EFFECT OF MERGERS AND ACQUISITIONS ON THE FINANCIAL PERFORMANCE OF COMPANIES LISTED AT THE NAIROBI SECURITIES EXCHANGE

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DECLARATION

I declare that this research project is my own work and it has not been submitted for any degree or examination in any other university.

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This research project is dedicated to my parents for their support.

ACKNOWLEDGEMENTS

I wish to acknowledge Almighty God for the gift of life and chance to come this far. I also wish to express my appreciation to my supervisor, Dr. Kennedy Okiro for his guidance throughout the whole research writing process, also the contribution and encouragements made by my family members especially for their support and all those who made this research project a success.

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ABSTRACT

The objective of this research was to determine the effect of mergers and acquisitions on the financial performance of companies listed at the Nairobi Securities Exchange in Kenya. Theoretically it is assumed that mergers and acquisitions improve the company's financial performance as a result of synergy and risk diversification. The research focused on the financial performance of companies in Kenya which merged or were acquired between 2009 and 2013 and were listed at the Nairobi Securities Exchange. Comparative analysis of the companies' pre and post mergers and acquisitions periods was conducted to establish whether mergers and acquisitions led to improved financial performance. Secondary data from the annual financial statements were collected 3 years before and after mergers and acquisitions to determine whether there was any effect on the financial performance. The population used in this study was the 16 companies that had undergone mergers and acquisitions between 2009 and 2013. The study used mainly secondary data which was obtained from NSE and capital markets authority for the period under study. Data was analyzed on the basis of the mean and the t-paired test statistic was computed at 5% significance level. From the findings, mergers and acquisitions had significant effect on the financial performance of the companies listed at the Nairobi Securities Exchange.

LIST OF ACRONYMS AND ABBREVIATIONS

CBK	Central Bank of Kenya
DPS	Dividend Per Share
EPS	Earnings Per Share
M&As	Mergers and Acquisitions
ROA	Return on Assets
ROE	Return on Equity
USA	United States of America

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Mergers are the combinations of separate business entities to form new business entities (Ken, 1985). It involves the formation of a single business unit from 2 or more previous business units. An acquisition involves the process of purchasing one business entity by another business entity. The idea behind any mergers and acquisitions is that they improve the efficiency from the consolidation of different management skills. The mergers and acquisition activities are strategic options which aim at increasing the value as a result of increased efficiency. Normally its the operations of the target entity which gets the boost.

There has been rising trend of mergers and acquisitions activities. Mergers occur to control agency problems. Kemal (2011) argues that management always want to expand business entities, expansion of business entities will equally benefit the managers from high compensation gains from this process. Mergers and acquisitions is one of the means business entities use to redeploy the resources while minimizing transaction costs and to preserve the organization values.

Mergers and acquisitions generate financial synergy (Roll, 1986). Financial synergy can be generated from the minimal internal finance costs compared to external sources of finance. Any business entity faced with raising funds from internal sources of finance need to change the strategy and adopt external financing. Financial synergy theory argues

that mergers and acquisitions takes place since they generate synergy. Synergy is a strategy that will ensure the business entities in mergers and acquisitions use the resources efficiently and effectively for the benefit of the stakeholders. Synergy implies that two plus two equals to five, it means that when business entities combine, the resultant outcome is more powerful than when business entities operate individually. When business entities are consolidated, they also tend to gain the market share.

1.1.1 Mergers and Acquisitions

According to (Ross, 1980), mergers involves the combination of at least two business entities to increase the value of firms. When the efficiency of a business entity is increased,thevaluealso increases .Firms that are financially distressed can merge with firms with stable firms hence increase value as a result of consolidation.Mergers are classified into three which include, vertical mergers which is combination of more than two companies in different lines of distribution, horizontal mergers which is the process of combining two or more companies in related business and conglomerate mergers which is the combination of firms in unrelated businesses.

Acquisition is the process by which one firm takes over the operations of another firm (Flit, 2000). The predator normally retains the originality and the company that it takes is called the target which normally losses its identity. In many acquisitions one company (usually the larger of the two) normally takes over the operations of smaller companies negotiate the buying price of the deal with the management of the target company. Sometimes the deal can be friendly or non-friendly.

If the deal is good the agreement is sealed however, if the deal is bad the target can resist the acquisition by employing the defensive tactics to resist the deal. Once an acquiring company has established its target it establishes a price and terms of payment. The predators' management must know how to approach the target firms' management. If the predator is convinced that the management of the target will approve the deal, it goes on to seal the deal. After the agreement, the two firms will issue a statement to their shareholders(Ken, 1985).

1.1.2 Financial Performance

According to Pandey(1979) financial performance measures how efficiently a business entity uses assets to earn income. Financial performance is measured by liquidity ratios, gearing ratios and profitability ratios. Gearing ratios measures the extent to which companies have borrowed to finance the operations. Business entities are supposed to be more liquid at any point in time to meet any maturing obligations and liabilities as they fall due. Profitability is the ultimate goal of any business organization since this is the key indicator of financial strength. It is the profitability that acts as a measure of financial performance for most of business organizations and is determined from the financial statements which are the collection of reports about a business entity's financial results.

1.1.3 Mergers and Acquisitions and Financial Performance

The operating synergy is one of the aims of mergers and acquisitions which in turn affects the financial performance. It has been suggested that managerial economics of production, research, marketing or finance can be attained by any business entity by ensuring sound financial management strategies. Business entities can also achieve their objectives by mergers and acquisitions which can have ultimate goal of financial synergy. Therefore, any business entity to remain financially stable, it must go further in adoption of merger acquisition strategies because they can better the financial performance (Berger, 1995).

The stakeholders in any business entity have positive expectations from their investment and they gauge it from the financial performance. Mergers and acquisitions done properly tend to yield high return. Mergers and acquisitionsare aimed at the creation of synergies. According to the operating synergies theory, mergers and acquisitions increase the financial performance of the business entities(Ross,1986).

1.1.4 Companies Listed at the Nairobi Securities Exchange

The Nairobi Securities exchange was started in 1954. We have experienced the growth in the companies listed at the Nairobi securities exchange which stands over 98 companies. The Nairobi Securities Exchange is structured in segment basis. We have 11 segments of the listed companies. The main aim for these mergers and acquisitions is to increase the efficiency. Efficiency improvement can be achieved by the consolidation of business entities which are endowed with different management skills (Luke, 1998).

Many listedcompanies have undergone mergers and acquisitions. Examples include the cooperative bank of Kenya, Jubilee holding limited, KenolKobil limited, Kenya commercial bank group ,Stanbic Holding Limited,ICEA Lion Insurance Limited,National Bank of Kenya, Pan African insurance group, CFC Stanbic bank and Total Kenya Limited. The companies listed at Nairobi Securities Exchange have continued to record impressive financial results which have been majorly attributed by mergers and acquisitions.

1.2 Research Problem

Globally, mergers and acquisitions activities have doubled according to the recent survey in Kenya and around the globe in general, this has been due to high competition hence the need for alternative models for conducting businesses and the ultimate goal is to improve the financial performance of business entities involved. The total number of mergers and acquisitions is estimated to be over two billion as at December 2015 (Jim, 2016). This has been due to efficiency pressures. The greatest positive benefits of mergers and acquisitions activity have come because every firm has become a potential takeover target. Kenya has experienced a rising number of mergers and acquisitions activities, and this is evident from the NSE where majority of listed companies have undergone mergers and acquisitions. Several studies have been undertaken in this area of mergers and acquisitions, Muli(2011) conducted a research on the effect of mergers and the financial performance of nonlisted commercial banks in Kenya from 2004-2009. From his findings, mergers and acquisitions had insignificant effect on the financial performance.

Nyambati (2012) conducted a research on the effect of mergers and acquisitions on the financial performance of the firms in Kenya from 2005 to 2009. This was a comparative study where financial performance was compared 4 years after mergers and acquisitions and 4 years before the mergers and acquisitions. He concluded that firms which had undergone mergers and acquisitions performed better compared to separate entities.

Otieno (2013) conducted a study to determine the impact of mergers and acquisitions on the financial performance of the oil marketing firms in Kenya between 2000 and 2010. Using financial performance indicators which included return on assets, return on equity, and dividend per share, he concluded that financial performance of the oil marketing firms in Kenya greatly improved after mergers and acquisitions.

Many study findings have been conducted in this area of mergers and acquisitions. The study by Muli(2011) established insignificant effect of the mergers and acquisitions on the financial performance. However, the study never applied any model in the analysis (Nyambati, 2012) and Otieno (2013) established a positive influence of mergers and acquisitions on the financial performance however, their sample size was small. Therefore, this study will seek to establish the effect of mergers and acquisitions on the financial performance of companies listed at the Nairobi Securities Exchange?

1.3 Research Objective

The objective of this study was to investigate the effect of mergers and acquisitions on the financial performance of companies listed at the Nairobi Securities Exchange.

1.4 Value of the Study

The study will be of helpful to the scholars in furthering the research in this area of mergers and acquisitions. Mergers and acquisitions is an important area of corporate finance due to its benefits which it lenders to the corporate word. Therefore, there is need for exhaustive research by the scholars in this area. The study will act as a source of empirical literature.

The research will benefit the investment managers when making investment decisions touching on mergers and acquisitions. They will be able to determine the right companies to enter deals with in order to improve the financial performance since not all companies that undergo corporate restructuring through mergers and acquisitions have that capacity to turn around to be more profitable.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores the theories and empirical literature related to mergers and acquisitions, determinants of financial performance and summary of literature review.

2.2 Theoretical Review

The following theories are related to mergers and acquisitions. Monopoly theory (Nielsen, 1974) which asserts that the aim of mergers and acquisitions is to gain monopoly power. Financial synergy theory (Roll, 1986) which assumes that mergers takes place because since they generate synergy. Agency theory (Mueller, 1969) which states that managers of the business entities push for mergers and acquisitions because they will benefit from the deal and market power theory(Ross,1986) which asserts that firms undergo mergers and acquisitions to increase the market share.

2.2.1 Monopoly Theory

The aim for mergers and acquisitions is to gain monopoly power (Nielsen, 1974). Stiff competition has led to the decline of the profits of the firms hence the alternative form of restructuring is by mergers which will limit the competition.Monopoly will dictate the prices of firms can charge in the market hence profits can sometimes be predetermined. Any firm making losses can undergo restructuring by being acquired with the company that is more profitable in the market. By so doing the resultant firm will take advantage of the monopoly power and can control the market.

According to this theory, this is a corporate strategy which is aimed at controlling the market activities. By controlling the market activities, business entities will gain the market power. Monopoly theory however has faced serious criticisms from Mueller(1969) who argued that monopoly will always lead to unfavourable and unhealthy competition among different business entities as a result of unfair business practices.

2.2.2 Financial Synergy Theory

Mergers and acquisitions takes place since they generate synergy (Roll, 1986). financial synergy is an important component for the business entities and it can be achieved by ensuring that the costs incurred when business entities raise money internally are low compared to the costs when they raise money externally for the general investment purposes .Business entities with minimal sources of inter financing are normally constrained hence they need to look for the external sources to finance the investment activities hence the need to combine with the companies which can afford the external sources which will reduce the costs incurred by the firms (Roll, 1986).

Mergers and acquisitions are normally spearheaded by the management who want the business organizations to be financially stable without any serious monetary challenges. financial stability is the key factor that will influence the financial performance of any business entity. If the business entity is financially stable, it has the capacity to manage its affairs but if the entity is faced with serious financial challenges, it will lead to receivership (Berkovitch, 1993).

2.2.3 Agency Theory

Managers of the business entities push for mergers and acquisitions because they will benefit from the deal and not to maximize the value of the shareholders (Mueller, 1969).Shareholders of any business entity are always optimistic that the managers will always perform to their expectations. However, in most cases that don'thappen because they lack that capacity to closely monitor the managers for accountability because of the costs involved Mueller, 1969).

In any business organizations,normally, the issue of ownership of the business organization and the control of the business organization is critical in decision making which ultimately affects the financial performance. In most cases, the management normally tries to maximize on their welfare at the expense of the owners who are the shareholders. The managers normally end up awarding themselves huge amounts of salaries which will affect the companies negatively Mueller, 1969).

2.2.4 Market Power Theory

According to the market power theory, firms undergo mergers and acquisitions to increase the market share (Ross, 1986). Market power is about the market dominance of some business entities in any market set. When a business entity dominates an industry,it means that that business entity has the capacity to charge any price to increase the sales which will positively affect the financial performance.

One of the ways of increasing the market power is by business organizations to combine with one another. Business combination will guarantee a steady supply of goods and services. Economies of scale is a major benefit from business consolidations. When business entities combine, they will enjoy reduced trade discounts as a result of bulk purchase. Business entitiescan also enjoy output economies since they are able to produce more goods and services compared to separate business entities. Economies of scale will also imply that combined business entities are able to produce high quality goods and high volume outputs hence the need for mergers and acquisitions to increase the market power (Ross,1986).

2.3 Determinants of Financial Performance

The aim of all the business entities is the minimization of costs and maximization of the returns. Business entities should design their plans adequately in order to achieve this objective. Financial performance is a key indicator to the profitability of business entities and is influenced by management efficiency, external factors, firm size and leverage.

2.3.1 Leverage

Leverage is using debt to finance a business entity (Kling, 2006). If a business entity uses a very high amount of debt compared to equity capital it is said to be high levered and if it uses a small proportion of debt it is said to be low levered. Many business entities which are faced with working capital challenges have normally resorted to external sources of funds to cater for the operational costs (Amihad, 1981).

2.3.2 Management Efficiency

Management efficiency is a key determinant of financial performance. How business entities effectively utilize their resources will either have appositive or negative influence on the financial performance which will eventually affect their profitability. Management efficiency aims at avoiding the wastage of materials, money and time in business organizations. Management efficiency can be determined by the earnings growth. The growth of net income over a period of time is an indicator of improved financial performance. Management efficiency can also be determined by expenses to assets ratio. The higher the expenses to asset ratio the poor the management efficiency and vice versa (Gibbs, 2007).

2.3.3 External Factors

Political stability and interest rates can either affect the financial performance negatively or positively. Political stability offers a conducive environment for the business entities to grow. Political stability will also attract more investments into the country's more investment opportunities means higher returns which implies better financial performance. On the other hand, poor political climatic conditions is not favorable for investments because it leads to destruction of properties which will negatively affect the financial performance of the business organizations (Kling, 2006).

Interest rates have a direct impact on the financial performance of the business entities, when Commercial banks charge high interest rate, the net income of the business entities will decline since the business entities will be constrained in paying the interest charges. On the other hand, when commercial banks charge low interest chargers, it is favorable for the business entities since it is affordable and the financial performance will improve as a result of the gain from leverage (Kling, 2006).

2.3.4 Firm Size

Cummins(2001) argues that larger firms are better off than small firms in terms of their financial performance. Large firms are able to enjoy economies of scale because they can buy in large quantities hence enjoy the discounts from the suppliers. Large firms can determine the prices to charge their customers since they enjoy monopoly over the smaller firms.

Small firms are normally constrained to growth opportunities due to their inability to buy in bulk which will guarantee them economies of scale as a result of trade discounts which could otherwise be enjoyed from the suppliers and lack of capacity to borrow from the financial institutions due to lack of adequate securities. Therefore, the financial performance of the large firms is better than that of smaller firms (Cummins, 2001).

2.4 Empirical Review

Empirical literature on mergers and acquisitions have presented conflicting results on the financial performance. Some studies confirmed financial gains, however, others confirmed no financial gain.Frank et al. (2008) examined the effect of M&As on the financial performance of insurance industry in India in the period to 1997 to 2004. They used a sample of 15 mergers and 13 acquisitions for the population of 92 M&As.The regression model of analysis was employed in the study. They found that merged and acquired firms were more efficient than those that had not undergone M&As.

Manayo (2015) investigated the impact of mergers and the financial performance of listed Commercial banks in Kenya over the period 2009 to 2014. 17 Commercial banks which had undergone mergers were analyzed from the sample of 8 Commercial banks and using regression model, he computed the earnings per share and dividend per share for the Commercial banks. He concluded that after mergers the financial performance of Commercial banks greatly improved.

Abdullah and Mohammed (2012) conducted a study to assess the effect M&Ason the financial performance of Pharmaceutical firms in India from 2001 to 2009. The study applied a sample of 52 pharmaceutical companies in India which had undergone M&As. The study applied the data estimation technique. From the findings of the study the net income of the firms were influenced by the marketing strategies. They concluded that the companies performed better after mergers and acquisitions.

Mukami (2014) investigated the impact of mergers of Kenol Limited and Kobil Oil Limited in Kenya to form KenolKobil Limited in 2002. He used the secondary data in the study. Financial performance were computed and compared 2years before the mergerand 2 years after the merger. The study also used the linear regression model. From the study, the merger of Kenol Limited and Kobil Limited was successful. From the findings the petroleum company KenolKobil performed better financially after the successful merger.

Mishna (2010) investigated the effect of mergers on the operating performance of selected firms in Canada. The firms were selected from Telecommunication, banking and insurance. The study period was from 2001 to 2007 and the population of the study was 57 firms. However, sample of 31 firms was selected. The study also used the linear regression model in the study, from the survey, mergers and a positive effect on the profitability of the companies in telecommunication, banking and insurance sectors in Canada. Profitability of companies is also influenced by the financial performance.

Maranga (2008) did a study to assess the effect of M&As on the financial performance of nonlisted Commercial banks in Kenya. The study period was from 2001 to 2005. 8 nonlisted Commercial banks were selected from the population of 14 banks as the sample of the study. The study used the secondary data to compare the 3 years pre mergers and 3years post mergers. Linear regression model was also employed. He concluded thatM&Asdid not have any effect on the financial performance.

Mutiso (2015) investigated the effect of mergers and acquisitions on the financial performance of oil firms in Kenya. The period of study was over the period 2001 to 2011. The study targeted the 14 oil firms that had undergone M&As in Kenya. He analysed the 5 yearPre-mergers and acquisitions, and post mergers and acquisitions. Regression analysis was also conducted the financial performance indicators to establish the relationship of the variable. He concluded that the M&As activities did not have any effect on the financial performance.

Mahamood (2010) investigated the effect of M&As on the financial performance of commercial banks in Nigeria. The period of study was from 2001 to 2006. All the71 bankswere considered for this study. However, 27 commercial banks were selected for the study. Financial performance measurement ratios were analysed 4years after the M&AS and 4years before the M&As to determine the trend on the financial performance. From the study he concluded that the financial performance of the Commercial banks greatly improved.

Rhodes (2001) conducted a study to assess the effect of acquisitions on the financial performance of insurance firms listed at the New York exchange in USA for the period 1995 to 1999. The study relied on the secondary data which was obtained from the financial statements of the listed insurance firms. The sample for the study was 32 insurance firms which had undergone the acquisitions. The study analysed the earnings per share and dividend per share for the companies under the study. The conclusion was that the insurance firms performed better after the acquisition.

2.5 Conceptual Framework

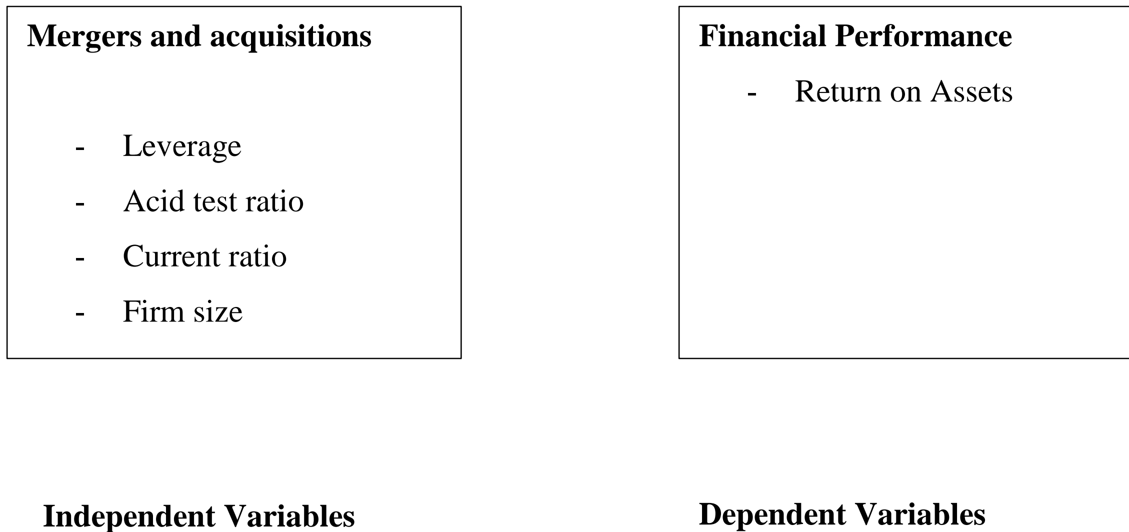

Figure 2.1: Conceptual Framework

2.6 Summary of Literature Review

This section presents the theories that were reviewed and are; Monopoly theory (Nielsen, 1974), financial synergy theory (Roll, 1980), agency theory (Mueller, 1969) and market power theory Ross, 1986). Determinants of financial performance was also discussed which include, Management efficiency, external factors, firm size and leverage. The empirical literature reviewed include Frank et al.(2006),Monayo (2015), Abdulah and Mohamed (2012), Mukami (2014), Mishna (2010), Maranga (2008), Mutiso (2015) Nduta (2012), Mahamood(2010) and Rhodes (2001) who have presented mixed results.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out the methodology that was used to conduct the research which include the research design, population size, data collection method and data analysis.

3.2 Research Design

Research design is the methodology used to conduct the research work (Cooper, 2006). This research used the descriptive research design in the analysis.

3.3 Population of the Study

Population is a set of homogeneous elements that are being studied. The population of this study was all the companies listed at the Nairobi Securities Exchange that have undergone mergers and acquisitions between 2009 to 2013. A census survey was undertaken to get the correct sample of 8 companies.

3.4 Data Collection

The research used the secondary data which was obtained from the published financial statements of the companies. Data was obtained from the respective company websites, the Nairobi Securities Exchange, the capital markets authority and CBK. Data that was collected included the net income, current assets, total liabilities , current liabilities and total assets.

3.5 Data Analysis

This study usedreturn on assets, current ratio, acid test ratio , debt ratio and logarithm of assets in the analysis of the effect of M&As on the financial performance of the listed companies at the Nairobi securities exchange. Data was tabulated and analyzed by the help of descriptive and inferential statistics.

3.6 Analytical Model

The study applied a paired t-test at 5% significance level to analyze the relationship.The multiple linear regression model that was used is:

$$Y = S_0 + S_1 x_1 + S_2 x_2 + S_3 x_3 + S_4 x_4 + \sim$$

Where $Y =$ Financial performance as measured by return on assets

S_0 is the constant

x_1 = leverage as measured by debt ratio

x_2 =Firm size as measured by logarithm of total assets

x_3 = Acid test ratio which is measured by current assets subtract stock divide by current liabilities

x_4 =Current ratio as measured by current assets to current liabilities

$\sim$ is the error term

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This section highlights the analysis of the data collected. The data analyzed was for the listed companies at the Nairobi securities exchange which had been formed by mergers and acquisitions. In section 4.2 data was analyzed, section 4.3 summarizes the interferential statistic and the last section 4.4 presents discussion of the findings from the analysis done.

4.2 Pre and Post-mergers and Acquisitions Data Analysis

In this research, data collected was analyzedin the pre mergers and acquisitions and post mergers and acquisitions for a period of 3 years with an objective of assessing its impact on the financial performance. The variables analyzed included the debt ratio, acid test ratio, current ratio, logarithm of assets and return on assets. The findings from the companies on pre- mergers and post mergers basis were determined and recorded in the following tables.

Table 1:Britam Insurance Limited Debt Ratio

Company / Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Real Insurance Company	0.58	0.15	0.7	0.73			
British American Insurance Company	0.62	0.75	0.55	0.45			
Mean	0.6	0.45	0.63	0.59			
Britam Insurance Limited					0.65	0.51	0.58

From the table above, British American Insurance Company merged with real insurance company in 2013 to form Britam Insurance Company. Before the mergers, on average the debt ratio was 0.6 in 2010, 0.45 in 2011, 0.63 in 2012 and 0.59 in 2013 then after mergers the debt ratio posted a small variance in the debt ratio.

Table 2: Britam Insurance Limited Acid Test Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
Real Insurance Company	1.23	0.93	0.38	0.18			
British American Insurance Company	0.28	0.37	0.89	0,13			
Mean	0.76	0.65	0.64	0.16			
Britam Insurance Limited					1.14	1.34	085

The acid test ratio initially was 0.76 on average before mergers which then declined to 0.16 on the year of the merger and fell further to 0.11 after the merger.

Table 3:Britam Insurance Limited Current Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
Real Insurance Company	1.18	1.33	1.15	1.4			
British American Insurance Company	1.63	0.87	0.94	0.91			
Mean	1.41	1.1	1.05	1.16			
Britam Insurance Limited					1.45	1.34	0.85

On the current ratio, the companies posted mixed signals before the mergers, the values were 1.41, 1.1, 1.05 before the mergers and were declining after the mergers.

Table 4:Britam Insurance Limited logarithm of Assets

Company / Year	2010	2011	2012	2013	2014	2015	2016
Real Insurance InsuranceCompany	4.52	5.31	5.63	4.91			
British America Company	6.14	6.38	5.89	6.48			
Mean	5.33	5.85	5.76	5.7			
Britam Insurance Limited					7.32	6.58	7.05

The size of the companies as measured by the logarithm of assets before mergers were low, after the mergers the size increased meaning that mergers increased the company sizes.

Table 5:Britam Insurance Limited ROA

Company / Year	2010	2011	2012	2013	2014	2015	2016
Real Insurance Company	0.16	0.06	0.17	0.52			
British American Insurance Company	0.56	0.01	0.43	0.58			
Mean	0.36	0.04	0.3	0.55			
Britam Insurance Limited					0.38	0.15	0.81

The financial performance as measured by the return on assets before mergers posted mixed signals still after mergers the financial performance posted varied results.

Table 6:Unga Group Limited Debt Ratio

Company / Year	2006	2007	2008	2009	2010	2011	2012
Unga Limited	0.24	0.5	0.03	0.48			
Unga Millers	0.53	0.48	0.55	0.15			
Mean	0.39	0.49	0.32	0.25			
Unga Group Limited					0.01	0.57	0.95

Unga Limited merged with Unga Millers in 2009. Before the merger, the debt ratios were 0.39, 0.49, 0.32 and after the merger the debt ratios were 0.01, 0.057 and 0.95.

Table 7:Unga Group Limited Acid Test Ratio

Company / Year	2006	2007	2008	2009	2010	2011	2012
Unga Limited	0.29	0.04	0.53	0.58			
Unga Millers	0.25	0.29	0.9	0.13			
Mean	0.27	0.17	0.72	0.35			
Unga Group Limited					0.85	1.31	1.25

The average acid test ratio of the companies were 0.27, 0.17 and 0.72 before the merger after the merger, the company posted a declining trend of the acid test ratio with the highest value being 0.85 and lowest was 1.25.

Table 8:Unga Group Current Ratio

Company / Year	2006	2007	2008	2009	2010	2011	2012
Unga Limited	1.2	1.93	0.58	1.17			
Unga Millers	0.37	0.81	0.49	0.5			
Mean	0.79	1.37	0.54	0.84			
Unga Group Limited					1.55	1.2	0.89

The current ratio of the companies before mergers posted varied results after the merger, the current ratio was declining as shown from the table above.

Table 9: Unga Group Limited logarithm of Assets

Company / Year	2006	2007	2008	2009	2010	2011	2012
Unga Limited	9.53	9.89	10.35	9.84			
Unga Millers	8.13	6.85	9.45	7.61			
Mean	8.83	8.37	9.9	8.73			
Unga Group Limited					10.52	9.55	10.78

The merger of Unga Limited and Unga Millers led to an increase in the size of the companies. However, the variance was small over the years after the mergers.

Table 10: Unga Group Limited ROA

Company / Year	2006	2007	2008	2009	2010	2011	2012
Unga Limited	0.09	0.03	0.11	0.13			
Unga Millers	0.16	0.45	0.13	0.06			
Mean	0.13	0.24	0.12	0.1			
Unga Group Limited					0.14	0.07	0.17

The financial performance of the companies before the merger were 0.13, 0.24, 0.12 and 0.1 respectively. After the merger, the companies reported slight variations in the financial performance.

Table 11:Saham Group Limited Debt Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
Saham Limited	0.25	0.5	0.15				
Mercantile Insurance Company	0.13	0.04	0.19				
Mean	0.19	0.27	0.17				
Saham Group Limited				0.68	0.02	0.55	0.63

Saham group limited acquired mercantile Insurance Company in 2013 to form Saham Group Limited. The debt ratio before the acquisition were 0.19, 0.27, 0.17 after the acquisition the values of the debt ratio were increasing.

Table 12:Saham Group Limited Acid Test Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
Saham Limited	1,43	1.3	1.2				
Mercantile Insurance Company	0.81	0.65	0.7				
Mean	1.12	0.98	0.95				
Saham Group Limited				0.89	0.92	0.91	1.23

The acid test ratio of the companies before the acquisition was 1.12, 0.98 and 0.95. The values were increasing after the acquisition.

Table 13:Saham Group Limited Current Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
Saham Limited	1.1	1.32	0.28				
Mercantile Insurance Company	0.49	0.16	1.45				
Mean	0.8	0.74	0.87				
Saham Group Limited				1.2	0.28	0.14	0.58

The current ratio of Saham Limited before the acquisition was 0.8, 0.74 and 0.87 and after the acquisition the values slightly changed.

Table 14:Saham Group Limited logarithm of Assets

Company / Year	2010	2011	2012	2013	2014	2015	2016
Saham Limited	6.38	5.12	7.2				
Mercantile Insurance Company	5.42	6.85	7.89				
Mean	5.9	5.99	7.4				
Saham Group Limited				8.23	7.59	8.58	9.12

The size of the Saham Group Limited increased on the acquisition of Merchantile Insurance Company. Before the acquisition, the average log of assets was 6.1 and after the acquisition it rose to 8.5.

Table 15:Saham Group Limited ROA

Company / Year	2010	2011	2012	2013	2014	2015	2016
Saham Limited	0.84	0.14	0.9				
Mercantile Insurance Company	0.55	0.03	0.75				
Mean	0.7	0.09	0.83				
Saham Group Limited				0.67	0.18	0.51	0.15

The financial performance ofSaham Group before the acquisitions was less than the financial performance after the acquisition.

Table 16: Standard Chartered Bank Limited Debt Ratio

Company / Year	2007	2008	2009	2010	2011	2012	2013
Standard Chartered Bank	0.2	0.15	0.04				
Chartered Financial Services	0.4	0.56	0.97				
Mean	0.3	0.36	0.51				
Standard Chartered Bank Limited				0.02	0.17	0.43	0.72

Standard Chartered Bank acquired Chartered Financial Services in 2010. Upon the acquisitions ,the bank recorded a lower debt ratio.

Table 17: Standard Chartered Bank Limited Acid Test ratio

Company / Year	2007	2008	2009	2010	2011	2012	2013
Standard Chartered Bank	0.91	0.04	0.69				
Chartered Financial Services	0.37	0.52	0.44				
Mean	0.64	0.28	1.13				
Standard Chartered Bank Limited				1.4	0.58	1.32	1.4

The mean of the acid test ratio after the acquisition was greater than the mean of the acid test ratio before the acquisition.

Table 18: Standard Chartered Bank Limited Current ratio

Company / Year	2007	2008	2009	2010	2011	2012	2013
Standard Chartered Bank	1.55	1.07	0.72				
Chartered Financial Services	1.05	0.92	0.18				
Mean	1.3	1.0	0.45				
Standard Chartered Bank Limited				1.27	1.1	0.96	1.3

The mean of the acid test ratio before the acquisition was less than the mean of the acid test ratio after the acquisition.

Table 19: Standard Chartered Bank Limited logarithm of Assets

Company / Year	2007	2008	2009	2010	2011	2012	2013
Standard Chartered Bank	7.84	6.13	7.5				
Chartered Financial Services	6.34	5.84	7.12				
Mean	7.09	5.99	7.31				
Standard Chartered Bank Limited				0.01	0.09	0.06	0.06

The size of the company after the acquisition greatly increased as shown from the table above.

Table 20: Standard Chartered Bank Limited ROA

Company / Year	2007	2008	2009	2010	2011	2012	2013
Standard Chartered Bank	0.18	0.09	0.15				
Chartered Financial Services	0.17	0.85	0.03				
Mean	0.17	0.47	0.09				
Standard Chartered Bank Limited				0.01	0.09	0.06	0.06

From the findings as shown in the table above, the standard chartered Bank reported declined financial performance after the acquisition.

Table 21:Liberty Holdings Kenya Limited Debt Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
CFC Life Assurance Company	0.7	0.51	0.83	0.42			
Heritage All Insurance Company	0.12	0.25	0.48	0.55			
Mean	0.41	0.38	0.66	0.49			
Liberty Holdings Kenya Limited					0.18	0.07	0.59

CFC Life Insurance Company merged with Heritage All Insurance Company to form Liberty Holdings Kenya limited. The debt ratio before the merger was less than the debt ratio after the merger.

Table 22: Liberty Holdings Kenya Limited Acid Test Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
CFC Life Assurance Company	0.1	0.26	0.28	0.12			
Heritage All Insurance Company	0.44	0.7	0.95	1.32			
Mean	0.27	0.48	0.62	0.72			
Liberty Holdings Kenya Limited					0.82	0.8	1.4

The acid test ratio of the companies before the merger was less than the acid test ratio after the merger.

Table 23: Liberty Holdings Kenya Limited Current Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
C.F.C Life Assurance Company	1.26	1.89	1.79	1.2			
Heritage All Insurance Company	1.76	0.92	1.3	1.5			
Mean	1.51	1.41	1.55	1.35			
Liberty Holdings Kenya Limited					1.7	1.34	1.5

The current ratio of the companies before the merger was less than the current ratio after the merger.

Table 24: Liberty Holdings Kenya Limited logarithm of Assets

Company / Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
CFC Life Assurance Company	7.03	6.14	5.35	6.19			
Heritage All Insurance Company	8.13	6.03	8.52	7.59			
Mean	7.58	6.09	6.94	6.87			
Liberty Holdings Kenya Limited					10.03	9.12	10.33

The merger of CFC Life Assurance with Heritage All Insurance Company led to the increase of the size of the liberty Holdings Limited as shown in the table above.

Table 25: Liberty Holdings Kenya Limited ROA

Company / Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
CFC Life Assurance Company	0.02	0.24	0.17	0.14			
Heritage All Insurance Company	0.09	0.52	0.16	0.19			
Mean	0.06	0.38	0.17	0.16			
Liberty Holdings Kenya Limited					0.18	0.16	0.09

The merger of CFC Life Assurance with Heritage All Life Insurance Company led to the decline in the average financial performance of the Heritage All Insurance.

Table 26: Diamond Trust Bank Limited Debt Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
Diamond Trust Bank Limited	0.15	0.48	0.31	0.23			
Premier Savings and Finance Limited	0.12	0.85	0.52	0.75			
Mean	0.14	0.67	0.41	0.5			
Diamond Trust Bank					0.5	0.48	0.52

Diamond Trust Bank Ltd acquired Premier Savings and Finance Limited in 2013 to form Diamond Trust Bank Limited. From the table above, the debt ratio greatly increased after the acquisition.

Table 27: Diamond Trust Bank Limited Acid Test Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
Diamond Trust Bank Limited	1.2	1.05	0.97				
Premier Savings and Finance Limited	0.45	1.32	0.72				
Mean	0.83	1.19	0.85				
Diamond Trust Bank				0.92	1.25	1.7	0.91

The acid test ratio after the acquisition was greater than the acid test ratio before the acquisition.

Table 28:Diamond Trust Bank Limited Current Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
Diamond Trust Bank Limited	1.47	1.2	1.5				
Premier Savings and Finance Limited	0.84	0.5	0.8				
Mean	1.16	0.85	1.15				
Diamond Trust Bank				0.91	1.52	1.8	1.23

The acquisition of Premier Savings and Finance Limited by Diamond Trust bank increased the current ratio of Diamond Trust Bank limited.

Table 29: Diamond Trust Bank Limited logarithm of Assets

Company / Year	2010	2011	2012	2013	2014	2015	2016
Diamond Trust Bank Limited	4.35	4.22	3.95				
Premier Savings and Finance Limited	5.9	5.24	6.31				
Mean	5.13	4.73	5.13				
Diamond Trust Bank				6.35	7.84	8.53	9.68

The acquisition of Premier Savings and Finance Limited by Diamond Trust Bank led to the increase of the size of the Diamond Trust Bank.

Table 30: Diamond Trust Bank Limited ROA

Company / Year	2010	2011	2012	2013	2014	2015	2016
Diamond Trust Bank Limited	0.04	0.12	0.21				
Premier Savings and Finance Limited	0.78	0.14	0.15				
Mean	0.41	0.13	0.18				
Diamond Trust Bank				0.04	0.01	0.3	0.02

The financial performance after acquisition was less than the financial performance before the acquisitions.

Table 31: East African Breweries Limited Debt Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
East African Breweries	0.06	0.07	0.5	0.95			
International Distillers Limited	0.15	0.84	0.55	0.26			
Mean	0.11	0.46	0.53	0.61			
East African Breweries Limited					0.25	0.55	0.51

East African Breweries merged with International Distillers Limited in 2013 to form East African Breweries Limited. The debt ratio after the merger was less than the debt ratio after the merger.

Table 32: East African Breweries Limited Acid Test Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
East African Breweries	1.12	1.43	1.03	1.05			
International Distillers Limited	1.05	0.98	1.1	1.3			
Mean	1.09	1.21	1.07	1.17			
East African Breweries Limited					0.98	1.25	0.8

The acid test ratio after the merger of East African Breweries with International Distillers Limited was less than the acid test ratio before the merger.

Table 33: East African Breweries Limited Current Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
East African Breweries	1.17	1.26	1.24	0.95			
International Distillers Limited	1.18	1.33	1.12	1.15			
Mean	1.17	1.3	1.18	1.05			
East African Breweries Limited					0.98	1.25	0.8

The Average Current Ratio of the companies after the merger were greater than the average current ratio before the merger.

Table 34: East African Breweries Limited logarithm of assets

Company / Year	2010	2011	2012	2013	2014	2015	2016
East African Breweries	9.51	9.82	10.3	10.9			
International Distillers Limited	7.2	7.85	7.13	8.24			
Mean	8.36	8.84	8.72	9.57			
East African Breweries Limited					10.35	10.94	11.2

The size of the new company formed after the merger of East African Breweries with International Distillers Limited greatly increased as shown from the table above.

Table 35: East African Breweries Limited ROA

Company / Year	2010	2011	2012	2013	2014	2015	2016
East African Breweries	0.71	0.04	0.48	0.28			
International Distillers Limited	0.6	0.38	0.27	0.2			
Mean	0.66	0.21	0.38	0.24			
East African Breweries Limited					0.43	0.55	0.16

The Financial Performance of the companies after the merger declined as shown in the table above.

Table 36: NIC Bank Limited Debt Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
NIC Bank	0.11	0.56	0.25				
National Industrial Credit Bank	0.09	0.26	0.15				
Mean	0.1	0.41	0.2				
NIC Bank Limited				0.29	0.64	0.35	0.72

NIC Bank Limited acquired National Industrial Credit Bank in 2013 to form NIC Bank Limited. The debt ratio of the NIC bank after the acquisition was greater than the debt ratio before the acquisition.

Table 37: NIC Bank Limited Acid Test Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
NIC Bank	0.93	1.22	1.02				
National Industrial Credit Bank	1.21	1.14	0.87				
Mean	1.07	1.18	0.95				
NIC Bank Limited				0.98	0.8	1.12	1.13

From the table above, the acid test ratio after the acquisition was greater than the acid test ratio before the acquisition.

Table 38: NIC Bank Limited Current Ratio

Company / Year	2010	2011	2012	2013	2014	2015	2016
NIC Bank	0.85	0.19	1.25				
National Industrial Credit Bank	1.17	1.15	1.24				
Mean	1.01	0.67	1.25				
NIC Bank Limited				1.44	1.18	1.23	1.33

From the table above, the current ratio after the acquisitions was greater than the current ratio before the acquisition.

Table 39: NIC Bank Limited logarithm of Assets

Company / Year	2010	2011	2012	2013	2014	2015	2016
NIC Bank	3.68	4.34	5.21				
National Industrial Credit Bank	3.10	3.29	4.4				
Mean	3.35	3.82	4.81				
NIC Bank Limited				5.38	4.39	6.38	7.32

The size of the company as measured by the logarithm of total assets increased after the acquisition as shown in the table above.

Table 40: NIC Bank Limited ROA

Company / Year	2010	2011	2012	2013	2014	2015	2016
NIC Bank	0.17	0.58	0.47				
National Industrial Credit Bank	0.14	0.87	0.24				
Mean	0.16	0.73	0.36				
NIC Bank Limited				0.26	0.18	0.76	0.19

The financial performance of NIC bank increased after the acquisition as shown above.

4.2.1 The Analysis of the Mean Ratios

Table 41: The Analysis of the Mean Ratios

Variable	Pre-Mergers and acquisitions	Post –Mergers and Acquisitions	T value
Debt ratio	0.415	0.558	-1.159
Acid test ratio	0.5000	0.4475	0.252
Current ratio	2.0950	1.4650	1.706
Logarithm of Assets	8.4475	9.1600	-1.287
ROA	0.015	0.0375	-0.132

4.3 Inferential Statistics

Table 42:CorrelationMatrix

	Debt ratio	Logof assets	Current ratio	Quick ratio	ROA
Debt ratio	1				
Log of assets	0.875	1			
Current ratio	-0.754	0.769	1		
Quick ratio	0.026	-0.405	-0.574	1	
ROA	-0.776	0.602	0.926	0.265	1

In order to establish the relationship among the variables under study, Pearson correlation was conducted on the debt ratio, log of assets, current ratio, quick ratio and return on assets. From the findings of the study, a statistically significant relationships exist among the variables.

4.3 Regression Statistics

Table 43: Model Summary

Multiple R	0.7542
R Square	0.5688
Adjusted R Square	0.5216
Standard Error	0.059

From the table above, correlation coefficient was 0.7542 which proves a strong association among the study variables, the value of adjusted R square was 0.5216which

means that 52.16% of the factors determining the financial performance are explained by the four independent variables under this study.

Table 44: ANOVA

Model	df	Sumof squares	Mean Square	F	Significance
Regression	4	0.0414	0.0104	3	0.0435
Residual	20	0.0650	0.0034		
Total	24	0.1064			

The significance of the model was tested by the ANOVA. From the study findings, the F statistics value of 3 was greater than the critical value the P value which was 0.0435 is lower than the critical value which means that the dependent variable can be predicted by the independent variables.

Table 45: Regression Coefficient

	Coefficients	Standard error	Sig.
Intercept	-0.095	0.096812	
Debt ratio	0.03	0.017735	0.03845
Current ratio	0.061	0.045225	0.81991
Quick ratio	0.058	0.018912	0.40973
Log of assets	0.7843	0.02998	0.01811

From the table above, independent variables with P-values greater than 5% were taken to be statistically insignificant and they include current ratio and quick ratio. However debt ratio and log of assets were statistically significant.

4.4 Summary and Interpretation of the Findings

This subsection summarizes the findings of the study. From the descriptive data, the mean of debt ratio increased from 0.415 to 0.5575 after mergers and acquisitions. This means that companies were using more debt after mergers and acquisitions which was found to be statistically significant. We can also deduce from the study that the acid test ratio decreased from 0.5000 to 0.4475. This implies that the rate of settling short term obligations with most liquid assets excluding closing inventories reduced.

The mean value of the company size as measured by the log of assets increased from 8.4475 to 9.1600 after mergers and acquisitions, this implies that mergers and acquisitions led to increased sizes of the companies and the mean of return on assets increased from 0.015 to 0.0375 after mergers and acquisitions. This means that the profitability of the companies after mergers and acquisitions greatly improved. The analysis of the regression indicates that satisfaction was attained for the goodness fit of the model since it obtained the correlation value of 0.7542. The adjusted R square value was 0.5216 this means that 52.16% of the variances on the return on assets are indicated by the variances in the independent variables. From the ANOVA, the F statistic value of 3 was greater than the critical value and the P value was 0.435 which was less than the critical value which means that the model was significant in testing the relationship.

The findings from the regression table above shows that leverage has a positive relationship with the financial performance and the relationship was significant since the P was 0.03845 this implies that leverage affects financial performance. Current ratio has a positive relationship with the financial performance but the relationship is not significant since the P value was 0.40973 and the size of the company as measured by log of total assets had a positive relationship with financial performance and the relationship was significant since the P value was 0.01811 which implies that the size of the company matters in terms of the financial performance. My findings are similar to a study by Muthuma(2010) who concluded that mergers and acquisitions improves the financial performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This study was conducted with an objective of determining the impact of mergers and acquisitions on the financial performance of the companies listed at the Nairobi Securities Exchange. The research adopted a descriptive research design. The focus of the study was mergers and acquisitions which took place between 2009 and 2013 in different segments of the Nairobi Securities Exchange. The population of the study was listed companies and which had undergone mergers and acquisitions, the sample of the study was 8 companies which were listed and had been formed through mergers and acquisitions.

The study majorly relied on the secondary data for the analysis. Secondary data was obtained from the capital markets authority. On acquisitions of the data, it was analyzed by the help of the SPSS. The study employed both descriptive analysis and the regression analysis techniques in order to determine the impact of mergers and acquisitions on the financial performance. The aim of regression was to establish the relationship that existed between financial performance and independent variables leverage, current ratio, acid test ratio and company size.

Based on the findings of the study, the model employed in the study was found to be satisfactory. This was evident from the adjusted R Squared Value of 0.5216which implies that 52.16% of the variations in the return on assets which measures financial

performance, were explained by the changes in the debt ratio, acid test ratio, current ratio and logarithm of assets. From the findings it was established that the coefficient of correlation was 0.7542 which implies that a strong correlation existed between the variables under the study. The analysis of the ANOVA proved that a significant relationship exist between the financial performance and the debt ratio, acid test ratio, current ratio and the logarithm of the assets since the P Value was 0.0435 which is less than 0.05.

5.2 Conclusion

The research was undertaken to establish whether any improvements occur as a result of mergers and acquisitions. Based on the analysisof the data collected, on average the mean of the return on assets before mergers and acquisitions was 0.015 and after the mergers and acquisitions, the new mean of the return on assets which measured the financial performance was 0.0375 this shows that an improvement occurred after mergers and acquisitions which was a positive improvement. From the findings of the study it was also established that current ratio and quick ratio had insignificant effect on the return on assets whereas debt ratio and logarithm of assets had a significant effect on the return on assets.

5.3 Recommendations to Policy and Practice

From the findings of the study of the impact of mergers and acquisitions on the financial performance, the study highly recommends that for companies to improve on their financial performance, mergers and acquisitions is a way to go. This is evident from the

study that companies which had undergone mergers and acquisitions their financial performance improved after this corporate restructuring strategy compared to when they were operating as separate companies. Therefore the companies should be aggressive in proposing mergers and acquisitions.

This research also makes recommendation on the setting up of strong and reliable financial management systems to manage the finances of the companies by ensuring proper utilization of the assets of the companies, the decisions to invest are sound, proper control of the expenses and proper payment of the dividends. By doing this the companies will ensure its finances are properly managed since the overall good financial management practices will improve the financial performance.

5.4 Limitations of the Study

The time to carry out this research was not adequate since the data collection exercise required enough time. A longer period of time would be better to facilitate the collection of data in a more comprehensive manner in order to assess the effect of mergers and acquisitions on the financial performance.

The sample for analysis was not adequate. This is due to the fact that not many listed companies at the Nairobi Securities Exchange have been formed through mergers and acquisitions. The sample of the study was for the 8 companies listed and which had undergone mergers and acquisitions out of the possible 15 mergers and acquisitions.

5.5 Areas for Further Research

A study should be done on the effect of mergers and acquisitions on the financial performance of unlisted companies. Unlisted companies are those companies which do not publicly trade their shares and are not listed at a stock exchange. It will be interesting to conduct such a study and then compare it with the listed companies to assess the impact of mergers and acquisitions on such companies.

A study should be done on specific segments of the companies listed at the NSE. Considering that the Nairobi Securities Exchange groups the companies on the segment basis, a research should be done for example on the banking segment alone by considering the commercial banks which have undergone mergers and acquisitions and then assess their pre mergers and acquisitions financial performance and post mergers and acquisitions financial performance.

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APPENDICES

APPENDIX 1: DATA COLLECTION TEMPLATE

VARIABLE/YEAR	Year 1 Before M&As	Year 2 Before M&As	Year 3 Before M&As	Year Of M&As	Year 1 After M&As	Year2 After M&As	Year3 After M&As
Average debt ratio	0.32	0.56	0.48	0.61	0.53	02	0.29
Average Acidtest ratio	0.93	0.51	1.3	1.24	0.49	1.1	10.89
Average current ratio	1.07	1.38	0.94	0.78	1.5	0.67	1.09
Average log of total assets	6.43	5.86	7.89	5.2	6.78	5.18	6.72
Average return on assets		0.56	0.39	0.32	0.55	0.65	0.38

APPENDIX II: LIST OF COMPANIES AT THE NSE THAT HAVE MERGED OR ACQUIRED BETWEEN 2009 AND 2013

Institution	Merged with	Acquired by	Name after mergers/ acquisitions	Year approved
British American Insurance Company	Real Insurance		Britain Insurance Limited	2013
Mercantile Insurance Company		SahamGroup Limited	Liberty Holdings Kenya	2012
Unga Limited	Unga Millers		Unga Group Limited	2009
Chartered Financial Services		Standard Chartered Bank	Standard Chartered Bank	2010
Premier Savings and Finance Limited		Diamond Trust Bank	Diamond Trust Bank Limited	2013
National Industrial Credit Bank		NIC Bank	NIC Bank Limited	2013
East African Breweries	International Distillers Limited		East African Breweries Limited	2012
CFC life Assurance	Heritage All Insurance		Liberty Holdings Kenya limited	2013