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THE LIMURU TEA COMPANY LIMITED

REPORT AND ACCOUNTS

31ST DECEMBER 1988

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THE LIMURU TEA COMPANY LIMITED
REPORT AND ACCOUNTS FOR THE YEAR
ENDED 31ST DECEMBER 1988

CONTENTS

Directors and Officials
Notice of Meeting
Report of the Directors
Report of the Auditors
Profit and Loss Account
Balance Sheet
Statement of Source and Application of Funds
Notes to the Accounts
Form of Proxy



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THE LIMURU TEA COMPANY LIMITED
DIRECTORS AND OFFICIALS

BOARD OF DIRECTORS

A.H.L. Padfield - Chairman
M.W. Harley
A.Hughes, C.I.M.A.
I.P. Mbogua
M.K.A. Sang
T.F. Robley - Alternate to M.K.A. Sang

COMPANY SECRETARY

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

REGISTERED OFFICE

Norfolk Towers
Kijabe Street
P.O. Box 42013
NAIROBI

AUDITORS

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

ADVOCATES

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

BANKERS

Standard Chartered Bank Kenya Limited
Moi Road
P.O. Box 77585
NAIROBI

0257

2007/1200

THE LIMURU TEA COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixty-fourth annual general meeting of THE LIMURU TEA COMPANY LIMITED will be held in the boardroom of Brooke Bond Kenya Limited, Norfolk Towers, Kijabe Street, Nairobi on Wednesday 19th April 1989 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 1988 and the report of the directors and auditors thereon.
3. To approve the directors' remuneration of Sh. 40,000 for the year ended 31st December 1988.
4. To re-elect directors
5. To authorise the directors to fix the auditors' remuneration.

BY ORDER OF THE BOARD

C.A. Ouda
Secretary

20th March, 1989

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 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 1988.

ACTIVITY

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

RESULTS AND DIVIDENDS:

	Shs' 000	Shs' 000
Profit after taxation		5,064
Less: Interim dividend	(1,600)	
Final dividend proposed	(3,200)	(4,800)
Retained profit transferred to revenue reserves		264
Earnings per share		Shs. 25.32
Dividend per share		Shs. 24.00

BOARD OF DIRECTORS:

The present board of directors is set out on page 2.

Messrs I.D. Brocklebank and D.C. Bensley resigned from the board of directors with effect from 18 March and 1 July 1988 respectively.

Messrs A. Hughes and A.H.I. Padfield were appointed directors of the company with effect from 9 May and 1 July 1988 respectively. They retire in accordance with Article 101 of the company's Articles of Association and being eligible offer themselves for re-election.

Mr. M.K.A. Sang retires 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
 16th February 1989.

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 1988 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,
17th March, 1989

THE LIMURU TEA COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31ST DECEMBER 1988

	Note	1988 Shs.	1987 Shs.
TURNOVER		15,681,384	14,402,337
PROFIT BEFORE TAXATION	2	8,564,189	8,045,037
TAXATION	3	3,500,000	3,438,000
PROFIT ATTRIBUTABLE TO SHAREHOLDERS,		5,064,189	4,607,037
DIVIDENDS	4	4,800,000	4,400,000
RETAINED PROFIT		264,189	207,037
EARNINGS PER SHARE	5	Shs. 25.32	Shs. 23.04
STATEMENT OF REVENUE RESERVES			
1ST JANUARY		5,148,399	4,935,362
RETAINED PROFIT FOR THE YEAR		264,189	207,037
VALUATION SURPLUS REALISED		87,994	6,000
31ST DECEMBER		5,500,582	5,148,399

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 1988

	Note	1988	1987
		Shs.	Shs.
CAPITAL EMPLOYED			
FIXED ASSETS	6	16,490,383	16,064,538
TRADE INVESTMENTS — at cost		260	260
CURRENT ASSETS			
Stocks		113,469	196,831
Debtors		9,607	34,853
Group company		6,989,408	7,346,927
Bank and cash balance		202,564	113,452
		7,315,048	7,692,063
CURRENT LIABILITIES			
Creditors		302,261	404,072
Current taxation		3,814,894	4,282,004
Dividends		3,339,320	2,985,758
		7,456,475	7,671,834
NET CURRENT (LIABILITIES)/ASSETS		(141,427)	20,229
FINANCED BY:—			
ORDINARY SHARE CAPITAL	7	4,000,000	4,000,000
RESERVES	8	12,349,216	12,085,027
SHAREHOLDERS' FUNDS		16,349,216	16,085,027

A.H.L. PADFIELD, Director

A. HUGHES, Director

The accounts were approved by the Board of Directors on 16 February 1989.
 Report of the Auditors page 5
 The notes on pages 9 to 12 form part of these accounts.

THE LMURU TEA COMPANY LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR
THE YEAR ENDED 31ST DECEMBER 1988

	1988	1987
	Shs.	Shs.
SOURCE OF FUNDS		
Profit before taxation	8,564,189	8,045,037
Items not involving the movement of funds:		
Depreciation of fixed assets	57,651	404,889
Loss on disposal of fixed assets	37,104	29,960
FUNDS FROM OPERATIONS	8,658,944	8,479,886
FUNDS FROM OTHER SOURCES		
Proceeds of sale of fixed assets	40,500	-
TOTAL FUNDS GENERATED	8,699,444	8,479,886
APPLICATION OF FUNDS		
Dividends paid	(4,446,438)	(5,274,701)
Taxation paid	(3,967,110)	(4,356,000)
Capital expenditure	(561,100)	(1,362,500)
	(8,974,648)	(10,993,201)
	(275,204)	(2,513,315)
MOVEMENT IN WORKING CAPITAL		
Stocks	(83,362)	(30,109)
Debtors	(25,246)	24,355
Creditors	101,811	168,094
Group company	(357,519)	(2,458,720)
Increase/(decrease) in net liquid funds	(364,316)	(2,296,380)
	89,112	(216,935)
	(275,204)	(2,513,315)

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 1988

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 fixed assets, other than freehold land, over their anticipated useful lives. Development costs include direct costs and attributable overheads incurred in bringing tea into production which occurs in the fourth year after planting. The annual depreciation rates in use are:-

Leasehold land	-	in equal instalments over the useful life of the lease
Tea development	-	from year 4 onwards a graduated scale is adopted that increases the annual depreciation charge from 0.6% in year 4 to 2% in year 10. The depreciation rate remains at 2% thereafter for the remaining part of the asset's useful life.
Buildings	-	in equal instalments over the useful life of the asset which will not exceed 40 years
Plant	-	7%
Vehicles	-	10% - 20%
Fixtures and fittings	-	7%

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.

THE LIMURU TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1988 (Continued)

	1988 Shs.	1987 Shs.
2. PROFIT BEFORE TAXATION		
Profit before taxation is arrived at after charging:		
Depreciation	57,651	404,889
Auditors' remuneration	88,000	60,000
Directors' fees	40,000	40,000
and after crediting:		
Interest	471,964	486,116
3. TAXATION		
On the adjusted profit for the year at 45% Under/(over) provision in previous year	3,499,453 547	3,465,000 (27,000)
4. DIVIDENDS		
Dividends are shown gross on 200,000 shares and comprise:-		
Interim at Shs. 8 (1987: Shs. 8) - paid	1,562,850	1,562,850
- payable	37,150	37,150
Final at Shs. 16 (1987: Shs. 14)	3,200,000	2,800,000
	4,800,000	4,400,000
5. EARNINGS PER SHARE		

Earnings per Shs. 20 share are calculated on the profit attributable to shareholders of Shs. 5,064,189 (1987: Shs. 4,607,037) and 200,000 shares in issue throughout the year.

THE LIMURU TEA COMPANY LIMITED
NOTES TO THE ACCOUNTS - 31ST DECEMBER 1988 (Continued)

6. FIXED ASSETS	Land, development and buildings Shs.	Plant, Vehicles, Fixtures and Fittings Shs.	TOTAL Shs.
Cost or valuation:			
31st December 1987	17,963,937	749,256	18,713,193
Additions	267,500	293,600	561,100
Disposals	(146,348)	(77,595)	(223,943)
31st December 1988	18,085,089	965,261	19,050,350
Comprising:			
Valuation - 1977	12,408,652	11,500	12,420,152
Cost	5,676,437	953,761	6,630,198
	18,085,089	965,261	19,050,350
Accumulated depreciation:			
31st December 1987	2,071,159	577,496	2,648,655
Charge for the year	71,565	(13,914)	57,651
Disposals	(68,744)	(77,595)	(146,339)
31st December 1988	2,073,980	485,987	2,559,967
Net book value:			
31st December 1988	16,011,109	479,274	16,490,383
31st December 1987	15,892,778	171,760	16,064,538

During the year the company re-assessed the estimated useful lives of the fixed assets. An over-provision of Shs. 403,000 was identified and this has been released to the profit and loss account to reduce the annual depreciation charge.

THE LMURU TEA COMPANY LIMITED
NOTES TO THE ACCOUNTS - 31ST DECEMBER 1988 (Continued)

	1988		1987
7. ORDINARY SHARE CAPITAL	Shs.		Shs.
Authorised, issued and fully paid: 200,000 shares of Shs. 20 each	<u>4,000,000</u>		<u>4,000,000</u>
8. RESERVES	Revenue Shs.	Capital Shs.	TOTAL Shs.
31st December 1987	5,148,399	6,936,628	12,085,027
Retained profit for the year	264,189	-	264,189
Valuation surplus realised	<u>87,994</u>	<u>(87,994)</u>	<u>-</u>
	<u>5,500,582</u>	<u>6,848,634</u>	<u>12,349,216</u>
9. CAPITAL COMMITMENTS			<u>12,085,027</u>
Contracted		<u>577,500</u>	<u>-</u>

Report of the auditors Page 5.

**THE LIMURU TEA COMPANY LIMITED
FORM OF PROXY**

I/We
(Please use block letters)

hereby appoint Adrian Herbert Lee Padfield or failing him Michel Winlack Harley both of whom are directors of The Limuru Tea Company Limited as my/our proxy to vote for me/us and on my/our behalf at the sixty-fourth annual general meeting of the company to be held on 19th April 1989 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	1	
2.	Adopt the report and accounts	2	
3.	Approve the directors' remuneration	3	
4.	Re-elect the following directors: a) A.H.L. Padfield b) A.Hughes c) M.K.A.Sang	4 (a) 4 (b) 4 (c)	
5.	Authorise the directors to fix the auditors remuneration	5	

As witness my/our hand this day of 1989

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 proxy, please delete the above names and insert the name and address of the person preferred. All alterations to this proxy must be initialled.
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 hand of any officer or attorney duly authorised in writing.

To be posted to:
The Company Secretary
The Limuru Tea Company Limited
Norfolk Towers, Kijabe Street
P.O. Box 42011 Nairobi.

