CAR & GENERAL (KENYA) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS

CAR & GENERAL (KENYA) PLC

CORPORATE INFORMATION

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

SECRETARY

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

REGISTERED OFFICE

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

AUDITORS

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

PRINCIPAL BANKERS

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

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

LEGAL ADVISOR

Coulson Harney LLP
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Nairobi, Kenya

REGISTRARS

Image Registrars Limited | Securities Registrars & Trustees
5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street
P.O. Box 9287- 00100 GPO, Nairobi, Kenya

CAR & GENERAL (KENYA) PLC

CORPORATE INFORMATION (Continued)

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

CORPORATE INFORMATION (Continued)

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

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

ASSOCIATE	ACTIVITIES
Nyali Mwenge Limited Dar Es Salaam Tanzania	Trading
Watu Holdings Limited Suite 2004, Level 2 Alexander House 35 Cybercity Ebene, Republic of Mauritius	Asset financing
Watu Tuu Limited Dar Es Salaam. Tanzania	Asset financing

OTHER INVESTMENT	
ARC Ride Kenya Limited Central Business Park P O Box 20001 - 00200 Nairobi	Assembly and sales of Electric Motor cycles

CAR & GENERAL (KENYA) PLC

CHAIRMAN'S REPORT

The twelve-month period from 1 January 2024 to 31 December 2024 was challenging. The Kenyan market remained constrained and, specifically, the boda boda business continued to decline to a monthly average of 4600 units from a peak of 20,000 units per month in 2022. This inevitably had a significant impact on our Kenya consumer business and our Watu Kenya boda financing business. Fortunately, we had commenced the transition to other business lines and entities which allowed operational sustainability.

The Group reported a 23% decrease in turnover compared to the prior year 15-month financial year. Sales in Uganda and Tanzania now represent over 58 % of Group sales. Given the drop in boda boda sales, our Kenyan consumer business remained under strain. We compensated with the growth in Cummins and Tanzania.

As a result of the above, turnover for the twelve-month period ended 31 December 2024 was Shs 21 billion against Shs 27 billion achieved in the fifteen-month period ending 31 December 2023. EBITDA (Earnings before interest, tax, depreciation and amortization) was Ksh 1.5 billion compared Ksh 2.1 billion in prior year. The Group made a profit after tax of Ksh 526 million against a loss after tax of Ksh 273 million made during previous financial year primarily due to favourable foreign exchange rates.

In spite of many challenges, there are notable achievements.

- Our consumer business growth in Tanzania particularly in the two and three-wheeler segments.
- The performance of our Cummins business.
- The return to profitability of our Kibo business.
- The progress of Watu Simu which is a significant new product line for Watu.
- The working capital rationalization in Kenya,
- 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 200 battery swap facilities.

Going forward, we believe uncertainty will persist in 2025 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 business in Kenya dropped significantly whilst three wheeler and consumable sales remained stable. In Tanzania, volumes of two-wheeler and three-wheeler sales grew. We see positive potential in all areas going forward. Kenya boda boda sales are recovering slowly.

Our product and value proposition are strong especially when coupled with our aftermarket offerings. We expect market share to increase further in 2025 given brand strength, growing distribution and digital progress.

Assuming stability, we expect consumer markets to grow this year and Kenya two-wheeler sales to recover slowly in 2025. 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 2024.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 Equipment Business (Continued)

The Develon (previously Doosan) business was challenged in terms of growth given government curbs on infrastructure spending. We see this market remaining constrained.

The Toyota forklift business is 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. However, we feel confident this business will grow over time given future developments at Kubota and our distribution network.

Financial Services

Watu has continued to make progress with the introduction of new financing products and we expect this trend to continue. Performance in 2024 was impacted by forex losses and provisions related to the Boda Boda portfolio. This notwithstanding, in 2025 we expect revenues to grow in Kenya, Uganda, Tanzania, DRC and Sierra Leone where they have now established operations. We are very positive about the business prospects.

Our forklift leasing business continues to grow.

Manufacturing

We continue to assemble 2-wheelers and 3-wheelers at our assembly facilities in Kenya and Tanzania.

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

The Property Business

Nairobi Mega is now doing much better in terms of footfall. We are 90% 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 improved during 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 helmet manufacturing. This diversity coupled with 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 continue to focus energy on electric and Compressed Natural Gas (CNG) vehicles in Tanzania. 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. We will also continue to drive smartphone connectivity across the continent. This significantly improves livelihoods.

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

Given the performance during the financial period and the need for investment throughout the business, the Directors do recommend a first and final dividend of Shs. 64,165,293 which is equal to Shs. 0.80 per share (2023: Shs. Nil).

The Future (Continued)

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

28 April 2025

CORPORATE GOVERNANCE REPORT

Corporate Governance

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

Board of Directors

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

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

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

Committees of the Board

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

Audit and Risk Committee

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

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

Governance, Nominations and Compensation Committee

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

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

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

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

Internal Controls

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

Internal Controls (Continued)

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

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

Distribution of shareholders as at 31 December 2024

Shareholding (No. of Shares)	No. of shares held	No. of shareholders	Percentage of Shareholding
Less than 500	107,269	618	0.13
500 - 5,000	905,836	457	1.13
5,001 - 10,000	620,517	89	0.77
10,001 -100,000	3,465,686	141	4.32
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	1,336	100

Top ten shareholders

	31 December 2024 No. of shares	Percentage
Fincom Limited	26,066,838	32.50
Betrin Limited	12,774,318	15.93
Monyaka Investments Limited	10,034,224	12.51
Primaco Limited	7,301,292	9.10
Paul Wanderi Ndungu	6,419,922	8.00
Vapa Limited	3,681,036	4.59
Rakesh Prakash Gadani	1,612,460	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

Directors' direct shareholdings

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

CAR & GENERAL (KENYA) PLC

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited consolidated and company financial statements of Car & General (Kenya) Plc (the "Company) and its subsidiaries (together the "Group") for the year ended 31 December 2024, in accordance with the Kenya Companies Act, 2015 which discloses the state of affairs of the Group and Company.

PRINCIPAL ACTIVITIES

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

The activities of the subsidiaries are detailed on pages 3 - 4.

GROUP RESULTS

	2024 Shs '000 (12 Months)	2023 Shs '000 (15 months)
Profit/(loss) before taxation	781,289	(348,621)
Taxation (charge)/credit	(255,242)	74,928
Profit/(loss) for the year/period	526,047	(273,693)
Attributable to:		
Owners of the parent	518,291	(267,285)
Non - controlling interests	7,756	(6,408)
	526,047	(273,693)

DIVIDEND

The directors propose payment of first and final dividend of Shs 64,165,293 (2023: Shs Nil) which is equal to Shs. 0.80 per share based on issued share capital of 80,206,616 shares of Shs 5 each.

DIRECTORS

The present Board of Directors is shown on page 2.

ENHANCED BUSINESS REVIEW

The general business environment in the region has been challenging. Real GDP in the East African economies have suffered due to inflationary pressures. Kenya also suffered from political demonstrations. 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 financial year ended 31 December 2024. Our biggest operational challenge has been the continuing decline in Kenya of the 2-wheeler business. 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 in and been able to achieve its market share objectives. Tanzania, Cummins C&G, Watu Simu 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 2025 and the two-wheeler market in Kenya will slowly recover assuming no further upheavals. Achieving 2025 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 3 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 2025 focus will be directed towards sales of electric vehicles and compressed natural gas vehicles in Tanzania. We continue to work 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. Significantly, we have launched the Cargen leadership academy in Q1 2025.

As at 31 December 2024, the group's staff headcount stood at 1,189 (2023: 1,080) and 3.649 (2023: 3,743) together with associates.

Social community initiatives

The Group continues to support the eye clinic and water security programs and has recently launched the Cargen Lions Club and the Cargen Tech up program which trains mechanics throughout the country. We have so far trained over 5000 mechanics.

BOARD AUDIT AND RISK COMMITTEE

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

DIRECTORS' CONFLICTS OF INTEREST

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

DIRECTORS' INDEMNITIES

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

DIRECTOR'S STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

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

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

AUDITORS

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

BY ORDER OF THE BOARD

Conrad Nyukuri
Secretary

28 April 2025

DIRECTORS' REMUNERATION REPORT

INFORMATION IN THE DIRECTOR'S REMUNERATION REPORT NOT SUBJECT TO AUDIT

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

Remuneration policy

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

The Committee makes its recommendation to the main Board. The entire Board then collectively decides what is presented to shareholders for approval. For the year ended 31 December 2024, the following is the recommended remuneration for Non-Executive Directors.

Annual basic retainer fee per Director

	2024 Shs	2023 Shs
Main Board Chairman	165,562	154,731
Audit Committee Chairman	149,006	139,258
Other Directors	132,451	123,786
	========	======

Sitting allowances per Director

	Board Shs	Audit & Risk Committee Shs	Governance and Compensation Committee Shs	Any other Committee Ksh
Chairman	165,562	149,006	110,374	110,374
Other Directors	132,451	110,374	110,374	110,374
	=======	=======	=======	=======

Executive Directors

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

Non-Executive Directors

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

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

Insurance

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

Shareholding requirements

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

Terms of appointment and termination

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

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

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

INFORMATION IN THE DIRECTOR`S REMUNERATION REPORT SUBJECT TO AUDIT

Remuneration

31 December 2024 (12 months)	Salaries and benefits Shs'000'	Pension scheme Shs'000'	Directors fees Shs'000'	Total Shs'000'
Mr V V Gidoomal*	27,780	290	-	28,070
Mr N Ng'ang'a EBS	-	-	1,537	1,537
Mr P Shah	-	-	2,052	2,052
Mr S P Gidoomal	-	-	2,095	2,095
Mr M Soundararajan	-	-	1,544	1,544
Mr C M Ngini	-	-	1,724	1,724
Ms G M Mboya	-	-	1,241	1,241
Total	27,780	290	10,193	38,263
31 December 2023 (15 months)				
Mr V V Gidoomal*	28,887	225	-	29,112
Mr N Ngángá, 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

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

BY ORDER OF THE BOARD

Conrad Nyukuri
Secretary

28 April 2025

CAR & GENERAL (KENYA) PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company as at the end of the financial year and of its profit or loss for that year. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and Company that comply with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. The Directors are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

Approved by the Board of Directors on 28 April 2025 and signed on its behalf by:

N Ng'ang'a, EBS
Director

V V Gidoomal
Director

28 April 2025

Deloitte.

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

Report on the Audit of the Consolidated and Company Financial Statements

Our opinion

We have audited the accompanying financial statements of Car & General (Kenya) Plc ("the Company") and its subsidiaries (together, "the Group"), set out on pages 20 to 90, which comprise the consolidated and company statements of financial position as at 31 December 2024 and consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company financial position of Car & General (Kenya) Plc as at 31 December 2024 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.

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

Key Audit Matter (Continued)

Valuation of investment properties As disclosed in note 15 of the consolidated and company financial statements, the fair value of Group's and Company's investment properties amounted to Shs 3,050 million and Shs 2,384 million as at 31 December 2024 respectively. The fair valuation of the investment properties for the current period resulted in a net gain of Shs 71.3 million and Shs 27.5 million for Group and Company respectively. The valuation method adopted by the Directors for a significant portion of investment properties is based on the income capitalization approach. Significant judgement is required when determining the capitalization/yield rate where the income capitalization approach is employed. The valuation of investment properties is therefore considered a key audit matter. Refer to note 2 for the accounting policy on investment properties.	Our procedures to address the risk of material misstatement relating to valuation of investment properties included: • Assessing the competence, capabilities and objectivity of the Group's and Company's investment properties professional valuers; • Involving our in-house fair value specialists in evaluating the judgements applied by the Directors and the Group's independent professional valuers for reasonableness and in particular the assumptions and methodologies used to estimate the fair value of the investment properties; and • Checking the accuracy and completeness of the data used by management professional valuers in the valuation of investment properties. Based on procedures performed, we concluded that the methodology and assumptions used by the Directors in the valuation of investment properties were appropriate. In addition, the disclosures pertaining to the valuation of investment properties in the financial statements were found to be appropriate.

Other Information

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

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

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.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and 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
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entity or business units within the Group as a basis of forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of audit work performed for the purposes of the group audit. We remain solely 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Report of the Directors

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

Directors' Remuneration Report

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

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

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

28 April 2025

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Shs '000 (12 Months)	2023 Restated* Shs '000 (15 months)
REVENUE	5	20,944,744	27,240,669
COST OF SALES		(17,734,698)	(23,180, 295)
GROSS PROFIT		3,210,046	4,060,374
OTHER INCOME	7	227,297	202,633
GAIN IN FAIR VALUE OF INVESTMENT PROPERTIES	15	71,304	2,980
IMPAIRMENT PROVISION (INCLUDING REVERSALS OF IMPAIRMENT PROVISION) FOR FINANCIAL ASSETS	26	(5,489)	6,950
SELLING AND DISTRIBUTION COSTS		(1,112,821)	(1,356,673)
ADMINISTRATIVE EXPENSES		(1,498,121)	(1,907,633)
SHARE OF PROFIT IN ASSOCIATES	22	219,769	526,876
PROFIT BEFORE FINANCE COSTS, NET FOREIGN EXCHANGE GAINS/(LOSSES) AND TAXATION		1,111,985	1,535,507
FINANCE COSTS	8	(393,799)	(2,202,810)
FINANCE INCOME	6	35,795	20,763
NET FOREIGN EXCHANGE GAINS/(LOSSES)		27,308	297,919
PROFIT/(LOSS) BEFORE TAXATION	10	781,289	(348,621)
TAXATION CHARGE/ CREDIT	11	(255,242)	74,928
PROFIT/(LOSS) FOR THE YEAR/PERIOD		526,047	(273,693)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation	16	70,546	92,511
Deferred tax on revaluation of property	29	(10,394)	(10,500)
		60,152	82,011
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(503,624)	383,035
Other comprehensive (loss)/income for the year/period, net of tax		(443,472)	465,046
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		82,575	191,353

* Details of the restatement are disclosed in note 40

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024 (Continued)

	Note	2024 (12 months) Shs '000	2023 Restated* (15 months) Shs '000
PROFIT/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:			
Owners of the company		518,291	(267,285)
Non - controlling interests	12	7,756	(6,408)
Profit/(loss) for the year/period		526,047	(273,693)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		74,819	197,761
Non - controlling interests	12	7,756	(6,408)
Total comprehensive income for the year/period		82,575	191,353
EARNINGS PER SHARE:			
Basic and diluted earnings/(loss) per share (Shs)	13	6.46	(3.33)
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	1,513,068	2,175,150

*Details of the restatement are disclosed in note 40.

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 (12 months) Shs '000	2023 Restated* (15 months) Shs '000
REVENUE	5	269,886	287,418
OTHER INCOME	7	1,929	53,328
GAIN IN FAIR VALUE OF INVESTMENT PROPERTIES	15	27,500	-
ADMINISTRATIVE EXPENSES		(174,322)	(204,046)
PROFIT BEFORE FINANCE COSTS, NET FOREIGN EXCHANGE GAINS/(LOSSES) AND TAXATION		124,993	136,700
FINANCE COSTS	8	(46,955)	(121,594)
FINANCE INCOME	6	1,024	-
NET FOREIGN EXCHANGE GAINS/(LOSSES)		(7,370)	(59,509)
PROFIT/(LOSS) BEFORE TAXATION	10	71,692	(44,403)
TAXATION CHARGE	11	(30,751)	(3,145)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		40,941	(47,548)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation	16	11,300	63,884
Deferred tax on revaluation of property	29	(3,390)	(10,500)
		7,910	53,384
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign operations net of tax		6,428	(432)
Other comprehensive income for the year/period, net of tax		14,338	52,952
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		55,279	5,404
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	168,647	204,820

*Details of the restatement are disclosed in note 40.

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 Shs '000	2023 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	3,049,734	3,080,743
Property, plant and equipment	16	3,143,103	3,226,735
Intangible assets	17	46,444	61,796
Biological assets	18	72,479	52,373
Right of use assets	19	431,138	515,423
Investment in associates and others	22	1,239,239	1,105,562
Deferred tax asset	29	547,782	513,519
		8,529,919	8,556,151
Current assets			
Inventories	25	6,110,911	8,345,631
Trade and other receivables	26	2,883,782	2,697,306
Loan due from related company	27(b)	803,431	803,431
Corporate tax recoverable	11(c)	247,891	261,416
Cash and bank balances	33(c)	317,974	574,471
		10,363, 988	12,682,255
Assets held for sale	24	83,104	-
		10,447,092	12,682,255
Total assets		18,977,011	21,238,406
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28(a)	401,033	401,033
Revaluation reserve		1,047,312	1,000,853
Retained earnings		4,084,789	3,552,805
Exchange translation reserve		15,123	518,747
Equity attributable to owners of the parent		5,548,257	5,473,438
Non-controlling interests	12	265,880	258,124
		5,814,137	5,731,562
Non-current liabilities			
Deferred tax liabilities	29	1,081,677	923,168
Borrowings	30	739,610	1,447,368
Lease liabilities	31	369,077	431,208
Loan due to shareholder	27(c)	166,808	166,808
		2,357,172	2,968,552
Current liabilities			
Bank overdraft	33(c)	224,250	291,694
Borrowings	30	6,119,928	6,876,870
Lease liabilities	31	178,211	206,816
Trade and other payables	32	4,209,866	5,133,664
Corporate tax payable	11(c)	73,447	29,248
		10,805,702	12,538,292
Total equity and liabilities		18,977,011	21,238,406

The financial statements on pages 20 to 90 were approved and authorised for issue by the Board of Directors on 28 April 2025 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 2024

	Note	2024 Shs '000	2023 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	2,384,234	1,727,543
Property, plant and equipment	16	619,369	1,253,465
Intangible assets	17	172	214
Right of use assets	19	215,038	239,382
Investment in subsidiaries	20	405,975	405,975
		3,624,788	3,626,579
Current assets			
Trade and other receivables	26	26,616	34,939
Due from related companies	27(a)	954,100	921,849
Corporate tax recoverable	11(c)	37,919	59,897
Cash and bank balances	33(c)	5,676	2,297
		1,024,311	1,018,982
Total assets		4,649,099	4,645,561
EQUITY AND LIABILTIES			
Capital and reserves			
Share capital	28(a)	401,033	401,033
Revaluation reserve		537,677	537,019
Retained earnings		839,476	791,283
Exchange translation reserve		9,353	2,925
		1,787,539	1,732,260
Non-current liabilities			
Deferred tax liability	29	695,592	685,135
Borrowings	30	-	306,740
Lease liabilities	31	276,294	293,859
		971,886	1,285,734
Current liabilities			
Due to related companies	27(d)	1,202,438	1,260,700
Bank overdrafts	33(c)	8	1,364
Borrowings	30	545,036	247,929
Lease liabilities	31	17,427	14,463
Trade and other payables	32	124,765	103,111
		1,889,674	1,627,567
		4,649,099	4,645,561

The financial statements on pages 20 to 90 were approved and authorised for issue by the Board of Directors on 28 April 2025 and were signed on its behalf by:

N. Ng'ang'a, EBS
Director

V. V. Gidoomal
Director

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	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 2022	401,033	898,195	3,904,902	135,712	5,339,842	264,532	5,604,374
Loss for the year	-	-	(267,285)	-	(267,285)	(6,408)	(273,693)
Other comprehensive income for the period	-	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	401,033	1,000,853	3,552,805	518,747	5,473,438	258,124	5,731,562
At 1 January 2024	401,033	1,000,853	3,552,805	518,747	5,473,438	258,124	5,731,562
Profit for the year	-	-	518,291	-	518,291	7,756	526,047
Other comprehensive loss for the year	-	60,152	-	(503,624)	(443,472)	-	(443,472)
Transfer of excess depreciation	-	(19,561)	19,561	-	-	-	-
Deferred tax on excess depreciation transfer	-	5,868	(5,868)	-	-	-	-
At 31 December 2024	401,033	1,047,312	4,084,789	15,123	5,548,257	265,880	5,814,137

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 YEAR ENDED 31 DECEMBER 2024

	Share capital Shs' 000	Revaluation Reserve* Shs' 000	Retained earnings Shs' 000	Exchange translation reserve** Shs' 000	Total Shs' 000
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
At 1 January 2024	401,033	537,019	791,283	2,925	1,732,260
Profit for the year	-	-	40,941	-	40,941
Other comprehensive income for the year	-	7,910	-	6,428	14,338
Transfer of excess depreciation	-	(10,360)	10,360	-	-
Deferred tax on depreciation transfer	-	3,108	(3,108)	-	-
Dividends paid – 2023	-	-	-	-	-
At 31 December 2024	401,033	537,677	839,476	9,353	1,787,539

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

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

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

CAR & GENERAL (KENYA) PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Shs '000	2023 Shs '000
Cash flows from operating activities			
Net cash generated from operations	33(a)	2,623,167	1,885,755
Corporate tax paid	11(c)	(66,367)	(109,607)
Interest received		35,795	20,763
Interest paid	8	(1,182,319)	(1,259,765)
Net cash generated from operating activities		1,410,276	537,146
Cash flows from investing activities			
Purchase of biological assets	18	(67,964)	(57,824)
Purchase of property, plant and equipment	16	(334,976)	(393,250)
Purchase of intangible assets	17	(1,216)	(38,218)
Shareholders loan to related parties	27(b)	-	(803,431)
Repayment of loan from related parties	27(b)	-	136
Dividend received from an associate	22	-	845,717
Investment in ARC Ride	22	(35,265)	-
Acquisition of subsidiary, net of cash acquired	21	-	(27,877)
Proceeds on disposal of property, plant and equipment		11,460	23,272
Net cash used in investing activities		(427,961)	(451,475)
Cash flows from financing activities			
Repayment of lease liabilities	31	(147,573)	(220,948)
Loans received	33(b)	20,146,018	21,622,889
Loans repaid	33(b)	(20,830,350)	(21,221,781)
Hire - purchase finance	33(b)	8,152	-
Acquisition of subsidiary	21	(295,231)	-
Dividend paid	28(b)	-	(64,165)
Net cash (used in)/generated from financing activities		(1,118,984)	115,995
Net (decrease)/increase in cash and cash equivalents		(136,669)	201,666
Cash and cash equivalents at beginning of the year/period		282,777	57,574
Effects of foreign exchange rate changes		(52,384)	23,537
Cash and cash equivalents at end of the year/period	33(c)	93,724	282,777

CAR & GENERAL (KENYA) PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Shs '000	2023 Shs '000
Cash flows from operating activities			
Net cash generated from operations	33(a)	80,938	407,485
Corporation tax paid	11(c)	(1,706)	(27,806)
Interest paid	8	(102,141)	(121,594)
Net cash (used in)/generated from operating activities		(22,909)	258,085
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(2,848)	(2,380)
Proceeds on disposal of property, plant and equipment		-	476
Net cash used in investing activities		(2,848)	(1,904)
Cash flows from financing activities			
Repayment of lease liabilities	31	(14,601)	(14,161)
Loans received	33(b)	186,831	286,564
Loans repaid	33(b)	(141,279)	(458,116)
Dividend paid	28(b)	-	(64,165)
Net cash generated from/(used in) financing activities		30,951	(249,878)
Net increase in cash and cash equivalents		5,194	6,303
Cash and cash equivalents at the beginning of the year/period		933	(4,938)
Effects of foreign exchange rate changes		(459)	(432)
Cash and cash equivalents at the end of the year/period	33(c)	5,668	933

1. GENERAL INFORMATION

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

The Company shares are listed on the Nairobi Securities Exchange.

2 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 as issued by the International Accounting Standards Board 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 year ended 31 December 2024

Amendments to IFRS 16 – Lease liability in a Sale and Lease back

The amendment became 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.

These amendments had no impact on the financial statements of the Group and Company.

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

The amendment became 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.

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 year ended 31 December 2024 (Continued)

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements (Continued)

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

These amendments had no impact on the financial statements of the Group and Company.

Amendments to IAS 1 – 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.

These amendments had no impact on the financial statements of the Group and Company.

Amendments to IAS 1-Classification of liabilities as current or non-current

The amendment became 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.

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 year ended 31 December 2024 (Continued)

Amendments to IAS 1-Classification of liabilities as current or non-current (continued)

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 2023 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2023 amendments early.

These amendments had no impact on the financial statements of the Group and Company.

ii) Relevant New and revised IFRS Accounting Standards in issue but not yet effective for the year ended 31 December 2024

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 21 - *Lack of Exchangeability*	1 January 2025
IFRS 18 - *Presentation and Disclosure in Financial Statements*	1 January 2027 as earlier adoption permitted
IFRS 19 – *Subsidiaries without Public Accountability Disclosures*	1 January 2027
Amendments to IFRS 7 and 9 – *Amendment to the classification and measurement of financial instruments*	1 January 2026

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 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 IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (issued in May 2024)	The amendments include a new requirement to permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specified criteria are met; and provide clarifications regarding assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features, financial assets with non-recourse features and investments in contractually linked instruments. The IASB also amended the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be applied prospectively. The amendments are not expected to have a material impact on the Group's financial statements.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

ii) Relevant New and revised IFRS Accounting Standards in issue but not yet effective for the year ended 31 December 2024 (Continued)

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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

ii) Relevant New and revised IFRS Accounting Standards in issue but not yet effective for the year ended 31 December 2024 (Continued)

IFRS 19 – Subsidiaries without public Accountability: Disclosures	The IASB issued IFRS 19 that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the IFRS for SMEs Accounting Standard or national accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders. The Group is in the planning phase of determining the impact on the annual financial statements of its qualifying subsidiaries. IFRS 19 will however, not be applicable to the Group's annual financial statements as the Group's equity instruments are publicly traded.

iii) Early adoption of standards

The Group did not early-adopt any new or amended standards in 2024.

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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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).

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.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

When the group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

2 MATERIAL ACCOUNTING POLICIES (Continued)

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.

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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

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.

Intangible assets

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

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets

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

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

Leases

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

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

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

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

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

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

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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

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 year 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 based on the prices of livestock existing in the market less estimated point of sale costs.

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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(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.

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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of Financial assets (Continued)

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.

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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

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.

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).

Provisions

Provisions for restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions for future operating losses are not recognised.

2 MATERIAL ACCOUNTING POLICIES (Continued)

Provisions (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the asset based either on actual cost on specific borrowings or, in the case of general borrowings, based on a weighted average cost.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss.

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 revalued amounts. 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.

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

Key sources of estimation uncertainty (Continued)

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.

Critical judgements in applying the Group's accounting policies

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

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

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

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

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

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

- The intention for the use of the property;
- The proportion of leased space to the owner-occupied space;
- The proportion of rental income to the total income;

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

Critical judgements in applying the Group's accounting policies (Continued)

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

- 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 (2023: 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 service provider - development and acquisition of technology solutions for resale internally and to third parties.
- Manufacturing - manufacture of helmets, plastic components, and motorcycle safety accessories.

(b) Segment revenues and results

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

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	Manufacturing Shs '000	ICT Training and development Shs '000	Total Shs '000
31/12/2024						
Revenue	19,835,951	269,886	563,364	268,422	7,121	20,944,744
Gain in fair value of investment properties	-	71,304	-	-	-	71,304
31/12/2023						
Revenue	25,912,336	225,206	708,580	394,547	-	27,240,669
Gain in fair value of investment properties	-	2,980	-	-	-	2,980

Revenue reported above represents revenue generated from external customers.

No single customer contributed 5% or more to the group's revenue in either 2024 or 2023.

4 SEGMENTAL INFORMATION (Continued)

(b) *Segment revenues and results (Continued)*

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	Financial Services* Shs '000	ICT Training & Development Shs '000	Manufacturing Shs '000	Total Shs '000
31 December 2024							
Earnings before finance cost, depreciation, amortization and							
Kenya	370,797	168,647	-	-	488	9,796	549,769
Uganda	166,761	-	-	-	-	-	166,761
Tanzania	525,386	-	51,417	-	-	-	576,813
Rwanda	(2)	-	-	-	-	-	(2)
Associates	-	-	-	219,769	-	-	219,769
Total	1,063,015	168,647	51,417	219,769	488	9,796	1,513,068
31 December 2023							
Earnings before finance cost, depreciation, amortization and taxation							
Kenya	678,697	204,820	-	-	(7,685)	37,370	913,202
Uganda	177,866	-	-	-	-	-	177,866
Tanzania	570,795	-	(13,082)	-	-	-	557,713
Rwanda	(507)	-	-	-	-	-	(507)
Associates	-	-	-	526,876	-	-	526,876
Total	1,426,851	204,820	(13,082)	526,876	(7,685)	37,370	2,175,150

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

4 SEGMENTAL INFORMATION (Continued)

(c) Segment assets and liabilities

	Trade and workshop Shs '000	Investment properties Shs '000	Poultry Shs '000	ICT Training & Talent Development Shs '000	Manufacturing Shs '000	Total Shs '000
31 December 2024						
Assets	14,361,639	3,656,829	769,335	6,650	182,558	18,977,011
Liabilities	11,351,062	1,469,994	196,531	1,033	144,254	13,162,874
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

(d) Other segment information

31 December 2024						
Cost of sales	17,140,404	-	407,230	4,861	182,204	17,734,699
Expenses - selling and administrative	2,181,300	174,322	148,458	1,788	105,074	2,610,942
Interest expenses	1,056,740	102,141	3,203	-	26,859	1,188,943
Depreciation/amortisation	271,698	42,630	23,797	16	27,147	365,288
31 December 2023						
Cost of sales	22,350,189	-	552,348	-	277,758	23,180,295
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

(e) Geographical information

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

	2024 Shs '000	2023 Shs '000
Kenya	8,815,324	12,891,434
Uganda	1,562,573	1,631,114
Tanzania	10,566,847	12,716,668
Rwanda	-	1,453
	20,944,744	27,240,669

4 SEGMENTAL INFORMATION (Continued)

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

	2024 Shs '000	2023 Shs '000
Non-current assets (excluding deferred tax assets)		
Kenya	6,515,379	6,216,537
Tanzania	1,272,120	1,597,928
Uganda	194,370	227,068
South Sudan	234	1,043
Rwanda	34	56
	7,982,137	8,042,632
Total assets		
Kenya	11,771,300	13,456,539
Tanzania	6,186,762	6,567,607
Uganda	1,000,751	1,190,913
Rwanda	17,943	1,139
South Sudan	255	22,208
	18,977,011	21,238,406
Total liabilities		
Kenya	8,212,832	10,236,456
Tanzania	4,537,448	4,896,100
Uganda	410,499	371,699
Rwanda	2,095	2,589
	13,162,874	15,506,844

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
5 REVENUE				
Trade and workshop	19,835,951	25,912,336	-	-
Poultry	563,364	708,580	-	-
ICT training and development	7,121	-	-	-
Rental income – third parties	269,886	225,206	176,046	225,206
Rental income - internal	-	-	93,840	62,212
Manufacturing	268,422	394,547	-	-
Total	20,944,744	27,240,669	269,886	287,418

	GROUP 2024 Shs '000	GROUP 2023 Restated* Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Restated* Shs '000
6 FINANCE INCOME				
Interest income on related party loans – Watu Group	35,795	20,763	1,024	-

*Details of restatement have been disclosed on note 40.

	GROUP 2024 Shs '000	GROUP 2023 Restated* Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Restated* Shs '000
7 OTHER INCOME				
Gain/(loss) on disposal of property, plant and equipment	2,277	(7,659)	-	381
Management fees	-	52,947	-	52,947
Miscellaneous income *	225,020	157,345	1,929	-
	227,297	202,633	1,929	53,328

*Miscellaneous income mostly relates to marketing support Services offered in Tanzania by Car & General Trading Limited.

	GROUP 2024 Shs '000	GROUP 2023 Restated* Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Restated* Shs '000
8 FINANCE COSTS				
Interest on borrowings	1,134,096	1,185,566	80,466	93,184
Interest expense on lease liability (note 31)	48,223	74,199	21,675	28,410
Net foreign exchange (gains)/losses	(788,520)	943,045	(55,186)	-
	393,799	2,202,810	46,955	121,594

*Details of restatement have been disclosed on note 40.

	GROUP 2024 Shs '000	GROUP 2023 Restated* Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Restated* Shs '000
9 EMPLOYMENT COSTS				
Salaries and wages	1,328,621	1,658,688	37,883	30,037
Retirement benefit costs:				
- Defined contribution scheme	42,864	48,185	3,334	4,492
- National Social Security Fund contribution	47,136	51,207	132	120
Leave pay provision charge	8,324	11,988	1,776	3,414
	1,426,945	1,770,068	43,125	38,063

The average number of persons employed during the year, by category, were:

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Management, sales and distribution	1,189	1,149	64	59

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
10 PROFIT/(LOSS) BEFORE TAXATION				
The profit/(loss) before tax is arrived at after charging:				
Employment costs (note 9)	1,426,945	1,770,068	43,125	38,063
Directors' remuneration - non-Executive	10,193	13,623	10,193	13,623
- Executive	28,070	29,112	28,070	29,112
Auditors' remuneration	20,867	22,887	2,118	960
Depreciation of property, plant and equipment (note 16)	208,272	319,670	18,244	37,622
Amortisation of intangible assets (note 17)	8,158	16,186	42	68
Depreciation of right-of-use asset (note 19)	148,858	283,024	24,344	30,430
Impairment provision relating to trade receivables (note 26)	5,489	(6,950)	-	-
Interest expense on lease liability (note 31)	48,223	74,199	21,675	28,410
Net foreign exchange losses/(gains)	(815,828)	645,126	(47,816)	59,509
(Loss)/gain on disposal of property, plant and equipment	2,277	(7,659)	-	381
Provision for inventory write off	-	46,606	-	-

Auditors' remuneration

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
Statutory audit fees	19,430	21,325	1,689	540
Tax review fees	1,437	1,562	429	420
Total auditors' remuneration	20,867	22,887	2,118	960

11 TAXATION

(a) Taxation charge/credit

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
Current taxation based on taxable income	114,224	23,113	23,684	446
Deferred tax charge/(credit) (note 29)	116,840	(95,551)	7,067	2,699
Deferred tax on tax losses (not previously recognised now recognised)/not recognised (note 29)	-	(9,094)	-	-
Prior year under provision - deferred taxation (note 29)	24,178	6,604	-	-
Taxation charge/(credit)	255,242	(74,928)	30,751	3,145

11 TAXATION (Continued)

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

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

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Profit/(loss) before taxation	781,289	(348,621)	71,692	(44,403)
Tax calculated at the applicable rate	282,654	(108,534)	21,508	(13,321)
Tax effect of share of results of associate and joint venture	(106,258)	(161,831)	-	-
Tax effect of expenses not deductible for tax	67,617	184,146	7,054	13,867
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	1,945	4,687	2,189	-
Effect of difference in tax rate	(14,894)	-	-	-
Prior year under provision - deferred taxation	24,178	6,604	-	-
Taxation charge/(credit)	255,242	(74,928)	30,751	3,145

(c) Corporate tax recoverable/(payable)

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
At beginning of the year	232,168	143,933	59,897	32,537
Charge for the year (note 11(a))	(114,224)	(23,113)	(23,684)	(446)
Paid in the period	66,367	109,607	1,706	27,806
Translation adjustments	(9,867)	1,741	-	-
At end of the period	174,444	232,168	37,919	59,897
This is analysed as:				
Corporate tax recoverable	247,891	261,416	37,919	59,897
Corporate tax payable	(73,447)	(29,248)	-	-
	174,444	232,168	37,919	59,897

12 NON-CONTROLLING INTEREST - GROUP

	2024 Shs '000	2023 Shs '000
At the beginning of the year/period	258,124	264,532
Share of profit/(loss) for the year/period	7,756	(6,408)
At the end of the year/period	265,880	258,124

	2024 %	2023 %
Represented by non-controlling interests in:		
Car & General (Marine) Limited	16	16
Dewdrops Limited	34	34
Progen Company Limited	34	34
BodaPlus Limited	35	35

The above entities are incorporated in Kenya.

13 EARNINGS PER SHARE - GROUP

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

	2024	2023
Profit/(loss) attributable to owners of the company (Shs' 000)	518,291	(267,285)
Weighted average number of ordinary shares	80,206,616	80,206,616
Basic and diluted earnings per share (Shs)	6.46	(3.33)

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:

14 EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION (Continued)

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Profit/(loss) for the year/period	526,047	(273,693)	40,941	(47,548)
Taxation charge/(credit)	255,242	(74,928)	30,751	3,145
Profit/(loss) before tax	781,289	(348,621)	71,692	(44,403)
Finance costs	393,799	2,202,810	46,955	121,594
Net foreign exchange gains/(losses)	(27,308)	(297,919)	7,370	59,509
Depreciation of property, plant and equipment	208,272	319,670	18,244	37,622
Amortisation of intangible assets	8,158	16,186	42	68
Depreciation of right of use asset	148,858	283,024	24,344	30,430
Earnings before finance costs, depreciation, amortization and taxation	1,513,068	2,175,150	168,647	204,820

15 INVESTMENT PROPERTIES

At beginning of the year/period	3,080,743	3,061,437	1,727,543	1,727,892
Reclassification to assets held for sale (Note 24)	(83,104)	-	-	-
Reclassification from property & equipment (Note 16)	-	-	630,000	-
Fair value gain	71,304	2,980	27,500	-
Translation adjustments	(19,209)	16,326	(809)	(349)
At end of the year/period	3,049,734	3,080,743	2,384,234	1,727,543

The fair value of the Group's and Company's investment properties as at 31 December 2024 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.

The carrying value of the investment properties charged as security for loan facilities is Shs 3,050 million (2023: Shs 3,081million) and Shs 2,384 million (2023: Shs 1,728 million) for Group and Company at the end of the year. Details of the outstanding loan facilities are disclosed in note 30.

15 INVESTMENT PROPERTIES - GROUP AND COMPANY (Continued)

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 2024				
New Cargen House	-	-	1,726,500	1,726,500
Shanzu plots	-	1,323,000	-	1,323,000
Juba plot	-	234	-	234
	-	1,323,234	1,726,500	3,049,734
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

Company

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
31 December 2024				
New Cargen House	-	-	1,754,000	2,384,000
C&G Retread House	-	-	590,000	-
Kisumu Property	-	-	40,000	-
Juba plot	-	234	-	234
	-	234	2,384,00	2,384,234
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

15 INVESTMENT PROPERTIES - GROUP AND COMPANY (Continued)

Property	**Valuation technique**	**Significant unobservable inputs**	**Sensitivity**
New Cargen House	Income capitalization method.	Capitalisation rate, taking into account the capitalisation of annual rental income potential, nature of the property, and prevailing market condition and applied a 13.5 Year Purchase ("YP") factor, which effectively translated to a yield of 7.41% (2023: 7.4%).This was based on an analysis of potential or anticipated growth, earning potential, location, risk associated with marketability of the property and the yields realized across the commercial property in Kenya. Occupancy rate of 100% has been applied (2023: 100%) market average 80-90%.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase 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 300M to Shs. 348M per acre (2023: Shs 315M per acre). Warehouse construction costs of Shs 48,050 - Shs 52,200 per square meter (2023: Shs 30,140 - Shs 36,000 per square meter)	A slight increase in the market price used would result in a significant increase in fair value, and vice versa A slight increase in the cost of construction used would result in a significant increase in fair value, and vice versa
Shanzu plots	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 60M weighted average per acre (2023: 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 year.
The income generated from the properties for both group and company are as follows:

	GROUP AND COMPANY	
	2024	2023
	Shs'000	Shs'000
Rental income from investment properties (note 5)	269,886	287,418
Direct operating expense arising from rented out investment property *	(131,686)	(106,930)
	138,200	180,488

*These expenses are recorded together with other administrative expenses.

16 PROPERTY, PLANT AND EQUIPMENT – GROUP (Continued)

	Land and buildings Shs '000	Machinery Shs '000	Furniture, fittings and equipment Shs '000	Motor vehicles Shs '000	Computers Shs '000	Total Shs '000
Cost or valuation						
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
At 1 January 2024	2,497,326	717,325	401,259	405,711	79,004	4,100,625
Translation adjustments	(233,782)	(12,611)	(39,159)	(37,103)	(4,429)	(327,083)
Additions	2,965	234,220	26,987	66,215	4,588	334,976
Transfer to Group Co	-	(5,123)	-	-	-	(5,123)
Disposals	-	(9,947)	(843)	(21,132)	(1,163)	(33,085)
Revaluation surplus	57,291	-	-	-	-	57,291
At 31 December 2024	2,323,800	927,928	388,245	413,691	78,001	4,127,601
Depreciation						
At 1 October 2022	3,354	229,288	138,313	162,127	39,229	572,311
Translation adjustments	4,219	6,065	15,855	19,925	2,764	48,828
Charge for the period	39,349	148,136	38,198	82,034	11,953	319,670
Eliminated on disposals	-	(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
At 1 1 January 2024	12,249	376,672	187,941	247,122	49,905	873,889
Translation adjustments	(3,246)	(7,321)	(20,339)	(22,509)	(2,968)	(56,443)
Charge for the year	16,743	121,963	23,892	39,109	6,565	208,272
Transfer to Group Co	-	(4,063)	-	-	-	(4,063)
Eliminated on disposals	-	(4,622)	(624)	(17,821)	(835)	(23,902)
Write back/off on revaluation	(13,255)	-	-	-	-	(13,255)
At 31 December 2024	12,491	486,692	190,810	245,901	52,667	984,498
Net book value						
At 31 December 2024	2,311,309	441,236	197,435	167,790	25,334	3,143,103
At 31 December 2023	2,485,076	340,653	213,318	158,589	29,099	3,226,735
Net book value (cost basis)						
At 31 December 2024	46,073	441,236	197,435	167,790	25,334	100,442
At 31 December 2023	850,520	340,653	213,318	158,589	29,099	1,592,179

16 PROPERTY, PLANT AND EQUIPMENT – COMPANY (Continued)

	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 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
At 1 January 2024	1,195,000	557	94,854	11,650	1,302,061
Additions	-	-	2,768	80	2,848
Reclassification to investment property	(630,000)	-		-	(630,000)
At 31 December 2024	565,000	557	97,622	11,730	674,909
Depreciation					
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
At 1 1 January 2024	-	488	39,843	8,265	48,596
Charge for the year	11,300	20	6,336	588	18,244
Written back on revaluation	(11,300)	-	-	-	(11,300)
At 31 December 2024	-	508	46,179	8,853	55,540
Net book value					
At 31 December 2024	565,000	49	51,443	2,877	619,369
At 31 December 2023	1,195,000	69	55,011	3,385	1,253,465
Net book value (cost basis)					
At 31 December 2024	587,589	49	51,443	2,877	641,958
At 31 December 2023	599,581	69	55,011	3,385	658,046

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

Assets pledged as security

The carrying value of land and buildings charged as security for loan facilities is Shs 850 million (2023: Shs 895 million) and Shs 611 million (2023: Shs 599 million) for Group and Company respectively at the end of the year. Details of the outstanding loan facilities are disclosed in note 30.

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 2024 by independent valuers, R.R. Oswald Company Limited and Trace Associates Limited, not related to the Group. R.R Oswald & Company Limited are members of the Institute of Surveyors of Kenya and Trace Associates Limited are members of the Institute of Surveyors of Tanzania. The valuers have the appropriate qualifications and recent experience in the fair value measurements of properties in the relevant locations. The valuation conforms to International Valuation Standards (IVS) and Institution of Surveyors of Kenya (ISK) guidelines.

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

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

There has been no change in the valuation technique during the year. Below are the assumptions made by the valuer on the valuation report;

- The valuer applier a YP Factor of 13.5 (effectively, a capitalisation rate of 7.41%) based on an analysis of potential or anticipated growth, earning potential, location, risk associated with marketability of the property and the yields realized across the commercial property in Kenya.

The Valuer assumed that the property's current occupancy rate of 100% is the optimal occupancy rate. Details of the fair value hierarchy for the Group's and Company's property carried at fair value as at 31 December 2024 and 31 December 2023 are as follows:

	Level 1 Shs '000	Level 2 Shs '000	Level 3 Shs '000	Total Shs '000
31 December 2024				
Group				
Land and buildings	-	-	2,311,309	2,311,309
Company				
Land and buildings	-	-	565,000	565,000
31 December 2023				
Group				
Land and buildings	-	-	2,485,076	2,485,076
Company				
Land and buildings	-	-	1,195,000	1,195,000

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

17 INTANGIBLE ASSETS - COMPUTER SOFTWARE

	GROUP Shs '000	COMPANY Shs '000
Cost		
At 1 October 2022	63,903	2,768
Translation adjustments	6,987	-
Additions	38,218	-
Write off	(4,923)	-
At 31 December 2023	104,185	2,768
At 1 January 2024	104,185	2,768
Translation adjustments	(12,802)	-
Additions	1,216	-
At 31 December 2024	92,599	2,768
Amortisation		
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
At 1Jan uary 2024	42,389	2,554
Translation adjustments	(4,392)	-
Charge for the year	8,158	42
At 31 December 2024	46,155	2,596
Net book value		
At 31 December 2024	46,444	172
At 31 December 2023	61,796	214

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

18 BIOLOGICAL ASSETS

Changes in carrying amounts of the biological assets comprise:

	2024	2023
	Shs'000	Shs'000
At start of year/period	52,373	-
Transfer from stock	-	52,273
Increase due to purchases	67,964	57,824
Gains/loss arising from changes in fair value	15,075	(20,294)
Decrease due to sales	(36,205)	(34,406)
Decrease due to mortality	(17,609)	(38,625)
Translation difference	(9,119)	35,601
At end of year/period	72,479	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 2024 (2023: 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	Level 2	Level 3	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Period ended 31 December 2024					
Poultry	Market approach	-	72,479	-	72,479
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;

	2024	2023
	Number	Number
1 - 10 weeks	17,631	16,589
11 - 20 weeks	13,715	15,850
21 - 40 weeks	32,579	8,183
40 weeks and above	15,575	11,751
	79,500	52,373

19 RIGHT OF USE ASSETS

Group

	Buildings Shs '000	Motor vehicles Shs '000	Total Shs '000
Cost:			
At 1 October 2022	833,427	78,545	911,972
Translation adjustment	46,059	-	46,059
Additions	189,779	5,479	195,258
Retirement	(31,551)	-	(31,551)
Modifications/alteration*	(76,472)	(7,546)	(84,018)
At 31 December 2023	961,242	76,478	1,037,720
At 1 January 2024	961,242	76,478	1,037,720
Translation adjustment	(51,487)	-	(51,487)
Additions	79,594	5,479	85,073
Retirement	(6,428)	-	(6,428)
Modifications/alteration*	(76,171)	(7,546)	(83,717)
At 31 December 2024	906,750	74,411	981,161
Depreciation:			
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
Retirement	(22,020)	-	(22,020)
Modifications/alteration*	(53,145)	(5,921)	(59,066)
At 31 December 2023	466,337	55,959	522,296
At 1 January 2024	466,337	55,959	522,296
Translation adjustment	(35,608)	-	(35,608)
Charge for the period	124,822	24,036	148,858
Retirement	(6,428)	-	(6,428)
Modifications/alteration*	(73,174)	(5,921)	(79,095)
At 31 December 2024	475,949	74,074	550,023
Net book value:			
At 31 December 2024	430,801	337	431,138
At 31 December 2023	494,904	20,519	515,423

19 RIGHT OF USE ASSETS (Continued)

Company

	Buildings Shs '000
Cost:	
At 1 January 2024 and 31 December 2024	342,844
Depreciation:	
At 1 October 2022	73,032
Charge for the period	30,430
At 31 December 2023	103,462
At 1 1 January 2024	103,462
Charge for the year	24,344
At 31 December 2024	127,806
Net book value:	
At 31 December 2024	215,038
At 31 December 2023	239,382

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.

20 INVESTMENT IN SUBSIDIARIES - COMPANY

Details of investment	Country of incorporation	2024 % of equity interest	2023 % of equity interest	2024 Shs '000	2023 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%	100%	-	-
Non-wholly-owned subsidiaries					
Car & General (Marine) Limited	Kenya	84%	84%	3,155	3,155
Dewdrops Limited	Kenya	66%	66%	7	7
Progen Company Limited Kenya	Kenya	66%	66%	-	-
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)		Boda Plus		Progen Company Limited		Dewdrops Limited	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Summarised statement of financial position								
Total assets	66,654	66,654	187,541	238,585	1,339,601	1,266,626	1,052,823	1,052,823
Total liabilities	19,108	18,992	140,004	159,539	1,174,115	1,156,194	430,724	430,695
Net assets	47,546	47,662	47,537	79,046	165,486	110,432	622,099	622,128
Non - controlling interests	16%	16%	35%	35%	34%	34%	34%	34%
Summarised statement of profit or loss								
Gain in fair value of investment property	-	-	-	-	73,000	-	-	-
Revenue	-	-	268,422	394,547	8,820	6,750	-	-
Cost of sales	-	-	(182,204)	(277,758)	-	-	-	-
Other income	-	-	1,505	(2,965)	-	-	-	-
Expenses	(116)	(114)	(132,127)	(145,743)	(3,171)	(4,699)	(29)	(29)
Tax	-	-	12,895	6,000	(23,595)	5,636	-	-
(Loss)/profit for the year	(116)	(114)	(31,509)	(25,919)	55,054	7,687	(29)	(29)
Other comprehensive income	-	-	-	-		-	-	-
Total comprehensive (loss)/gain for the year	(116)	(114)	(31,509)	(25,919)	55,054	7,687	(29)	(29)

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 transaction was concluded in the prior year and there were no other acquisitions in the current year.

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

	2023 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	(215,909)
Total identifiable assets acquired and liabilities assumed	445,302
Goodwill	-
Total consideration	445,302
Satisfied by:	
Cash	150,071
Balance payable to CMI Africa Holdings BV	295,231
Total consideration	445,302
Net cash outflow arising on acquisition:	
Cash consideration	150,071
Less: cash and cash equivalent balances acquired	(122,194)
Acquisition of subsidiary, net of cash acquired	27,877

The fair value of the financial assets included 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 was 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 in the prior year when the subsidiary was acquired fully. This transaction was concluded in the prior year and there were no other acquisitions in the current year.

22 INVESTMENT IN ASSOCIATES AND OTHERS - GROUP

i) INVESTMENT IN ASSOCIATES

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	
			2024	2023
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%	28.50%
ARC ride Limited	Assembly and sale of electric bikes	England	0.70%	0.00%

For 2024, the major operations for microfinance services were in Kenya, Tanzania and Uganda. The Group's investment in associates is as follows:

	2024 Shs'000	2023 Shs'000
Watu Holdings Limited (note 22(b))	892,885	952,083
Watu Tuu Limited	276,606	100,957
Nyali Mwenge Limited	34,483	52,522
ARC Ride Limited	35,265	-
	1,239,239	1,105,562

The movement in the investment is as follows:

At the beginning of the period	1,105,562	1,424,403
Dividend received from associates in the year/period	-	(845,717)
Share of profit in the year/period	219,769	526,876
Translation adjustment	(121,357)	-
Investment in the year 2024 – ARC Ride Limited	35,265	-
	1,239,239	1,105,562

22 INVESTMENT IN ASSOCIATES AND OTHERS – GROUP (Continued)

i) INVESTMENT IN ASSOCIATES (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 12 months period ended 31 December 2024 and 15 months period ended 31 December 2023 prepared in accordance with IFRS Accounting Standards.

Associates

	Watu Credit Limited		Watu Holdings Limited		Watu Tuu Limited	
	2024	2023	2024	2023	2024	2023
	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000
Current assets	-	-	27,549,392	33,375,294	4,685,775	3,606,948
Non-current assets	-	-	3,296,483	1,342,149	338,926	165,880
Non - current liabilities	-	-	25,364,517	24,865,288	2,516,943	2,799,961
Current liabilities	-	-	2,402,399	3,057,644	1,323,014	629,921
Cash and cash equivalents	-	-	763,833	670,206	94,355	296,068
Total revenue	-	2,539,264	14,713,605	19,919,179	2,595,328	2,086,793
Profit for the period	-	314,521	328,205	984,934	877,613	336,247
Group's share of profit from associates	-	91,211	45,578	285,631	252,982	97,512
	======	======	======	======	======	======

	Nyali Mwenge Limited	
	2024	2023
	Sh '000	Sh '000
Current assets	-	-
Non-current assets	920,004	406,739
Non - current liabilities	-	-
Current liabilities	7,986,260	212,668
Cash and cash equivalents	21,225	475
Total revenue	3,052,129	5,115,383
Profit for the year/period	16,332	184,288
Group's share of (loss)/profit from associates	(14,336)	52,522
	======	======

22 INVESTMENT IN ASSOCIATES AND OTHERS – GROUP (Continued)

i) INVESTMENT IN ASSOCIATES (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 was swapped with an equivalent shareholding of 8,080,000 shares in Watu Holdings Limited in the prior year.

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

Watu Credit Limited was 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 were swapped with equivalent equity shareholding in Watu Holdings Limited in the prior year.

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 was recognised in the consolidated financial statements:

	2024 Shs '000	2023 Shs '000
At beginning of year/period	-	1,175,105
Share of profit for the year/period	-	91,211
Less: dividend received from associate	-	(845,717)
Associate share swap	-	(420,599)
At end of year/period	-	-

(b) Watu Holdings Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2023: 29%) of the equity holding in Watu Holdings Limited.

Watu Holdings Limited was incorporated in Mauritius in 2021. The principal activities of Watu Holdings Limited is to hold investments and provide micro-credit facilities. The Company has 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 2024 have been used.
- The Group holds 29% (2023: 29%) of the equity shares of Watu Holdings Limited.

22 INVESTMENT IN ASSOCIATES – GROUP (Continued)

i) INVESTMENT IN ASSOCIATES (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:

	2024 Shs '000	2023 Shs '000
At beginning of year/period	952,083	245,853
Share of profit for the year/period	45,576	285,631
Associate share swap	-	420,599
Translation adjustment	(104,774)	-
At end of year/period	892,885	952,083

(c) Watu Tuu Limited

The Group, through Car & General Trading Limited - Kenya, holds 29% (2023: 29%) 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 2024 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:

	2024 Shs '000	2023 Shs '000
At beginning of year/period	100,957	3,445
Share of profit in the year/period	188,527	97,512
Translation adjustment	(12,878)	-
At end of year/period	276,606	100,957

In 2022, the Group invested 104,400 shares in Watu Tuu Limited leading to the total owership by the Group in Watu Tuu Limited to 29%.

22 INVESTMENT IN ASSOCIATES – GROUP (Continued)

i) INVESTMENT IN ASSOCIATES (Continued)

(d) Nyali Mwenge Limited

The Group, through Car & General Trading Limited - Kenya, holds 28.5% (2023: 28.5%) of the equity holding in Nyali Mwenge Limited.

Nyali Mwenge Limited as part of its micro finance services services is a dealer involved in sales of 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 2024 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:

	2024 Shs '000	2023 Shs '000
At beginning of year/period	52,522	-
Purchase of shares	-	-
Share of (loss)/profit in the year/period	(14,334)	52,522
Translation adjustment	(3,705)	-
At end of year/period	34,483	52,522

ii) OTHER INVESTMENT

ARC Ride Limited

In the current year the Group, through Car & General Trading Limited – Kenya invested 0.7% (2023: 0%) of the equity holding in ARC Ride Limited. ARC Ride Limited carries on the business of assembly and sale of electric bikes

	2024 Shs '000	2023 Shs '000
At beginning of year/period	-	-
Purchase of shares	35,265	-
Share of (loss)/profit in the year/period	-	-
At end of year/period	35,265	-

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 acquired the remaining 50% equity on 20 June 2023 from Cummins Africa Holdings BV to convert the JV to a fully owned subsidiary. The joint venture was 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	
			2024	2023
Cummins C&G Holdings Limited	Product Distribution	Mauritius	100%	100%

The joint venture was 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.

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 2024 prepared in accordance with IFRS Accounting Standards.

	2024 Shs '000	2023 Shs '000
Revenue	-	-
Profit for the period before acquisition to subsidiary	-	25,120
Company share of profit before acquisition to subsidiary	-	12,560
The above profit for the period is after charging the following:		
Depreciation	-	17,024

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

	2024	2023
At beginning of the year/period	-	333,594
Share of profit in year/period	-	12,560
Transfer to subsidiary	-	(346,154)
At end of the year/period	-	-

24 NON-CURRENT ASSET HELD FOR SALE

The non-current asset held for sale comprises of the investment property farm No. 17/2 at Ol joro Village, Arusha district council. The conditions for a non-current asset held for sale has been meet and the company is actively searching for a potential buyer.

Assets and liabilities

	2024 Shs '000	2023 Shs '000
Non-current assets held for sale Property, plant and equipment	83,104	-

25 INVENTORIES - GROUP

	2024 Shs '000	2023 Shs '000
Goods in transit and in bond	3,192,896	4,872,208
Finished products	1,716,761	2,078,174
Raw materials, spares and consumables	1,190,400	1,428,671
Work in progress	9,763	12,093
Books and learning materials	1,091	1,091
Inventory provision for obsolescence	-	(46,606)
	6,110,911	8,345,631

During the year, the group inspected inventories for impairment and wrote down the related inventories to their net realisable value, which resulted to a loss provision of Shs Nil (2023 Shs '000' 46,606).

26 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Trade receivables	2,747,943	2,404,286	60,876	65,657
Allowance for expected credit losses	(452,113)	(616,223)	(48,594)	(48,594)
Net trade receivables	2,295,830	1,788,063	12,282	17,063
Prepayments	70,146	92,032	5,156	7,182
Other receivables	517,806	817,211	9,178	10,694
	2,883,782	2,697,306	26,616	34,939

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

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
As at 1 January/1 October	616,223	599,499	48,594	48,594
Translation adjustments	(29,291)	39,027	-	-
Provision for expected credit losses	5,489	(6,950)	-	-
Bad debts write off	(140,308)	(15,353)	-	-
At 31 December	452,113	616,223	48,594	48,594

27 RELATED PARTIES BALANCES AND TRANSACTIONS

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

a) Due from related companies

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Car & General (Automotive) Limited	-	-	(3,544)	(263)
Car & General (Trading) Limited - (Tanzania)	-	-	523	19,809
Car & General (Uganda) Limited	-	-	-	8,058
Progen Company Limited	-	-	35,949	52,273
Sovereign Holdings International Limited	-	-	11,670	11,290
Car & General (Marine) Limited	-	-	18,743	18,628
Car & General (Engineering) Limited	-	-	15,366	15,227
Dewdrops Limited	-	-	274,454	274,425
Cummins C&G Holdings Limited	-	-	589,532	521,318
Bodaplus	-	-	7,079	1,079
Kibo Poultry Products Limited	-	-	5	5
NIIT C&G Training Limited	-	-	4,323	-
	-	-	954,100	921,849

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

b) Loan due from related companies

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Watu Credit Limited	803,431	803,431	-	-

The loan to related company above is denominated in Kenya Shillings. The loan is repayable within 12 months of the financial year.

c) Loan due to a related party

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Due to a minority interest shareholder	166,808	166,808	-	-
Due to Related parties - Watu Credit limited	148,997	149,150	-	-

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.

The loan from Watu Credit Limited above attracts interest at the rate of 18%(2023: 18%) per annum. The loan is repayable within 12 months.

27 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

d) Due to related companies

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
Cummins C&G Holdings Limited	-	-	17,623	-
Car & General (Trading) Limited – Kenya	-	-	1,181,727	1,257,464
Car & General (Industries) Limited	-	-	2,956	3,072
Car & General (Rwanda) Limited	-	-	132	164
	-	-	1,202,438	1,260,700

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

e) Related party transactions

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

	GROUP 2024 Shs '000	GROUP 2023 Shs '000	COMPANY 2024 Shs '000	COMPANY 2023 Shs '000
Management fees				
Cummins C&G Holdings Limited	52,691	52,947	52,691	52,947
Rental income				
Car & General (Trading) Limited - (Kenya)	41,149	48,072	41,149	48,072
Sale of goods and service				
Nyali Mwenge Limited	2,645,723	2,423,559	-	-
Interest income				
Interest income on related party loans – Bodawerk International Limited	13,922	13,496	1,024	-
Nyali Mwenge Limited	21,873	7,267	-	-

Compensation of key management personnel

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

	2024 Shs '000	2023 Shs '000
Salaries and other benefits to key management	468,120	500,753
Directors' remuneration		
Executive Director	28,070	29,112
Non-Executive Directors	10,193	13,623
	38,263	42,735

27 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

(e) Related party transactions (continued)

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

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

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Borrowings repaid	1,612,356	1,752,959	18,884	37,199
Borrowings received	1,293,194	2,546,107	12,903	47,473
Interest paid on related company loans (Banks)	265,768	176,760	1,492	1,836
Interest paid on Directors' loans	23,238	33,778	20,565	33,514
Loan balance – Directors	252,261	325,666	226,105	295,934
Loan balance - Banks	1,092,784	1,416,489	4,293	10,274
Overdraft balance - Banks	187,496	131,926	8	381

28(a) SHARE CAPITAL - GROUP AND COMPANY

	2024	2023
	Shs '000	Shs '000
Authorised:		
82,103,308 (2023: 82,103,308) ordinary shares of Shs 5 each	410,517	410,517
Issued and fully paid:		
80,206,616 (2023: 80,206,616) ordinary shares of Shs 5 each	401,033	401,033

	2024		2023	
	Number of shares	Shs '000	Number of shares	Shs '000
At the beginning of the year	80,206,616	401,033	80,206,616	401,033
Bonus share issue	-	-	-	-
At the end of the year	80,206,616	401,033	80,206,616	401,033

28(b) DIVIDENDS

	2024 Shs '000	2023 Shs '000
Amounts proposed as distributions to equity holders in the year:		
Proposed dividends	64,165	-

The directors recommend the declaration of a first and final dividend for the year of Shs. 64,165,293 (2023: Shs Nil) which is equal to Shs. 0.80 per share based on issued share capital of 80,206,616 shares of Shs 5 each.

29 DEFERRED TAXATION

Deferred income tax is calculated using the enacted income tax rate of 30% (2023: 30%). The deferred income tax liability/(asset) is made up as follows:

	GROUP		COMPANY	
	2024 Shs '000	2023 Shs '000	2024 Shs '000	2023 Shs '000
Other provisions	(47,697)	(214,076)	(35,283)	(21,541)
Tax losses	(410,787)	(153,995)	-	-
Unrealised exchange differences	124,132	3,935	8,990	1,624
Accelerated capital allowances	37,597	26,219	(10,039)	(5,186)
Provision for expected credit losses	(164,725)	(164,725)	(45,778)	(45,858)
Fair value gain on investment property	529,439	452,546	400,424	400,841
Revaluation surplus on property, plant and equipment	465,936	459,745	377,278	355,255
Net deferred tax liability	533,895	409,649	695,592	685,135
Presented in the statement of financial position as follows:				
Deferred tax asset	(547,782)	(513,519)	-	-
Deferred tax liability	1,081,677	923,168	695,592	685,135
	533,895	409,649	695,592	685,135
The movement on the deferred tax account is as follows:				
At start of year/period	409,649	516,716	685,135	671,873
(Credit)/charge to profit or loss (note 11(a))	116,840	(95,551)	7,067	2,699
Deferred tax on revaluation surplus of property	10,394	10,500	3,390	10,500
Deferred tax on tax losses not previously recognised	-	(9,094)	-	-
Prior year under provision	24,178	6,604	-	-
Translation difference	(27,166)	(19,526)	-	63
At end of year/period	533,895	409,649	695,592	685,135

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 2024, the Group had tax losses amounting to Shs 518 million (2023: Shs 513 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.

30 BORROWINGS

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Loans – working capital loans	3,508,763	2,594,076	4,293	306,740
Related party loans	148,997	149,150	-	-
Import loans	3,193,626	5,578,767	540,743	247,929
Hire purchase finance	8,152	2,245	-	-
Bank overdrafts	224,250	291,694	8	1,364
	7,083,788	8,615,932	545,044	556,033
Presented in the statement of financial position as follows:				
Non-current liability	739,610	1,447,368	-	306,740
Current liability	6,344,178	7,168,564	545,044	249,293
	7,083,788	8,615,932	545,044	556,033
Maturities of amounts included in loans is as follows:				
Within one year	6,344,178	7,168,564	545,044	249,293
Between two and five years	739,610	1,447,368	-	306,740
	7,083,788	8,615,932	545,044	556,033
Analysis of borrowings by currency				
Borrowings in USD	3,968,132	4,219,393	226,106	295,933
Borrowings in KShs	2,908,818	4,218,447	318,938	260,100
Borrowings in TZS	206,838	178,092	-	-
	7,083,788	8,615,932	545,044	556,033
Analysis of borrowings by security				
Secured borrowings	4,812,245	6,311,149	4,292	11,638
Unsecured borrowings	2,271,543	2,304,783	540,752	544,395
	7,083,788	8,615,932	545,044	556,033

Included in loans are unsecured loans advanced to the Group amounting to Shs 252 million (2023: Shs 325 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 20% 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.

30 BORROWINGS (Continued)

Interest rates

The effective interest rates at end of year were as follows:

	2024	2023
Bank overdrafts	18.18%	15.73%
Loans		
Loans in Kshs	18.30%	17.38%
Loans in USD	10.64%	8.58%
Loans in TZS	13.13%	13.40%
Loans in Ush - base rate set by the bank from time to time at a minimum of 8% plus 0.75%		
Hire purchase facility	19.16%	17.50%

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 - Kenya, 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) PLC, Car & General (Trading) Ltd – Kenya 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) PLC, ranking pari passu with the debenture created in favour of Standard Chartered Bank Kenya Limited.
- A legal charge for Shs 510,000,000 over land and buildings located on LR No. 209/8319, LR No. 209/8320, LR No. 209/8321 and LR No. 37/273 ranking pari passu to the legal charge created in favour of Standard Chartered Bank Kenya Limited.
- A first legal charge for Shs 63,000,000 over land and building on KSM/MUN/Block 3/7 registered in the name of Car & General (Kenya) Plc.

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

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

Undrawn facilities

At the end of the reporting period, the Group had undrawn committed borrowing facilities amounting to Shs 1,484 million (2023: Shs 963 million).

31 LEASE LIABILITIES

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
At beginning of year/period	638,024	704,160	308,322	322,483
Additions	85,073	145,128	-	-
Modifications/alterations*	((8,939)	(32,118)	-	-
Interest expense on lease liabilities	48,223	74,199	21,675	28,410
Interest paid	(48,223)	(74,199)	(21,675)	(28,410)
Lease payments	(147,573)	(220,948)	(14,601)	(14,161)
Translation adjustment	(19,297)	41,802	-	-
At end of year/period	547,288	638,024	293,721	308,322
Maturity analysis				
Year 1	217,033	206,816	37,945	36,138
Year 2	143,411	146,409	39,842	37,945
Year 3	95,665	95,152	41,834	39,842
Year 4	66,504	59,768	43,926	41,834
Year 5	57,328	30,813	46,122	43,926
Year 6 and onwards	129,315	274,749	194,546	240,668
Undiscounted lease payments at the end of the year/period	709,256	813,707	404,215	440,353
Less unearned interest	(161,968)	(175,683)	(110,494)	(132,031)
	547,288	638,024	293,721	308,322
Analysed as:				
Current	178,211	206,816	17,427	14,463
Non-current	369,077	431,208	276,294	293,859
	547,288	638,024	293,721	308,322

* 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	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Depreciation of right-of-use asset	148,858	283,024	24,344	30,430
Interest expense on lease liabilities	48,223	74,199	21,675	28,410

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

The total cash outflow for leases in the year for Group and Company was Shs 148 million (2023: KShs 220 million) and Shs 14.6 million (2023: Shs 14 million) respectively that related to principal portion of lease payments and interest expense on the leases.

32 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Trade payables	2,957,046	3,573,499	51,110	43,801
Accruals	362,357	430,899	39,736	17,568
Other payables	890,463	1,129,266	33,919	41,742
	4,209,866	5,133,664	124,765	103,111

33 NOTES TO THE STATEMENT OF CASH FLOWS

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

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
Profit/(loss) before taxation	781,289	(348,621)	71,692	(44,403)
Adjusted for:				
Gain in fair value of investment properties (note 15)	(71,304)	(2,980)	(27,500)	-
Depreciation of property, plant and equipment (note 16)	208,272	319,670	18,244	37,622
Amortisation of intangible assets (note 17)	8,158	16,186	42	68
Depreciation of right of use asset (note 19)	148,858	283,024	24,344	30,430
Effect of lease modifications on right of use asset (note 19)	4,622	34,483	-	-
Effect of lease modifications on lease liability	8,939	32,118	-	-
(Gain)/loss on disposal of property, plant and equipment	(2,277)	7,659	-	(381)
Loss on write off - intangible assets	-	1,603	-	-
Loss arising from change in fair value (Note 18)	(15,075)	20,294	-	-
Decrease in value of biological assets due to sales (note 18)	36,205	34,406	-	-
Decrease in value of biological assets due to mortality (note 18)	17,609	38,625	-	-
Transfer of biological assets from inventories	-	(52,273)	-	-
Interest on borrowings (note 8)	1,134,096	1,185,566	80,466	93,184
Interest expense on lease liability (note 8)	48,223	74,199	21,675	28,410
Interest income (note 27e)	(35,795)	(20,763)	(1,024)	-
Unrealised exchange on borrowings (note 33(b))	(788,520)	943,045	(55,186)	-
Share of profit in associates and others	(219,769)	(526,876)	-	-
Effect of acquisition through business combinations (note 21)	-	295,231	-	-
Effect of exchange rate on foreign operations	(60,041)	-	8,721	-
	1,203,490	2,334,596	141,474	144,930
Movements in working capital items:				
Inventories	2,234,720	(804,707)	-	-
Trade and other receivables	(186,476)	(823,768)	8,323	14,529
Net movement in related company balances	-	(286,139)	(90,513)	265,877
Trade and other payables	(628,567)	1,465,773	21,654	(17,851)
Net cash generated from operations	2,623,167	1,885,755	80,938	407,485

33 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

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

	GROUP		COMPANY	
	2024	2023	2024	2023
	Shs '000	Shs '000	Shs '000	Shs '000
At the beginning of the year/period	8,324,238	6,980,085	554,670	726,222
Loan received	20,146,018	21,622,889	186,831	286,564
Loan repayments	(20,830,350)	(21,221,781)	(141,279)	(458,116)
Hire purchase facility	8,152	-	-	-
Exchange differences	(788,520)	943,045	(55,186)	-
At the end of the year/period	6,859,538	8,324,238	545,036	554,670

(c) Analysis of cash and cash equivalents

Cash and bank balances	317,974	574,471	5,676	2,297
Bank overdrafts (note 30)	(224,250)	(291,694)	(8)	(1,364)
	93,724	282,777	5,668	933

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

34 CAPITAL COMMITMENTS

	2024	2023
	Shs '000	Shs '000
Authorised and contracted for	16,433	71,954

35 CONTINGENT LIABILITIES

(a) Guarantees

Group		
Sundry bank guarantees	140,451	139,875
Company		
Guarantees in respect of bank facilities for subsidiaries	5,703,467	7,498,290
Sundry bank guarantees	6300	6,300
	5,709,767	7,504,590

(b) Litigation:

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

35 CONTINGENT LIABILITIES (Continued)

(c) Tax matters:

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

In reference to the prior years assessments;

Assessment relating to customs 3-Wheeler tariff classification for the period January 2022 to January 2023 amounting to Ksh 224million. The case is currently at the high court and the Ruling will be on 26 September 2025.

Assessment relating to interest restriction as introduced in the Finance Act 2022. The assessment was based on 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 pursuit to section 16(2)(J) of the income tax Act, Chapter 470 of the laws of Kenya. The matter is currently at the high court and the ADR engagement is also ongoing.

Kenya Revenue Authority also conducted a transfer pricing audit in the prior year 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.

36 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:

	2024 Shs '000	2023 Shs '000
Within one year	174,374	182,294
In the second to fifth year inclusive	749,875	806,761
	924,249	989,055

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.

37 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	
	2024	2023	2024	2023
	Shs'000'	Shs'000'	Shs'000'	Shs'000'
Equity	5,964,015	5,731,562	1,973,706	1,732,260
Total borrowings	7,083,788	8,615,932	545,044	556,033
Less: cash and bank balances	(317,974)	(574,471)	(5,676)	(2,297)
Net debt	6,765,814	8,041,461	539,368	553,736
Gearing Ratio	113%	140%	27%	32%

The Directors are aware of the gearing ratio due to import financing in form of letters of credit and unsecured borrowings arising from the purchase of inventory, this has reduced year on year. 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.

38 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.

38 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

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 2024	**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)	2,747,943	(452,113)	2,295,830
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	803,431	-	803,431
Bank balance	Performing	Lifetime ECL not credit-impaired	317,974	-	317,974
			3,869,348	(452,113)	3,417,235

38 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

Group (Continued)

	Internal/ external rating	Lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net carrying amount Shs'000
31 December 2023					
Trade receivables	Investment grade	Lifetime ECL (simplified approach - SPPI)	2,404,286	(616,223)	1,788,063
Loan due from related company	Performing	Lifetime ECL not credit-impaired	803,431	-	803,431
Bank balance	Performing	Lifetime ECL not credit-impaired	574,471	-	574,471
			3,782,188	(616,223)	3,165,965

Company

	Internal/ external rating	Lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net carrying amount Shs'000
31 December 2024					
Trade receivables	Investment grade	Lifetime ECL (simplified approach - SPPI)	60,876	(48,594)	12,282
Due from related companies	Performing	Lifetime ECL not credit-impaired	1,058,191	(104,091)	954,100
Bank balance	Performing	Lifetime ECL not credit-impaired	5,676	-	5,676
			1,124,743	(152,685)	972,058
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

38 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (Continued)

	Trade and other receivables	Bank balances	Due from related companies	Total
Group				
At 1 October 2022	599,499	-	-	599,499
Translation adjustments	39,027	-	-	39,027
Increase in loss allowance in the period	(4,064)	-	-	(4,064)
Bad debt write off/(write back)	(15,353)	-	-	(15,353)
At 31 December 2023	616,223	-	-	616,223
At 1 1 January 2024	616,223	-	-	616,223
Translation adjustments	(29,291)	-	-	(29,291)
Decrease in loss allowance in the year	5,489	-	-	14,670
Bad debt write back	(140,308)	-	-	(140,308)
At 31 December 2024	452,113	-	-	461,294
Company				
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
At 1 1 January 2024	48,594	-	104,091	152,685
Increase in loss allowance in the year	-	-	-	-
At 31 December 2024	48,594	-	104,091	152,685

38 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 2024						
Liabilities						
Trade payables	1,234,780	1,368,688	353,578	-		2,957,046
Borrowings	1,230,645	2,688,920	2,198,506	965,717	-	7,083,788
Lease liabilities	-	-	217,033	200,940	168,583	586,556
Loan due to related party	-	-	-	166,808	-	166,808
Total financial liabilities	2,465,425	4,057,608	2,769,117	1,333,465	168,583	10,794,198
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

38 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Company

31 December 2024

	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	51,110	-	-	-	-	51,110
Borrowings	75,944	218,130	24,863	226,107	-	545,044
Lease liabilities	-	-	37,945	171,724	84,052	293,721
Due to related parties	-	-	1,202,438	-	-	1,202,438
Total financial liabilities	127,054	218,130	1,265,246	397,831	84,052	2,092,313

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

38 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 2024	USD Shs'000	EURO Shs'000	INR Shs'000	RWF Shs'000	JPY Shs'000	GBP Shs'000	ZAR Shs'000
Assets							
Bank and cash balances	65,586	11	-	-	-	9	-
Trade and other receivables	224,002	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	-	-
	289,588	11	-	-	-	9	-
Liabilities							
Trade and other payables	1,668,503	15,169	585,580	-	89,893	-	126,400
Borrowings	3,968,132	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	-	-
	5,636,635	15,169	585,580	-	89,893	-	126,400
Net exposure	(5,347,047)	(15,158)	(585,580)	-	(89,893)	9	(126,400)
31 December 2023							
Assets							
Bank and cash balances	297,334	11	-	23	-	11	-
Trade and other receivables	139,349	444	-	8,378	-	3,725	-
Due from related parties	-	-	-	1,384	-	-	-
	436,683	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	(5,518,442)	(44,889)	-	9,785	(157,771)	(77,069)	-

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.

38 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity analysis (continued)

Profit or loss

	2024 Shs '000	2023 Shs '000
USD	(534,705)	(551,844)
ZAR	(12,640)	-
JPY	(8,989)	(15,777)
RWF	-	979
GBP	1	(7,707)
EURO	(1,516)	(4,489)
INR	(58,558)	-
	(616,407)	(578,838)

(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.

	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 2024						
Financial assets						
Bank balances	317,974	-	-	-	-	317,974
Financial liabilities						
Borrowings	(1,230,645)	(2,688,920)	(2,198,506)	(965,717)	-	(7,083,788)
Interest sensitivity gap	(912,671)	(2,688,920)	(2,198,506)	(965,717)	-	(6,765,814)
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)

38 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.

	2024	**2023**
	Shs'000	**Shs'000**
	Effect on profit	**Effect on profit**
+1% Movement	(67,658)	(80,415)
-1% Movement	67,658	80,415
	=======	=======

(iii) Price risk

As at 31 December 2024, the group did not hold financial instruments that are subject to price fluctuations.

39 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

40 RESTATEMENT OF COMPARATIVES DUE TO RECLASSIFICATION

In the previous year, demurrage and storage costs had been classified separately under other costs on the statement of profit or loss and other comprehensive income instead of presenting the same under cost of sales line. This had resulted to understatement of cost of sales and overstatement of other costs by Shs. 180,859,000. Interest income on related party loans had been presented within other income on the statement of profit or loss and other comprehensive income instead of presenting the same separately as finance income as required by IAS 1.85. This had resulted to understatement of finance income and overstatement of other income by Shs. 20,763,000. Net foreign exchange losses/(gains) arising from normal business operations (trade payables, receivables etc) had been classified under finance costs on the statement of profit or loss and other comprehensive income instead of presenting the same separately within income from operations as required by IAS 21.52 (a). This had resulted to overstatement of finance costs and understatement of income from operations by Shs. 297,919,000 for the group and Shs. 59,509,000 for the company.

The correction has now been made in the comparative figures in these financial statements within the statement of profit or loss and other comprehensive income.

The effect of the restatement in the statement of profit or loss and other comprehensive income is as below:

For the year ended 31 December 2023	**Balance as previously stated**	**Adjustment for restatement**	**Restated**
Group:	**KShs '000'**	**KShs '000'**	**KShs '000'**
Cost of sales	(22,999,436)	(180,859)	(23,180,295)
Other costs	(180,859)	180,859	-
Other income	223,396	(20,763)	202,633
Finance income	-	20,763	20,763
Finance costs	(1,904,891)	(297,919)	(2,202,810)
Net foreign exchange gains/(losses)	-	297,919	297,919
Company:			
Finance costs	(181,103)	59,509	(121,594)
Net foreign exchange gains/(losses)	-	(59,509)	(59,509)

We have updated disclosure notes on investment property note 16 relating to significant unobservable inputs and its sensitivity in line with IFRS 13 to include details on the basis on which capitalisation rate was computed on, and the occupancy rates applied during valuation of the investment property. These details had not been disclosed in the prior year financial statements.

41 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

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

42 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.