

THE LIMURU TEA COMPANY LIMITED

REPORT AND ACCOUNTS

31ST DECEMBER 1987

HD
9/98
K46
L578
1987
C-1

HD

9198

-K46

L568

1989

C-2

1. Tea trade -- Kenya -- Periodical
2. Tea trade -- London -- Kenya

THE LIMURU TEA COMPANY LIMITED
REPORT AND ACCOUNTS FOR THE YEAR
ENDED 31ST DECEMBER 1987

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THE LIMURU TEA COMPANY LIMITED

DIRECTORS AND OFFICIALS

BOARD OF DIRECTORS

D.C. Bensley - Chairman
J.D. Brocklebank, F.C.A., C.P.A. (K)
M.W. Harley
J.P. Moogua
M.K.A. Sang
T.F. Robley - Alternate to M.K.A. Sang

COMPANY SECRETARY

REGISTERED OFFICE

C.A. Ouda, F.C.I.S.

AUDITORS

Norfolk Towers
Kijabe Street
P.O. Box 42011
NAIROBI

ADVOCATES

Coopers & Lybrand
Queensway House
Kaunda Street
P.O. Box 30158
NAIROBI

BANKERS

Hamilton Harrison & Mathews
ICEA Building
Kenya Avenue
P.O. Box 30333
NAIROBI

Standard Chartered Bank Kenya Limited
Moi Avenue
P.O. Box 72585
NAIROBI

2007/1197

THE LIMURU TEA COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the sixty-third annual general meeting of THE LIMURU TEA COMPANY LIMITED will be held in the board room of Brooke Bond Kenya Limited, Norfolk Towers, Kijabe Street, Nairobi on Wednesday 20th April 1988 at 11.00 a.m. for the following purposes:

1. To approve the payment of a final dividend.
2. To receive and consider the balance sheet and accounts of the company for the year ended 31st December 1987 and the reports of the directors and auditors thereon.
3. To approve the directors' remuneration of Shs. 40,000 for the year ended 31st December 1987.
4. To re-elect Mr. J.P. Mbogwa as director.
5. To authorise the directors to fix the auditors remuneration.

BY ORDER OF THE BOARD

C.A. Ouda
Secretary

21st March, 1988

A member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the company.

A form of proxy is on page 13 and must be deposited at the registered office of the company not less than 48 hours before the time appointed for holding the meeting.

THE LIMURU TEA COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited accounts for the year ended 31st December 1987

ACTIVITY

There has been no change in the company's activity during the year. It continues to grow tea and delivers green leaf to Mabrouk factory for manufacture.

RESULTS AND DIVIDENDS

	Shs' 000	Shs' 000
Profit after taxation		4,607
Less: Interim dividend paid	(1,600)	
Final dividend proposed	<u>(2,800)</u>	<u>(4,400)</u>

Retained profit transferred to revenue reserves

207

Earnings per share - Shs.
Dividend per share - Shs.

23.04
22.00

DIRECTORS

The present Board of Directors is set out on page 2.

Mr. J.P. Mbogua retires by rotation in accordance with Article 100 of the company's Articles of Association and, being eligible, offers himself for re-election.

AUDITORS

Coopers & Lybrand continue in office in accordance with section 159 (2) of the Companies Act (Cap. 486).

BY ORDER OF THE BOARD

C.A. OUDA
SECRETARY
NAIROBI
24th February, 1988

THE LIMURU TEA COMPANY LIMITED

**REPORT OF THE AUDITORS TO THE MEMBERS OF
THE LIMURU TEA COMPANY LIMITED**

We have audited the accounts on pages 6 to 12. The accounts are in agreement with the books which have been properly kept. We obtained the information and explanations we required.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st December 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act (Cap. 486).

Coopers & Lybrand
Certified Public Accountants of Kenya
Nairobi,

14th March 1988

THE LIMURU TEA COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1987

	Note	1987 Shs.	18 Months to 31st December 1986 Shs.
TURNOVER		<u>14,402,337</u>	<u>21,123,916</u>
PROFIT BEFORE TAXATION	2	8,045,037	11,780,194
TAXATION	3	<u>3,438,000</u>	<u>5,185,000</u>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		4,607,037	6,595,194
DIVIDENDS	4	4,400,000	6,400,000
RETAINED PROFIT	8	<u>207,037</u>	<u>195,194</u>
EARNINGS PER SHARE	5	<u>Shs. 23.04</u>	<u>Shs. 32.98</u>

Report of the auditors - page 5.
The notes on pages 9 to 12 form part of these accounts.

THE LIMURU TEA COMPANY LIMITED

BALANCE SHEET AT 31ST DECEMBER 1987

	Note	1987	1986
		Shs.	Shs.
CAPITAL EMPLOYED			
FIXED ASSETS	6	16,064,538	15,136,887
TRADE INVESTMENTS - at cost		260	260
CURRENT ASSETS			
Stocks		196,831	226,940
Debtors		34,853	10,498
Group company		7,346,927	9,805,647
Bank and cash balances		113,452	330,387
		7,692,063	10,373,472
CURRENT LIABILITIES			
Creditors		404,072	572,166
Current taxation		4,282,004	5,200,004
Dividends		2,985,758	3,860,459
		7,671,834	9,632,629
NET CURRENT ASSETS		20,229	740,843
		16,085,027	15,877,990
FINANCED BY:-			
ORDINARY SHARE CAPITAL	7	4,000,000	4,000,000
RESERVES	8	12,085,027	11,877,990
		16,085,027	15,877,990
SHAREHOLDERS' FUNDS			
D.C. Bensley	}		
J.D. Brocklebank			
Directors			

The accounts were approved by the Board of Directors on 24 February 1988
 Report of the Auditors - page 5
 The notes on pages 9 to 12 form part of these accounts.

THE LIMURU TEA COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST DECEMBER 1987

18 Months to
31st December
1987 1986
Shs. Shs.

SOURCE OF FUNDS

Profit before taxation	8,045,037	11,780,194
Items not involving the movement of funds:		
Depreciation of fixed assets	404,889	526,819
Loss/(profit) on fixed assets	29,960	(31,272)

FUNDS FROM OWN OPERATIONS

8,479,886 12,275,741

FUNDS FROM OTHER SOURCES

Redemption of shares	-	160
Sale of fixed assets	-	64,952

TOTAL FUNDS GENERATED

8,479,886 12,340,853

APPLICATION OF FUNDS

Dividends paid	(5,274,701)	(5,176,653)
Taxation paid	(4,356,000)	(3,954,996)
Capital expenditure	(1,362,500)	(651,380)
	(10,993,201)	(9,783,029)
	(2,513,315)	2,557,824

MOVEMENT IN WORKING CAPITAL

Stocks	(30,109)	(793,853)
Debtors	24,355	3,518
Creditors	168,094	(86,569)
Group company	(2,458,720)	3,191,361

(Decrease)/increase in net liquid funds.

(2,296,380) 2,314,457
(216,935) 243,367
(2,513,315) 2,557,824

Report of the auditors - page 5.
The notes on pages 9 to 12 form part of these accounts.

THE LIMURU TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1987

1. SIGNIFICANT ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the computation of related depreciation. The following is a summary of the more important accounting policies used.

TURNOVER

Turnover represents the value of sales net of charges paid to the manufacturers and selling agents.

FIXED ASSETS:

Fixed assets are stated at cost or as revalued on an existing use basis. Provision is made for depreciation on the straight line method designed to write off the original cost or valuation of buildings, plant, transport and equipment over their anticipated useful lives. No depreciation is provided on land and development. The annual depreciation rates in use are:-

Buildings	2% - 10%
Plant	5% - 10%
Vehicles	10% - 20%
Fixtures and Fittings	10%

STOCKS

Stocks represent consumable estate stores valued at the lower of cost and net realisable value.

TAXATION:

Taxation is provided in the profit and loss account on the basis of the profit included therein, adjusted according to the fiscal laws of Kenya. Provision is made at the rate ruling at the year end for deferred taxation except in respect of taxation which can reasonably be expected to continue to be deferred for the foreseeable future.

2. PROFIT BEFORE TAXATION

	18 Months to 31st December	
1987 Shs.	1986 Shs.	

Profit before taxation is arrived at after charging:

Depreciation	404,889	526,819
Auditors' remuneration	60,000	125,000
Directors' fees	40,000	30,000
and after crediting:		
Interest	<u>486,116</u>	<u>614,952</u>

THE LIMURU TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1987 (Continued)

3. TAXATION

	18 Months to 31st December
	1987 Shs.
	1986 Shs.

On the adjusted profit for the year at 45%	3,465,000	5,185,000
Overprovision in previous year	(27,000)	-

	<u>3,438,000</u>	<u>5,185,000</u>
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4. DIVIDENDS

Dividends are shown gross on 200,000 shares and comprises:-

Interim at Shs. 8 (1986: Shs. 13) - Paid	1,562,850	2,539,628
Payable	37,150	60,372
Final at Shs.14 (1986: Shs.19)	2,800,000	3,800,000

	<u>4,400,000</u>	<u>6,400,000</u>
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5 EARNINGS PER SHARE

Earnings per Shs. 20 share are calculated on the profit attributable to shareholders of Shs. 4,607,037 (1986: Shs. 6,595, 194) and 200,000 shares in issue throughout the year. It should be noted that the comparative figure is for an 18 month period.

THE LIMURU TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS—31ST DECEMBER 1987 (Continued)

6. FIXED ASSETS		Land, Development and Buildings Shs.	Plant, Vehicles, Fixtures and Fittings Shs.	TOTAL Shs.
Cost or valuation:				
31st December 1986		16,643,987	771,632	17,415,619
Additions		1,362,500	—	1,362,500
Disposals		(42,550)	(22,376)	(64,926)
31st December 1987		<u>17,963,937</u>	<u>749,256</u>	<u>18,713,193</u>
Comprising:				
Valuation - 1977		12,555,000	11,500	12,566,500
Cost		5,408,937	737,756	6,146,693
		<u>17,963,937</u>	<u>749,256</u>	<u>18,713,193</u>
Accumulated depreciation:				
31st December 1986		1,756,157	522,575	2,278,732
Charge for the year		327,592	77,297	404,889
Disposals		(12,590)	(22,376)	(34,966)
31st December 1987		<u>2,071,159</u>	<u>577,496</u>	<u>2,648,655</u>
Net book value:				
31st December 1987		15,892,778	171,760	16,064,538
31st December 1986		<u>14,887,830</u>	<u>249,057</u>	<u>15,136,887</u>
7. ORDINARY SHARE CAPITAL			1987 Shs.	1986 Shs.
Authorised, issued and fully paid:				
200,000 shares of Shs. 20 each			4,000,000	4,000,000
8. RESERVES		Revenue Shs.	CAPITAL Shs.	TOTAL Shs.
31st December 1986		4,935,362	6,942,628	11,877,990
Retained profit for the year		207,037	—	207,037
Valuation surplus realised		6,000	(6,000)	—
31st December 1987		<u>5,148,399</u>	<u>6,936,628</u>	<u>12,085,027</u>
				<u>11,877,990</u>

THE LIMURU TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS 31ST DECEMBER 1987 (Continued)

9. CAPITAL COMMITMENTS	1987	1986
	Shs.	Shs.
Contracted	-	585,000
Authorised but not contracted	-	-

Report of the auditors - page 5

THE LIMURU TEA COMPANY LIMITED FORM OF PROXY

I/we.....

(Please use block letters)

hereby appoint Derek Charles Bensley or failing him Musa Kipkirui Arap Sang or failing him Michael Winlack Harley each of whom is a director of the Limuru Tea Company Limited as my/our proxy to vote for me/us and on my/our behalf at the sixty-third annual general meeting of the company to be held on 20th April 1988 and at any adjournment thereof. I/we desire to vote on the resolutions set out in the notice of the meeting as shown in the table below. (Please tick the appropriate space).

RESOLUTIONS

	Resolution	For	Against
1.	Declare a dividend	<input type="checkbox"/>	<input type="checkbox"/>
2.	Adopt the report and accounts	<input type="checkbox"/>	<input type="checkbox"/>
3.	Approve the directors remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4.	Re-elect the following director: Mr. J.P. Mbogua	<input type="checkbox"/>	<input type="checkbox"/>
5.	Authorise the directors to fix the auditors remuneration	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand this day of 1988

Signature (s)

Notes:

1. This proxy must be lodged at the registered office of the company not less than 48 hours before the time appointed for holding the meeting.
2. If you desire someone to act as your proxy, please delete the the above names and insert the name and address of the person preferred. All alterations to this proxy must be initialed.
3. Should the form of proxy be returned signed, but without specific directions as to how your proxy should vote he will vote or abstain at his discretion.
4. A corporation should execute under its common seal or by the hand of any officer or attorney duly authorised in writing.

To be posted: The Company Secretary

The Limuru Tea Company Limited
Norfolk Towers, Kijabe Street
P.O. Box 42011 Nairobi.

