recommendations to ensure continuous improvement and alignment with best practices.

Approved Corporate Policies

C&G has developed a comprehensive set of policies and manuals to guide various aspects of our operations. These documents are readily accessible on our website and corporate intranet, ensuring easy access for both internal and external stakeholders. Our commitment to transparency and accountability means that stakeholders can access and implement these policies as needed, contributing to consistent and aligned practices across our organization.

Enhanced Business Review

The general business environment in the region has been extremely challenging. Real GDP in the East African economies have suffered due to drought and inflationary pressures. This position has been made worse by foreign exchange devaluations and availability challenges. Disposable income in the mass market is constrained. Fortunately, agriculture, tourism, hospitality, and exports have recovered which, coupled with exchange rate stability, bode well for the region in the medium term.

The Group has managed these challenges effectively during the 15-month period ended 31 December 2023. The two-wheeler business in Kenya has been particularly affected in 2023 dropping by 77% during the period. 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 performed positively. The Group has managed to grow volume and been able to achieve its market share objectives and grow sales 7% on a like for like basis. Tanzania, Cummins C&G, Watu Uganda and Watu Tanzania grew particularly strongly.

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 begin to expand again in 2024 and the two-wheeler market in Kenya will slowly recover assuming no further upheavals.

Achieving 2024 volume objectives across the region and in 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 businesses and brands catering to significant markets which are now well positioned to grow especially if economic prosperity is achieved across the region. We have in excess of 1.5 million customers who depend on our products. It is our duty to improve their lives by delivering a superior level of product and support.

In terms of investment property, the group is looking to commence a development in Shanzu. We have agreed terms with an anchor tenant. We continuously review the entire portfolio.

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 2024 focus will be directed towards the launch of electric vehicles and compressed natural gas vehicles in Tanzania. We have introduced electric 3- wheeler vehicles in March and 2 wheelers in Kenya and Uganda 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 31 December 2023, staff headcount stood at 1,080 (2022: 872) for the Group and 3,743 (2022: 3,032) for the Group including 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.

BY ORDER OF THE BOARD

Conrad Nyukuri

Secretary

8 April 2024

LEGAL AND COMPLIANCE AUDIT

Section 2.10.3 (b) of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 recommends that the Board ensures a comprehensive independent legal audit is conducted at least once every two years by a legal professional in good standing with the Law Society of Kenya.

In accordance with section 2.10.3 of the Code, C&G underwent a legal and compliance audit conducted by Ms. Kiruki & Kayika Advocates in January 2024. This audit was aimed at assessing the company's adherence to legal and regulatory requirements, as well as ensuring compliance with the Code's provisions regarding corporate governance practices. Below is the auditor's opinion.

Legal And Compliance Auditor's Report

KIRUKI & KAYIKA
ADVOCATES
and Commissioners For Oaths

Kiruki Maloba, Abobo Winie Dickson, Mutwiri Kayika, Euphemiah Oteko Khisa, Sophia Ontita, Enoch Dianah, Waisiko Godwiny, Kamau Mutimba

STATEMENT OF THE LEGAL AND COMPLIANCE AUDITOR

Car & General (Kenya) Plc, a publicly listed entity on the Nairobi Securities Exchange, is regulated under the Capital Markets Act by the Capital Markets Authority. The company's board is responsible for establishment of internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards. The board is also responsible for ensuring that the compliance strategy is aligned to the operations of the company.

In compliance with the provisions of the Corporate Governance Code for Issuers of Securities to the Public, 2015, an independent legal and compliance audit for the financial year ending 31st December 2023 was undertaken with the objective of ascertaining the company's state of compliance with applicable laws, regulations and standards.

The independent legal and compliance audit was carried out by **Ms. Kiruki & Kayika Advocates**, led by **Mr. Kiruki Mutwiri**, an Advocate of the High Court of Kenya in good standing with the Law Society of Kenya. The legal and compliance audit confirmed that during the year ending 31st December 2023, the company was generally in compliance with applicable laws and regulations including the Companies Act, 2015 and the Occupational Safety and Health Act, 2007.

KIRUKI MUTWIRI
ADVOCATE &
COMMISSIONER FOR OATHS
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GOVERNANCE AUDIT

The Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (section 2.11.1) recommends that issuers undergo an annual governance audit by a competent and recognized professional accredited by the Institute of Certified Public Secretaries of Kenya (ICPSK). This audit aims to evaluate the level of compliance with sound governance practices. However, following a circular No. 1 of 2020 issued by the Capital Markets Authority on the 2nd of January 2020, the cycle for issuers governance audit was adjusted to two (2) from one (1).

Between December 2023 and January 2024, Scribe Services Registrars Limited conducted a comprehensive Corporate Governance Audit focused on understanding the operational and governance issues of Car & General (Kenya) Plc from within. The audit covered various parameters of corporate governance, including:

1. Ethical Leadership and Strategic Management
2. Transparency and Disclosure
3. Compliance with Laws and Regulations
4. Financial Reporting
5. Board Independence and Governance
6. Board Policies, Systems, Practices, and Procedures
7. Consistent Shareholder and Stakeholder Value Enhancement
8. Corporate Social Responsibility and Investment
9. Sustainability

This thorough assessment provided insights into Car & General (Kenya) Plc's adherence to corporate governance principles and identified areas for improvement to enhance overall governance practices. Below is the auditor's opinion.

GOVERNANCE AUDITOR'S REPORT

STATEMENT OF THE RESPONSIBILITY OF DIRECTORS

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing, and maintaining governance structures through policy formulation, which is necessary for efficient and effective governance of the organization. The Board is also responsible for ethical leadership, risk governance and internal control, transparency and disclosure, equitable protection and exercising of members' rights and obligations, compliance with laws and regulations, sustainability, performance management and strategy formulation and oversight.

The Board of Directors of Car & General (Kenya) Plc ("the Company") is committed to the highest standards of Corporate Governance. and strives for continuous improvement by identifying any loopholes and gaps in the Company's governance structures and processes. It is on this premise that the Board commissioned a governance audit, with the aim of ensuring that all processes necessary for directing and controlling the Company are in place.

The Directors have therefore ensured that the Company has undergone a governance audit for the year ended 31 December 2023, and obtain a report, which discloses the state of governance within the Company.

Governance Auditor's Responsibility

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems, and practices in the organization, in accordance with the best governance practices as envisaged within the legal and regulatory framework. We conducted our audit in accordance with ICS Governance Audit Standards and Guidelines, which conform to global standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organization's policies, systems, practices, and processes. The audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Being part of a continuous audit process, the auditor has assessed the continual application of recommendations from previous audits and has ensured that the current recommendations are in line with the Company's vision and mission in order to ensure that the Board's goals, structure and operations are consistent with the latest developments in in Corporate Governance. The structure of the report, findings and recommendations will therefore focus on providing a progressive approach following the seven steps of governance auditing.

Opinion

In our opinion, the Board has put in place a sound governance framework, which is in compliance with the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders. In this regard, we issue an unqualified opinion.

CS. Bernard Kiragu, ICS GA. No 159

For: Scribe Services Registrars Limited

Date: 9th February 2024

SHAREHOLDING STRUCTURE

Distribution of shareholders as at 31st December 2023

Shareholding (No. of shares)	No. of shares held	No. of shareholders	Percentage (%)
Less than 500	105,562	604	0.13
500 - 5,000	886,937	449	1.11
5,001 - 10,000	672,367	95	0.84
10,001 -100,000	3,434,442	140	4.28
100,001 - 1,000,000	6,137,218	21	7.65
above 1,000,000	68,970,090	10	85.99
Total	**80,206,616**	**1,319**	**100**

Top Ten Shareholders of Car & General PLC as at 31st December 2023

Name	Shares Owned	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	6,419,922	8.00
Vapa Limited	3,681,036	4.59
Rakesh Prakash Gadani	1,612,460	2.01
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
Total Top 10 Shareholding	70,693,468	88.14
Others	9,513,148	11.86
Total Shares Outstanding	**80,206,616**	**100**

Top Ten Individual Shareholders of Car & General PLC as at 31st December 2023

Name	Shares Owned	Percentage (%)
Ndungu, Paul Wanderi	6,419,922.00	8.00
Gadani, Rakesh Prakash	612,260.00	2.01
Gidoomal, Chandan Jethanand	884,436.00	1.10
Kaindi David Kyuli	608,256.00	0.76
Kieti Peter Makau	435,908.00	0.54
Amin Dr Ambubhai Narambhai and, Amin Mrs Kusumben Ambubhai	196,408.00	0.24
Shah, Savitaben Velji Raichand	161,460.00	0.20
Mrs Pricilla Kavutha Mwendwa	152,064.00	0.19
Ngumbi, Stephen Kyalo	145,304.00	0.18
Ngumbi, Eric Ndonye	145,302.00	0.18
Total Shares Outstanding	**10,761,320.00**	**13.42**

Top Ten Local Institutional Shareholders of Car & General PLC as at 31st December 2023

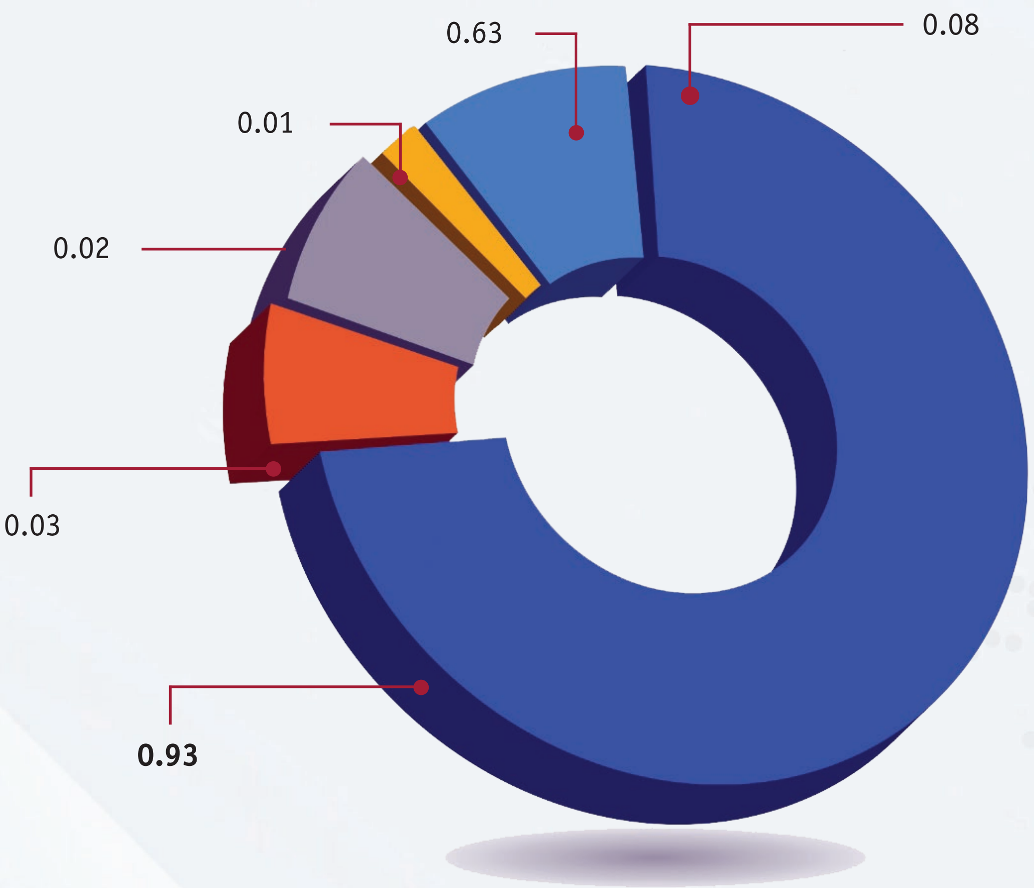
Name	Shares Owned	Percentage (%)
Fincom Limited	26,066,838.00	32.50
Betrin Limited	12,774,318.00	15.93
Monyaka Investment Limited	10,034,224.00	12.51
Primaco Limited	7,301,292.00	9.10
Vapa Limited	3,681,036.00	4.59
Nairobi Commercial Continental Limited	1,080,000.00	1.35
Investments & Mortgages Nominees Ltd A/C 028950	838,942.00	1.05
Kestrel Capital Nominees Limited A/C 009	787,720.00	0.98
C/O Kenya Commercial Bank Ltd Freer Investments (Private)Ltd	221,752.00	0.28
Mobicom Kenya Limited	158,040.00	0.20
Total Top 10 Local Institutional Shareholding	**62,944,162.00**	**78.47**

Foreign Shareholders of Car & General PLC as at 31st December 2023

Name	Category	Shares Owned	Percentage (%)
Stanbic Nominees Ltd A/C Nr 1030696	Foreign Company	506,872.00	0.63
Rose, Jane Elizabeth	Foreign Individual	63,352.00	0.08
McNaughton, Andrew Lancaster	Foreign Individual	61,208.00	0.08
Standard Chartered Kenya Nominees Ltd A/C Ke003970	Foreign Company	24,000.00	0.03
Shah, Sarojben Prafulkumar Hemraj	Foreign Individual	21,088.00	0.02
Shah, Dinssouda Manoharlal	Foreign Individual	14,256.00	0.02
Karmali, Shamshudin Mussa	Foreign Company	12,664.00	0.02
Alibhai, Rashida Zulfiqarali	Foreign Individual	12,664.00	0.03
Khetshi, Shah Hardika Mitesh	Foreign Individual	11,900.00	0.01
Sanger, Sunil;Sanger,Archana	Foreign Company	10,200.00	0.01
Bell, Neil Mitchell	Foreign Individual	8,798.00	0.01
Total Top 10 Individual Shareholding		**747,002.00**	**0.93**

Directors' Shareholdings as at 31st December 2023

Name	Shares Owned	Percentage (%)
Soundararajan Madabhushi	_	_
Pratul Hemraj Shah	_	_
Gladys Mumbua Mboya	10,080	0.0126
Carey Muriithi Ngini	_	_
Sanjay Prem J Gidoomal	_	_
Nicholas Nganga	10,896	0.0136
Vijay Vashdev Gidoomal (CEO) *	3,168	0.0039
Total Directors' shareholding	**24,144**	**0.0301**



Management's Shareholdings as at December 31st, 2023

*None of the Senior Managers, besides the CEO, own Car & General (Kenya) Plc Shares.

1. Corporate Structure before enlisting branches and subsidiaries.

i. Share Price and Trends

Date	Share Price
Jun-19	11.50
Dec-19	13.00
Jun-20	11.38
Dec-20	11.50
Jun-21	13.25
Dec-21	16.98
Jan-22	60.00
Jun-22	43.90
Dec-22	47.50
Jun-23	27.00
Dec-23	25.00

FINANCIAL STATEMENTS

CAR & GENERAL (KENYA) PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial period 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 period and of their profit or loss for that period. 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 IFRS Accounting 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 Gidoomal
Director	Director

April 2024

Deloitte.

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 93 to 169, which comprise the consolidated and company statements of financial position as at 31 December 2023 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 15 month period then ended, and notes to the financial statements, including material accounting policy information.

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 31 December 2023 and of its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with IFRS Accounting Standard as issued by the International Accounting Standards Board 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.

<table>
<tr><th></th><th></th></tr>
<tr><td>Valuation of investment properties

As disclosed in note 15 of the consolidated and company financial statements, the fair value of Group's and Company's investment properties amounted to Shs 3,080.7 million and Shs 1,727.5 million as at 31 December 2023 respectively. The fair valuation of the investment properties for the current period resulted in a net gain of Shs 2.9 million and Shs Nil 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.</td><td>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.</td></tr>
</table>

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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

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 Company 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 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 is consistent with the consolidated and company financial statements.

Directors' Remuneration Report

In our opinion the auditable part of the Directors' Remuneration Report 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

29 April 2024

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	Note	2023 Shs '000 (15 Months)	2022 Shs '000 (12 months)
REVENUE	5	27,240,669	19,398,885
COST OF SALES		(22,999,436)	(16,253,626)
OTHER COSTS	6	(180,859)	(138,992)
GROSS PROFIT		4,060,374	3,006,267
OTHER INCOME	7	223,396	208,208
GAIN IN FAIR VALUE OF INVESTMENT PROP-ERTIES	15	2,980	111,500
IMPAIRMENT PROVISION (INCLUDING RE-VERSALS OF IMPAIRMENT PROVISION) FOR FINANCIAL ASSETS	25	6,950	(73,926)
SELLING AND DISTRIBUTION COSTS		(1,356,673)	(857,981)
ADMINISTRATIVE EXPENSES		(1,907,633)	(1,368,152)
SHARE OF PROFIT IN ASSOCIATES	22	526,876	623,273
SHARE OF PROFIT IN JOINT VENTURE	23	-	17,497
PROFIT BEFORE FINANCE COSTS AND TAXATION		1,556,270	1,666,686
FINANCE COSTS	8	(1,904,891)	(930,946)
(LOSS)/PROFIT BEFORE TAXATION	10	(348,621)	735,740
TAXATION CREDIT/(CHARGE)	11	74,928	(56,280)
(LOSS)/PROFIT FOR THE PERIOD/PERIOD		(273,693)	679,460
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation	16	92,511	91,111
Deferred tax on revaluation of property	28	(10,500)	(21,582)
		82,011	69,529
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations net of tax		383,035	129,762
Other comprehensive income for the period, net of tax		465,046	199,291
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		191,353	878,751

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER

COMPREHENSIVE INCOME FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023 (Continued)

	Note	2023 Shs '000	2022 Shs '000
(LOSS)/PROFIT FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of the company		(267,285)	686,120
Non - controlling interests	12	(6,408)	(6,660)
		________	________
(Loss)/profit for the period/year		(273,693)	679,460
		=======	=======
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		197,761	885,411
Non - controlling interests	12	(6,408)	(6,660)
		________	________
Total comprehensive income for the period/year		191,353	878,751
		=======	=======
EARNINGS PER SHARE:			
Basic and diluted (loss)/earnings per share (Shs)	13	(3.33)	8.55
		=======	=======
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	2,175,150	1,980,431
		=======	=======

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	Note	2023 (15 months) Shs '000	2022 (12 months) Shs '000
REVENUE	5	287,418	181,197
OTHER INCOME	7	53,328	53,672
GAIN IN FAIR VALUE OF INVESTMENT PROPERTIES	15	-	61,500
IMPAIRMENT PROVISION FOR FINANCIAL ASSETS	25	-	(23,845)
ADMINISTRATIVE EXPENSES		(204,046)	(169,573)
PROFIT BEFORE FINANCE COSTS AND TAXATION		136,700	102,951
FINANCE COSTS	8	(181,103)	(87,050)
(LOSS)/PROFIT BEFORE TAXATION	10	(44,403)	15,901
TAXATION CHARGE	11	(3,145)	(17,962)
LOSS FOR THE PERIOD/YEAR		(47,548)	(2,061)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation	16	63,884	61,000
Deferred tax on revaluation of property	28	(10,500)	(18,300)
		53,384	42,700
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign operations net of tax		(432)	446
Other comprehensive income for the period, net of tax		52,952	43,146
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,404	41,085
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	204,820	150,299

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 Shs '000	2022 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	3,080,743	3,061,437
Property, plant and equipment	16	3,226,735	2,840,067
Intangible assets	17	61,796	36,561
Biological assets	18	52,373	-
Right of use assets	19	515,423	614,006
Investment in associates	23	1,105,562	1,424,403
Investment in joint venture	23	-	333,594
Deferred tax asset	28	513,519	367,020
		8,556,151	8,677,088
Current assets			
Inventories	24	8,345,631	7,540,924
Trade and other receivables	25	2,697,306	1,873,538
Due from related companies	26(a)	-	446,072
Loan due from related company	26(b)	803,431	136
Corporate tax recoverable	11(c)	261,416	187,615
Cash and bank balances	32(c)	574,471	197,511
		12,682,255	10,245,796
Total assets		21,238,406	18,922,884
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	27(a)	401,033	401,033
Revaluation reserve		1,000,853	898,195
Retained earnings		3,552,805	3,904,902
Exchange translation reserve		518,747	135,712
Equity attributable to owners of the parent		5,473,438	5,339,842
Non-controlling interests	12	258,124	264,532
		5,731,562	5,604,374

Non-current liabilities			
Deferred tax liabilities	28	923,168	883,736
Borrowings	29	1,447,368	1,426,611
Lease liabilities	30	431,208	515,794
Loan due to a related party	26(c)	166,808	165,266
		2,968,552	2,991,407
Current liabilities			
Due to a related company	26(d)	-	733,753
Bank overdraft	29	291,694	139,937
Borrowings	29	6,876,870	5,553,474
Lease liabilities	30	206,816	188,366
Trade and other payables	31	5,133,664	3,667,891
Corporate tax payable	11(c)	29,248	43,682
		12,538,292	10,327,103
Total equity and liabilities		21,238,406	18,922,884

The financial statements on pages 93 to 169 were approved and authorised for issue by the Board of Directors on 26 April 2024 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 31 DECEMBER 2023

	Note	2023 Shs '000	2022 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	1,727,543	1,727,892
Property, plant and equipment	16	1,253,465	1,223,304
Intangible assets	17	214	282
Right of use assets	19	239,382	269,812
Investment in subsidiaries	20	405,975	405,975
		3,626,579	3,627,265
Current assets			
Trade and other receivables	25	34,939	49,468
Due from related companies	26(a)	921,849	831,484
Loan due from related company	26(b)	-	120,575
Corporate tax recoverable	11(c)	9,897	32,537
Cash and bank balances	32(c)	2,297	851
		1,018,982	1,034,915
Total assets		4,645,561	4,662,180
EQUITY AND LIABILTIES			
Capital and reserves			
Share capital	27(a)	401,033	401,033
Revaluation reserve		537,019	491,971
Retained earnings		791,283	894,660
Exchange translation reserve		2,925	3,357
		1,732,260	1,791,021
Non-current liabilities			
Deferred tax liability	28	685,135	671,873
Borrowings	29	306,740	263,792
Lease liabilities	30	293,859	288,481
		1,285,734	1,224,146
Current liabilities			
Due to related companies	26(d)	1,260,700	1,023,830
Bank overdrafts	29	1,364	5,789
Borrowings	29	247,929	462,430
Lease liabilities	30	14,463	34,002
Trade and other payables	31	103,111	120,962
		1,627,567	1,647,013
		4,645,561	4,662,180

The financial statements on pages 93 to 169 were approved and authorised for issue by the Board of Directors on 26 April 2024 and were signed on its behalf by:

N. Ng'ang'a, EBS	V. V. Gidoomal
Director	Director

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	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 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 27(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
	=======	=======	=======	=======	=======	=======	========
At 1 October 2022	401,033	898,195	3,904,902	135,712	5,339,842	264,532	5,604,374
(Loss)/profit for the period	-	-	(267,285)	-	(267,285)	(6,408)	(273,693)
Other comprehensive income for the year	-	82,011	-	383,035	465,046	-	465,046
Transfer of excess depreciation	-	24,219	(24,219)	-	-	-	-
Deferred tax on excess depreciation transfer	-	(3,572)	3,572	-	-	-	-
Dividends paid – 2022	-	-	(64,165)	-	(64,165)	-	(64,165)
At 31 December 2023		1,000,853	3,552,805	518,747	5,473,438	258,124	5,731,562
		=======	=======	=======	=======	=======	=======

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.

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	Share capital	Revaluation Reserve*	Retained earnings	Exchange tralation reserve*	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000
At 1 October 2021	200,516	457,575	1,217,264	2,911	1,878,266
(Loss) for the year	-	-	(2,061)	-	(2,061)
Bonus shares issue (note 27(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)
	401,033	491,971	894,660	3,357	1,791,021
At 30 September 2022					
At 1 October 2022	401,033	491,971	894,660	3,357	1,791,021
(Loss) for the period	-	-	(47,548)	-	(47,548)
Other comprehensive income for the period	-	53,384	-	(432)	52,952
Transfer of excess depreciation	-	(11,908)	11,908	-	-
Deferred tax on depreciation transfer	-	3,572	(3,572)	-	-
Dividends paid – 2022	-	-	(64,165)	-	(64,165)
At 31 December 2023	401,033	537,019	791,283	2,925	1,732,260

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 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	Note	2023	2022
Cash flows from operating activities		Shs '000	Shs '000
Net cash generated/(used in) from operations	32(a)	1,885,755	(960,955)
Corporate tax paid	11(c)	(109,607)	(106,227)
Interest recived		20,763	62,453
Interest paid	8	(1,259,765)	(669,275)
Net cash generated from/(used in) operating activities		205,937	(1,736,457)
Cash flows from investing activities			
Purchase of biological assets	18	(57,824)	-
Purchase of property, plant and equipment	16	(393,250)	(242,553)
Purchase of intangible assets	17	(38,218)	(21,560)
Shareholders loan to related parties	26(b)	(803,295)	-
Repaymet of loan from related parties	26(b)	136	-
Investment in associate	22	-	(11,927)
Dividend received from an associate	22	845,717	-
Acquisition of subsidiary net of cash acquired	21	(27,877)	-
Proceeds on disposal of investment property		-	41,500
Proceeds on disposal of property, plant and equipment		23,272	1,208
Net cash used in investing activities		(451,475)	(233,332)
Cash flows from financing activities			
Repayment of lease liabilities	30	(220,948)	(121,728)
Loans received	32(b)	21,622,889	16,137,008
Loans repaid	32(b)	(21,221,781)	(14,300,919)
Hire - purchase finance	32(b)	-	(2,807)
Dividend paid	27(b)	(64,165)	(128,330)
Net cash generated from financing activities		115,995	1,583,224
Net increase/(decrease) in cash and cash equivalents		202,165	(324,112)
Cash and cash equivalents at beginning of the period		57,574	349,122
Effects of foreign exchange rates		23,537	32,564
Cash and cash equivalents at end of the period	32(c)	282,777	57,574
		=========	=========

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF CASH FLOWS

FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

	Note	2023	2022
		Shs '000	Shs '000
Cash flows from operating activities			
Net cash generated from operations	32(a)	407,485	198,552
Corporation tax paid	11(c)	(27,806)	(20,734)
Interest (paid)	8	(121,594)	(102,159)
Net cash generated from operating activities		258,085	75,659
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(2,380)	(9,247)
Purchase of intangible assets	17	-	(80)
Proceeds on disposal of property, plant and equipment		476	-
Proceeds on disposal of investment property		-	41,500
Net cash (used)/generated from investing activities		(1,904)	32,173
Cash flows from financing activities			
Repayment of lease liabilities	30	(14,161)	(8,822)
Loans received	32(b)	286,563	299,735
Loans repaid	32(b)	(458,116)	(298,091)
Dividend paid	27(b)	(64,165)	(128,330)
Net cash used in financing activities		(249,878)	(135,509)
Net increase/(decrease) in cash and cash equivalents		6,303	(27,677)
Cash and cash equivalents at the beginning of the period		(4,938)	22,887
Effects of foreign exchange rate changes		(432)	(148)
Cash and cash equivalents at the end of the period	32(c)	933	(4,938)
		=======	========

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2023

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.

MATERIAL ACCOUNTING POLICIES

Statement of compliance

The consolidated and company financial statements (hereafter referred to as financial statements) have been prepared in accordance with IFRS Accounting Standards 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 IFRS Accounting Standards

i. (Relevant new and amendments to standards and interpretations on the financial statements effective for the period ended 31 December 2023

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendment became effective for annual periods beginning on or after 1 January 2023.

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and,

Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS Accounting Standards may be considered material accounting policy information.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendment is effective for annual periods beginning on or after 1 January 2023.

The amendment seeks to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. In addition, the amendments clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

i. Relevant new and amendments to standards and interpretations on the financial statements effective for the period ended 31 December 2023 (Continued)

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment is effective for annual periods beginning on or after 1 January 2023.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

2 MATERIAL ACCOUNTING POLICIES (Continued)

ii. Relevant New and revised IFRS Accounting Standards in issue but not yet effective for the period ended 31 December

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 IAS 1 - Classification of liabilities as current or non-current	1 January 2024, with earlier application permitted
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2024, with earlier application permitted
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025
Amendments to IAS 7 and IFRS 7: Supplier finance arrangements	1 January 2024 as earlier adoption permitted
IFRS S1 General requirements for disclosures of sustainability – related financial information.	1 January 2024
IFRS S2 Climate – related disclosures	1 January 2024
IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027 as earlier adoption permitted

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 1-Classification of liabilities as current or non-current	The amendment is effective for annual periods beginning on or after 1 January 2024. The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.

Amendments to IFRS 16-Lease Liability in a Sale and Leaseback	The amendment is effective for annual periods beginning on or after 1 January 2024. 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. The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.s
Amendments to IAS 21 - Lack of Exchangeability	The amendment is effective for annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. 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 7 and IFRS 7: Supplier finance arrangements	The amendment is effective for annual periods beginning on or after 1 January 2024. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements: • The terms and conditions of the arrangements • The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements • The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers • Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement • Liquidity risk information The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.
IFRS S1 General requirements for disclosures of sustainability – related financial information.	This includes the core framework for the disclosure of material information about sustainability related risks and opportunities across an entity's value chain. The directors are currently assessing the impact which this amendment may have on the financial statements of the Group.

IFRS S2 Climate – related disclosures	This is the first thematic standard issued that sets our requirements for entities to disclose information about climate-related risks and opportunities. The directors are currently assessing the impact which this amendment may have on the financial statements of the Group.
IFRS 18 Presentation and Disclosure in Financial Statements	In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) which includes presentation and disclosure requirements for all entities applying IFRS Accounting Standards. When effective, IFRS 18 supersedes IAS 1 Presentation of Financial Statements. Entities will continue to apply IAS 7 Statement of Cash Flows, although there are certain limited amendments to IAS 7 as a result of IFRS 18. The standard will not impact the recognition or measurement of items in the financial statements but will impact how companies present and disclose financial performance. Entities will be required to classify income and expenses in the following categories: • operating, • investing, • financing, • income taxes and discontinued operations. These categories apply to all entities, with some modification for entities whose main business activities relate to investments in assets (e.g., insurers and investment entities) or provision of financing to customers (e.g., banks). In addition to these categories, the standard requires two new defined subtotals to be presented in the financial statement, operating profit and profit before financing and income taxes. Enhanced principles on the aggregation and disaggregation of information have been included in IFRS 18. Supporting application guidance will assist in determining whether information about transactions should be included in the primary financial statements or notes. Most entities report alternative performance measures. IFRS 18 defines management-defined performance measures (MPMs). Entities are required to present MPMs in a single note to the financial statements and disclose reconciliations between the MPMs and totals or subtotals required by IFRS 18 or other IFRS Accounting Standards. The requirements will be applied retrospectively. The standard is applicable for period beginning on or after 1 January 2027. Earlier application is permitted.
Amendments to IAS 1 - Presentation of Financial Statements—Non-current Liabilities with Covenants	The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date. The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants(Including the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.
Amendments to IFRS 10 and IAS 28 - 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. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

1. MATERIAL ACCOUNTING POLICIES (Continued)

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 biological assets which are carried at fair value.

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 IFRS 9 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).

MATERIAL ACCOUNTING POLICIES (Continued)

Investment in associate and joint ventures (Continued)

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 over 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

MATERIAL 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.

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.

Biological assets

Biological assets comprise of poultry and is carried at fair value. The fair value of livestock is determined

MATERIAL 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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (continued)

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. Deferred tax assets and liabilities are offset on consolidation.

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).

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.

MATERIAL ACCOUNTING POLICIES (Continued)

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, manufacturing 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).

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) 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.

b) 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.

c) 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.

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) 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.

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 (2022: 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.

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	Investment properties	Poultry	Manufacturing	ICT Training and development	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
30/09/2023						
Revenue	25,912,336	225,206	708,580	394,547	-	27,240,669
	========	=======	======	======	======	========
Gain in fair value of investment properties	-	2,980	-	-	-	2,980
	========	=======	======	======	======	========
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
	========	=======	======	======	======	========

Revenue reported above represents revenue generated from external customers.

No single customer contributed 5% or more to the group's revenue in either 2023 or 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SEGMENTAL INFORMATION (Continued) (b) Segment revenues and results (Continued)

31 December 2023	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
Earnings before finance cost, depreciation, amortization and taxation								
FinanceCost								
Kenya	678,697	204,820	-	526,876	-	(7,685)	37,370	1,440,078
Uganda	177,866	-	-	-	-	-	-	177,866
Tanzania	570,795	-	(13,082)	-	-	-	-	557,713
Rwanda	(507)	-	-	-	-	-	-	(507)
Total	1,426,851	204,820	(13,082)	526,876	-	(7,685)	37,370	2,175,150
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)
	1,079,264	150,298	118,876	623,273	17,497	(3,915)	(4,862)	1,980,431

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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
31 December 2023						
Assets	16,489,232	3,662,694	855,628	5,349	225,503	21,238,406
	=========	========	========	========	========	=========
Liabilities	13,553,536	1,592,722	199,278	690	160,618	15,506,844
	=========	========	========	========	========	========
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
	=========	========	========	========	========	=========

(d) Other segment information

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	ICT Training & Talent Development Shs '000	Manufacturing Shs '000	Total Shs '000
31 December 2023						
Cost of sales	22,169,330	-	552,348	-	277,758	22,999,436
Other costs	180,859	-	-	-	-	180,859
Expenses - selling and administrative	2,741,236	204,046	195,582	6,155	117,287	3,264,306
Interest expenses	1,101,204	121,594	8,224	288	28,455	1,259,765
Depreciation/amortisation	470,428	68,120	35,063	4,436	40,833	618,880
	========	======	======	======	======	========
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
	========	========	========	=========	=========	=========

(e) Geographical information

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

	2023 Shs '000	2022 Shs '000
Kenya	12,891,434	10,615,205
Uganda	1,631,114	1,334,470
Tanzania	12,716,668	7,446,453
Rwanda	1,453	2,757
	27,240,669	19,398,885
	========	========

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SEGMENTAL INFORMATION (Continued)

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

	2023 Shs '000	2022 Shs '000
Non-current assets (excluding deferred tax assets)		
Kenya	6,216,537	6,913,812
Tanzania	1,597,928	1,271,228
Uganda	227,068	123,554
South Sudan	1,043	1,392
Rwanda	56	82
	________	________
Total assets	8,042,632	8,310,068
	========	========
Kenya	13,456,539	13,123,112
Tanzania	6,567,607	4,893,415
Uganda	1,190,913	881,602
Rwanda	1,139	23,178
South Sudan	22,208	1,577
	________	________
Total liabilities	21,238,406	18,922,884
	========	========
Kenya	10,236,456	9,136,830
Tanzania	4,896,100	3,721,875
Uganda	371,699	456,461
Rwanda	2,589	3,344
	________	________
	15,506,844	13,318,510
	========	========

	GROUP		COMPANY	
	2023 Shs '000	2022 Shs '000	2023 Shs '000	2022 Shs '000
REVENUE				
Trade and workshop	25,912,336	18,378,102	-	-
Poultry	708,580	630,332	-	-
ICT training and development	-	23	-	-
Rental income – third parties	225,206	152,591	225,206	152,591
Rental income - internal	-	-	62,212	28,606
Manufacturing	394,547	237,837	-	-
	________	________	________	________
Total	27,240,669	19,398,885	287,418	181,197
	========	========	========	======

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
OTHER COSTS				
Demurrage and storage costs	180,859	138,992	-	-
	=======	=======	=======	=======

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
OTHER COSTS				
(Loss)/gain on disposal of property, plant and equipment	(7,659)	(1,422)	381	-
Management fees	52,947	53,672	52,947	53,672
Interest income on related party loans – Watu Group	20,763	62,455	-	-
Miscellaneous income	157,345	93,503	-	-
	223,396	208,208	53,328	53,672
	======	======	======	======

Miscellaneous income mostly relates to marketing support

Services offered in Tanzania by Car & General Trading Limited.

FINANCE COSTS				
Interest on borrowings	1,185,566	616,983	93,184	78,597
Interest expense on lease liability (note 30)	74,199	52,292	28,410	23,562
Net foreign exchange losses/(gains)	645,126	261,671	59,509	(15,109)
	1,904,891	930,946	181,103	87,050
	======	======	======	======

EMPLOYMENT COSTS

Salaries and wages	1,658,688	1,003,719	30,037	34,546
Retirement benefit costs:				
- Defined contribution scheme	48,185	38,079	4,492	3,226
- National Social Security Fund contribution	51,207	26,730	120	21
Leave pay provision charge	11,988	2,917	3,414	2,059
	1,770,068	1,071,445	38,063	39,852

(LOSS)/PROFIT BEFORE TAXATION

The (loss)/profit before tax is arrived at after charging:

Employment costs (note 9)	1,770,068	1,071,445	38,063	39,852
Directors' remuneration - Non-Executive	13,623	7,857	13,623	7,857
- Executive	29,112	24,654	29,112	24,654
Auditors' remuneration	22,887	15,735	960	1,264
Depreciation of property, plant and equipment (note 16)	319,670	161,581	37,622	22,950
Amortisation of intangible assets (note 17)	16,186	6,501	68	54
Depreciation of right-of-use asset (note 19)	283,024	145,663	30,430	24,344
Impairment provision relating to trade receivables (note 25)	(6,950)	73,926	-	-
Interest expense on lease liability (note 30)	74,199	52,292	28,410	23,562
Impairment provision relating to related party balances	-	-	-	23,845

11 TAXATION

(a) Taxation charge

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Current taxation based on taxable income	23,113	65,265	446	13,457
Deferred tax (credit)/charge (note 28)				
Deferred tax on tax losses (not previously recognised now recognised)/not recognised)	(95,551)	(2,000)	2,699	2,165
(note 28)	(9,094)	-	-	-
Prior year under provision - deferred taxation (note 28)	6,604	(6,985)	-	2,340
Taxation (credit)/charge	(74,928)	56,280	3,145	17,962
	=======	=======	=======	=======

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

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

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

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
(Loss)/profit before taxation	(348,621)	735,740	(44,403)	15,901
	=======	=======	=======	=======
Tax calculated at the applicable rate	(108,534)	206,897	(13,321)	4,770
Tax effect of share of results of associate and joint venture	(161,831)	(198,975)	-	-
Tax effect of expenses not deductible for tax	184,146	54,748	13,867	10,852
Adjustment on deferred tax liability provision on change of use of property.	-	-	2,599	-
Deferred tax on tax losses (not previously recognised now recognised)/not recognised	4,687	595	-	-
Prior year under provision - deferred taxation	6,604	(6,985)	-	2,340
Taxation (credit)/charge	(74,928)	56,280	3,145	17,962
	=======	=======	=======	=======

11 TAXATION (Continued)

(c) Corporate tax recoverable/(payable)

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
At beginning of the year	143,933	103,636	32,537	25,260
Charge for the year (note 11(a))	(23,113)	(65,265)	(446)	(13,457)
Paid in the period	109,607	106,227	27,806	20,734
Translation adjustments	1,741	(665)	-	-
At end of the period	232,168	143,933	59,897	32,537
	=======	=======	=======	=======
This is analysed as:				
Corporate tax recoverable	261,416	187,615	59,897	32,537
Corporate tax payable	(29,248)	(43,682)	-	-
	232,168	143,933	59,897	32,537
	=======	=======	=======	=======

12 NON-CONTROLLING INTEREST - GROUP

	2023	2022
	Shs '000	Shs '000
At the beginning of the period	264,532	271,192
Share of loss for the period	(6,408)	(6,660)
At the end of the period	258,124	264,532
	=======	=======

	2023	2022
	%	%
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.

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 period:

	2023	2022
(Loss)/profit attributable to owners of the company (Shs' 000)	(267,285)	686,120
	========	=======
Weighted average number of ordinary shares	80,206,616	80,206,616
	========	========
Basic and diluted earnings per share (Shs)	(3.33)	8.55
	========	========

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 Accounting Standards. 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	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
(Loss)/profit for the period	(273,693)	679,460	(47,548)	(2,061)
Taxation (credit)/charge	(74,928)	56,280	3,145	17,962
(Loss)/profit before tax	(348,621)	735,740	(44,403)	15,901
Finance costs	1,904,891	930,946	181,103	87,050
Depreciation of property, plant and equipment	319,670	161,580	37,622	22,950
Amortisation of intangible assets	16,186	6,501	68	54
Depreciation of right of use asset	283,024	145,663	30,430	24,344
Earnings before finance costs, depreciation, amortization and taxation	2,175,150	1,980,431	204,820	150,299
	========	========	========	========

INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
At beginning of the period	3,061,437	3,525,004	1,727,892	2,250,914
Transfer to property, plant and equipment	-	(540,000)	-	(540,000)
Disposals	-	(41,500)	-	(41,500)
Fair value gain	2,980	111,500	-	61,500
Translation adjustments	16,326	6,433	(349)	(3,022)
At end of the period	3,080,743	3,061,437	1,727,543	1,727,892
	========	========	========	========

The fair value of the Group's and Company's investment properties as at 31 December 2023 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

INVESTMENT PROPERTIES - GROUP AND COMPANY (Continued)

The carrying value of the investment properties charged as security for loan facilities is Shs 3,081 million (2022: Shs 3,061million) and Shs 1,728 million (2022: Shs 1,728 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
31 December 2023				
New Cargen House	-	-	1,726,500	1,726,500
Shanzu plots	-	1,250,000	-	1,250,000
Tanzania plot	-	103,200	-	103,200
Juba plot	-	1,043	-	1,043
	-	1,354,243	1,726,500	3,080,743
	========	======	=======	=======
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
	========	=======	=======	=======
Company				
31 December 2023				
New Cargen House	-	-	1,726,500	1,726,500
Juba plot	-	1,043	-	1,043
	-	1,043	1,726,500	1,727,543
	========	=======	=======	=======
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
	========	=======	=======	=======

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 7.4% (2022: 7.5% to 9 %).	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 Shs 315M per acre (2022: Shs 300M - Shs 350M per acre).	A slight increase in the market price used would result in a significant increase in fair value, and vice versa
		Warehouse construction costs of Shs 30,140 - Shs 36,000 per square meter (2022: Shs 27,000 - Shs 34,000 per square meter)	A slight increase in the cost of construction used would result in a significant increase in fair value, and vice versa
Shanzu 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 50M - Shs 55M weighted average per acre (2022: Shs 50M - Shs 55M 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 period.
The income generated from the properties for both group and company are as follows:

	GROUP AND COMPANY	
	2023	2022
	Shs'000	Shs'000
Rental income from investment properties (note 5)	225,206	152,591
Direct operating expense arising from rented out investment property *	(106,930)	(37,903)
	118,276	114,688

*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 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 of WIP to land & buildings	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
At 1 October 2022	2,207,706	545,320	340,224	252,461	66,667	-	3,412,378
Translation adjustments	231,599	8,310	34,030	22,267	4,111	-	300,317
Additions	183	185,312	41,247	152,798	13,710	-	393,250
Disposals	-	(21,617)	(14,242)	(21,815)	(5,484)	-	(63,158)
Revaluation surplus	57,838	-		-		-	57,838
At 31 December 2023	2,497,325	717,325	401,259	405,711	79,004	-	4,100,624
Depreciation							
At 1 October 2021	-	143,889	112,709	139,358	35,704	-	431,660
Translation adjustments	126	1,517	6,768	5,124	1,017	-	14,552
Charge for the period	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

At 1 October 2022							
Translation adjustments	3,354	229,288	138,313	162,127	39,229	-	572,311
Charge for the year	4,219	6,065	15,855	19,925	2,764	-	48,828
Eliminated on disposals	39,349	148,136	38,198	82,034	11,953	-	319,670
	-	(6,817)	(4,425)	(16,964)	(4,041)	-	(32,247)
Write back on revaluation	(34,673)	-	-	-	-	-	(34,673)
At 31 December 2023	12,249	376,672	187,941	247,122	49,905	-	873,889
Net book value							
At 31 December 2023	2,485,076	340,653	213,318	158,589	29,099	-	3,226,735
At 30 September 2022	2,202,352	316,032	201,912	90,334	27,438	-	2,840,067
Net book value (cost basis)	850,520	340,653	213,318	158,589	29,099	-	1,592,179
At 31 December 2023							
At 30 September 2022	895,532	316,032	201,912	90,334	27,438	-	1,531,248

CAR & GENERAL (KENYA) PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 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
At 1 October 2022	1,160,000	1,327	89,487	10,043	1,260,857
Additions	-	-	1,565	815	2,380
Transfer from related parties	-	-	3,878	937	4,815
Disposals	-	(770)	(76)	(145)	(991)
Revaluation surplus	35,000	-	-	-	35,000
At 31 December 2023	1,195,000	557	94,854	11,650	1,302,061
Depreciation					
At 1 October 2021	-	1,097	23,437	5,802	30,336
Charge for the period	16,000	45	6,209	696	22,950
Transfer from related parties	-	-	-	267	267
Written back on revaluation	(16,000)	-	-	-	(16,000)
At 30 September 2022	-	1,142	29,646	6,765	37,553
At 1 October 2022	-	1,142	29,646	6,765	37,553
Charge for the year	28,884	51	7,833	854	37,622
Transfer from related parties	-	-	2,364	763	3,127
Eliminated on disposals		(705)	-	(117)	(822)
Written back on revaluation	(28,884)	-	-	-	(28,884)
At 31 December 2023	-	488	39,843	8,265	48,596
Net book value					
At 31 December 2023	1,195,000	69	55,011	3,385	1,253,465
At 30 September 2022	1,160,000	185	59,841	3,278	1,223,304
Net book value (cost basis)					
At 31 December 2023	599,581	69	55,011	3,385	658,046
At 30 September 2022	611,817	185	59,841	3,278	675,121

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 850 million (2022: Shs 895 million) and Shs 611 million (2022: Shs 599 million) for Group and Company respectively at the end of the period. Details of the outstanding loan facilities are disclosed in note 28.

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 31 December 2023 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 period.

Details of the fair value hierarchy for the Group's and Company's property carried at fair value as at 31 December 2023 and 30 September 2022 are as follows:

	Level 1	Level 2	Level 3	Total
	Shs '000	Shs '000	Shs '000	Shs '000
31 December 2023				
Group				
Land and buildings	-	-	2,485,076	2,485,076
	========	========	========	========
Company				
Land and buildings	-	-	1,195,000	1,195,000
	========	========	========	========
30 September 2022				
Group				
Land and buildings	-	-	2,202,326	2,202,326
	========	========	========	========
Company				
Land and buildings	-	-	1,160,000	1,160,000
	========	========	========	========

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

INTANGIBLE ASSETS - COMPUTER SOFTWARE

	GROUP	COMPANY
	Shs '000	Shs '000
Cost		
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
At 1 October 2022	63,903	2,768
Translation adjustments	6,987	-
Additions	38,218	-
Write off	(4,923)	-
At 31 December 2023	104,185	2,768
Amortisation		
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
At 1 October 2022	27,342	2,486
Translation adjustments	2,181	-
Charge for the period	16,186	68
Eliminated on write off	(3,320)	-
At 31 December 2023	42,389	2,554
Net book value		
At 31 December 2023	61,796	214
At 30 September 2022	36,561	282

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 BIOLOGICAL ASSETS

Changes in carrying amounts of the biological assets comprise:

	Poultry
	Shs'000
At start of period	-
Transfer from stock	52,273
Increase due to purchases	57,824
(Losses) arising from changes in fair value	(20,294)
Decrease due to sales	(34,406)
Decrease due to mortality	(38,625)
Translation difference	35,601
At end of period	**52,373**
	=======

Poultry is made up of parent stock. There were no contracted commitments for development or acquisition of biological assets as at 31 December 2023 (2022: Nil).

Biological assets are carried at fair value less costs to sell at the end of each reporting period.

The fair value of the poultry is determined by management based on market prices of parent stock of similar age, breed and genetic merit.

The key assumptions made in the determination of the fair value are:

- The market price will remain constant based on estimated future market prices.
- The actual costs to sell will not change significantly from estimated costs.
- Exchange rate will remain constant based on forecast

The following table presents Group's biological assets that are measured at fair value

	Valuation technique	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Year ended 31 December 2023					
Poultry	**Market approach**	**52,373**	-	-	52,373
		=======	=======	=======	=======

There were no transfers between any levels during the period. In the calculation of the fair value for biological asset, the Group has applied market price and yield to the unobservable inputs.

Gains/(losses) arising from changes in fair value based on market prices for that age of poultry have been recognised in the statement of profit or loss as part of cost of sales.

Quantities of each biological asset age wise were as follows;

	Number
1 - 10 weeks	**16,589**
11 - 20 weeks	**15,850**
21 - 40 weeks	**8,183**
40 weeks and above	**11,106**
	51,728
	=======

19 RIGHT OF USE ASSETS

Group

	Buildings	Motor vehicles	Total
	Shs '000	Shs '000	Shs '000
Cost:			
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
At 1 October 2022	833,427	78,545	11,972
Translation adjustment	46,059	-	6,059
Additions	189,779	5,479	95,258
Disposal	(31,551)	-	31,551)
Modifications/alteration*	(76,472)	(7,546)	84,018)
At 31 December 2023	961,242	76,478	1,037,720
Depreciation:			
At 1 October 2021	193,373	25,442	18,815
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
At 1 October 2022	260,122	37,844	297,966
Translation adjustment	22,392	-	22,392
Charge for the period	258,988	24,036	283,024
Disposal	(22,020)	-	(22,020)
Modifications/alteration*	(53,145)	(5,921)	(59,066)
At 31 December 2023	466,337	55,959	522,296
Net book value:			
At 31 December 2023	494,904	20,519	515,423
	======	======	======
At 30 September 2022	573,305	40,701	614,006
	======	======	======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 RIGHT OF USE ASSETS (Continued)

Company	**Buildings**
	Shs '000
Cost:	
At 1 October 2022 and 31 December 2023	342,844
Depreciation:	
At 1 October 2021	48,688
Charge for the year	24,344
At 30 September 2022	73,032
At 1 October 2022	73,032
Charge for the period	30,430
At 31 December 2023 103,462	
Net book value:	
At 31 December 2023	239,382
At 30 September 2022	269,812

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 INVESTMENT IN SUBSIDIARIES - COMPANY

Details of investment	Country of incorporation	2023 % of equity interest	2022 % of equity interest	2023 Shs '000	2022 Shs '000
Wholly-owned subsidiaries					
Car & General (Trading) Limited – Tanzania	Tanzania	100%	100%	137,755	137,755
Kibo Poultry Products Limited	Tanzania	100%	100%	256,538	256,538
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%	-	-
Cummins C&G Holdings Limited	Mauritius	100%	50%	-	-
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%	-	-
Bodaplus Limited	Kenya	65%	65%	-	-
				405,975	405,975

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

Car & General (Marine) 2023 Shs '000	Car & General (Marine) 2022 Shs '000	Boda Plus 2023 Shs '000	Boda Plus 2022 Shs '000	Progen Company Limited 2023 Shs '000	Progen Company Limited 2022 Shs '000	Dewdrops Limited 2023 Shs '000	Dewdrops Limited 2022 Shs '000

Summarised statement of financial position

Total assets	66,654	66,654	238,585	275,953	1,266,626	1,277,803	1,052,823	1,052,823
Total liabilities	18,992	18,878	159,539	165,026	1,156,194	1,175,058	430,695	430,666
Net assets	47,662	47,776	79,046	110,927	110,432	102,745	622,128	622,157
Non - controlling interests	16%	16%	35%	35%	34%	34%	34%	34%

Summarised statement of profit or loss

Gain in fair value of investment property	-	-	-	-	-	50,000	-	-
Revenue	-	-	394,547	237,83	-	(3,081)	-	-
Cost of sales	-	-	(277,758)	(200,377)	-	-	-	-
Other income	-	-	(2,965)	104	-	-	-	-
Expenses	(114)	(121)	(117,287)	(80,245)	(4,699)	(4,181)	(29)	(38)
Loss for the year	(114)	(121)	(3,463)	(47,267)	(4,699)	(51,100)	(29)	(38)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	(114)	(121)	(3,463)	(47,267)	(4,699)	(51,100)	(29)	(38)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 ACQUISITION OF SUBSIDIARIES

On 20 June 2023, the group acquired the remaining 50 per cent of the issued share capital of Cummins C&G Holdings Limited previously held by CMI Africa Holdings BV as a Joint Venture, obtaining full control of Cummins C&G Holdings Limited. Cummins C&G Holdings Limited carries on the business of sale and service of commercial engines and power equipment and qualifies as a business as defined in IFRS 3 Business Combinations. Cummins C&G Holdings Limited was acquired to obtain full control of the business and also improve the group's revenue and profitability.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Shs '000
Financial assets	452,881
Inventories	159,874
Property and equipment	19,945
Identifiable intangible assets	1,555
Deferred tax asset	26,956
Financial liabilities	(247,819)
Total identifiable assets acquired and liabilities assumed	413,392
Goodwill	31,910
Total consideration	445,302
Satisfied by:	
Cash	445,302
Net cash outflow arising on acquisition:	
Cash consideration	445,302
Less: cash and cash equivalent balances acquired	(122,194)
	323,108

The fair value of the financial assets includes trade receivables with a fair value of Shs 149 million and a gross contractual value of Shs 154 million. The best estimate at acquisition date of the contractual cash flows not to be collected is Shs 4.9 million.

Cummins C&G Holdings Limited contributed Shs 2.5 billion revenue and Shs 112 million to the group's profit for the period between the date of acquisition and the reporting date.

If the acquisition of Cummins C&G Holdings Limited had been completed on the first day of the financial year, group revenues for the period would have been Shs 2.61 billion and group profit would have been Shs 137 million.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 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	
			2023	2022
Watu Credit Limited	Microfinance Services	Kenya	-	29.00%
Watu Tuu Limited	Microfinance Services	Tanzania	29.00%	29.00%
Watu Holdings Limited	Microfinance Services through subsidiaries.	Mauritius	29.00%	29.00%
Nyali Mwenge Limited	Microfinance Services	Tanzania	28.50%	-
			======	======

For 2023, the major operations for microfinance services were in Kenya, Tanzania and Uganda through watu credit Uganda Limited. The Group's investment in associates is as follows:

	2023	2022
	Shs'000	Shs'000
Watu Credit Limited (note 22(a))	-	1,175,105
Watu Holdings Limited (note 22(b))	952,083	245,853
Watu Tuu Limited	100,957	3,445
Nyali Mwenge Limited	52,522	-
	1,105,562	1,424,403
	========	=======
The movement in the investment is as follows:		
At the beginning of the period	1,424,403	789,203
Additional investment in the period	-	11,927
Dividend received from associates in the period	(845,717)	-
Share of profit in the period	526,876	623,273
	1,105,562	1,424,403
	========	=======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 INVESTMENT IN ASSOCIATES – GROUP (Continued)

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 15 months period ended 31 December and 12 months period ended 30 September prepared in accordance with IFRS Accounting Standards.

Associates

	Watu Credit Limited		Watu Holdings Limited		Watu Tuu Limited	
	2023	2022	2023	2022	2023	2022
	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000
Current assets	-	14,666,163	33,375,294	9,674,486	3,606,948	1,094,677
Non-current assets-		1,537,486	1,342,149	262,911	165,880	27,676
Non - current liabilities	-	9,787,106	24,865,288	6,885,494	2,799,961	-
Current liabilities	-	1,666,870	3,057,644	1,654,866	629,921	1,129,591
Cash and cash equivalents	-	403,152	670,206	124,134	296,068	86,905
Total revenue	2,539,264	10,925,803	19,919,179	3,284,468	2,086,793	236,771
Profit/(loss) for the period	314,521	1,473,051	984,934	705,419	336,247	(29,248)
Group's share of profit/ (loss) from associates	91,211	427,184	285,631	204,571	97,512	(8,482)

	Nyali Mwenge Limited	
	2023	2022
	Sh '000	Sh '000
Current assets	-	-
Non-current assets	406,739	-
Non - current liabilities	-	-
Current liabilities	212,668	-
Cash and cash equivalents	475	-
Total revenue	5,115,383	-
Profit for the period	184,288	-
Group's share of profit /(loss) from associates	52,522	-

22 INVESTMENT IN ASSOCIATES – GROUP (Continued)

(a) Watu Credit Limited

The Group, through Car & General Trading Limited - Kenya, held 29% of the equity holding in Watu Credit Limited in the prior year. This has now been swapped with an equivalent shareholding of 8,080,000 shares in Watu Holdings Limited during the period.

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 before the swap 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 audited financial statements of Watu Credit Limited for the year ended 31 December 2023 have been used.
- The Group held 29% of the equity shares of Watu Credit Limited in the prior year which have now been swapped with equivalent equity shareholding in Watu Holdings Limited during the period.

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 before the share swap is recognised in the consolidated financial statements:

	2023	2022
	Shs '000	Shs '000
At beginning of period/year	1,175,105	747,921
Share of profit for the period/year	91,211	427,184
Less: dividend received from associate	(845,717)	-
Associate share swap	(420,599)	-
At end of period/year -	1,175,105	
	======	======

(b) Watu Holdings Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2022: 29%) of the equity holding in Watu Holdings Limited.

Watu Holdings Limited was incorporated in Mauritius in 2022. The principal activities of Watu Holdings Limited is to hold investments and provide micro-credit facilities. The Company has several subsidiaries main ones being; Watu Credit (Uganda) Limited, Watu Credit 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 audited financial statements of Watu Holdings Limited for the period ended 31 December 2023 have been used.
- The Group holds 29% (2022: 29%) of the equity shares of Watu Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 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:

	2023	2022
	Shs '000	Shs '000
At beginning of period/year	245,853	41,282
Share of profit for the period/year	285,631	204,571
Associate share swap	420,599	-
At end of period/year	952,083	245,853
	======	======

(c) Watu Tuu Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2022: 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 audited financial statements of Watu Tuu Limited for the period ended 31 December 2023 have been used.
- 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:

	2023	2022
	Shs '000	Shs '000
At beginning of period/year	3,445	-
Purchase of shares	-	11,927
Share of profit/(loss) in the year	97,512	(8,482)
At end of period/year	100,957	3,445
	======	======

In the prior 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 nil (2022; Shs 0.14 million) and attracts interest at the rate of 18% p.a. Please refer to note 25(b).

22 INVESTMENT IN ASSOCIATES – GROUP (Continued)

(d) Nyali Mwenge Limited

The Group, through Car & General Trading Limited - Kenya, holds 28.5% (2022: 0%) of the equity holding in Nyali Mwenge Limited.

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

Nyali Mwenge 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 Nyali Mwenge 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 audited financial statements of Nyali Mwenge Limited for the period ended 31 December 2023 have been used.
- The Group holds 28.5% of the equity shares of Nyali Mwenge 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 Nyali Mwenge Limited.

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

	2023	2022
	Shs '000	Shs '000
At beginning of period/year	-	-
Purchase of shares	-	-
Share of profit in the period	52,522	-
At end of period/year	52,522	-
	======	======

23 INVESTMENT IN JOINT VENTURE – GROUP

The joint venture, Cummins C&G Holdings Limited, was 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. The group through Car & General (Trading) Limited Kenya has acquired the remaining 50% equity on 20 June 2023 from Cummins Africa Holdings BV during the period to convert the JV to a fully owned subsidiary. The joint venture is accounted for using the equity method for the period before the acquisition and there after the subsidiary consolidated in these financial statements. The consideration payable for purchase of the joint venture was USD 3,114,000 and the net assets acquired have been carried at fair value.

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	
			2023	2022
Cummins C&G Holdings Limited	Product Distribution	Mauritius	100%	50%
			=====	======

The joint venture is accounted for using the equity method in these financial statements before acquisition of the remainder of the shares that lead to this now being 100% held subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 INVESTMENT IN JOINT VENTURE - GROUP (Continued)

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 31 December 2023 prepared in accordance with IFRS Accounting Standards.

	2023	2022
	Shs '000	Shs '000
Value of net assets at period/year end		
Total assets	-	1,882,549
Total liabilities	-	1,042,533
Net assets at period/year end	-	840,016
The above amounts of assets and liabilities includes the followings:		
Cash and cash equivalents	-	137,653
Revenue	-	1,882,600
Profit for the period/year before acquisition to subsidiary	25,120	34,994
Company share of profit before acquisition to subsidiary	12,560	17,497

The above profit for the period/year is after charging/(crediting) the following:

	2023	2022
Depreciation	17,024	30,359
Income tax charge	-	3,314

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

	2023	2022
	Shs '000	Shs '000
Net assets of the joint venture	-	840,016
Proportion of the Group's ownership interest in the joint venture	-	50%
Share of net assets in the joint venture	-	420,008
Other adjustments - effect of exchange rate adjustments	-	(86,414)
Carrying amount of the Group's interest in the venture	-	333,594

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

	2023	2022
At beginning of the period/year	333,594	316,097
Share of profit in period/year	12,560	17,497
Transfer to subsidiary	(346,154)	-
At end of the period/year	-	333,594

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 INVENTORIES - GROUP

	2023	2022
	Shs '000	Shs '000
Goods in transit and in bond	4,872,208	4,350,313
Finished products	2,078,174	1,942,904
Raw materials, spares and consumables	1,428,671	1,252,195
Work in progress	12,093	4,033
Livestock (Parent stock) inventories	-	52,273
Books and learning materials	1,091	1,091
Inventory provision for obsolescence	(46,606)	(61,885)
	8,345,631	7,540,924

25 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Trade receivables	2,404,286	1,965,874	65,657	68,816
Allowance for expected credit losses	(616,223)	(599,499)	(48,594)	(48,594)
Net trade receivables	1,788,063	1,366,375	17,063	20,222
Prepayments	92,032	56,3427	1,828	547
Other receivables	817,211	450,821	10,694	20,699
	2,697,306	1,873,538	34,939	49,468

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
As at 1 October	599,499	512,277	48,594	48,594
Translation adjustments	39,027	13,296	-	-
Provision for expected credit losses	(6,950)	73,926	-	-
Bad debts write back	(15,353)	-	-	-
At 31 December/30 September	616,223	599,499	48,594	48,594

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 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 period and the related expenses and income for the period are as follows:

a) Due from related companies

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Car & General (Automotive) Limited	-	-	(263)	469
Car & General (Trading) Limited - (Tanzania)	-	-	19,809	4,665
Car & General (Uganda) Limited	-	-	8,058	1,528
Progen Company Limited	-	-	52,273	59,992
Sovereign Holdings International Limited	-	-	11,290	10,822
Car & General (Marine) Limited	-	-	18,628	18,519
Car & General (Engineering) Limited	-	-	15,227	15,019
Dewdrops Limited	-	-	274,425	274,398
Cummins C&G Holdings Limited	-	446,072	521,318	446,072
Bodaplus	-	-	1,079	-
Kibo Poultry Products Limited	-	-	5	-
	-	446,072	921,849	831,484

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

b) Loan due from related companies

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
BodaPlus	-	-	-	538
Watu Credit Limited	803,431	-	-	-
Watu Credit (Tanzania) Limited	-	136	-	-
Car & General (Trading) - Tanzania	-	-	-	120,037
	803,431	136	-	120,575

The loans to related companies above are denominated in Kenya Shillings and attract interest at the rate of 18% (2022: 18%) per annum. The loan is repayable within 12 months of the financial year.

c) Loan due to a related party

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Due to a minority interest shareholder	166,808	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.

26 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

d) Due to related companies

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Cummins C&G Holdings Limited	-	733,753	-	-
Car & General (Trading) Limited – Kenya	-	-	1,257,464	1,020,483
Car & General (Industries) Limited	-	-	3,072	3,180
Car & General (Rwanda) Limited	-	-	164	167
	-	733,753	1,260,700	1,023,830

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 period.

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Management fees				
Cummins C&G Holdings Limited	52,947	53,672	52,947	53,672
Rental income				
Car & General (Trading) Limited - (Kenya)	48,072	28,606	48,072	28,606
Interest income				
Interest income on related party loans – Watu Group	20,763	62,455	-	-

Compensation of key management personnel

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

	2023	2022
	Shs '000	Shs '000
Salaries and other benefits to key management	500,753	359,444
Directors' remuneration		
Executive Director	29,112	24,654
Non-Executive Directors	13,623	7,857
	42,735	32,511

NOTES TO THE FINANCIAL STATEMENTS (Continued)

RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

(e) Related party transactions (continued)

During the period, 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	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Borrowings repaid	1,752,959	1,049,642	37,199	29,239
	=======	=======	=======	=======
Borrowings received	2,546,107	889,123	47,473	9,239
	=======	=======	=======	=======
Interest paid on related company loans (Banks)	176,760	78,556	1,836	383
	=======	=======	=======	=======
Interest paid on Directors' loans	33,778	29,780	33,514	29,780
	=======	=======	=======	=======
Loan balance – Directors	325,666	211,000	295,934	200,000
	=======	=======	=======	=======
Loan balance - Banks	1,416,489	612,639	10,274	-
	=======	=======	=======	=======
Overdraft balance - Banks	131,926	114,777	381	5,788
	=======	=======	=======	=======

27(a) SHARE CAPITAL - GROUP AND COMPANY

	2023	2022
	Shs '000	Shs '000
Authorised:		
82,103,308 (2022: 82,103,308) ordinary shares of Shs 5 each	410,517	410,517
	=======	======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2023 Shs '000	2022 Shs '000
Issued and fully paid:		
80,206,616 (2022: 80,206,616) ordinary shares of Shs 5 each	401,033	401,033
	=======	======

	2023 Number of shares	2023 Shs '000	2022 Number of shares	2022 Shs '000
At the beginning of the year	80,206,616	401,033	40,103,308	200,516
Bonus share issue	-	-	40,103,308	200,517
At the end of the year	80,206,616	401,033	80,206,616	401,033
	========	========	=======	=======

In the prior 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 2023.

27(b) DIVIDENDS	2023 Shs '000	2022 Shs '000
Amounts proposed as distributions to equity holders in the period/year:		
Proposed dividends	-	64,165
	=======	======

The directors do not recommend the declaration of a dividend for the period. The prior year proposed first and final dividend for the year was Shs 0.80 per share.

28 DEFERRED TAXATION

Deferred income tax is calculated using the enacted income tax rate of 30% (2022: 30%). The deferred income tax liability/(asset) is made up as follows:

	GROUP		COMPANY	
	2023 Shs '000	2022 Shs '000	2023 Shs '000	2022 Shs '000
Other provisions	(214,076)	(181,222)	(21,541)	(24,303)
Tax losses	(153,995)	(57,521)	-	-
Unrealised exchange differences	3,935	(7,826)	1,624	1,624
Accelerated capital allowances	26,219	26,219	(5,186)	(5,186)
Provision for expected credit losses	(164,725)	(164,725)	(45,858)	(45,858)
Fair value gain on investment property	452,546	452,546	400,841	400,841
Revaluation surplus on property, plant and equipment	459,745	449,245	355,255	344,755
Net deferred tax liability	409,649	516,716	685,135	671,873
Deferred tax assets not recognised	-	-	-	-
	409,649	516,716	685,135	671,873
	======	======	======	======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 DEFERRED TAXATION (Continued)

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Presented in the statement of financial position as follows:				
Deferred tax asset	(513,519)	(367,020)	-	-
Deferred tax liability	923,168	883,736	685,135	671,873
	409,649	516,716	685,135	671,873
The movement on the deferred tax account is as follows:				
At start of period/year	516,716	497,394	671,873	649,068
(Credit)/charge to profit or loss (note 11(a))	(95,551)	(2,000)	2,699	2,165
Deferred tax on revaluation surplus of property	10,500	21,582	10,500	18,300
Deferred tax on tax losses not previously recognised	(9,094)	-	-	-
Prior year (over)/under provision	6,604	(6,985)	-	2,340
Translation difference	(18,986)	6,725	63	-
At end of period/year	409,649	516,716	685,135	671,873

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 31 December 2023, the Group had tax losses amounting to Shs 553 million (2022: Shs 192 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.

29 BORROWINGS

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Loans – working capital loans	2,743,226	1,857,317	306,740	263,792
Import loans	5,578,767	5,122,164	247,929	462,430
Hire purchase finance	2,245	604	-	-
Bank overdrafts	291,694	139,937	1,364	5,789
	8,615,932	7,120,022	556,033	732,011
Presented in the statement of financial position as follows:				
Non-current liability	1,447,368	1,426,611	306,740	263,792
Current liability	7,168,564	5,693,411	249,293	468,219
	8,615,932	7,120,022	556,033	732,011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 BORROWINGS (Continued)

Maturities of amounts included in loans is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Within one year	7,168,564	5,693,411	249,293	468,219
Between two and five years	1,447,368	1,426,611	306,740	263,792
	8,615,932	7,120,022	556,033	732,011
	=======	=======	======	======
Analysis of borrowings by currency				
Borrowings in USD	4,219,393	4,723,390	295,933	-
Borrowings in KShs	4,218,447	2,306,043	260,100	732,011
Borrowings in TZS	178,092	90,589	-	-
	8,615,932	7,120,022	556,033	732,011
	=======	=======	======	======
Analysis of borrowings by security				
Secured borrowings	6,311,149	5,018,186	11,638	5,788
Unsecured borrowings	2,304,783	2,101,836	544,395	726,223
	8,615,932	7,120,022	556,033	732,011
	=======	=======	======	======

Included in loans are unsecured loans advanced to the Group amounting to Shs 325 million (2022: Shs 211 million) that are due to two company Directors or their associates. The loans are unsecured, denominated in Kenya Shillings and US Dollars and attract interest at the rate of 17% and 12% p.a respectively.

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 end of period were as follows:

	2023	2022
Bank overdrafts	15.73%	12.17%
	=======	=======
Loans		
Loans in Kshs	17.38%	10.98%
Loans in USD	8.58%	9.52%
Loans in TZS	13.40%	8.99%
	=======	=======
Loans in Ush - base rate set by the bank from time to time plus 0.75%		
Hire purchase facility	17.50%	14.00%
	=======	=======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 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 1,465,000,000 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 benture 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 963 million (2022: Shs 646 million).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 LEASE LIABILITIES

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
At beginning of period /year	704,160	618,281	322,483	331,305
Additions	145,128	190,435	-	-
Modifications/alterations*	(32,118)	(7,547)	-	-
Interest expense on lease liabilities	74,199	52,292	28,410	23,562
Interest paid	(74,199)	(52,292)	(28,410)	(23,562)
Lease payments	(220,948)	(121,728)	(14,161)	(8,822)
Translation adjustment	41,802	24,719	-	-
At end of period/year	638,024	704,160	308,322	322,483
Maturity analysis				
Year 1	206,816	188,366	14,463	34,002
Year 2	146,409	176,206	17,427	35,702
Year 3	95,152	134,688	20,706	37,487
Year 4	59,768	136,170	24,331	39,362
Year 5	30,813	77,922	28,331	41,330
Year 6 and onwards	274,749	214,311	335,232	295,179
Undiscounted lease payments at the end of the period/year	813,707	927,663	440,490	483,062
Less unearned interest	(175,683)	(223,503)	(132,168)	(160,579)
	638,024	704,160	308,322	322,483
Analysed as: Current	206,816	188,366	14,463	34,002
Non-current	431,208	515,794	293,859	288,481
	638,024	704,160	308,322	322,483

* 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	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Depreciation of right-of-use asset	283,024	145,663	30,430	24,344
Interest expense on lease liabilities	74,199	52,292	28,410	23,562

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 period for Group and Company was Shs 295 million (2022: KShs 174 million) and Shs 42.6 million (2022: Shs 32.3 million) respectively that related to principal portion of lease payments and interest expense on the leases.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
Trade payables	3,573,499	3,043,069	43,801	57,978
Provision	430,899	166,154	17,568	25,572
Other payables	1,129,266	458,668	41,742	37,412
	5,133,664	3,667,891	103,111	120,962

32 NOTES TO THE STATEMENT OF CASH FLOWS

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
(Loss)/profit before taxation	(348,621)	735,740	(44,403)	15,901
Adjusted for:				
Gain in fair value of investment properties (note 15)	(2,980)	(111,500)	-	(61,500)
Depreciation of property, plant and equipment (note 16)	319,670	161,580	37,622	22,950
Amortisation of intangible assets (note 17)	16,186	6,501	68	54
Depreciation of right of use asset (note 19)	283,024	145,663	30,430	24,344
Loss/(gain) on disposal of property, plant and equipment	7,659	1,422	(381)	-
Loss arising from change in fair value	20,294	-	-	-
Decrease in value of biological assets due to sales	34,406	-	-	-
Decrease in value of biological assets due to mortality	38,625	-	-	-
Interest on borrowings (note 8)	1,185,566	616,983	93,184	78,597
Interest expense on lease liability (note 8)	74,199	52,292	28,410	23,562
Interest income (Note 26c)	(20,763)	(62,455)	-	-
Unrealised exchange on borrowings (note 32(b))	943,045	274,452	-	-
Share of profit in associates	(526,876)	(623,273)	-	-
Share of profit in joint venture	-	(17,497)	-	-
Movements in working capital items:				
Inventories	(804,707)	(3,043,984)	-	-
Trade and other receivables	(823,768)	(601,859)	14,529	(6,683)
Net movement in related company balances	(285,423)	319,537	265,877	69,590
Trade and other payables	1,465,773	1,185,443	(17,851)	31,737
Net cash generated from/(used in) operations	1,575,309	(960,955)	407,485	198,552

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	Shs '000	Shs '000	Shs '000	Shs '000
At the beginning of the period	6,980,085	4,872,351	726,222	724,578
Loan received	21,622,889	16,137,008	286,563	299,735
Loan repayments	(21,221,781)	(14,300,919)	(458,116)	(298,091)
Hire purchase facility	-	(2,807)	-	(2,807)
Exchange differences	943,045	274,452	-	-
At the end of the period	8,324,238	6,980,085	554,669	726,222

(c) Analysis of cash and cash equivalents

Cash and bank balances	574,471	197,511	2,297	851
Bank overdrafts (note 29)	(291,694)	(139,937)	(1,364)	(5,789)
	282,777	57,574	933	(4,938)

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

33 CAPITAL COMMITMENTS

	2023	2022
	Shs '000	Shs '000
Authorised and contracted for	71,954	142,285

34 CONTINGENT LIABILITIES

(a) Guarantees

Group

Sundry bank guarantees	139,875	41,143

Company

Guarantees in respect of bank facilities for subsidiaries	7,498,290	2,439,837
Sundry bank guarantees	6,300	6,300
	7,504,590	2,446,137

(b) Litigation:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 CONTINGENT LIABILITIES (Continued)

(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 reference to the prior year assessment, Kenya Revenue Authority (KRA) withdrew the case filed at the high court for Ksh 677 million relating to company's tariff classification for three wheelers for the years of income 2015 to 2021 but issued another custom assessment in respect to the same product tariff classification for the period January 2022 to January 2023 amounting to Ksh 224million. The company objected to the assessment and the case is at the Tax Appeal Tribunal.

The basis of the company's objection is that Kenya Revenue Authority filed a consent at the High Court and the matter was then marked as closed on 18 April 2023 on the basis of the consent after Kenya Revenue Authority vacated the prior demand for the period 2015 to2020. This Notice of Withdrawal is referred to in the

Kenya Revenue Authority current demand letter and was followed by the current position.

In light of the Court's Judgment in the Auto Industries case, the product should also be classified under heading 8711 for the audit period January 2022 to January 2023 which is the subject period for this Application for Review.

In the period under review, Kenya Revenue Authority issued an assessment to the company relating to Income tax as a result of interest restriction as introduced in the Finance Act 2022. The assessment was based on the

inclusion of share of profit from associate and joint venture when computing earnings before interest, tax, depreciation and amortization (EBITDA) for the purpose of computing deductible interest expense pursuant to section 16(2) (j) of the income tax Act, Chapter 470 of the laws of Kenya. The case is currently at the Tax Appeals Tribunal.

During the year under review, Kenya Revenue Authority conducted a transfer pricing audit and issued an additional income tax assessment to Cummins C&G Ltd for the financial year 2017 of Ksh 109 million and financial years 2018 to 2021 of Ksh 135 million. The company objected to the assessments and the two cases are currently at the Tax Appeal Tribunal. Cummins CMI, the former Joint Venture partner, has guaranteed an indemnity of 50% in case of an adverse ruling against the company.

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:

	2023	2022
	Shs '000	Shs '000
Within one year	182,294	184,634
In the second to fifth year inclusive	806,761	793,390
	989,055	978,024

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.

36 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	
	2023	2022	2023	2022
	Shs'000'	Shs'000'	Shs'000'	Shs'000'
Equity	5,731,247	5,604,374	1,732,260	1,791,021
Total borrowings	8,615,932	7,120,022	556,033	732,011
Less: cash and bank balances	(574,471)	(197,511)	(2,297)	(851)
Net debt	8,041,461	6,922,511	553,736	731,160
Gearing Ratio	140%	122%	32%	41%

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.

37 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.

37 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

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

37 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

31 December 2023	**Internal/ external rating**	**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)	2,404,286	(616,223)	1,788,06
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	845,717	-	845,717
Bank balance	Performing	Lifetime ECL not credit-impaired	574,471	-	574,471
			3,824,474	(616,223)	3,208,251
			=======	========	========

30 September 2022	Internal/ external rating				
Trade receivables		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	Performing	Lifetime ECL not credit-impaired	197,511	-	197,511
			2,609,593	(599,499)	2,010,094
			=======	========	========

Company

31 December 2023					
Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	65,657	(48,594)	17,063
Due from related companies	Performing	Lifetime ECL not credit-impaired	1,025,940	(104,091)	921,849
Bank balance	Performing	Lifetime ECL not credit-impaired	2,297	-	2,297
			1,093,894	(152,685)	941,209
			=======	========	=======

37 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

Company (Continued)

30 September 2022	Internal/ external rating	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)	68,816	(48,594)	20,222
Due from related companies	Performing	Lifetime ECL not credit-impaired	935,575	(104,091)	831,484
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	120,575	-	120,575
Bank balance	Performing	Lifetime ECL not credit-impaired	851	-	851
			1,125,817	(152,685)	973,132
			======	========	=======

Group	Trade and other receivables	Bank balances	Due from related companies	**Total**
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
Bad debt write off/ (write back)	-	-	-	-
At 30 September 2022	599,499	-	-	599,499
	=======	========	========	======
At 1 October 2022	599,499	-	-	599,499
Translation adjustments	39,027	-	-	39,027
Decrease in loss allowance in the period	(4,064)	-	-	(4,064)
Bad debt write back	(15,353)	-	-	(15,353)
	616,223	-	-	616,223
	=======	========	========	======

Company	Trade and other receivables	Bank balances	Due from related companies	Total
At 1 October 2021	48,594	-	80,246	128,840
Increase in loss allowance in the year	-	-	23,845	23,845
	48,594	-	104,091	152,685
	=======	========	======	======
At 1 October 2022	48,594	-	104,091	152,685
Increase in loss allowance in the period	-	-	-	-
At 31 December 2023	48,594	-	104,091	152,685
	=======	========	======	======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 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 31 December 2023						
Liabilities						
Trade payables	1,592,616	1,246,783	734,100	-	-	3,573,499
Borrowings	1,290,402	2,911,961	2,966,201	1,447,368	-	8,615,932
Lease liabilities	-	-	206,816	156,459	274,749	638,024
Loan due to related party	-	-	-	166,808	-	166,808
Due to related parties	-	-	-	-	-	-
Total financial liabilities	2,883,018	4,158,744	3,907,117	1,770,635	274,749	12,994,263
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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Company

31 December 2023	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						
Borrowings	43,801	-	-	-	-	43,801
Lease liabilities	95,118	58,029	96,146	306,740	-	556,033
Due to related parties	-	-	14,463	90,795	203,064	308,322
	-	-	1,260,700	-	-	1,260,700
Total financial liabilities						
	138,919	58,029	1,371,309	397,535	203,064	2,168,856
	=======	========	======	======	======	========

At 30 September 2022

Liabilities	57,978	-	-	-	-	57,978
Trade payables	5,788	50,996	411,435	263,792	-	732,011
Borrowings	-	-	34,002	153,881	134,600	322,483
Lease liabilities	-	-	1,023,830	-	-	1,023,830
Due to related parties						
	63,766	50,996	1,469,267	417,673	134,600	2,136,302
Total financial liabilities	======	========	=======	======	======	=======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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:

31 December 2023	USD	EURO	RWF	JPY	GBP	ZAR
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Assets						
Bank and cash balances	797,334	11	23	-	11	
Trade and other receivables	139,349	444	8,378	-	3,725	-
Due from related parties	-	-	1,384	-	-	-
	936,683	455	9,785	-	3,736	-
Liabilities						
Trade and other payables	1,735,732	45,344	-	157,771	80,805	-
Borrowings	4,219,393	-	-	-	-	-
Due to related parties	-	-	-	-	-	-
	5,955,125	45,344	-	157,771	80,805	-
Net exposure	(5,018,442)	(44,889)	9,785	(157,771)	(77,069)	-

30 September 2022	USD	EURO	RWF	JPY	GBP	ZAR
Assets						
Bank and cash balances	2,886	-	23	-	-	-
Trade and other receivables	112,752	263	8,378	-	3,725	3,725
Due from related parties	-	-	1,384	-	-	-
	115,638	263	9,785	-	3,725	3,725
Liabilities						
Trade and other payables	948,586	4,511	48	6,017	-	-
Borrowings	4,723,390	-	-	-	-	-
Due to related parties	303,696	-	-	-	-	-
	5,975,672	4,511	48	6,017	-	-
Net exposure	(5,860,034)	(4,248)	9,737	(6,017)	3,725	3,725

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity analysis (continued)

Profit or loss

	2023	2022
	Shs '000	Shs '000
USD	(501,844)	(586,003)
ZAR	-	(345)
JPY	(15,777)	(602)
RWF	979	974
GBP	(7,707)	373
EURO	(4,489)	425
	(528,838)	(585,178)

(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 period 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.

At 31 December 2023

Financial assets						
Bank balances	574,471	-	-	-	-	574,471
Financial liabilities						
Borrowings	(1,290,402)	(2,911,961)	(2,966,201)	(1,447,368)	-	(8,615,932)
Interest sensitivity gap	(715,931)	(2,911,961)	(2,966,201)	(1,447,368)	-	(8,041,461)
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)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

	2023	2022
	Shs'000	Shs'000
	Effect on profit	Effect on profit
+1% Movement	(80,415)	(69,225)
-1% Movement	80,415	69,225
	=======	=======

(iii) Price risk

As at 31 December 2023, the group did not hold financial instruments that are subject to price fluctuations.

38 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

39 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

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

40 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.