INTERGRATED REPORT

2022

PUBLIC NOTICE:
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the eighty third (83rd) Annual General Meeting of Car & General (Kenya) Plc (the Company) will be held virtually at the Company's Registered Office, New Cargen House, Lusaka/Dunga Road, Industrial Area, Nairobi via electronic means on Thursday, 23rd March, 2023 at 10.00 a.m., to conduct business detailed below.

Shareholders will be able to attend, register for, access the information pertaining to the Audited Financial Statements for the year ended 30th September 2022, vote electronically in person or by proxy and follow the meeting in the manner detailed in the Notes below. Shareholders may ask questions in advance of the meeting as detailed in the Notes below.

A copy of this notice and the documents stated herein can be accessed on the Company's website at https://www.cargen.com/

All resolutions will be conducted by way of a Poll.

Ordinary Business

1. To receive the Directors' Report and audited financial statements for the year ended 30th September 2022.

2. To receive and approve the Directors' Remuneration Report and Policy for the financial year ended 30th September 2022.

3. To approve a final dividend of KShs 0.80 per share as recommended by the Directors.

4. To elect Directors:

- Mr N Ng'ang'a who retires by rotation and, being eligible, offers himself for re-election.

- Mr P Shah who retires by rotation and, being eligible, offers himself for re-election.

5 To appoint the Audit Committee:

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

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

Special Business

7. To consider and if thought fit pass the following resolution as an Ordinary Resolution:

"That the Financial Year end of the Company be and is hereby changed from 30th September to 31st December with immediate effect."

By Order of the Board

Conrad Nyukuri
Secretary

27th February 2022

Notes:

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

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

c) Shareholders wishing to participate in the meeting should register for the AGM by dialing *483*903# for all networks and following the various prompts regarding the registration process. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders (whether in Kenya or outside) should dial the following helpline number: (+254) 709 170 000/012 from 9:00 a.m. to 3:00 p.m. from Monday to Friday.

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

Shareholders with email addresses will also receive a registration link via email.

d) Registration for the AGM opens on 6th day of March, 2023 at 9:00 am and will close on Tuesday 21st March, 2023 at 11.00 am Shareholders will not be able to register after Tuesday 21st March, 2022 at 11.00 am.

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

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

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

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

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

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

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

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

All questions and clarification must reach the Company on or before Tuesday 21st March, 2023 at 11:00 am.

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

g) In accordance with Section 298(1) of the Companies Act, shareholders are entitled to attend and vote at the AGM and are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website via this link: http://www.cargen.com Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street. A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to info@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than Wednesday 22nd March, 2023 at 11:00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Wednesday 22nd March, 2023 at 11.00 am. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 22nd March, 2023 to allow time to address any issues.

h) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting.

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

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

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

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

FINDINGS AND RECOMMENDATIONS ON CAR & GENERAL PLC CORPORATE GOVERNANCE ASSESMENT FOR THE FINANCIAL YEAR 2021

Car & General (Kenya) Plc duly submitted its Corporate Governance self-assessment report for the period ended September 30, 2021 to the Capital markets Authority.

The Authority identified C&G's governance and sustainability strengths and weaknesses and shared the findings and recommendations on areas of improvement with the Company.

Good governance is an invaluable asset for any issuer of securities. The Code seeks to promote the practical entrenchment of good governance and continuous improvement. Car & General is committed to implementing the recommendations.

The Company needs to do the following amongst the raised recommendations by the CMA. On commitment to good corporate governance, C&G should ensure that all Directors, CEO and Management are fully aware of the Code. On Board operations and control, the Board should fast track the review, approval and implementation of the policy limiting the number of board positions each member may hold at one time.

There should also be an annual assessment of the the independence of the independent Board members. The Company clearly illustrates how it ensures a smooth transition of Board members. The Board should conduct its evaluation and include the outcome in the annual report. Lastly, all members should participate in corporate governance training as per the Code.

Car and Genral Plc has established a formal dispute resolution process. The Company has incorporated sustainability risks and opportunities, performance on ethics are assessed and not only monitored but also disclosed.

On accountability, risk management and internal control, Car and Genral Plc has established and reviewed the adequacy and integrity of the internal board control system and also disclosed details of audit committee activities in the annual report.

Overall weighted score (Leadership rating) for the year stood at 76%.

Contents

CORPORATE INFORMATION

Cargen Overview

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

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

Car & General Plc has opened doors to many by being passionate about social investment in communities that we serve. We enable entrepreneurship for sustainable and inclusive economic growth and development of our nations, nurturing creativity and innovation that enable us do things better and differently everyday.

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

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

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

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

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

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

Our Vision

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

Our Mission

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

Core Values at Cargen

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

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

Our Disciplines

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

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

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

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

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

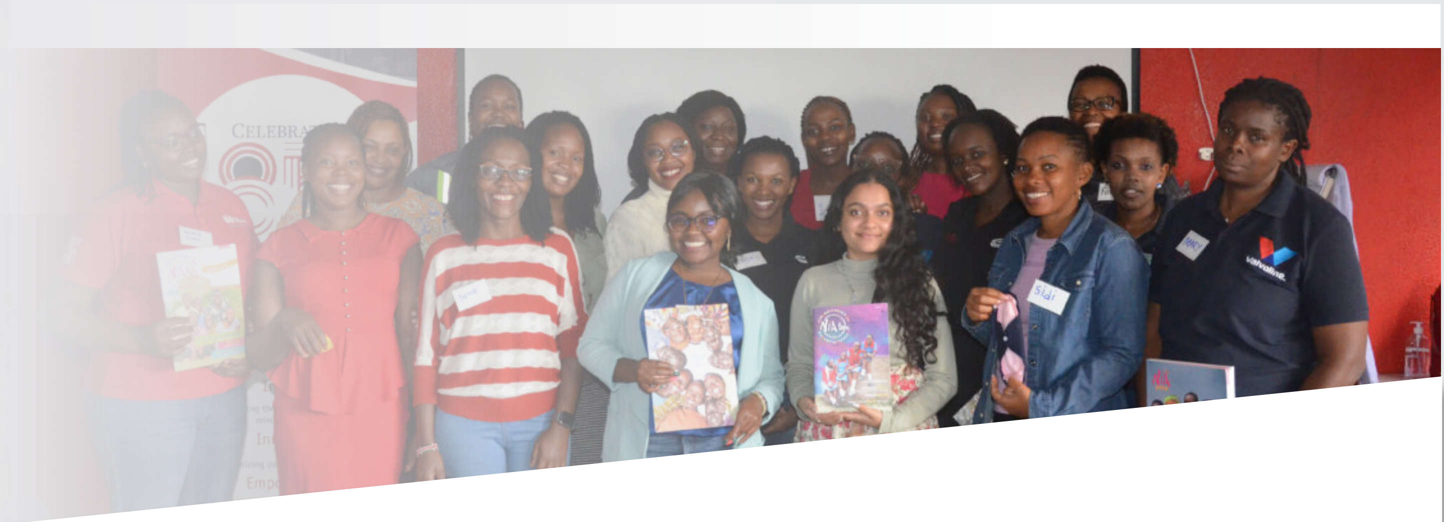
Cargen Strengths

- Diversified portfolio – equipment, consumer lines.
- Governance - regulated by Nairobi Securities Exchange and Capital Markets Authority.
- Quality Brands with high market share growth potential.
- Robust Infrastructure and network.
- Solid investment property and finance base.
- Good partnerships with principals.
- Good team in place – 1 team.
- Good culture (Innovation) - No 1, day 1 mentality.
- Access to finance.
- Strong Digitization.

The Future

- Lead E-Mobility – Products and infrastructure.
- Invested in EV companies in Kenya and Uganda.
- Exploring solar power.
- Localization – Several two-wheeler and three -wheeler parts are local.
- Bodaplus Limited to grow beyond East Africa.
- Local assembly for two and three wheeler.
- Make Watu Africa a continental player.
- Real estate – cautious about future projects.

3500+ Employees
7 Countries
Over 25 Branches
60+ Million
Satisfied customers



KEY CARGEN HIGHLIGHTS

Launch of Piaggio NXT in Mombasa

24 November 2022

Launch of TVS 125 Gold in Nairobi

27 May 2022

Launch of Cargen Tech-Up PGM Training Program

28 April 2022

Relaunched the Management Trainee Program

1 April 2022

Gold Winner for Retail in Automotive Digital transformation

25 November, 2022

Won the E-Commerce Award for Automotive On-line Shop

10 June 2022

Team Building for Finance

2 April 2022

Team Building for Cummins

12 November

Ecommerce Award

CORPORATE INFORMATION

Management Team

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

Board of Directors

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

Secretary

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

Registered Office

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

Auditors

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

Legal Advisor

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

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

Report prepared by Car & General Plc and Verde Afrika LLP

ABOUT OUR REPORT

Scope and Boundary

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

The report covers the performance of Car & General (Kenya)Plc for the year ended 30 September 2022. It provides users with information about how we create and sustain value, how we engage with our stakeholders, our material matters, strategy and corporate governance, sustainability stewardship and financial performance.

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

Framework

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

Materiality

We consider material matters as anything positive or negative that may affect the ability of the group to create and sustain value to our stakeholders in the short, medium, and long-term. Material matters at Car & General are generally described as risks and opportunities. Our reporting focuses on those material matters that have or may have the significant impact on the Group's social, environmental and financial performance.

Assurance

The Financial statements and all other information that require assurance have been audited by Deloitte & Touche. More information on this is provided in the financial statement section pages 78 - 165.

Approval

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

N. Ng'ang'a, EBS
Chairman

V. V. Gidoomal
CEO

CELEBRATING

YEARS

CARGEN IN SOCIETY

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

Our objective is to build an organization for the future and that is why we sustain our competitive advantage through improving innovation every day.

This will ensure that we develop valuable, rare and inimitable actions that will keep us ahead of the game. The goal is to achieve our present objectives without compromising our ability to meet our future needs.

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

Tree planting

Eye Clinic Program

Blood Donation

Engine donation to technical colleges

Water Pans at the Kenyan Coast

Training of private garage mechanics

OUR HISTORY OF
MAKING CUSTOMERS SMILE

Incorporated in 2020, BodaPlus Ltd is the first complete Motorcycle Helmet manufacturing plant in East Africa. We offer a range of two-wheeler helmets and motorcycle safety accessories to the East African Market.

2020/2021

Completed the Nairobi Mega. Car & General's real estate venture along Uhuru highway.

2020

Signed a joint venture with Cummins Inc. to form Cummins C&G Limited. Acquired a stake in Watu Credit Limited.

2017

Car & General ventured into new product lines. Introduced two wheelers and three wheelers as taxis in East Africa, and took over Cummins distributorship in Kenya.

2003

Car & General becomes a distributor of Cummins in Uganda and Tanzania before spreading to the larger East African region in 2006

2005

Car & General launched the TVS motorcycle assembly plant in Nakuru. Acquired the dealership of Kubota tractors, Toyota, BT forklifts, and lifting equipment. Took on Doosan construction equipment

2013

Car & General moved from Uhuru Highway to new premises along Lusaka Road.

1997

There was change in the company's revenue base in 1996 that saw gradual introduction of new products, marking a new journey of re-invention.

1996

Branch offices in Dar-es-Salaam and Kampala were formed into separate subsidiaries – Car & General (Tanzania) Limited and Car & General (Uganda) Limited respectively. In 1964, Car & General founded Kibo Poultry Products Limited in Tanzania. The farm produces day old chicks from Moshi. 1966, Car & General changed its name to Car & General (Kenya) Limited.

1960's

Established as Car & General Equipment Limited in Nakuru before relocating to Nairobi in 1937. Our initial objectives were to import and distribute automotive parts, white goods and re-treading.

1936

Introduced tyre re-treading and was actually one of the pioneers of local industry

1941

Quoted on the Nairobi Securities Exchange.

1950

Consumer **Business**

PIAGGIO

Three-wheelers

TVS

Motorcycles, Three-wheelers and Accessories

BRIGGS&STRATTON

Generators, Lawnmowers, Water pumps and Engines

MRF

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

MOTOROL

Motorcycle and Three-wheeler Lubricants

GARMIN

Fitness watches and GPS devices

Equipment Business

Kubota

Tractors and Implements

TOYOTA
INDUSTRIAL EQUIPMENT

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

Ingersoll Rand

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

DOOSAN

Excavators, Wheel loaders, Articulated dump trucks and Attachments

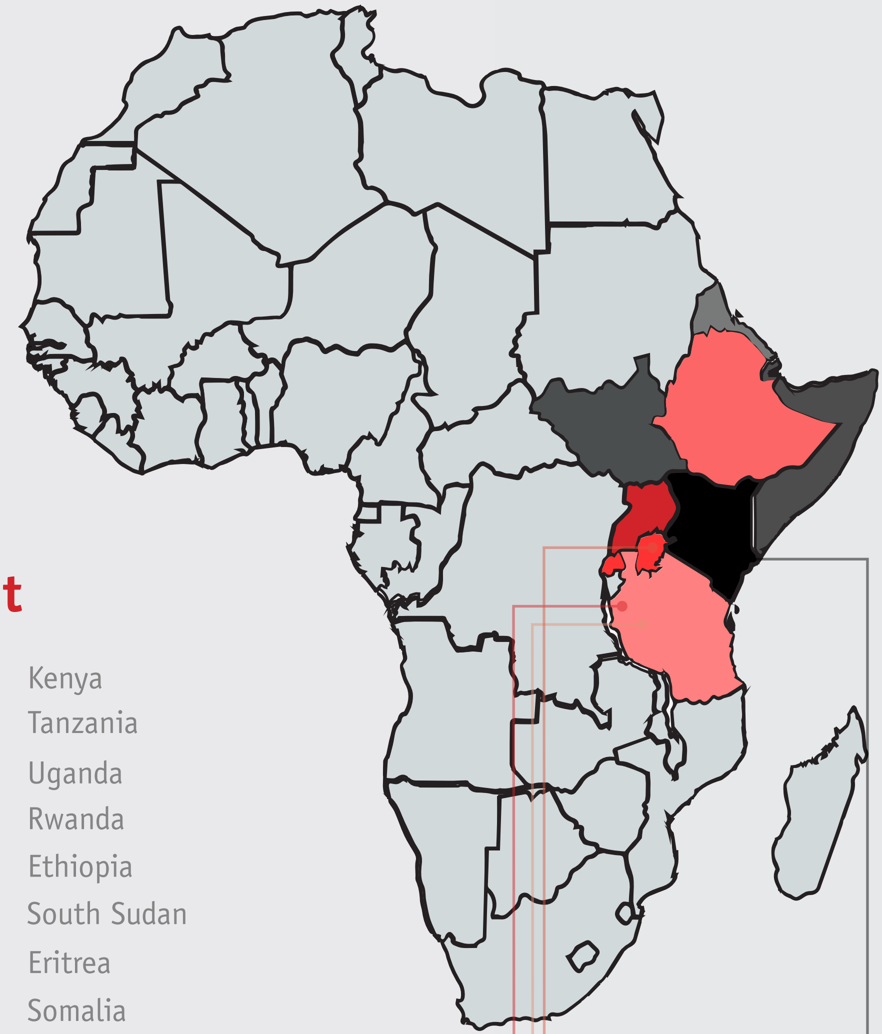
ACE

Backhoe loaders, Graders, Cranes and Rollers

Power Generation

Diesel generators, engines and Parts

WHERE WE OPERATE

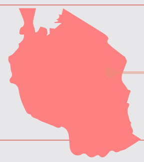


Our Footprint

- Kenya
- Tanzania
- Uganda
- Rwanda
- Ethiopia
- South Sudan
- Eritrea
- Somalia

Uganda
Kampala

Tanzania
Dar-es-Salaam, Dodoma, Arusha



Rwanda
Kigali

Representation
South Sudan
Ethiopia
Seychelles
Eritrea
Djibouti
Burundi
Somalia.

Headquarters
Nairobi - Kenya

Kenya
Nairobi
Mombasa
Nakuru
Kisumu
Kisii
Kitale
Kitengela
Kericho
Eldoret
Bungoma
Nanyuki
Thika
Voi
Malindi

SUBSIDIARIES AND ASSOCIATED COMPANIES

CAR and GENERAL
Power for better living

Car & General (Trading) Limited – Kenya

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

CAR and GENERAL
Power for better living

Car & General (Trading) Limited – Tanzania

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

CAR and GENERAL
Power for better living

Car & General (Trading) Limited – Uganda

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

CAR and GENERAL
Power for better living

Car & General (Trading) Limited – Rwanda

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

CAR and GENERAL
Power for better living

Car & General (Trading) Limited – South Sudan

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

KUKU BINGWA
KIBO CHICK

Kibo Poultry Products Limited

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

Nairobi Mega

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

Cummins C&G Limited

Cummins C&G Limited is a 50:50 joint venture between Cummins Inc and Car & General that was formed in 2017. Car & General became a distributor of Cummins in 2003 in Kenya, and a few years later across all the 6 countries of Eastern Africa. We distribute Cummins power generators, components, filters and parts. We offer 24/7 service availability.

Watu Africa Limited (Formerly referred to as Watu Credit)

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

Bodaplus Limited

Bodaplus Limited was incorporated in 2020 as the first motorcycle helmet manufacturing plant in East Africa. It is located in Life Industrial Park, Ruiru, Kenya – spreading over 40,000 square feet. Its products include a range of KEBS-approved two-wheeler helmets and motorcycle safety accessories. Bodaplus has a capacity of 768,000 helmets per annum, with a planned increase to 1,200,000 helmet per annum by 2023

Dew Tanzania Limited

Property holding company.

Dewdrops Limited

Property holding company.

Sovereign Holdings International Limited

Property holding company.

Progen Limited

Property holding company.

Other Dormant Subsidiaries

Car & General (Automotive) Limited
Car & General (Engineering) Limited
Car & General (Marine) Limited
Car & General (Industries) Limited
Cargen Insurance Agencies Limited

CHAIRMAN'S REPORT

The year to 30th September 2022, particularly the second half, was extremely challenging. The Russian invasion of Ukraine in February 2022 brought a host of unforeseeable challenges including significant inflation, exchange rate fluctuations, dollar shortages and logistic challenges. As a result, coupled with the Kenyan election in August, quarter 3 and quarter 4 were difficult.

Whereas the Group posted 13% growth in turnover, sales in Kenya dropped 5%. Sales outside Kenya grew 48 %. Uganda and Tanzania now represent over 45% of Group sales. Our two-wheeler ("boda boda") business in Kenya was most affected with volumes dropping almost 50%. Our equipment businesses (namely tractors, construction equipment and forklifts) remained stable and grew marginally.

As a result of the above, turnover for the year ended 30 September 2022 was Shs 19.3 billion against Shs 17.1 billion achieved in the previous financial year. EBITDA (Earnings before interest, tax, depreciation and amortization) grew by 7 % to Shs 2 billion from Shs 1.8 billion. Profit after tax over the same period was Shs 679 million which is 23% lower than Shs 887 million made during the same period last year.

Profitability was significantly impacted by forex losses in Kenya of Shs 301 million and demurrage costs of Shs 132 million in the Trading businesses, resulting from global logistical issues and localization of production. Our cashflow was negatively impacted by lower sales in Kenya and supply chain issues in Kenya and Tanzania, resulting in higher levels of paid-up stock to the tune of Shs 1.9 billion.

The highlight of the financial year was the volume growth in our consumer business particularly in two wheelers in Tanzania. Our equipment business was also stable and enjoyed a gain in market share.

We now offer a complete range of specialized engine related products (both consumer and equipment) through a solid distribution network and are making good progress in achieving significant market shares in each segment.

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

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

In order to support the Government's localization initiatives and create industrial employment, we opened BodaPlus, our helmet manufacturing business. Production commenced in September 2021. This is the first of its kind in East and Central Africa.

In addition, we have worked with manufacturers to produce an additional six parts (Phase 2) locally to support our assembly process. Phase 1 (which also comprised of six parts) are now in full production at various local manufacturers. We now employ over 3000 people as a Group (including associates). We employed over 500 additional people in 2022.
I now comment more specifically below:

The Consumer Business

Volumes in our two wheeler business in Kenya dropped significantly whilst three wheeler and consumable sales remained stable. In Tanzania, volumes of two wheeler and three wheeler sales grew. We see positive potential in this area going forward.

Our product and value proposition is strong especially when coupled with our aftermarket offerings. We expect market share to increase further in 2022/2023 given brand strength and growing distribution.

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

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

The Equipment Business

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

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

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

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

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

Financial Services

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

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

Manufacturing

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

The Property Business

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

Kibo Poultry Products Limited

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

The Future

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

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

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

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

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

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

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

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

I must express my gratitude to my co-directors and all members of staff of the company for their dedication and support. I look forward to continued support and to further progress of the Group.

Nicholas Ng’ang’a
Chairman

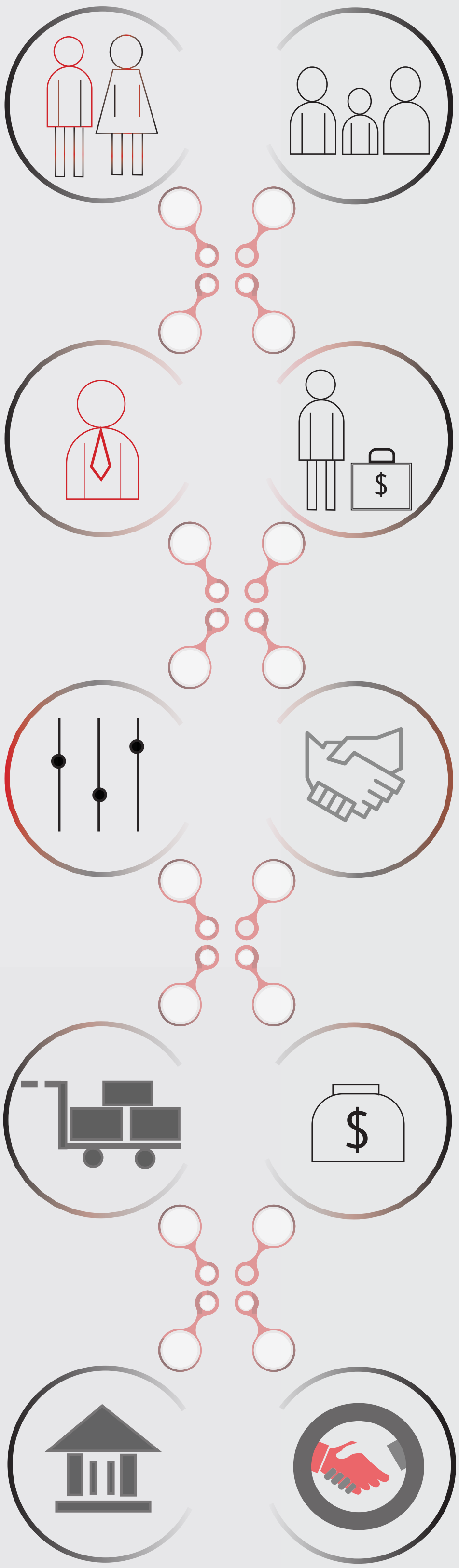
25 January 2022

Stakeholders Engagement

The financial and non-financial performance of Car and General relies on our ability to generate value for the people impacted by our business. As such, we actively engage and interact with various stakeholder groups to better understand and serve their changing expectations. Through both internal and external platforms, we hold meaningful discussions that shape the direction of our business strategy, allowing us to deliver solutions that enrich the lives of stakeholders far into the future.

CARGEN JOURNEY TO EXCELLENCE

OUR STAKEHOLDERS



Customers

They are significant to our business operations since they are the buyers of our products and services. Cargen has over 60 million customers.

Communities

They represent a significant population of our stakeholder and hence influence our strategy and value creation process.

Employees

Employees represent the most significant stakeholders since they are the implementers of our strategy to ensure the group meets its objective. The group has over 3,500 employees.

Shareholders/Investors

They provide the much needed financial capital for our going concern. They are also the owners of the business and hence key decisions are made to meet their expectation.

Regulators

Regulators provide legal framework and environment in which we operate in to ensure we meet minimum set standards.

Strategic Partners

Strategic partners play an important role in our value chain by facilitating acquisition of inputs and providing useful ideas to enhance our business.

Suppliers

They provide us with the products we sell to our customers. Cargen has over 16 suppliers most of which are globally renowned.

Financial Institutions

Our business strategy requires high liquidity leading to frequent short term borrowing. This is facilitated by banks. Our insurers give us the confidence to continue our business.

Governments

Government sets policies to ensure that we do not harm consumers. They also implement economic development and growth programs that makes the countries we operate in suitable for business

Trade Unions

Trade unions foster our relationship with workers and provide mechanisms for dispute resolution.


Core Values


RESERVED
PARKING

STAKEHOLDER'S ENGAGEMENT

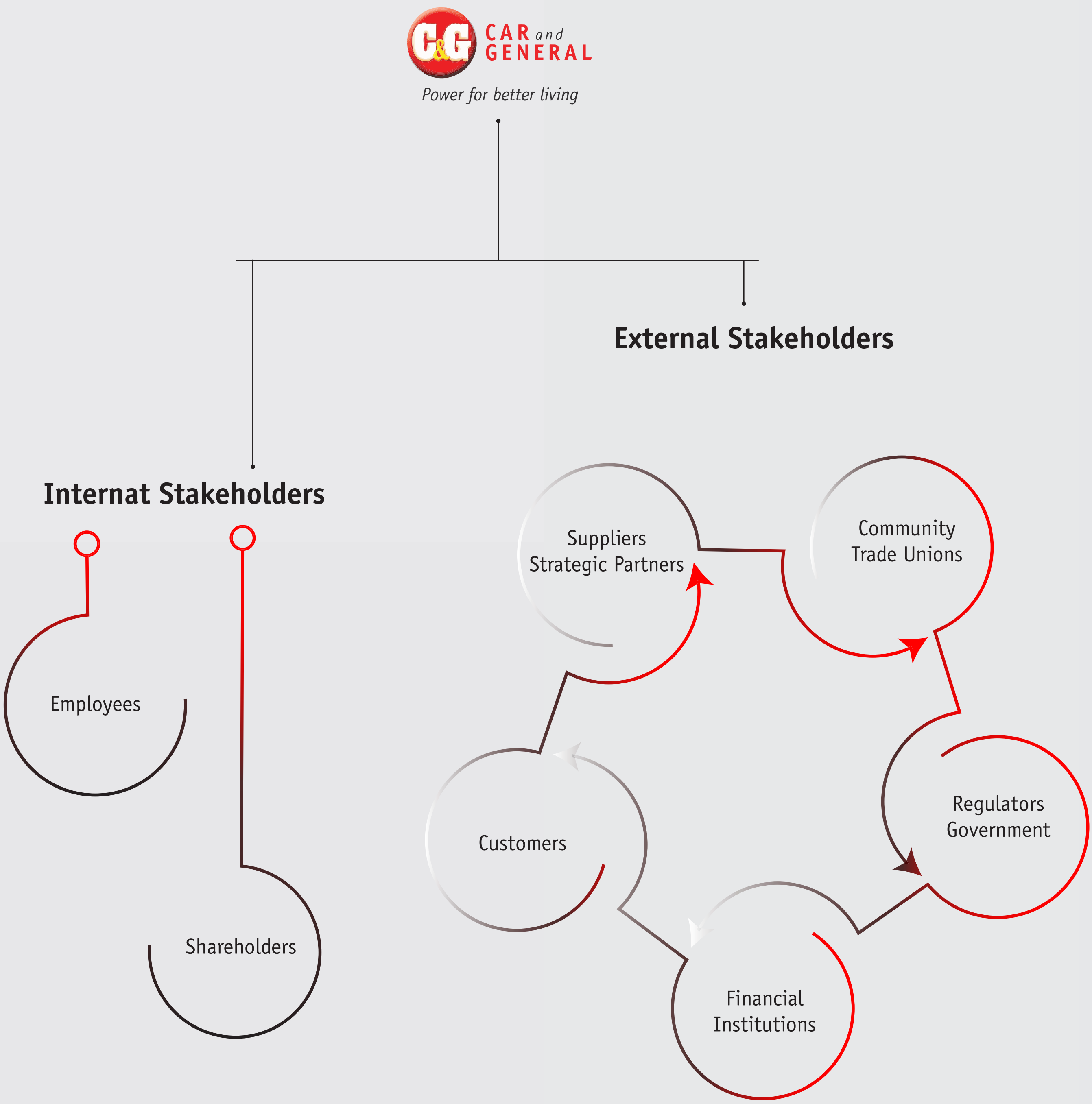
Car & General has a broad array of stakeholders who have an interest in our business and may directly or indirectly be affected by it. Our stakeholders influence our ability to and how we create and sustain value.

To that end, we openly and frequently maintain a dialogue with our stakeholders to create sustainable value for our business and key stakeholders. This constant engagement with our stakeholders has informed our business strategy, enabled us to identify new opportunities and better manage risks.

At the beginning of every financial year, Car & General develops a stakeholder engagement plan, which enables us to identify and respond to the needs and expectations of our internal and external stakeholders.

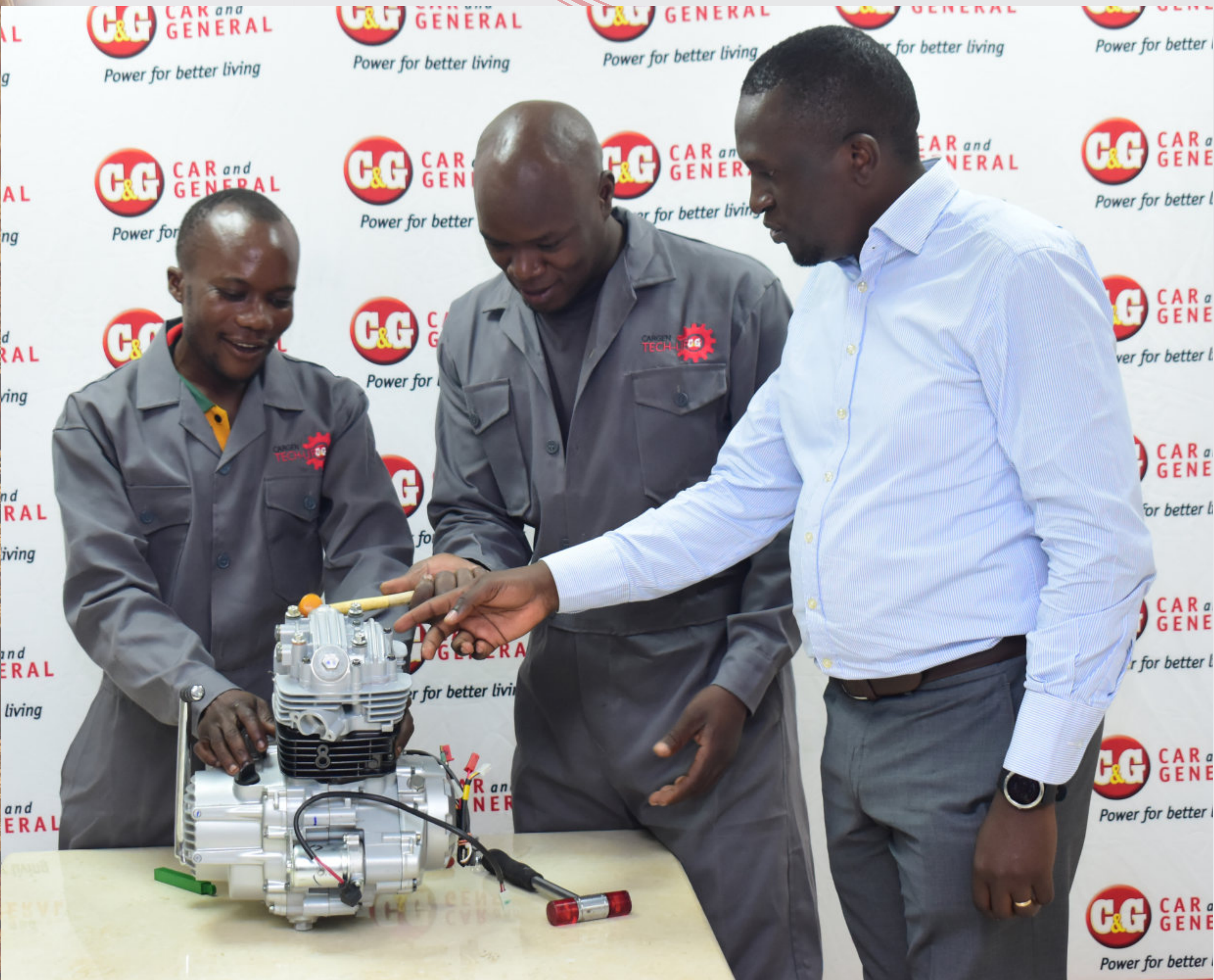
The plan has specific targets and, a monitoring and evaluation mechanism to enable assessment at the end of the period.

We have identified our internal and external stakeholders as illustrated:



During the financial year 2021-2022, our stakeholder engagement plans focused on five key stakeholders:

1. Our employees offer the needed skills and know-how to enable us deliver our promises to stake-holders.
2. Customers buy our products and services.
3. The community that we operate in provide us with our various capitals
4. Regulators oversee financial stability and market conduct for our industry and others.
5. Our investors and shareholders provide us with financial capital to enable us run our business smoothly and efficiently.



Employees

Who are they?	How we engage	Their Expectations	How we respond
■ Directors ■ Managers ■ Accountants ■ Technicians ■ Marketers ■ Analysts ■ Administrators ■ Sales Associates ■ Engineers ■ Caterers ■ Trainers ■ Mechanics ■ Procurement professional ■ Legal advisors ■ IT professionals ■ Demand Planners ■ Public relations professionals ■ Communications specialists ■ Supply chain professionals	■ CEO communique – monthly video ■ Quarterly business review and score cards ■ MD Communique monthly email ■ Welfare programs ■ Quarterly CEO mentorship case study ■ Monthly business reviews ■ Quarterly recognition program ■ Team meetings ■ Team building & CSR sessions ■ Newflashes ■ Quarterly newsletter ■ Website and social media ■ Staff surveys ■ Staff appraisals ■ Townhall meetings ■ Internal promotions ■ Merchandise ■ Staff survey and feedback ■ Consultations ■ Trainings & Workshops ■ Launches ■ Alerts ■ Exhibitions ■ Telephone Calls ■ Interviews & Surveys ■ Aftersales Services	■ A conducive, safe environment for work life integration ■ Skills development and career progression ■ A conducive culture for productivity ■ Professionalism and integrity ■ Equal opportunities for all staff ■ Uphold labor standards ■ An effective performance management and reward system	■ Sexual Harassment Policy implementation ■ In-house fitness gym ■ Health insurance ■ Favorable working hours ■ Equal employment opportunity statement ■ Group personal accident insurance ■ Warehouses Policy ■ Code of conduct ■ HR Manual implementation ■ Paid compassionate leave ■ Emergency evacuation procedure ■ Paid sick leave ■ Pension plans ■ Staff complaints handling procedure ■ Corporate sponsored trainings ■ Employee run CSR initiatives ■ Employee team building activities ■ Staff family day ■ HSE Policies and Procedures

Customers

Who are they?	How we engage	Their Expectations	How we respond
▪ Corporates ▪ SMEs ▪ Individuals ▪ Government ▪ Academic Institutions ▪ Manufacturers	▪ Customer surveys and feedback ▪ Consultations ▪ Trainings & Work-shops ▪ Launches ▪ Alerts ▪ Publications ▪ Exhibitions ▪ Telephone Calls. ▪ Interviews & Surveys ▪ Aftersales Services ▪ Emails & Letters ▪ Social media	▪ Quality Products ▪ Timely Delivery ▪ Availability of Products ▪ Convenient access to products ▪ Easy-to-use products ▪ Aftersales services ▪ One-Stop shopping ▪ Quick resolution-time for complaints ▪ Good customer care	▪ 18 globally renowned brands ▪ Providing a variety of Products and services ▪ 23 branches in 7 countries ▪ Trainings on products ▪ In-house service center ▪ Toll free phone number ▪ Interactive social media site ▪ Customer service policy implementation

Community

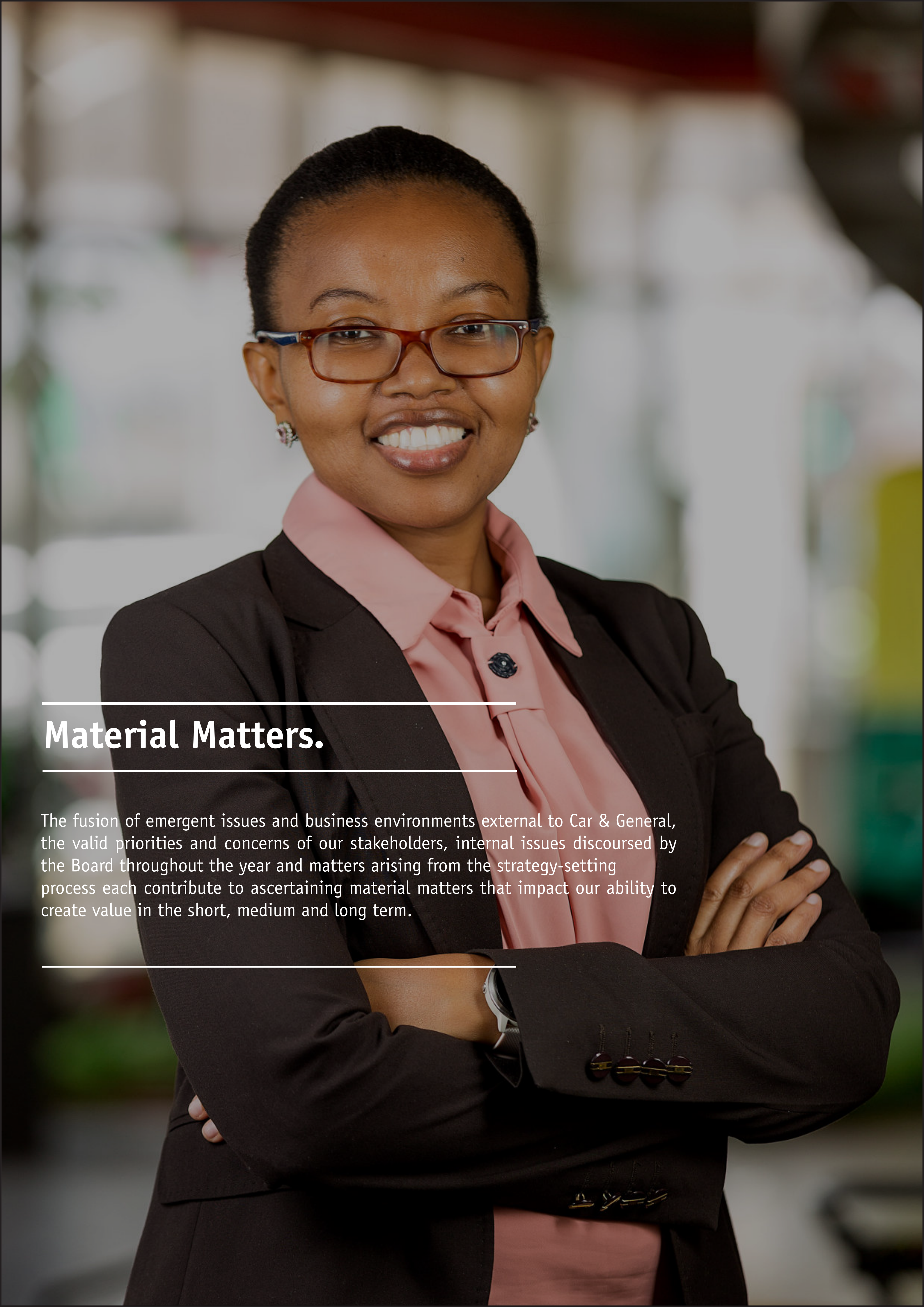
Who are they?	How we engage	Their Expectations	How we respond
▪ Social groups ▪ Neighbours ▪ Industry players ▪ General members of the public	▪ Consultations ▪ TV and Radio ▪ Newspaper ▪ Corporate social responsibility ▪ Launches ▪ Alerts ▪ Public relations ▪ Interviews & Surveys ▪ Social media	▪ Accessibility ▪ Affordability ▪ Corporate social responsible ▪ Environmental responsibility ▪ Contributions to SDGs ▪ Non-destructive operations	▪ Tree planting ▪ Eye clinic ▪ Free trainings ▪ Public education ▪ Environmental stewardship ▪ Waste management ▪ Creating employment ▪ Accessible services ▪ Open communication and dialogue ▪ Road safety initiatives ▪ Free goodies

Investors

Who are they?	How we engage	Their Expectations	How we respond
▪ Institutions ▪ Individuals	▪ Website ▪ Social media ▪ Newspapers ▪ TV ▪ AGM Meetings ▪ Visits ▪ Letters ▪ Consultations	▪ Profits ▪ Dividends ▪ Sustainability	▪ Providing a variety of Products and services ▪ 25 branches in 7 countries ▪ Steady increase in earnings ▪ Dividends payment on time ▪ Corporate sustainability ▪ Diversity and inclusion ▪ AGMs

Regulators

Who are they?	How we engage	Their Expectations	How we respond
▪ Company registrar ▪ Capital Markets Authority ▪ Nairobai Securities Exchange	▪ Letters ▪ Emails ▪ Consulatations ▪ Lobbying	▪ Compliance with Regulations ▪ Corporate, social and environmental responsibilities	▪ Timely reporting to stakeholders ▪ Published Board Charter ▪ Payment of all dues ▪ Board and strategy meetings ▪ Corporate policies ▪ Annual audits



Material Matters.

The fusion of emergent issues and business environments external to Car & General, the valid priorities and concerns of our stakeholders, internal issues discoursed by the Board throughout the year and matters arising from the strategy-setting process each contribute to ascertaining material matters that impact our ability to create value in the short, medium and long term.

MATERIAL MATTERS IMPACTING VALUE CREATION

Those matters that impact value creation, preservation, and erosion

Our material matters are those that have the potential to materially affect our ability to create and sustain value in the short, medium and long term. At the beginning of our reporting period in 2022, we sought to advance our materiality determination process to make it more complete, comprehensive and integrated.

Key issues identified over the years have led to an improved strategy with key considerations being our stakeholders, dynamic business environment, regulation, climate change, and company risks.

Management of matters

Our process of managing our material matters includes identification, prioritization, response and reporting.

Identification

The identification of our material matters takes into consideration issues that are materially significant to our stakeholders and what our management and the Board believe are significant in our organization. We consider:

. Car & General's top risks and opportunities areas.
. The business environment and markets we operate in.
. The primary concerns of our key stakeholders and their impact on our strategy.

Prioritization

These considerations are the foundation of discussions in meetings across all our business units in which departmental heads participate. They then prioritize Car & General's material issues considering the magnitude and nature of their impact on Car & General's business operations, economic performance, and stakeholders' interests. The matters are then reviewed and approved by the Chief Finance Officer, Chief Executive Officer, the Executive Committee, and Car & General's Board.

Response

We respond to these key issues by taking appropriate management actions to take advantage of aspects that offer great value-creation opportunities and interventions that mitigate those that may disrupt them. Our material matters are referenced in this integrated
report.

Reporting

We report on these material matters both internal and external to all our stakeholders.

Taskforce

Finance & Investor relations, Strategy, Internal Audit,

Risk, Legal, Human Resource

Communication

The Approval Process

CFO/COO

CEO Review

Exco Review and endorsement.

Board

Material matters	Strategic response	Opportunity
1 **Challenging and dynamic economic environment.** **Theoretically challenging macros, but the business has resilience, strong distribution networks, financial stability, and strong brands to withstand shocks.** **The global economy is currently experiencing the effects of Ukraine- Russia war, slower growth, increased fuel costs, and higher inflation.** **Implications for value:** ■ **Kenya's economy is experiencing pressure, particularly in the lower-income consumer segment due to the high costs of living and inflation rate.** ■ **Poor performing local currency against the dollar has seen the cost of doing business goes up.** ■ **Capital flight from Kenya.** ■ **Dollar scarcity.** ■ **General economic decline-** **– Slow growth in mining and quarry** **– Moderate growth in construction** **– Moderate growth in transport** **– The sharp contraction in agriculture**	✓ We are currently working to reduce our exposure to foreign exchange risk by restructuring our debt mix. ✓ Our Strong capital base and strategy are quite robust giving the business resilience and adaptability. ✓ We are also looking to run the Group efficiently but focusing on cost-cutting measures.	■ As regional infrastructure growth shows an upward trajectory, we see an opportunity to further expand in the region.
2 **Evolving regulatory and compliance requirements. Taxation issues – especially with 3-wheelers.** **Implications for value:** **Regulatory requirements are constantly evolving and may shrink our competitive advantage and put pressure on our revenue and profitability.**	✓ We continue to comply and follow the regulator's directives and continue to engage. ✓ Stakeholder engagement remains critical in all our operations.	■ With capital well above regulatory requirements, we are in a sturdy position to continue serving our existing and new customers. ■ It also provides greater flexibility in capital and liquidity planning.

Material matters	Strategic response	Opportunity
3 **COVID-19 has shown us how tail risks can manifest.** **Implications for value:** **Though subsided significantly, it caused serious supply chain disruptions.**	Contingency planning and redefined our approach to business uncertainties.	■ With this, opportunities lie in building resilience in our supply chain. ■ Strengthening crisis management system preempting such risks.
4 **Greater focus on Sustainability/ESG.** **The increasing importance of sustainability in investor strategy and the increasing consistency of international Sustainability standards has established sustainability as a key business concept.** **Implications for value:** **Climate change poses a snowballing risk to humanity and the global economy that may also give rise to credit, operational and reputational risks in the business world.**	Our strategic review meeting saw the embedding of sustainability in our strategy, further developing a sustainability roadmap with key targets and performance indicators.	■ Opportunities include areas such as energy efficiency, adoption of renewable energy sources, and transitioning to electric vehicles in our product portfolio and the Group's fleet.

Material matters	Strategic response	Opportunity
5 **Cybersecurity and data security** **Cybersecurity threat remains a key challenge that organizations must continuously assess and mitigate.** **Implications for value:** **The prevalent threat of cyber-attacks remains our primary concern.**	■ Incorporate a general ongoing high-level awareness campaign to raise the overall basic understanding of the importance and value of data throughout the organization. ■ We continuously monitor cyber-crimes and fraud and made put a toll-free number in place to address these risks.. We have developed an ICT strategy for 2022-2026 that factors ESG considerations as well as advancing our efforts to manage our products life cycle.	■ Further defining and solidifying our IT policy, strategy, and infrastructure promotes confidence in our customers and reinstates our strong brand equity.
6 **Balance sheet resilience** **Inventory grew significantly due to logistical challenges and reduced demand.** **Implications for value:** **There is an urgent need to improve efficiencies in our working capital**	■ We continue to make steady progress in deleveraging our balance sheet and aim to moderate our exposure to foreign currency-denominated debt.	■ A higher percentage of Kes debt than the dollar debt gives us more flexibility in pursuing ambitions and more growth opportunities.
7 **Digital skills and expertise** **Digitalization and new technologies are accelerating the demand for digital skills.** **Implications for value:** **There is an increasing and widening gap in digital expertise and skills.**	■ We continued to bridge the skills gap enabling our staff to become digitally empowered. ■ As part of skills and development, we provided learning opportunities for our staff.	■ This is an opportunity to positively transform ourselves to exploit the shift in digital space and leapfrog competition by: Upskilling our employees which results in employee productivity, morale, and retention. ■ It is also an opportunity to build an agile and transformative work environment essentially driving collaboration for a shared purpose.

ESG RISKS IMPACTING STRATEGY

Executives, investors, lenders, and regulators are increasingly paying attention to sustainability risks, which are growing. Risks to financial performance from fluctuating energy prices, compliance risks brought on by new carbon regulations, and risks from product substitution as customers switch to more sustainable alternatives are all trends in sustainability risk.

We are currently working to improve this risk analysis of ESG topics activity. To accomplish this, we carry out reviews to ascertain the opinions of our department's top and middle management regarding potential ESG-related risks. We do this to improve and broaden our risk universe and include all of these occurrences in our risk analysis.

ESG category	Risk area	Risk events	How we have addressed these risks
Environment	Climate Change	Changes in regulatory and policy context. Timely development of eco-friendly and innovative technologies and products that support the reduction of CO2 emissions and consumer preferences. Effectively utilizing industrial and logistics carbon footprints, promoting the use of renewable energy to reduce energy consumption in production processes. Business interruption due to extreme weather patterns such as the current drought affecting the East Africa region. Material cycle optimization in industrial processes, including recycling, reusing components, reconditioning components, and managing waste.	Development of Environment and Social policy. Development of a Sustainability Road map working document. Setting up a sustainability task force to address and implement environmental and social KPIs. Transition to renewable energy as part of 2023- 2024 goals. EV Mobility - We want to lead the transition to EV two and three-wheeler mobility. Continuous improvement plans to minimize our impact on the environment.
	Responsible use of natural resources	Preservation of biodiversity and deforestation. Sustainable water management. Waste management.	Paper - we discourage printing. We recycle paper. Recycling of water. Engagement with waste management companies to reevaluate our waste management.

ESG category	Risk area	Risk events	How we have addressed these risks
Social	Human resources management.	Protection of occupational health and safety. Attraction, retention, and professional development of talents. Diversity, equal opportunities, and well-being within the organization.	Health, Safety, and Environmental policy. OSHA training. Rigorous attachment program with select institutions. Management trainee and internship program. CEO Mentorship program. Attractive staff benefits. Succession plans.
	Product liabilities.	Product reliability, guaranteeing compliance with quality and safety regulations.	Contingency planning to address supply chain disruptions. Product quality assessment and testing. Working with quality entities to guarantee quality.
	Company impact in communities in which we operate.	Breach of trust in the community. Balancing governance and value distribution.	CSR initiatives aligned with our four priority areas: Education, Health, Environment, and Road safety. Matured governance structure and skilled staff.
Governance	Business ethics and integrity	Preventing, identifying, and combating any illegal behavior by coworkers and employees (including bribery, extortion, and corruption) and compliance with applicable laws. Adoption of responsible procurement practices across the value chain, preventing ethics violations	Corruption and Bribery policy. Whistleblower policy. Code of Conduct. Skilled Board. Board Charter and TOR. Hired a legal and compliance officer. Effective internal audit unit backed by external auditors. Tax compliance. CMA regulations compliance. NSE regulations compliance. Planned supplier assessments as part of ESG compliance.

Steps we have taken to manage sustainability risks and opportunities.

Defining sustainability as a multi-year change program

Presenting the CEO as the strategy leader.

Determining the executive team's need for expertise injections

Structuring a central team to act as a catalyst.

1 → 2 → 3 → 4

Engaging HR to identify talent gaps

Putting executives and business development to work on sustainability opportunities.

Senior management ownership.

Training the commercial delivery team on sustainabil-ity expertise.

8 ← 7 ← 6 ← 5

9 → 10

Involving finance and compliance to manage energy and environmental risk

Competitive benchmarking of human resources in Research & Development and innovation.

Our Strategy

The delivery of our strategy is directly linked to our corporate vision of making our customers smile. Consequently, we are focused on establishing a culture that is led by our purpose of building a sustainable business by being No 1 in the markets we operate in, having a Day 1 mentality, and encouraging synergy on our team.

OUR STRATEGY

To continue our sustainable business growth amid the tail risks of Covid-19, the effects of the Ukraine War, and ever-dynamic business macros, we needed to refine our business strategy, further augment our business platform that supports the creation of corporate value by stimulating new markets and leveraging on new capabilities, going beyond resilience, thrive through change, and maximizing value from our core. This was made possible through our nine key themes and strategic priorities.

1 Optionality

- Products
- Target markets
- Regions

2 Scale

- Efficiency
- Investments
- Financially stability

3 Sustainability

- People
- Process
- Governance

4 Digitization

- Technological infrastructure is key: facilitates business, improves efficiency

5 Investing in the community

- Make money, do good: Improves stakeholder relationships, builds reputation advantage

6 No 1 in market

- Sales by word of mouth
- Develop and maintain a competitive edge, quality, and value.
- Making customers smile is critical to survival
- Allows command of cash flow

7 People and execution

- Key differentiators.
- Employees who share our values
- Disciplined execution.
- Innovation drives sustainability

8 Client Expectations

- Availability – always available, approachable,
- Affability- competent, relationship-building,
- Ability- beyond expectations, taking responsibility, trustworthy

9 Safety

- Business, employee, customer
- COVID-19 challenge continues.
- Remote working here with us

OUR STRATEGIC PRIORITIES

Our focus on delivering on our strategic priorities is inspired by our purpose and aligned with our values, to create value for all our stakeholders. We have made progress in managing our business effectively to bring about meaningful organizational change by identifying and balancing the Group's most urgent and important tasks. This creates simplicity by enabling our staff to fully fulfill their roles with well-defined tasks and responsibilities backed by a framework that promotes accountability.

Improve efficiency

One of our key strategies as a business is to grow from within and this is achieved through improving efficiency in our people and processes. We recognize that automation and digitization are the way to go in all business aspects and engaging our people through the implementation of the Cargen Business System (CBS) that defines our winning culture which entails 360-degree feedback, an appraisal process, continuous improvement, and being ambidextrous. We also leverage high-impact leadership practices; identify and remove internal roadblocks; align our goals and KPIs; use training and development strategically, and focus on our business strategy. We are also keen on reducing stock holdings and reverting to our trading cycle, reducing demurrage to zero.

Cost optimization

It's a continuous effort to reduce spending, cut costs, and increase business value through cost control, cash preservation, margin protection, and working capital efficiencies.

Diversification, Mergers, and acquisition

We are open to new opportunities that will build our business sustainability. We have invested in an electric mobility company for green vehicles and battery swapping infrastructure in Kenya. Through an associate, we have invested in Uganda's lithium-ion battery company that develops products and services in energy, transport and agriculture sectors. We have also expended our footprint in Africa.

Invest in talent/skills development

Through employee engagement, we strive to attract and retain key talent that contributes to the attainment of our corporate strategy. Engagement takes place in the daily operations of the business, with formalized structures to ensure fair remuneration and incentivized performance aligned with the Group's strategy. The Group strives to maintain an ethical, non-discriminatory, and safe working environment and provides opportunities for employees to develop their professional skills and advance within the organization.

Improve corporate governance

Industry-specific regulations determine the boundaries in which Car & General is permitted to operate. Ensuring that our Group's activities and operations are conducted in a manner that is ethically sound, compliant with the relevant regulatory frameworks, and considerate of stakeholder interests is vital to sustainable business growth.

The achievement of our strategic goals solely depends on our effective decision-making processes with clear lines of authority and accountability. To lead on this, we have deepened our regulator engagement, integrated an effective internal audit team backed by external auditors, advanced our technology to address the issues of data security, cyber security, and risk management, and developed appropriate skills and succession plans for our staff.

Sustainable business growth

The gear wheel of growth is made up of many different facets, including fostering both new and existing relationships and defining value. Our value delivery is based on customer-centricity, clear articulation of goals, and an outside-in look that gives us a realistic view of the value we provides.

Our goal to be a sustainable business encourages team buy-in by igniting passion toward growth goals and taking ownership. We recognize that collaboration increases knowledge sharing and having a teamwork environment will encourage this. With ever-changing macros, we strive to adapt to the business environment through innovation, collaboration, and openness to new ideas.

Resource mobilization

Our resource mobilization strategy provides us with an essential roadmap, detailing how our resources might be leveraged to meet the Group's objectives and strategic intent. We do this by examining the internal and external factors that may impact our organization, upcoming trends, or local changes that may increase our competitive advantage or provide new opportunities that could be tapped into. This helps us in our strategic planning process to think through our business options, make informed decisions on the best approach, plan, and next steps, and carefully consider the resource implications.

Digital transformation

Our ICT system has matured over time. The implementation of SAP/Hana ERP among other technology initiatives i.e. Google Work Space, Qlik sense BI and sales force automation across the group has given us a great chance to improve our process and data. SAP Business One has streamlined and automated many routine processes, giving C&G more time to focus on growing our market share. We have centralized our business data, improved inventory management, obtain a better insight into our sales performance and deliver monthly financial reports on time.

We look forward to excelling in multiple areas of business, delivering effective streamlined solutions, timely financial management reports, improving collaboration between teams, reducing costs, and providing real-time insight into company performance.

Partnerships and engagements

As a Group, we have quality associations with a number of organizations. Apart from our foreign principals who offer the products we sell, we have local suppliers as well. We also have partners that include Lions Club, TVETA, financiers, insurance firms, dealers and other industry players that ensure our customers are smiling in every street, in every town. We are also associated with Kenya Association of Manufacturers (KAM), Kenya National Chamber of Commerce and Industry (KNCCI), Nairobi Securities Exchange (NSE), Capital Markets Authority (CMA) and Motorcycle Assemblers Association of Kenya (MAAK).

Customer- centric

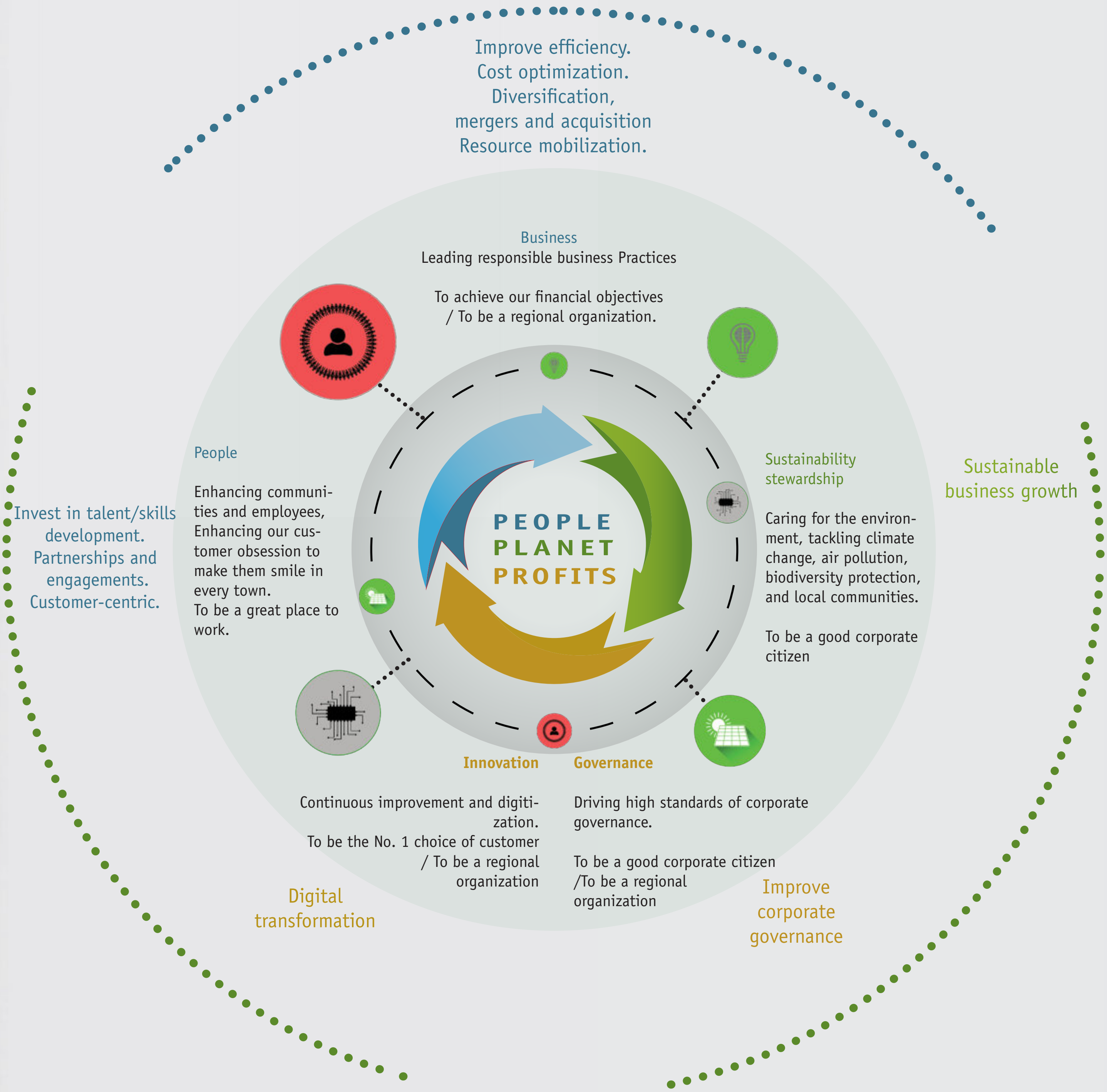
Customer satisfaction is the core of the Group's interest and it is pursued through continuous customer engagement during the execution phase, continuous monitoring of quality, and the provision of innovative products. We strive to enhance the customer experience by transforming our sales channels, building digital engagement platforms that allow us to gather data across all customers' touchpoints.

OUR STRATEGY TIED TO SUSTAINABILITY

We recognize that our environmental and social impact is essential to our strategy, as are the ways of working and how we allocate capital. We believe there is a noteworthy value at stake, and we will invest to achieve shared value for all our stakeholders. Conversely, to truly lead in our sustainability agenda, this commitment and investment hinge on the integrated delivery of all our strategic objectives.

We must operate efficiently and improve our relationships with host communities to lead in co-creating thriving communities and a carbon-neutral future.

We hope to deliver on the three pillars of sustainability by building trust as a corporate leader through an ethical value chain that enhances accountability in the communities in which we operate. Foster thriving communities by improving health, quality of education, and access to employment and other opportunities while maintaining a healthy environment. Our overall sustainability strategy roadmap will be integrated into all operations and deliverables overseen by the Board, Ex-Cos, and the Sustainability lead, with integration reflected in all our Board committees' meetings.



Vision

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

Strategic intent

To be number 1 in all Markets.

Commitments

Environmental

We are committed to protecting the environment and contributing to a carbon-neutral economy

a) Reduce our GHG emissions
b) Energy efficiency
c) Waste management and impacts of plastics
d) Environmental footprint on deforestation

Social

We are committed to empowering people, building cohesive and resilient societies, and fostering the social inclusion of the poor and vulnerable.

a) Health and Safety
b) Human capital and rights
c) Impact on communities

Governance

We are committed to our stakeholders to creating and protecting the value.

a) Anti-corruption and bribery
b) Responsible procurement
c) Making Sustainability a strategic priority

Scope of the Sustainability team

Workplace

- Equal opportunities.
- Decent place of work
- Employee safety and health
- Employee engagement
- Skills and development of employees.
- Fair remuneration and benefits
- Organizational ethics.

Economic

- Economic development
- Fraud and corruption
- Responsible and transparent tax practices

Environment

- Environmental impact
- GHG emissions
- Waste management
- Biodiversity protection

Community development

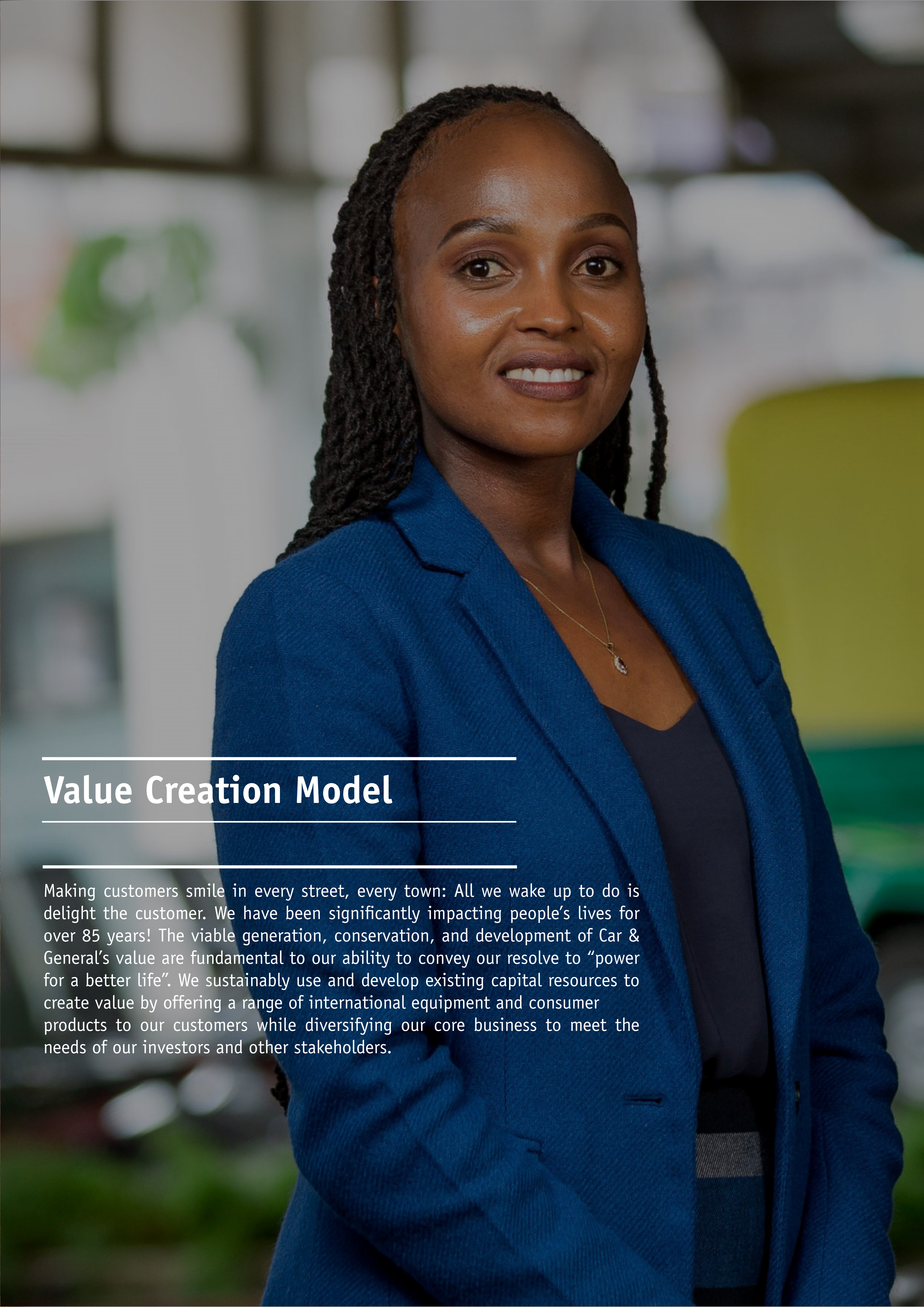
- Consumer protection
- Donations and sponsorships
- Consumer relations
- Public health and safety
- Human rights
- Stakeholder relations

Changing business environment and Principal risks linked to Car & General Plc strategic objectives.

We expect our business environment to change significantly over the medium to long term due to several factors including the unprecedented pace of technological development- sophisticated client expectations, connectivity (Africa and global), effects of climate change, and the growing importance of ESG.

	Principal risk	Mitigation and control
Internal Execution	**Increased complexities in the current economic environment and slow growth in the chosen markets due to:**	**Our business environment allows us the opportunity to preemptively have discussions with regulators and other industry stakeholders on existing and emerging issues and thus improve our ability to comply with regulatory requirements. It also cements these relationships to work more closely with regulators and policymakers.**
	■ Regulatory issues	■ We carried out targeted stakeholder engagement on regulatory issues. ■ Adherence to regulatory obligations.
	■ Inflation and exchange rates	■ Stress testing our business plans against currency volatility to understand the impact on profitability hence, allowing us to formulate appropriate response measures. ■ Maximizing local currency debt to reduce our exposure to forex risk.
	■ Increased tax-related uncertainty	■ To address the changes in taxation, we make provisions where necessary and implement control mechanisms that document all our tax planning.
	■ Political uncertainty and macroeconomic conditions.	■ Continued to monitor the politically sensitive market and increased our marketing activities and partnerships
	■ Supply chain disruptions due to the aftermath of Covid-19 and the prevailing Russia-Ukraine war.	■ Continued business resilience and review of our supply chain management factoring uncertainties of the business environment and disruptions. ■ Diversifying our supply chain and working closely with our suppliers to proactively understand supply chain challenges.

Internal Execution	Principal risk	Mitigation and control
	■ Business financing	■ We have an investment in a finance entity ■ We work with financial houses, micro-financers and Saccos – Watu and Mogo and banks like NCBA and KCB among others ■ We have offered discounts and offers ■ We have strengthened our leasing arm
	■ Cyber and information security risks	■ We ensured that there is adequate monitoring and strengthen our risk detection. ■ Continued investment to upgrade our systems. ■ Development of Data-driven policy.
	■ Strategy and execution	■ Annual review of strategy and business planning. ■ Resource allocation and strategy KPIs formulated and tracked. ■ Worked on growing our strategic partners to enhance value propositions to ensure a future-fit organization.
	■ Compliance	■ We continued to review our internal policies and procedures as required. ■ Ongoing monitoring of key compliance risks at Car & General. ■ We continue to work with regulators to ensure there is no ambiguity in regulatory requirements through our assurance functions.
	■ Environmental, Social and Gover-nance issues	■ There is a growing importance of ESG in inves-tor strategies, cybersecurity, data privacy, and the impact of climate change on operations and supply chains. ■ Ensure that Car & General's Sustainability road-map is integrated into its culture and business strategy, both in terms of risk and opportunities across the Group. ■ Recognize the evolving nature of ESG and build resilience to Car & General's material ESG issues in the short and long term.



Value Creation Model

Making customers smile in every street, every town: All we wake up to do is delight the customer. We have been significantly impacting people's lives for over 85 years! The viable generation, conservation, and development of Car & General's value are fundamental to our ability to convey our resolve to "power for a better life". We sustainably use and develop existing capital resources to create value by offering a range of international equipment and consumer products to our customers while diversifying our core business to meet the needs of our investors and other stakeholders.

OUR VALUE CREATION MODEL

Business Model
Making Customers Smile

Comprehension of issues and trends	■ Climate change ■ Natural resources protection: energy, water, biota and others ■ Population growth and urbanization ■ Cyber security ■ Accelerating digitization ■ Geopolitical risks due to globalization ■ Paradigm shifts
Customer issues	■ Safety and security ■ Response to varying customer needs ■ Reduction of energy consumption
Social value	■ Healthy lives and a safe, secure, comfortable and efficient society
Environmental value	■ High-quality and environmentally conscious business operations. Reduction of environmental burden through the value chain
Economic value	■ Redistribution of added economic value to stakeholders

OUR BUSINESS MODEL

Capital Inputs

Risk and opportunities impacting the business

Business activities

Financial

- Market Capitalization
- Dedicated expenditure - 5, 339, 842,000.
- Debt to Equity - 2.49
- Total Assets- 18, 922, 884, 000

Liquid balance sheet.
Disciplined capital allocation.

Manufactured

- Technical capability management.
- Market and product development.
- IT advancements
- Deepening Sales and marketing strategies.

Disrupted supply.
Robust contingency planning.

Intellectual

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

Key skills shortage (IT)
Employer of choice

Human

- The staff of 3,032
- Strong leadership team
- Upskilling & reskilling workforce
- Positive association with labor unions.
- Strong corporate culture

Co-creating a company culture.

Social and relationship

- Strong customer engagement.
- Ongoing interactions with government and tax authorities.
- Regular stakeholder engagements.
- Local communities' initiatives.
- Collaborative partnerships.

Enhancing our relations with our host communities.

Natural capital

- Water.
- Energy consumption and land.
- Biodiversity.

Rising energy costs.
Renewable energy plan.

1 Distribution

For over 85 years, Car & General has been a distributor of world reknowned brands in consumer and equipment products in East Africa. They range from, two and three-wheelers, water pumps, Lawn mowers, Lubricants, Tyres, power generators, Tractors amongst others.

2 Financial services

Car & General acquired 29% stake in Watu Africa, marking its entrance into the financial services space.

3 Real estate

Car & General's retail space development, Nairobi Mega Mall is conveniently located along Uhuru Highway opposite Nyayo Stadium. It was refurbished in 2020 with Carrefour as an anchor tenant.

4 Agriculture

Car & General runs one of the pioneers of poultry farming in Tanzania, Kibo Poultry Products Limited. Founded by in 1964, the farm produces and sells day-old chicks from Moshi.

5 Manufacturing

Bodaplus Limited was incorporated in 2020 as the first motorcycle helmet manufacturing plant in East Africa. It is located in Life Industrial Park, Ruiru, Kenya-spreading over 40,000 square feet. Its products include a range of KEBS-approved two-wheeler helmets and motorcycle safety accessories.

Governance

Car & General Plc Board governs by:

Steering and setting strategic direction
Approving the Group's operations plans, policies, and budget
Risk management and oversight
Ensuring appropriate remuneration for the performance

KEY ENABLERS DRIVING VALUE CREATION

- Diversified Portfolio – equipment and consumer lines.
- Good optionality in 2w and 3w.
- Quality world-class brands.
- Brands with high market share growth potential
- Good infrastructure and network.
- Solid investment property and finance base.
- Good partnerships with principals.
- Good team in place.
- Good culture – embedded values and focused management.
- Access to finance.
- Good digitization – online shop.

Revenue drivers

- Car & General Plc prices: We ensure a premium for quality products.

- Car & General Plc sales: Higher volumes in TVS and Piaggio.

Potential for revenue differentiation:

- Growth in 2 and 3-wheeler space.
- Grow aftermarket, oils, tyres, and spares.
- Grow Equipment business and Aftermarkets business.
- Grow the Leasing business.
- Online sales expansion.
- Opportunity in Electric Vehicles.

Cost drivers

- Energy (diesel and electricity)
- Capital expenditure
- Corporate overheads

CAPITAL OUTCOMES

Financial

- EBITDA - 1,980,431,000
- Profit after tax - 679,460, 000
- Cash usedin operating activities - 1,621,712
- Dividends payout - 0.19
- Return on Equity - 3.6%

Manufacture

- Branch footprint.
- Strengthened IT capability: Improves functionality,reduces risk and supports the growth requirements of each business.

Intellectual

- Business longevity and market position: the portfolio includes long-standing and established brands.

Social

- TZ Shilling 1,142,900 CSR spend;
- UG shilling 2,904,000 CSR spend;

- 3500+ employees with access to the Employee Wellness Programmes;
- TZ Shilling 20,787,000 Investment in training;
- UG shilling 900,000 Investment in training;
- Short-term and long-term incentive coverage;
- Zero fatalities;

Natural

- 65,976.50 tCO2e
- Sustainability review report

Sustainability

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

Top management endorses this policy and ensures it is compatible with the context and strategic direction of the organization. Top management also ensures that the policy is communicated, understood, implemented, and maintained at all levels within Car & General Plc.
Our Corporate Responsibility priority areas are Education, Health, Environment, and Road Safety.

Our efforts to pursue positive relationships in our communities with partner organizations aligned with our priority areas and has a presence where Car & General Plc does business.

1. Health and Safety Perfomance

Occupational safety is a basic requirement for any job. Car & General Plc is committed to fostering a cultural change in the field of safety, investing, and implementing management systems that protect the health and safety of our employees and third parties in the workplace.

This is achieved through employee training, raising awareness, our commitment and involvement.

In our Health, Safety, and Environmental policy, we are committed to continual improvement of our Health, Safety, and Environmental Management systems according to legal requirements by providing healthy working conditions, consultation and participation of workers and their representatives to enhance HSE performance to reduce HSE risks levels as low as reasonably practicable.

Assessing and managing risks makes the way we do our work safer for everyone and we encourage our staff to foster a safety mindset.

2. Environmental Perfomance

Environmental and biodiversity protection is critical to our business strategy and we are committed to making the principles of environmental sustainability integral to our business processes. We are exploring worthwhile investments that aim to improve our energy and water efficiency.

This ensures that we reduce our emissions of greenhouse gases and other pollutants. By doing so, we safeguard natural capital and reduce our operating costs.

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

Goal 9 – Industry, Innovation, and Infrastructure.

We are committed to Research and Development as a key element that differentiates our market offering. Our strong industry focus allows us to gain in-depth knowledge of the businesses in which we operate.

Some of the commitments to innovation and industry specialization in line with climate action are:

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

Goal 13. Climate action

Car & General Plc is mindful of its impact on climate change as a result of its operations, and we support SDG 13 with climate-related initiatives.

- Partnership with Kenya Forest Service in tree planting: To help rehabilitate degraded forest land in Kenya,
- Tree planting project - we have identified Equity Bank for seedlings for the Karen tree planting project.

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

As pioneers of two and three-wheeler transport in Kenya, we have revolutionized mobility for individuals, businesses, corporates, and organizations. Car and General Plc has opened doors to many by being passionate about social investment in the communities that we serve.

We enable entrepreneurship for sustainable and inclusive economic growth and development of our nations, nurturing creativity and innovation that enable us to do things better and different every day, delivering innovative excellence at every touch point.

- Manufacturing: With our helmet business we are working with the government of Kenya to industrialize the two and three-wheeler space. On that basis, we will be looking to see how we can go into backward integration to industrialize more of the parts that go into two and three-wheelers so we can promote the manufacturing process.

Although our activities have a limited environmental impact (typical environmental issues arise from our office space and 20% from our manufacturing processes), we are particularly sensitive to this issue and the following initiatives are currently in place and ongoing:

- Reduction of the impact of our activities on the environment through implementing policies for energy efficiency and reduced water and electricity consumption, reducing our carbon footprint, recycling and reducing paper usage, eliminating plastics, etc. in all countries in which Car & General Plc has a presence.
- Environmental protection activities such as Tree planting projects to promote the recovery of local forests.
- Investment in Electric Vehicle (EV) Mobility in our product portfolio- We want to lead the transition to EV two and three-wheeler mobility.

Our carbon footprint

2022 forms our first year in carbon foot print reporting and we have calculated our emissions using the greenhouse Gas Protocol.

We have calculated our emissions as follows:

Scope 1 GHG emissions as a result of direct emissions arising from owned or controlled stationary sources which include:

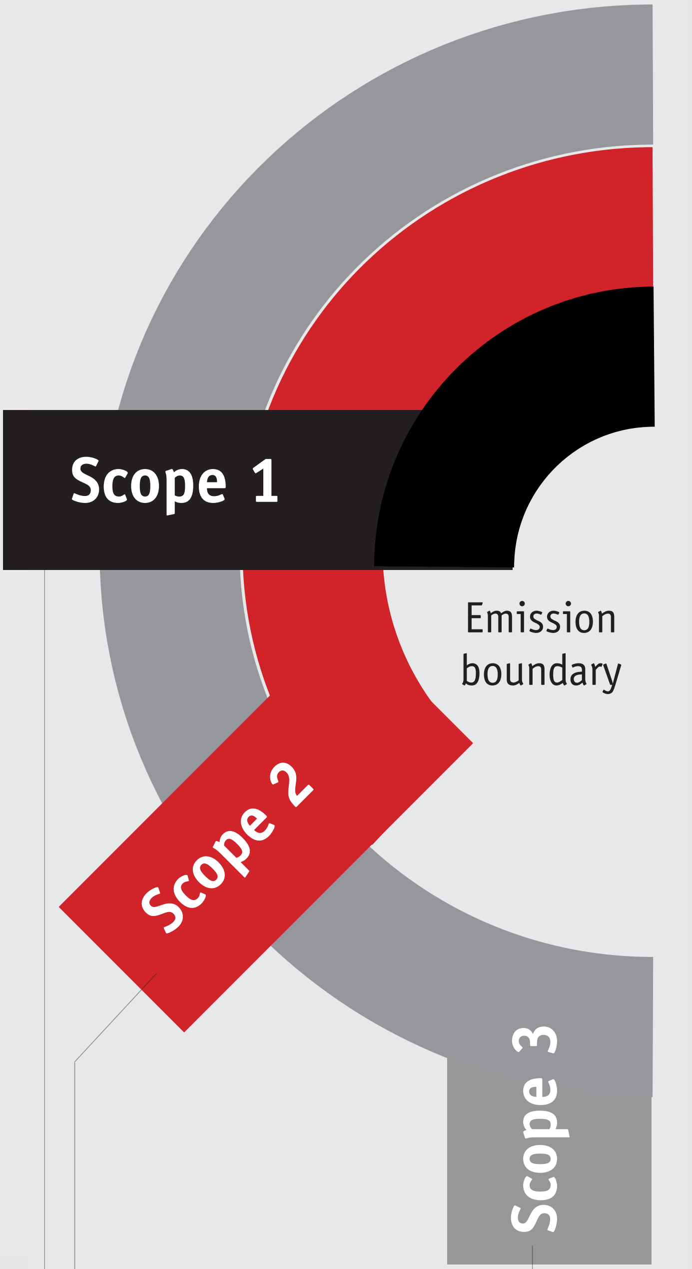
- Fuels

Scope 2 from emissions from the generation of purchased electricity from national grid

- Electricity

Scope 3 GHG from emissions arising from purchased goods:

- Water supplied.
- Material use.



	Emission (tCO2e)
	320.88
	65,361.55
	294.07
Total	**65,976.50**

3. Employees and Culture

Building a thriving, diverse, inclusive, and healthy workplace

Car & General Plc promotes the principle of equal opportunities regardless of race, religion, sex, national origin, ancestry, marital status, or the presence of a disability.

Car & General Plc continues to make an effort to reasonably accommodate the physical or mental limitations of its otherwise qualified employees, to assist in the performance of the essential functions of the job. We empower employees to start, run and grow their careers across a variety of avenues:

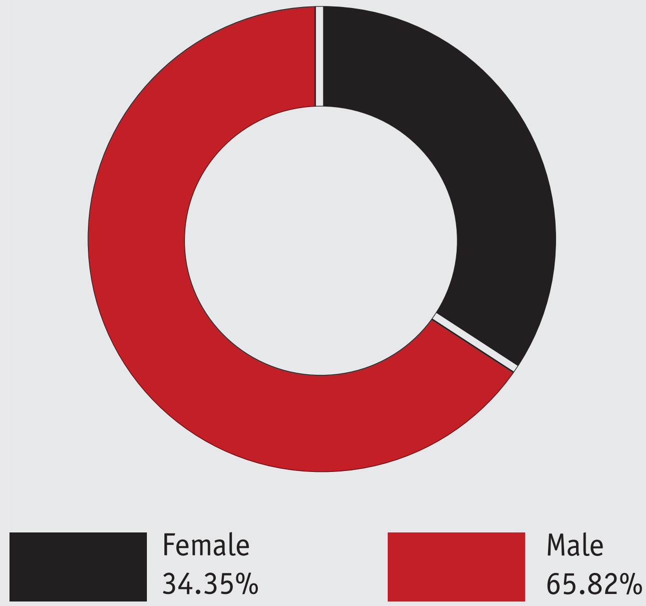
Building diverse teams

Our efforts to build diverse teams take shape through increasing the representation of under-represented groups in our talent pool and mitigating bias throughout the hiring process.

Fostering an inclusive workplace

We are building an inclusive Human resource function where people have equal access to opportunity regardless of their race, gender, and other differences. Our commitment is to have an equal 50:50 gender representation by 2030. To introduce more underrepresented talent to the top of our recruiting funnel, we've deepened our partnerships with recruiting agencies and continue to broaden the reach of our opportunities. In addition, we carry out staff surveys in April and September every year to ensure that the needs and issues are addressed and also act as a tool for continuous improvement in fostering inclusivity.

Employees Gender Demographics



Career development and learning

At Car & General, we facilitate a culture of growth by providing resources that empower employees to be drivers of their careers. We accomplish this through a variety of programs and training.

CEO mentorship program: This program takes shape through a series of workshops that helps managers develop their skills to lead high-performing teams, and address everyday business challenges. This includes monthly CEO video communication.

Management trainee and internship program: We have a rigorous trainee program in partnership with select institutions. This ensures that we attract and retain top-notch talent essentially meeting our strategic objective to be a workplace of choice.

Loyalty program

We will be launching the Cargen Loyalty Program where customers purchasing in cash will be awarded points. The program will start with selected products. Customers will receive an SMS asking them to consent to the program. Customers can check, redeem or transfer points. Points can be used to purchase our products, access exclusive discounts and offers and get priority service. Bonus points can be earned through referrals, Attending C&G events and engaging with us on social media.

Employee Awards

we award long serving employees annually, exemplary employees quarterly and best performers annually.

Beyond these immersive programs, we offer other developmental training to our staff such as First Aid training, Fire Prevention, OnBoarding, sales& Technical training, TVS & Service training, and Soft Skills refresher.

Our Triple P

- **People** – We impact lives of millions by delivering livelihoods and entrepreneurship opportunities.
- **Planet** - We deal in environmental friendly products and will be introducing electric two wheeler, three-wheelers, and solar power generators.
- **Profit** – We are committed to market leadership.

Employee Benefits.

Car & General Plc see benefits as a critical means of fostering an inclusive company and retaining a diverse workforce. While specific benefits vary based on scale, we regularly audit our offerings and are proud to provide coverage across several areas.

Highlights include the Medical scheme with First Assurance, the Pension scheme for our employees, Union membership, the Quarterly recognition program, Staff awards, and Sacco membership which is voluntary.

Staff Fitness – We recognize that healthy employees are good for business; Car & General Plc is continuously investing in staff wellness programs geared towards cultivating a healthy lifestyle. Together with internal medical camps, we have opened a gym within the premises that is supervised by a qualified trainer.

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8. Decent Work and Economic Growth

Car & General is a pioneer in the automobile industry and one of the largest employers in Kenya. We ensure a good work environment that respects human rights for management, staff, and partners across the value chain.

This is in line with Goal 8 to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

4. Integrity

We are committed to enhancing business ethics and integrity in Kenya by demonstrating our efforts against bribery and corruption within our operations. At Car & General Plc, operating ethically and with integrity are core values and we work hard to ensure all of our employees are well-informed about our Code of Conduct. One of our KPIs is ensuring that all employees conduct themselves with integrity and uphold company values at all times.

Take a stand against fraud!

Fraud affects all countries and all sectors of the economy. Although greed undeniably counts among the major causes of fraud, it is by no means the sole reason for fraud. Fraud could also be inspired by the quest for survival for example employees not being able to make ends meet and therefore resorting to theft to pay debts, groceries, and school fees. Peer pressure is another factor that influences employees to act in an untoward matter i.e. an employee with friends that drive expensive cars hence the employee feels the need to live the same lifestyle. A third factor that plays a role in employees committing fraud is opportunity i.e. policies and procedures that are not enforced and this then provides an opportunity for the employee to commit fraud or thefty.

Take a bold stand and help us fight unethical behavior within our organization.

Tip-offs contact details:

Toll-free: Kenya-0800 722 626
Tanzania-0800780026
Uganda-800100255
Email: cargen@tip-offs.com
Website: www.tip-offs.com

Goal 16. Peace, justice, and strong institutions

The strategy to prevent and detect fraud within Car & General consists of three key components:

Key component 1 - Commitment

Commitment to zero tolerance of fraud and other wrongdoing by ensuring that every incident reported is followed up. An initial vetting process will take place when an incident is reported. CAR and GENERAL will then decide whether the report requires further investigation.

Key component 2 - Culture

An organizational culture that discourages fraud. A proactive approach to fraud i.e. Tip-offs Anonymous as well as policies and procedures to mitigate fraud and corruption within CAR and GENERAL.

Key component 3 - Honest communication

Car & General Plc has embarked on various awareness campaigns to assist employees in understanding what constitutes wrongdoing such as inductions programs educating new employees on the effects of fraud. Ongoing awareness concerning unethical behavior and successes in preventing fraud and corruption.

5. Community Relations

Goal 3. Good health and well-being

At Car & General, we offer our employees a safe working environment and we endeavor to make continuous improvements in the area of occupational safety in the workplace. Lessons from Covid- 19 pandemic ensured that we put up measures that protected the health of our employees and contributed to containing the pandemic such as the development of remote work and telepresence.

In addition, Car & General continues to promote employee initiatives that a healthy lifestyle through the provision of internal medical camps, a gym, and regular medical talks. We have continued to ensure healthy lives and the promotion of well-being in society by:

Blood donation campaigns at Car and General offices in partnership with Kenya National Transfusion Service.

- **Eye Care Programs:** Car & General runs an eye care program with Lions Club International. This is intended to reach needy people with eyesight problems. We recognize that eyesight is the biggest gift to humanity and thus we intervene by offering free eye diagnosis, and treatment for those affected by offering medicines, glasses, and corrective surgeries.
- In 2022, the focus on the area of mental health was crucial to increase mental well-ness at the workplace.

Goal 4. Quality Education

As a member of the Motorcycle Assemblers Association of Kenya, we aim to realize a collision-free society through the spread of safety equipment and providing education on road safety.

- **Training** – To help fight road accidents in Kenya, we have rolled out an extensive road safety campaign program that targets motorcycle and three-wheeler drivers, mechanics, and users in Kenya.
- **PGM program**- Cargen Tech-Up targets to train 3,000 Juakali mechanics in a year. This was developed to train Juakali mechanics to keep them up to speed technically so that they can maintain our products and earn a living.
- **TVETa MOU:** we have an MOU with TVETa to work with technical institutions through donations, attachments, and internships, across Kenya. We offer Internships with a particular focus on Mechanical Engineering centers of excellence; Donations of relevant training equipment to be used solely for training; and Offering industry-based learning.

We have also collaborated with various universities and technical training institutions to donate training equipment, visits, and attachments for students and lecturers to receive first-hand experience and training:

- **Collaboration with Technical Education Institutions** – We have signed several MOUs with universities and technical training institutions to offer training sessions to students and lecturers at our facility.

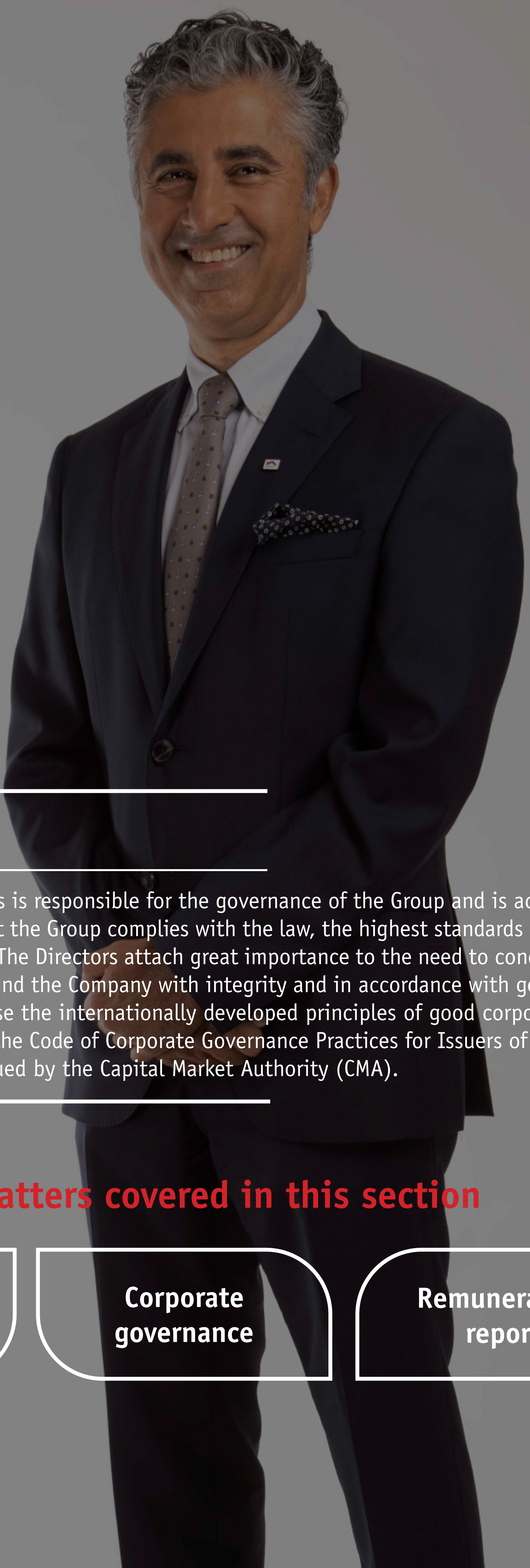
- **School Adoption** – As we strive to improve the communities we live in, Cummins C&G has adopted the Treeside School for the Deaf, giving them a chance to nurture their talents and get a fair chance in life, by donating necessities to the pupils.

Goal 6. Clean water and sanitation.

Ensure availability and sustainable management of water and sanitation for all

Water security and efficiency contribute to sustainable economic empowerment, improvement in livelihoods, and better health and sanitation. It is in this light that we collaborated with our CSR partners to provide:

- **Water Pans** – C&G, Cummins Inc (through the Cummins Foundation), and the Lions Club of Mombasa constructed two dams at over Kshs 3m to aid residents to harvest rainwater for farming to reduce the perennial problem of starvation. The dams have a capacity of holding 5m liters of water each. We are also looking at water drilling as part of our CSR program for 2023.



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).

Matters covered in this section

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.

Our Board of Directors

34

Nicholas Ng'ang'a EBS,

Chairman and Independent Non-Executive Director

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

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

28

Vijay Vashdev Gidoomal,

Group CEO

Vijay Gidoomal qualified as a lawyer from Clifford Chance in the UK in 1992. He returned to Kenya in 1993 and was responsible for establishing Car & General operations in Uganda and Tanzania as Executive Director. He became the Managing Director of Car & General in 1996 and oversaw a complete restructuring of the company's revenue base, gradually introducing new product lines that included the pioneering of the introduction of three wheelers and two wheelers as taxis in East Africa.

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

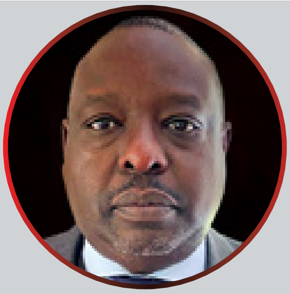
21

Sanjay. P. Gidoomal

Independent Non-Executive:

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

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



5

Carey M. Ngini,

Non-Executive Director

Carey has a wealth of experience across a variety of sectors ranging from property, finance and insurance to oil and gas. Carey has established a number of operations in these areas and is currently a Director of several companies including G4S Secure Data Solutions (Kenya) Limited (archiving), St Christopher's Schools Ltd (education), Syndicate Holdings Ltd (property) and Bentworth Investments Ltd (oil and gas). His experience is very relevant to the current direction of Car & General. Carey graduated with a Bachelor of Science Degree in Business and Finance from the US International University in the UK.

4

Gladys. M. Mboya,

Non-Executive Director

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

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

14

Madabhushi Soundararajan,

Independent Non-Executive Director

Madabhushi Soundararajan, CEO of Delta Corp East Africa Ltd, a real estate development company substantially owned by the reputed Reliance Industries Limited from India, joined the Car & General Board the board in 2009. He made a name for himself in the banking industry having served in different positions in banks both in Kenya and India.

Mr. Soundararajan has been a career banker for 36 years with the State Bank of India, Standard Chartered Bank, Commercial Bank of Africa (NCBA Plc) and the CFC Group (CFC Stanbic).Before joining Delta Corp East Africa, he was the managing Director of CFC Financial Services Ltd and Managing Director of CFC Bank.

14

Pratul Shah,

Non-Executive Director

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

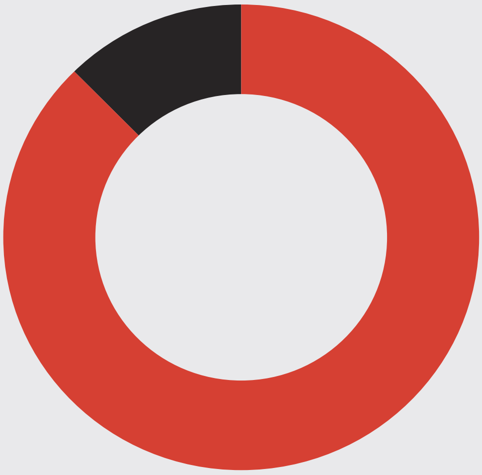
Conrad Nyukuri

Secretary to the Board

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

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

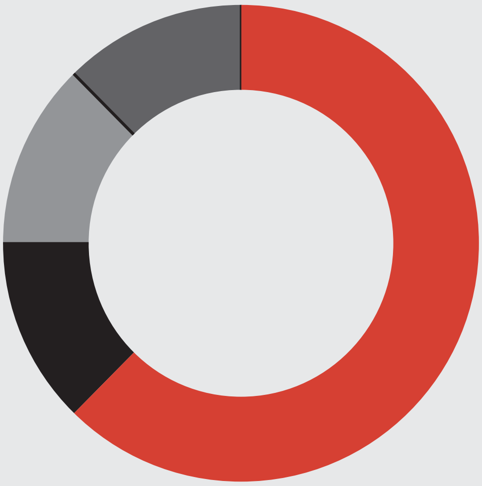
Board Demographics



14% Female 14%

76 % Male 86%

Age



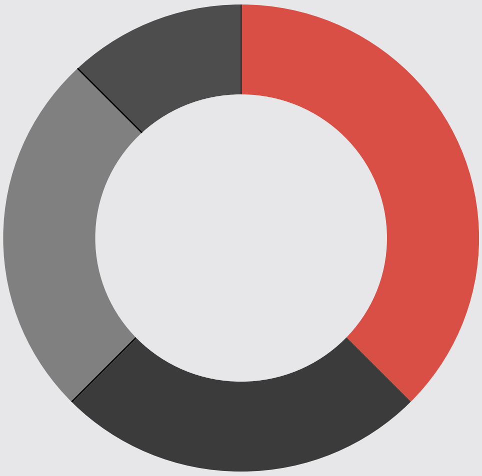
14.28% 80-90

14.28% 60-70

14.28% 70-80

57.16% 50-60

Tenure of Directors



14.26% 30-40

28.58% 10-20

28.58% 20-30

28.58% 1-10

Independence

14% Non Independent

76 % Independent

OUR BOARD

Name	Age	Gender	Expertise	Nationality	Year of Appointment (Tenure)	Executive/ Non-Executive	Independent/Non-Independent	Meeting attendance
Nicholas Nganga	84	Male	Business Operations Finance Management	Kenyan	1988 (34)	Non-Executive	Independent	4/4
Vijay Vashdev Gidoomal	54	Male	Legal Finance Management	Kenyan	1994 (28)	(Group CEO) Executive	Non-Independent	4/4
Gladys Mumbua Mboya	55	Female	Legal Investments	Kenyan	2018 (4)	Non-Executive	Independent	4/4
Carey Muriithi Ngini	54	Male	Male Finance Insurance	Kenyan	2017 (5)	Non-Executive	Independent	4/4
Soundararajan Madabhushi	72	Male	Banking Management	Indian	2008 (14)	Non-Executive	Independent	4/4
Pratul Hemraj Shah	68	Male	Audit tax Planning	Kenyan	2001 (21)	Non-Executive	Independent	4/4
Sanjay Prem J Gidoomal	55	Male	Banking Credit Management	Kenyan	2008 (14)	Non-Executive	Independent	4/4

Name	Board	Audit, Risk, and Compliance Committee	Governance, Nomination, and Compensation Committee
Nicholas Nganga		Not a Member	2/2
Vijay Vashdev Gidoomal		Not a Member	2/2
Gladys Mumbua Mboya		Not a Member	2/2
Carey Muriithi Ngini		4/4	2/2
Soundararajan Madabhushi		4/4	2/2
Pratul Hemraj Shah		4/4	Not a Member
Sanjay Prem J Gidoomal		4/4	2/2

The Board set out an annual work plan that details its activities for the year. The Directors are set to meet at least once every quarter and as necessary depending on matters arising.

The Chairman, the CEO and the Company Secretary sets the agenda for these meetings and communicate the same to the rest of the Directors.

Vijay Gidoomal

CEO, Car & General Kenya PLC

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

David Chesoni

(Managing Director, Car & General Trading Limited, Kenya)

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

Venkatesh Jarayaman

Managing Director, Car & General Trading Limited, Tanzania

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

Naveen Kumar , Managing Director, Car & General Trading Limited, Uganda

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

Carol Omanjo , Chief Operating Officer , Car & General Kenya PLC

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

Sam Njenga , Chief Financial Officer Car & General Kenya PLC

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

Eric Sangoro , General Manager Cummins C&G Limited

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

Faye Crane, Resident Director, Kibo Poultry Products Limited

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

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

Andris Kaneps, CEO – Watu Credit Limited

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

Pavit Kenth , CEO – Bodaplus Limited

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

George Rubiri , General Manager, Consumer Products, Car & General Trading Plc, Kenya

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

Titus Murage, Group Commercial Manager, Car & General Kenya PLC

Titus joined C&G in 1996. A holder CPA (K) from Kimathi University, Titus was appointed as Group Commercial Manager in 2016.

Jeremiah Mureu, Head of Credit Control, Car & General PLC

Joined : 2008
Appointed : 2015
Education: Bachelor of Commerce degree from the University of Nairobi and is a Certified Credit professional by the School of Credit management.

Costa Cherotich, Head of Audit, Car & General PLC

Costa joined C&G in 2011. A graduate of Bachelor of Commerce (Accounting Option) from Kenyatta University, she was appointed to Head of Audit in 2020. Costa is Certified Public Accountant (CPA-K).

Raphael Atanda, Head of Communications, Car & General PLC

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

Eunice Malelu, Head of Treasury, Car & General PLC

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

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

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

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

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

Christine Odhiambo , HR and Administration Manager, Car & General PLC

In order to align human resource strategies with overall strategic goals of C&G, Christine was appointed in 2021. A holder of Bachelor of Science Second Class honors upper Division in Human Resource Management from Moi University, she is an associate member at the Institute of Human Resource Management.

Gilbert Mutai , Head of Information Technology, Car & General PLC

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

CORPORATE GOVERNANCE

The Board's value creation lies in driving outcomes that support the Company's vision of re-imagining our mantra of being No.1 in markets, Day 1 mentality, 1 team to make our customers smile in every street, every town. The code of conduct under the corporate governance guidelines ensures that the principles of disclosure and transparency are adopted. During the current year of reporting, the company complied with all the regulations and laws of Kenya.

Governance framework

Our governance framework delivers role clarity; defining roles and areas of responsibility, and distinguishing the independent roles and responsibilities necessary to govern the Group and the Company.

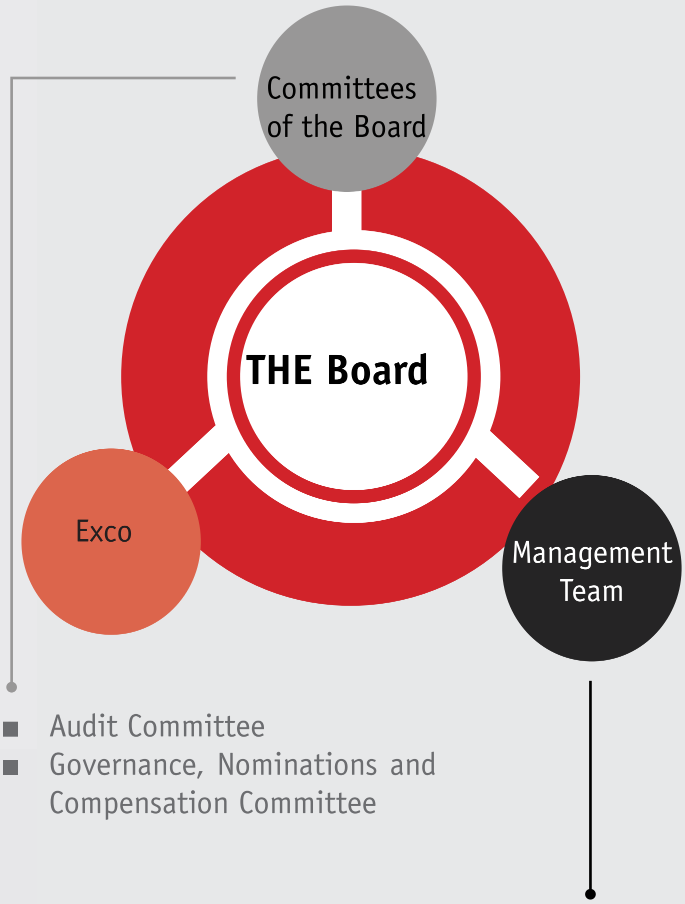
The governance framework and processes allowed the Board to create value through:

- A transformed Board- The Directors attach great importance to the need to conduct the business and operations of the Group and the Company with integrity and following generally accepted corporate practices and endorsing 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).
- Skills and experience - development and approval of Board succession plan.
- Analytical thinking- as demonstrated by the yearly assessment of independence.
- Involved and dedicated members- proven through active contribution and presence in meetings.
- Dedicated and well-versed discussions- with devoted committees working under clear terms of reference and work plans.

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 the conduct of day-to-day 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.



- Audit Committee
- Governance, Nominations and Compensation Committee

- Chief Executive Officer
- Managing Directors
- Chief Operations Officers
- Chief Financial Officers
- Audit
- Head of Communication
- Head of Credit Control
- Head of Marketing

BOARD OPERATIONS AND CONTROL

Car & General Plc has developed a Board Charter that is subject to the provisions of the Companies Act No.15 of 2015, the Company's Memorandum of Incorporation (MOI), other relevant laws, regulatory and supervisory prescripts, and applicable corporate governance principles, codes, and best practices.

Board appointment, composition, size, and qualifications

The Board Charter stipulates very clear procedures and guidelines for Board appointment.

The full Board determines the size of the Board subject to the Company's MOI and recommended laws, regulations, and practices. The appointment of every director is carried out formally and transparently.

Our Board consists of an appropriate number and mix of individuals to ensure that there is an overall adequate diversity of knowledge, skills, age, gender, race, and expertise at the Board level commensurate with the nature, scale, and complexity of the business and risks of the insurers.

The necessary induction and training for Directors are provided by the Centre for Corporate Governance in Kenya, as and when required.

The Board is made up of seven members including non-executive directors and independent directors to promote objectivity in decision-making. It is chaired by an independent non-executive director appointed by the Board.

The Directors are allowed to hold up to 4 Board positions at a time while the Chairperson can only chair 2 Boards of listed companies at a time.

Structure of the Board

The Board has taken a holistic approach to the assignment of roles and responsibilities, as well as the composition of Board committees, to promote effective collaboration among committees with minimal overlap and fragmentation of responsibilities, as well as a balanced distribution of power.

There are two established committees: Audit, Risk and Compliance Committee, and Governance, Nomination, and Compensation Committee; which are well constituted to discharge their roles.

Functions of the Board

The Board is tasked with the ultimate responsibility for the Company's performance, affairs, actions, and decisions. Its functions include:

- Determine and oversee the implementation of the Company's business objectives and strategies for achieving those objectives.
- Ensure that the roles and responsibilities allocated to the Board and senior management are clearly defined.
- Ensure that there are adequate policies and procedures relating to the appointment, dismissal, and succession of senior managers.
- Ensure that the Board and Senior managers are fit to run the company.
- Provide oversight for the design and implementation of sound risk management and internal control systems and functions.
- Adopt and oversee the effective implementation of Company policies and procedures.
- Ensure reliable and transparent financial reporting for public and supervisory purposes.
- Adopt appropriate policies and procedures to oversee the Managing Executives' responsibilities.
- Regularly monitor and evaluate the Company's governance framework and notify the appropriate regulatory authorities of any shortcomings.
- Approve matters requiring general or specific Board approval.
- Complete regular Director performance assessments.

The roles and responsibilities are assigned at the Board level. The roles of the chairman and the chief executive officer (CEO) are clearly defined and separated. The Board of Directors delegates powers to the relevant Board Committees to protect issues relating to strategy, company performance, its resources, and the Code of Conduct.

Board Independence

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 following the Company's Articles of Association

All non-executive directors are considered independent by the Board of directors as they are free from any business or other relationship that materially affects or could affect their judgment.

The Board of Directors has also taken into account the independence requirements of the Nairobi Securities Listing Standards and has determined that these are observed by the Chairman and all Non-Executive Directors. The Board of Directors believes that it includes an appropriate combination of executive and non-executive directors.

Age Limit for Board of Directors

The Group has prescribed age limit for its Directors. Retired Directors who wish to continue serving in the office of Director must seek the approval of the Shareholders at the Annual General Meeting.

Board Tools

The company has put in place the necessary tools that empower the Board to discharge their roles and responsibilities.

They include Car & General Kenya Plc Code of Conduct policy; The Board Charter; Audit, Risk and Compliance Committee TOR; Governance, Nomination, and Compensation Committee TOR. These documents are publicly published on the company's website.

Governance and Legal Audit

An independent governance audit was conducted for the year ended 31 December 2020 and the Board has been continuously executing the recommendations of the Audit report.

Board of Directors Induction & continuous skill development.

The Board charter dictates that each Board member shall participate in an induction program that is tailored to effectively orient the member to the Company's business, strategy, objectives, policies, procedures, operations, senior management, and the business environment. The induction includes all the necessary information that is required by a member for effective performance on the Board.

The Group has also established an induction for new Board members who are introduced to their fiduciary duties and responsibilities as well as any other aspects that are unique to the business.

Annual evaluations of Board Members

The Board has agreed on its annual evaluation process. The survey was done in January 2022 by Dorian Associates LLP. The Board is committed to implementing the consultant's recommendations.

Rights of Shareholders

The company acknowledges the value of providing relevant up-to-date information to its shareholders and empowering them through effective communication in a timely and readily available manner. This ensures the effective participation of shareholders and other stakeholders.

Our Shareholder's policy of 2020 outlines the processes followed by the Company to ensure that communication with shareholders and the wider investor community is effective and consistent and that reasonable access to senior management and directors is provided to shareholders and the investor.

The company recognizes the importance of shareholders' privacy and will not disclose shareholders' information without their consent unless required by law to do so.

STAKEHOLDER RELATIONS

An expansive range of stakeholders is significant to the company at all business levels. Strategic stakeholders crucial to our capacity to create lasting, sustainable value are recognized by applying an established stakeholder engagement agenda. This process considers the Company's strategic objectives and current or emerging risks.

Our key stakeholders are described in the stakeholder engagement section, and an outline of their significance to our long-term sustainable success, what matters to them, and how we engage and respond to them. During the current reporting year, the Board also deliberated on the impact of Covid-19 on our key stakeholders.

We work with our key stakeholders on a day-to-day basis at the level and in a format best suited to the context of the Board or senior management. Our governance framework, including our Code of Conduct and specific stakeholder engagement frameworks/guidelines, requires openness, transparency, and integrity and defines requirements for adequate management oversight.

The Board of directors will continue to monitor the ongoing effectiveness of our group's engagement with stakeholders.

Ethics and Social Responsibility

The Board believes in working to improve the communities in which we operate taking the balancing act of corporate sustainability seriously. We ensure that Car & General's business operations have a positive social, environmental and financial impact.

Our Corporate Social Responsibility policy promotes employee engagement by ensuring that every C&G employee has an opportunity to serve and improve his or her community as per our priority areas.

The top management endorses this policy and ensures it is compatible with the context and strategic direction of the organization ensuring that the policy is communicated, understood, implemented, and maintained at all levels within Car & General Kenya Plc.

Our Corporate Responsibility priority areas are Education, Health, Environment, and Road Safety, and our efforts to pursue positive relationships in our communities with partner organizations aligned with- our priority areas and have a presence where Car & General does business.

Division of the Roles of the Chairperson and the Chief Executive Officer.

The Chairperson

The Chair is an Independent Non-executive member of the Board. He leads the Board and ensures that effective corporate governance and processes are embedded in the Company.

Some of the Chairs main functions are:

- To provide leadership to the Board and ensure its effectiveness in all aspects of its role;
- To facilitate the input of non-executive directors and encourage constructive relations between the executive and non-executive directors;
- Together with the CEO, he develops the strategy of the company and appraises the rest of the Board on the strategic direction of the company.
- To set the agenda of the Board;
- To set an ethical tone for the Board and the Company;
- To ensure effective shareholder and stakeholder engagement; and,
- To provide overall leadership to the Board.

The Chief Executive Officer (CEO)

The CEO is responsible for the operations and management of the day-to-day affairs of the company. He ensures that the Company remains purpose-driven and achieves its strategic objectives. He leads the Senior Management team and the staff.

Some of the CEO's main functions are:

- Ensures that the policies spelled out by the Board in the Company's overall corporate strategy are implemented;
- Ensure that the Board is frequently and adequately appraised about the operations of the institution through the presentation of relevant Board papers;

- Provide oversight role of the company's strategy and resource allocation;
- Establish and maintain efficient and adequate internal control systems;
- Evaluate and monitor company performance;
- Monitor control and risk management systems; and,
- Review management plans and provide strategic guidance.

Transaparency and Disclosure

The company discloses all the material information in a timely and balanced manner and ensures all the relevant material information in this context is published on our website. This includes various company policies, Board charter, financial reports, our governing ethical principles, and shareholder communication policy and governance structure.

Accountability, Risk Management, and Internal Control.

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.

COMMITTEES OF THE BOARD

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

Audit Committee

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

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

Governance, Nominations and Compensation Committee

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

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

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

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

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 carries 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.

Audit, Risk, and Compliance Committee.
It comprises four Non-Executive Directors;

P Shah (Chairman), C M Ngini
M Soundararajan, S P Gidoomal.

Internal and external auditors and other company executives attend on the invitation as required.
The committee is scheduled to meet at least 4 times a year.
The Committee provides advice and guidance regarding the adequacy of the company's initiatives for the integrity of the integrated report and reviews the effectiveness of the financial reporting process, the internal control system, financial reporting and risk management, the internal and external audit and assurance process, the Company's process for monitoring compliance with laws and regulations as well as its code of business conduct and any complaints and comments concerning any of these issues.

The Board

Governance, Nomination, and Compensation Committee.

The Committee meets as required and when necessary. It is comprised of four Non-Executive Directors;

Carey M Ngini,
M Soundararajan,
S P Gidoomal,
Gladys Mboya
Mr. Vijay Gidoomal,
the Group CEO.

The committee assists the Board in fulfilling its oversight responsibilities to;

- Review of all group policies, corporate governance systems, and practices for the Board's overall stewardship responsibility and the discharge of its obligations to the stakeholders of the Group.
- Monitoring and appraising the performance of senior management including the Group Chief Executive Officer;
- Board appointments and re-appointments and ensuring that the Board is well-balanced and diversified in terms of skills, experience, independence and knowledge and,
- The remuneration policy for the group.

Based on a number of meetings attended and approved remuneration packages, the table below summarizes Board Remuneration for the Year 2022.

Remuneration	Salaries and benefits	Pension scheme	Directors Fee	Total
30-Sep-22	**KES'000'**	**KES'000'**	**KES'000'**	**KES'000'**
Mr. V. Gidoomal*	24,474	180	-	24,654
Mr. N Ng'ang'a EBS	-	-	1,542	1,542
Mr. P Shah	-	-	1,775	1,775
Mr. S P Gidoomal	-	-	1,369	1,369
Mr. M Soundararajan	-	-	1,157	1,157
Mr. C M Ngini	-	-	1,350	1,350
Ms. G M Mboya	-	-	664	664
Total	**24,474**	**180**	**7,857**	**32,511**
30-Sep-21	**KES'000'**	**KES'000'**	**KES'000'**	**KES'000'**
Mr. V. Gidoomal*	21,588	180	-	21,768
Mr. N Ng'ang'a EBS	-	-	2,272	2,272
Mr. P Shah	-	-	2,644	2,644
Mr. S P Gidoomal	-	-	1,353	1,353
Mr. M Soundararajan	-	-	1,353	1,353
Mr. C M Ngini	-	-	1,529	1,529
Ms. G M Mboya	-	-	915	915
Total	**21,588**	**180**	**10,066**	**31,834**

Activity disclosure of the Audit Committee

Audit Committee activities are disclosed in the half-year and end-year financial reports. It also reviews internal audit reports that cover assessment of internal controls across the organization. The Committee reviews the Group's compliance checklist that entails statutory, tax and business license, registrar of companies and risk register.

It also reviews reports of external auditors and the Group has a fraud register and whistle blower. The Board Audit and Risk Committee gets quarterly management reports and reports from internal audit, compliance and risk departments that address the ethics side of the business.

Any incidents noted are escalated to the Board and reported in Board minutes as appropriate including all the steps taken to address such issues.

Directors' Conflict of Interest

The Group 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 and members of the executive management are not allowed to use their official position and/or confidential company information for insider trading or make any other transition, or communication with a third party to benefit financially or otherwise. Directors are also obligated to inform the Board of conflicts, or potential conflicts of interest that they may have about particular items of business or other directorships.

Directors' Idemnities

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.

Qualifying third-party indemnity provisions (as defined by section 197 of The Companies Act, 2015 Laws of Kenya) were in force during the year and remain in force, concerning certain losses and liabilities which the Directors or Group Secretary may incur to third parties in the course of acting as Directors or Group Secretary or employees of the Group.

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.

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.

SHAREHOLDING STRUCTURE

The Company complies with provisions of the Capital Markets Act and all rules, regulations, and guidelines made there under.

Distribution of shareholders as of September 30th, 2022

Shareholding (No. of shares)	No. of shares held	No. of shareholders	Percentage (%)
Less than 500	106,094	587	0.13
500 - 5,000	831,522	411	1.04
5,001 - 10,000	646,104	92	0.81
10,001 -100,000	3,531,688	140	4.40
100,001 - 1,000,000	6,022,318	20	7.51
above 1,000,000	69,068,890	9	86.11
Total	**80,206,616**	**1259**	**100**

Top ten shareholders of Car & General PLC as of 30th September 2022

Name	Shares Owned	Percentage (%)
Fincom Limited	26,066,838	32.50
Betrin Limited	12,774,318	15.93
Monyaka Investments Limited	10,034,224	12.51
Primaco Limited	7,301,292	9.10
Paul Wanderi Ndungu	6,419,922	8.00
Vapa Limited	3,681,036	4.59
Rakesh Prakash Gadani	1,711,160	2.13
Nairobi Commercial Continental Limited	1,080,000	1.35
Chandan Jethanand Gidoomal	884,436	1.10
Investment & Mortgage Nominees Ltd A/c 028950	838,942	1.05

Directors' Shareholdings as of September 30th, 2022

Name	Shares Owned
Gladys Mumbua Mboya	10,080
Nicholas Nganga	10,896
Vijay Vashdev Gidoomal	3,168
Total Directors' shareholding	**24144**

Our Financial Statements

REPORT OF THE DIRECTORS

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

Principal Activities

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

Group Results

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

Dividend

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

DIRECTORS

The present Board of Directors is shown on page 59.

ENHANCED BUSINESS REVIEW

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

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

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

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

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

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

Environmental matters

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

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

Our people

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

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

Social community initiatives

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

Directors Statement as to information given to auditors.

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

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

Auditors

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

By Order of the Board

Conrad Nyukuri

Secretary

25 January 2023

DIRECTOR'S REMUNERATION REPORT

Information 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 consider the remuneration policy annually to ensure that it remains aligned with business needs and that Directors are fairly rewarded concerning the responsibilities taken.

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

Annual basic retainer fee

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

Sitting Allowances

	Board Committee	Audit Committee	Governance & Nominations Committee
	KES	KES	KES
Chairman	154,731	139,258	103,153
Other Directors	123,786	103,153	103,153

Executive Directors

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

The package comprises a base salary, pension, and other benefits. They are also eligible to participate in the Group's bonus scheme based on the achievement of key business performance indicators.

Non-Executive Directors

Our Non-Executive Directors have a wide range of strategic and operational experience gained in other businesses and/or organizations. They earn an annual basic retainer fee and sitting allowances per meeting attended. They do not earn a base salary and are not entitled to the Company's bonus scheme or its pension plan.

Their roles include but are not limited to:

- Analyze and hold the company's performance against the objectives;
- Evaluate and monitor company performance;
- Review management plans and provide strategic guidance;
- Ensure that there are adequate policies and procedures relating to the appointment, dismissal, and succession of Managing Executives;
- Provide oversight in respect of the design and implementation of sound risk management and internal control systems and functions;
- Adopt appropriate policies and procedures to oversee Managing Executives' responsibilities;
- Regularly monitor and evaluate the adequacy and effectiveness of the Company's governance framework; and,
- The oversight role of the company's strategy and resource allocation.

Insurance

The Company has taken a Directors' and officers' liability insurance cover for all the Directors for the duration of their tenure. The Company indemnifies the directors against all and any liabilities, losses, and claims arising from executing their roles as Directors except for instances of negligence.

Shareholding requirements

The Directors' remuneration 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.

Compliance with Laws, Regulations and Standards

The Company is listed on the Nairobi Securities Exchange. Therefore, the company is bound by and complies with: The Companies Act 2015, its regulations and amendments; The Capital Markets Act Cap. 485A rules and regulations;

The Nairobi Stock Exchange Listing Standards; and, all other applicable laws and regulations that govern the various lines of business in which it operates.Their roles include but are not limited to:

Terms of appointment and termination

The Executive Director has a service contract with the company and is in 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

1. 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;
2. Selecting suitable accounting policies and applying them consistently; and
3. Making accounting estimates and judgements that are reasonable in the circumstances.

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

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

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

25 January 2023

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 84, which comprise the consolidated and company statements of financial position as at 30 September 2022 and consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

Key Audit Matter

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

Valuation of investment properties

As disclosed in note 15 of the consolidated and company financial statements, the Group's and Company's investment property amounted to Shs 3,061.4 million and Shs 1,727.9 million as at 30 September 2022 respectively. The fair valuation of the investment properties for the current period resulted in a net gain of Shs 111.5 million and Shs 61.5 million for Group and Company respectively.

The valuation method adopted by the Directors for a significant portion of investment properties is based on the income capitalization approach. Significant judgement is required when determining the capitalization/yield rate where the income capitalization approach is employed.

The valuation of investment properties is therefore considered a key audit matter.

Refer to note 2 for the accounting policy on investment properties.

Our procedures to address the risk of material misstatement relating to valuation of investment properties included:

- Assessing the competence, capabilities and objectivity of the Group's and Company's investment properties professional valuers;
- Involving our in-house fair value specialists in evaluating the judgements applied by the Directors and the Group's independent professional valuers for reasonableness and in particular the assumptions and methodologies used to estimate the fair value of the investment properties; and
- Checking the accuracy and completeness of the data used by management professional valuers in the valuation of investment properties

Based on procedures performed, we concluded that the methodology and assumptions used by the Directors in the valuation of investment properties were appropriate. In addition, the disclosures pertaining to the valuation of investment properties were found to be appropriate in the financial statements.

Other Information

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

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

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

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

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

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.

-

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

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

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

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

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

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

From the matters communicated with the Board Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and company financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Report of the Directors

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

Directors' Remuneration Report

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

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

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

25 January 2023

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

	Note	2022 Shs '000	2021 Shs '000
REVENUE	5	19,398,885	17,141,960
COST OF SALES		(16,253,626)	(13,987,931)
OTHER COSTS	6	(138,992)	(102,911)
GROSS PROFIT		3,006,267	3,051,118
OTHER INCOME	7	208,208	118,884
GAIN IN FAIR VALUE OF IN-VESTMENT PROPERTIES	15	111,500	12,294
IMPAIRMENT PROVISION FOR FINANCIAL ASSETS	23	(73,926)	(15,629)
SELLING AND DISTRIBUTION COSTS		(857,981)	(751,213)
ADMINISTRATIVE EXPENSES		(1,368,152)	(1,204,418)
SHARE OF PROFIT IN ASSOCI-ATES	20	623,273	370,373
SHARE OF PROFIT IN JOINT VENTURE	21	17,497	25,350
PROFIT BEFORE FINANCE COSTS AND TAX-ATION		1,666,686	1,606,759
FINANCE COSTS	8	(930,946)	(503,517)
PROFIT BEFORE TAXATION	10	735,740	1,103,242
TAXATION CREDIT/(CHARGE)	11	(56,280)	(215,999)
PROFIT FOR THE YEAR		**679,460**	**887,243**

	Note	2022 Shs '000	2021 Shs '000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Gain on property revaluation	16	91,111	25,220
Deferred tax on revaluation of property - current year	26	(21,582)	(7,243)
- prior years	26	(60,267)	-
Effect of change in tax rate	26	-	(27,382)
		69,529	(9,405)
Exchange difference arising on translation of foreign operations net of tax		129,762	3,983
Other comprehensive income/(loss) for the year, net of tax		199,291	(5,422)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		878,751	881,821
PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:			
Owners of the parent		885,411	894,023
Non - controlling interests	12	(6,660)	(12,204)
Total comprehensive income for the year		878,571	881,821
EARNINGS PER SHARE: Basic and diluted earnings per share (Shs)	13	8.55	11.21
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	1,980,431	1,844,282

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

		2022	2021
	Note	Shs '000	Shs '000
REVENUE	5	181,197	176,385
OTHER INCOME	7	53,672	50,429
GAIN IN FAIR VALUE OF INVESTMENT PROPERTIES	15	61,500	12,294
IMPAIRMENT PROVISION FOR FINANCIAL ASSETS	36(a)	(23,845)	-
ADMINISTRATIVE EXPENSES		(169,573)	(161,785)
PROFIT BEFORE FINANCE COSTS AND TAXATION		102,951	77,323
FINANCE COSTS	8	(87,050)	(21,136)
PROFIT BEFORE TAXATION	10	15,901	56,187
TAXATION CHARGE	11	(17,962)	(83,897)
LOSS FOR THE YEAR		(2,061)	(27,710)

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

	Note	2022	2021
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Gain on property revaluation	16	61,000	11,500
Deferred tax on revaluation of property	26	(18,300)	(3,450)
Effect of change in tax rate	26	-	(27,382)
		42,700	(19,332)
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign opera-tions net of tax		446	(38)
Other comprehensive income/(loss) for the year, net of tax		43,146	(19,370)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		41,085	(47,080)
EARNINGS BEFORE FINANCE COSTS, DEPRECIATION, AMORTIZATION AND TAXATION	14	150,299	119,204

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
ASSETS			
Non-current assets			
Investment properties	15	3,061,437	3,525,004
Property, plant and equipment	16	2,840,067	2,011,185
Intangible assets	17	36,561	21,047
Right of Use Asset	18	614,006	567,016
Investment in associates	20	1,424,403	789,203
Investment in joint venture	21	333,594	316,097
Deferred tax asset	26	367,020	335,228
		8,677,088	**7,564,780**
Current assets			
Inventories	22	7,540,924	4,496,940
Trade and other receivables	23	1,873,538	1,271,679
Due from related companies	24(a)	446,072	391,180
Loan due from related company	24(b)	136	192,944
Corporate tax recoverable	11(c)	187,615	109,885
Cash and bank balances	30(c)	197,511	420,201
		10,245,796	6,882,829
Total assets		**18,922,884**	**14,447,609**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	401,033	200,516
Revaluation reserve		898,195	816,978
Retained earnings		3,904,902	3,559,317
Exchange translation reserve		135,712	5,950
Equity attributable to owners of the parent		5,339,842	4,582,761
Non-controlling interests	12	264,532	271,192
		5,604,374	**4,853,953**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
Non-current liabilities			
Deferred tax liabilities	26	883,736	832,622
Borrowings	27	1,426,611	819,594
Lease liabilities	28	515,794	410,919
Loan due to a related party	24(c)	165,266	165,266
		2,991,407	**2,228,401**
Current liabilities			
Due to a related company	24(d)	733,753	545,358
Borrowings	27	5,693,411	4,123,838
Lease liabilities	28	188,366	207,362
Trade and other payables	29	3,667,891	2,482,448
Corporate tax payable	11(c)	43,682	6,249
		10,327,103	**7,365,255**
Total equity and liabilities		**18,922,884**	**14,447,609**

The financial statements on pages 20 to 86 were approved and authorised for issue by the Board of Directors on 25 January 2023 and were signed on its behalf by:

N. Ng'ang'a, EBS
Director

V. V. Gidoomal
Director

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

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

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 Shs '000	2021 Shs '000
Current liabilities		1.023,830	787,771
Due to related companies	24(d)	468,219	625,301
Borrowings	27	34,002	8,821
Lease liabilities	28	120,963	89,226
Trade and other payables	29		
		1,647,014	**1,511,119**
		4,662,180	**4,460,937**

The financial statements on pages 20 to 86 were approved and authorised for issue by the Board of Directors on
25 January 2023 and were signed on its behalf by:

N. Ng'ang'a, EBS
Director

V. V. Gidoomal
Director

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

	Share capital	Revaluation Reserve*	Retained earnings	Exchange translation Reserve**	Attributable to owners of the company	Non - controlling interest	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 1 October 2020	200,516	788,445	2,729,890	1,967	3,720,818	218,502	3,939,320
Profit for the year	-	-	899,447	-	899,447	(12,204)	887,243
Other comprehensive income for the year	-	17,977	(27,382)	3,983	(5,422)	-	(5,422)
Transfer of excess depreciation	-	13,842	(13,842)	-	-	-	-
Deferred tax on excess depreciation transfer	-	(3,286)	3,286	-	-	-	-
Dividends paid	-	-	(32,082)	-	(32,082)	-	(32,082)
Non-controlling interest from BodaPlus Limited (note 12)	-	-	-	-	-	64,894	64,894
At 30 September 2021	200,516	816,978	3,559,317	5,950	4,582,761	271,192	4,853,953
At 1 October 2021	200,516	816,978	3,559,317	5,950	4,582,761	271,192	4,853,953
Profit for the year	-	-	686,120	-	686,120	(6,660)	679,460
Bonus shares issue (note 25)	200,517	-	(200,517)	-	-	-	-
Other comprehensive income for the year		69,529	-	129,762	139,024	-	199,291
Transfer of excess depreciation	-	15,247	(15,247)	-	-	-	-
Deferred tax on excess depreciation transfer	-	(3,559)	3,559	-	-	-	-
Dividends paid – 2021	-	-	(128,330)	-	(128,330)	-	(128,330)
At 30 September 2022	401,033	898,195	3,904,902	135,712	5,339,842	264,532	5,604,374

The reserve accounts included in the statement of changes in equity are explained below:
*The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - Note 16.

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General Information

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

The Company shares are listed on the Nairobi Securities Exchange.

2. Accounting Policies

Statement of compliance

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

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

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

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

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

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

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

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

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

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

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

The amendments did not have material impact on the Group.

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

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

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

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

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

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

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:

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

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

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

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

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

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

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

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

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

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

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

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

iii) Early adoption of standards

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

1. Basis of preparation

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

Basis of consolidation

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

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

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

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and

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

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

Investment in associate and joint ventures

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

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

Investment in associate and joint ventures

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

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

Revenue

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

Sale of equipment, motorcycles and three-wheeler vehicles

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

Service revenue

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

Rental income

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

ICT Training and Talent development

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

Poultry sale

The company recognises revenue from the following major sources:

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

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

Cost of sales

Cost of sales is the accumulated total of all costs used to create our products which have been sold. Cost of sales of inventory is recognized as an expense in the period in which the related revenue is recognized. The various costs of sales fall into the general sub-categories of carrying amount of inventories, direct labour, direct materials, depreciation, overheads and write-down of inventories.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The cost of sales does not include selling and distribution expenses.

Property, plant and equipment

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

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

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

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

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.

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.

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.

The Group as lessor

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

Investment properties

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

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

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of the business including direct material costs and other overheads incurred to bring the asset to the existing location and condition.

Cost of issues is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of disposal. An allowance is made for obsolete, slow moving and defective inventories.

Livestock

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

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

a) Classification of financial assets

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

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

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

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

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

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

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

(i) De-recognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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.

Impairment of Financial assets

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.

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, 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.

Segmental reporting

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

Comparatives

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty.

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

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

Key sources of estimation uncertainty

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

a) Property, plant and equipment and intangible assets

Useful life of assets

The Group reviews the estimated useful lives, depreciation method and residual values of property, plant and equipment at the end of each reporting period.

n reviewing the useful lives of property, plant and equipment, the Group considers the remaining period over which an asset is expected to be available for use. Judgment and assumptions are required in estimating the remaining useful period.

b) Revaluation of land and buildings

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

c) Valuation of investment properties

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

d) Impairment of financial assets

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

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

e) Impairment of non-financial assets

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

f) Deferred tax asset

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

g) Determination of discount rate

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

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

Critical judgements in applying the Group's accounting policies

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

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

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

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

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

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

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

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

4. Segmental Information

a) Reportable segments

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

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

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

b) Segment revenues and results

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

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

Revenue reported above represents revenue generated from external customers.

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

b) Segment revenues and results

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

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

c) Segment assets and liabilities

	Trade and workshop	Investment properties	Poultry	ICT Training & Talent Development	Manufacturing	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
30 September 2022						
Assets	14,014,973	3,870,336	736,062	25,560	275,953	18,922,884
	=========	========	========	========	========	=========
Liabilities	11,104,786	1,846,873	194,237	7,589	165,026	13,318,510
	=========	========	========	========	========	========
30 September 2021						
Assets	9,906,173	3,664,219	571,654	33,256	272,307	14,447,609
	=========	========	========	========	=========	=========
Liabilities	7,467,653	1,794,981	196,599	12,401	122,022	9,593,656
	=========	========	========	========	========	=========

d) (d) Other segment information

30 September 2022						
Cost of sales	15,658,840	(1,388)	393,021	-	200,377	16,253,626
Other costs	138,992	-	-	-	-	138,992
Expenses - selling and administrative	1,811,255	169,573	155,366	9,696	80,245	2,226,135
Interest expenses	651,824	-	-	667	16,784	669,275
Depreciation/ amortisation	199,672	47,346	23,150	5,758	37,819	313,745
30 September 2021						
Cost of sales	13,806,748	-	134,006	-	47,177	13,987,931
Other costs	102,911	-	-	-	-	102,911
Expenses - selling and administrative					17,415	
	1,413,429	161,785	104,889	20,590		1,718,108
Interest expenses	496,920	-	16	(6)	6,587	503,517
Depreciation/ amortisation	163,023	41,880	13,291	6,561	12,768	237,523

e) Geographical information

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

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

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

5. Revenue

Trade and workshop	18,378,102	16,651,920	-	-
Poultry	630.332	302,419	-	-
ICT training and development	23	4,219	-	-
Rental income – third parties	152,591	151,114	152,591	151,113
Rental income - internal	-	-	28,606	25,272
Manufacturing	237,837	32,288	-	-
	________	________	________	________
Total	**19,398.885**	**17,141,960**	**181,197**	**176,385**
	========	========	========	======

		GROUP		COMPANY
	2022	**2021**	**2022**	**2021**
	Shs '000	**Shs '000**	**Shs '000**	**Shs '000**

6. Other Costs

Demurrage and storage costs	138,992	102,911	-	-
	=======	=======	=======	=======

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

		GROUP		COMPANY
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000

7. Other Income

Gain on disposal of property, plant and equipment	-	180	-	-
Management fees	53,672	50,429	53,672	50,429
Interest income on related party loans – Watu Group	62,455	38,766	-	-
Miscellaneous income	92,081	29,509	-	-
	208,208	**118,884**	**53,672**	**50,429**
	======	======	======	======

8. Finance Costs

Net interest on borrowings	616,983	443,231	78,597	(3,200)
Interest expense on lease liability (note 28)	52,292	49,976	23,562	24,128
Net foreign exchange losses/(gains)	261,671	10,310	(15,109)	208
	930,946	**503,517**	**87,050**	**21,136**

9. Employment Costs

Salaries and wages	1,003,719	877,664	34,546	39,965
Retirement benefit costs:				
- Defined contribution scheme	38,079	28,770	3,226	3,145
- National Social Security Fund contribution	26,730	17,761	21	21
Leave pay provision charge	2,917	2,225	2,059	1,658
	1,071,445	**926,420**	**39,852**	**44,789**

10. Profit Before Taxation

The profit before tax is arrived at after charging:

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

11. Taxation

a) Taxation charge

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Current taxation based on taxable income	65,265	120,759	13,457	15,868
Deferred tax charge/(credit) (note 26)	(2,000)	113,229	2,165	465
Effect of change in tax rate* (note 26)	-	17,814	-	80,143
Deferred tax on tax losses (not previously recog-nised now rec-ognised)/not recognised) (note 26)	-	(27.04)	-	-
Prior year under provision - deferred taxation (note 26)	(6,985)	(8,756)	2,340	(12,579)
Taxation charge	56,280	215,999	17,962	83,897

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

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

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

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

a) Corporate tax recoverable/(payable)

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

12. Non-controlling Interest-Group

	2022	2021
	Shs '000	Shs '000
At the beginning of the year	271,192	218,502
Non-controlling interest arising from incorporation of BodaPlus Limited	-	64,894
Share of loss for the year	(6,660)	(12,204)
At the end of the year	264,532	271,192
	=======	=======
	2022	2021
	%	%
Represented by non-controlling interests in:		
Car & General (Marine) Plc	16	16
Dewdrops Limited	34	34
Progen Company Limited	34	34
BodaPlus Limited	35	35

13. Earning per share Group

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

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

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

14. Earnimg before finance costs, depreciation, Armotization and Taxation

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

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

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

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

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

15. Investment Properties

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

15. Investment Properties

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

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

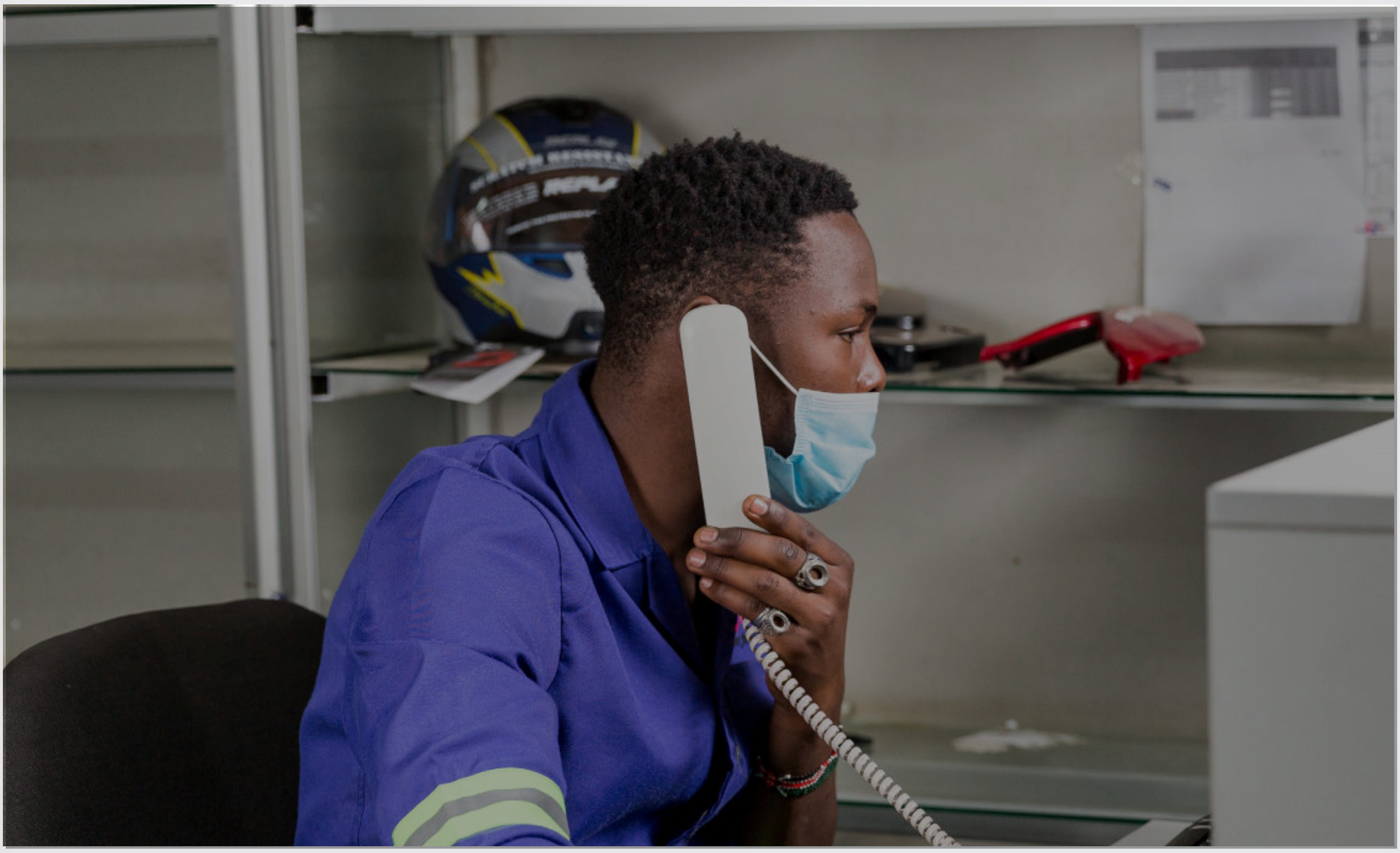
Details of the Group's and Company's investment properties and information about the fair value hierarchy at the end of the reporting period are as follows:

Group

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

Company

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



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

There has been no change on the valuation technique during the year.
The income generated from the properties is as follows:

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

*These expenses are recorded together with other administrative expenses.

16. Property, Land and Equipment-Group

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

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

There has been no change on the valuation technique during the year.
The income generated from the properties is as follows:

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

*These expenses are recorded together with other administrative expenses.

16. Property, Land and Equipment - Group

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

16. Property, Land and Equipment - Group

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

16. Property, Land and Equipment - Group

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

Assets pledged as security

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

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

The Group's and Company's land and buildings were revalued as at 30 September 2022 by independent valuers, R.R. Oswald Company Limited and Trace Associates Limited, not related to the Group. R.R Oswald & Company Limited are members of the Institute of Surveyors of Kenya and Trace Associates Limited are members of the Institute of Surveyors of Tanzania.

The valuers have the appropriate qualifications and recent experience in the fair value measurements of properties in the relevant locations. The valuation conforms to International Valuation Standards (IVS) and Institution of Surveyors of Kenya (ISK) guidelines.

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

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

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

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

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

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

17. Intangible Assets - Computer Softwares

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

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

18. Right to use Assets
Group

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

18. Right to use Assets (Continuation) Company

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

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

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

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

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

19. Investment in Subsidiaries Company

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

19. Investment in Subsidiaries (Continuation)

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

20. Investment in Associates

Group

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

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

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

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

The movement in the investment is as follows:

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

20. Investment in Associates
Group

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

Associates

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

20. Investment in Associates (Continued)
Group

(a) Watu Credit Limited

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

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

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

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

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

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

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

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

20. Investment in Associates (Continued)
Group

(b) Watu Holdings Limited

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

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

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

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

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

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

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

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

20. Investment in Associates (Continued)
Group

(c) Watu Tuu Limited

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

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

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

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

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

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

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

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

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

21. Investment in Joint Venture Group

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

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

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

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

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

	2022	2021
	Shs '000	Shs '000
Value of net assets at year end		
Total assets	1,882,549	1,556,813
Total liabilities	1,042,533	867,559
Net assets at year end	840,016	689,254

The above amounts of assets and liabilities includes the followings:

Cash and cash equivalents	137,653	204,392
	Shs '000	Shs '000
Revenue	1,882,600	1,672,354
Profit for the year	34,994	50,699
Company share of profit	17,497	25,350
The above profit for the year is after charging/(crediting) the following		
Depreciation	30,359	31,572
Income tax charge	3,314	8,178

21. Investment in Joint Venture (Continued)

Group

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

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

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

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

22. Inventories
Group

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

23. Trade and other Receivables

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

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

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

24. Related parties Balances and transactions

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

a) Due from related companies

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

b) Loan due from related companies

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

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

24. Related parties Balances and transactions (Continued)

c) Loan due to a related party

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

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

d) Due to related companies

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

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

e) Related party transactions

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

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

e) Related party transactions (Continued)

Compensation of key management personnel

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

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

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

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

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

25. Share Capital - Group and Company

	2022	2021
	Shs '000	Shs '000
Authorised:		
82,103,308 (2021: 42,000,000) ordinary shares of Shs 5 each	410,517	210,000
Issued and fully paid:		
80,206,616 (2021: 40,103,308) ordinary shares of Shs 5 each	401,033	200,516

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

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

26. Deffered Taxation

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

		GROUP		COMPANY
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Other provisions	(181,222)	(158,210)	(24,303)	(12,249)
Tax losses	(57,521)	(136,992)	-	-
Unrealised exchange differences	(7,826)	(7,895)	1,624	1
Accelerated capital allowances	26,219	54,723	(5,186)	(8,825)
Provision for expected credit losses	(164,725)	(182,125)	(45,859)	(38,705)
Fair value gain on investment property	452,546	605,446	400,841	544,391
Revaluation surplus on property, plant and equipment	449,245	300,432	344,755	164,455
Net deferred tax liability	516,716	475,379	671,873	649,068
Deferred tax assets not recognised	-	22,015	-	-
	516,716	497,394	671,874	649,068
Presented in the statement of financial position as follows:				
Deferred tax asset	(367,020)	(335,228)	-	-
Deferred tax liability	883,736	832,622	671,874	649,068
	516,716	**497,394**	**671,874**	**649,068**

26. Deffered Taxation (Continued)

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

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

27. Borrowing

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Loans – working capital loans	1,857,317	1,765,527	263,792	724,578
Import loans	5,122,164	3,103,413	462,430	-
Hire purchase finance	604	3,411	-	-
Bank overdrafts	139,937	71,081	5,789	723
	7,120,022	4,943,432	732,011	725,301
Presented in the statement of financial position as follows:				
Non-current liability	1,426,611	819,594	263,792	100,000
Current liability	5,693,411	4,123,838	468,219	625,301
	7,120,022	4,943,432	732,011	725,301
Maturities of amounts included in loans is as follows				
Within one year	5,693,411	4,123,838	468,219	625,301
Between two and five years	1,426,611	803,926	263,792	100,000
Later than 5 years	-	15,668	-	-
	7,120,022	**4,943,432**	**732,011**	**725,301**

27. Borrowing (Continuation)

Analysis of borrowings by currency

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
	Shs '000	**Shs '000**	**Shs '000**	**Shs '000**
Borrowings in USD	4,723,390	3,887,512	-	725,301
Borrowings in KShs	2,306,043	909,385	732,011.	-
Borrowings in TZS	90,589	146,535	-	-
	7,120,022	4,943,432	732,011	725,301
Analysis of borrowings by security				
Secured borrowings	5,018,186	3,623,744	5,788	100,723
Unsecured borrowings	2,101,836	1,319,688	726,223	624,578
	7,120,022	**4,943,432**	**732,011**	**725,301**

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

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

The effective interest rates at 30 September were as follows:

	2022	**2021**
Bank overdrafts	12.17%	12.47%
Loans		
Loans in Kshs	10.98%	10.98%
Loans in USD	9.52%	6.22%
Loans in TZS	8.99%	7.55%
Loans in Ush - base rate set by the bank from time to time plus 0.75%		
Hire purchase facility	14.00%	12.30%

27. Borrowing (Continuation)

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) Plc, Car & General (Piaggio) Plc and Car & General (Kenya) Plc.

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

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

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

-

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

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

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

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

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

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

Undrawn facilities

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

28. Lease Liabilities

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
At beginning of year	618,281	602,091	331,305	338,018
Effect of adoption of IFRS 16	-	-	-	-
Additions	190,435	148,459	-	-
Modifications/alterations*	(7,547)	(27,022)	-	-
Interest expense on lease liabilities	52,292	49,976	23,562	24,128
Lease payments				
Translation adjustment	(174,020)	(157,088)	(32,384)	(30,841)
At end of year	704,160	618,281	322,483	331,305
Maturity analysis				
Year 1	188,366	178,025	34,002	35,016
Year 2	176,206	135,616	35,702	34,002
Year 3	134,688	129,028	37,487	35,702
Year 4	136,170	94,229	39,362	37,487
Year 5	72,922	59,291	41,330	39,362
Year 6 and onwards	214,311	260,325	295,179	333,877
Undiscounted lease payments at the end of the year	927,663	856,514	483,062	515,446
Less unearned interest	(223,503)	(238,233)	(160,579)	(184,141)
	704,160	618,281	322,483	331,305
Analysed as:				
Current	188,366	207,362	34,002	8,821
Non-current	515,794	410,919	288,481	322,484
	704,160	**618,281**	**322,483**	**331,305**

Lease modification/alterations relates to lease retirement, extension and cancellation.
The statement of profit or loss shows the following amounts relating to leases:

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

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

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

29. Trade and other Payables

	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs '000	Shs '000	Shs '000	Shs '000
Trade payables	3,043,069	1,588,137	57,978	32,421
Provision	166,154	258,153	25,572	29,754
Other payables	458,668	636,158	37,413	27051
	3,667,891	**2,482,448**	**120,963**	**89,226**

30. Notes to the statement of cashflows

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

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

30. Notes to the statement of cashflows (Continued)

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

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

(c) Analysis of cash and cash equivalents

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

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

31. Capital Commitments

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

32. Contigency Liabilities

(a) Guarantees

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

(b) Litigation

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

(c) Tax matters

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

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

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

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

33. Operating Lease Arrangements - Company

Operating leases in which the Group is the lessor, relate to the investment properties owned by the Group with lease terms of between 1 to 5 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

The lessee does not have an option to purchase the property at the expiry of the lease period.

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

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

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

34. Capital Management

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

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

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

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

34. Capital Management (Continued)

The Directors are aware of the increased gearing ratio due to import financing in form of letters of credit and unsecured borrowings arising from the purchase of inventory. Management is working on initiatives to expand volumes and improve margins.

The Directors are therefore of the view that as the Group's and Company's profitability continues to improve, the adverse gearing ratio will reverse. The peaceful elections in Kenya will also bode well for the company in increasing demand for our products.

35. Financial Risk Management

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

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

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

(a) Credit risk

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns generally, trade receivables are written-off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

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

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

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

35. Financial Risk Management (Continued)

(a) Credit risk (Continued)

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

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

36. Financial Risk Management (Continued)

(a) Credit risk (Continued)

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

Group

30 September 2022	Internal/ external rating	12-month lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net carrying amount Shs'000
Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	1,965,874	(599,499)	1,366,375
Due from related company	Performing	Lifetime ECL not credit-impaired	446,072	-	446,072
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	136	-	136
Bank balance	Doubtful	Lifetime ECL not credit-impaired	197,511	-	197,511
			2,607,279	**(599,499)**	**2,007,780**
Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	1,423,637	(512,277)	911,360
Due from related company	Performing	Lifetime ECL not credit-impaired	391,180	-	391,180
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	192,944	-	192,944
Bank balance	Doubtful	Lifetime ECL not credit-impaired	420,201	-	420,201
			2,235,018	**(512,277)**	**1,722,741**
Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	68,816	(48,594)	20,222
Due from related companies	Performing	Lifetime ECL not credit-impaired	489,505	(104,091)	385,414
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	120,575	-	120,575
Bank balance	Doubtful	Lifetime ECL not credit-impaired	851	-	851
			559,172	**(152,685)**	**406,487**

(a) Credit risk (Continued)

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

Group

Trade receivables	Investment grade	Lifetime ECL (simplified approach -SPPI)	69,783	(48,594)	21,189
Due from related companies	Performing	Lifetime ECL not credit-impaired	862,251	(80,246)	782,005
Loan due from related company	Performing	Lifetime ECL (simplified approach – SPPI)	-	-	-
Bank balance	Doubtful	Lifetime ECL not credit-impaired	23,611	-	23,611
			955,645	**(128,840)**	**826,805**

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

Company

At 1 October 2020	48,594	-	80,246	128,840
Increase in loss allowance in the year	-	-	-	-
At 30 September 2021	48,594	-	80,246	128,840
At 1 October 2021	48,594	-	80,246	128,840
Increase in loss allowance in the year	-	-	23,845	23,845
At 30 September 2022	48,594	-	104,091	152,685

(b) Liquidity risk

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

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

Group

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

(b) Liquidity risk (Continued)

Company

30 September 2022

	Up to 1 month Shs'000	1 – 3 Months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	over 5 years Shs 000	Total Shs'000
Trade payables	57,978	-	-	-	-	57,978
Borrowings	5,788	50,996	411,435	263,792		732,011
Lease liabilities	-	-	34,002	153,881	134,600	322,483
Due to related parties	-	-	1,023,830	-	-	1,023,830
Total financial liabilities	63,766	50,996	1,469,267	417,673	134,600	2,136,302
At 30 September 2021						
Liabilities						
Trade payables	32,421	-	-	-	-	32,421
Borrowings	723	624,578	-	100,000	-	725,301
Lease liabilities	-	-	35,016	146,553	149,736	331,305
Due to related parties	-	-	787,771	-	-	787,771
Total financial liabilities	33,144	624,578	822,787	246,553	149,736	1,876,798

(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:

(c) Market risk (Continued)

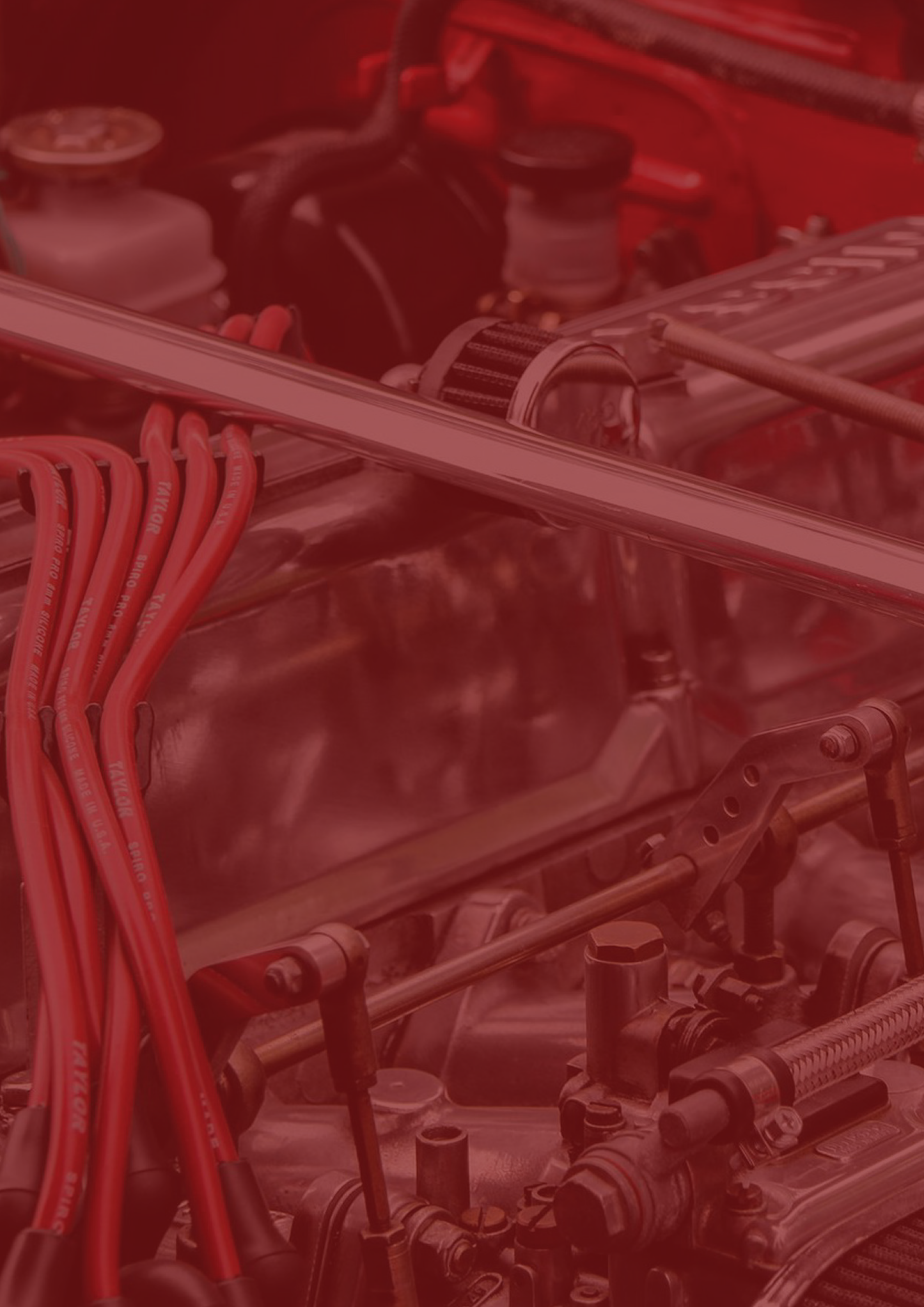
i). Foreign exchange risk (Continued)

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

Sensitivity analysis

A 10% percent appreciation or depreciation of the Kenya shilling against the following currencies would increase/(decrease) the reported profit or loss and equity by amounts shown below.

This analysis is based on foreign currency exchange rates variances that the Group considered to be reasonably possible at end of the reporting period. This analysis assumes that all other variables in particular interest rates remain constant.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