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GEORGE WILLIAMSON

KENYA LIMITED

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REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

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



GEORGE WILLIAMSON KENYA LIMITED
Incorporated 15 December 1952

COMPANY INFORMATION

SHARE CAPITAL Authorised
17,512,640 ordinary shares of Sh 5 each, Sh 85,563,200

Issued and fully paid
8,756,320 ordinary shares of Sh 5 each, Sh 43,781,600

GROUP COMPANIES Tea production companies:

George Williamson Kenya Limited	- CHANGOI ESTATE (incorporating LELSA ESTATE)
Kaimosi Tea Estates Limited (wholly owned)	- KAIMOSI ESTATE
Tinderet Tea Estates (1989) Limited (82% owned)	- TINDERET ESTATE
Kapchorua Tea Company Limited - 39.56% owned (1998 -39.36%)	- KAPCHORUA ESTATE

Other wholly owned companies:

George Williamson Engineering Limited	- SALE OF GENERATORS
Tea Manufacturing and Supplies Limited	- DORMANT
Tea Properties Limited	- PROPERTY INVESTMENT
Lelsa Tea Estates Limited	- DORMANT

Other:

Williamson Developments Limited - 50% owned (1998 - 44.4%)	- PROPERTY INVESTMENT
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DIRECTORS N G Sandys-Lumsdaine* - Chairman
E A Bristow
E M Kimani
S C A Koech
P Magor*
R B Magor*
H Salwegter**
D B White

* British
** Netherlands

SECRETARY D B White

REGISTERED OFFICE Williamson House, 4th Ngong Avenue
P O Box 42281, Nairobi

BANKERS Kenya Commercial Bank Limited
Barclays Bank of Kenya Limited

LAWYERS Kaplan & Stratton

AUDITORS Deloitte & Touche

2007/12.68



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the forty ninth ANNUAL GENERAL MEETING of the shareholders will be held at the Nairobi Club, Ngong Avenue on 26 July 1999 at 10.00 am for the following purposes:

1. To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 1999.
2. To declare a dividend.
3. To elect directors.
4. To approve the remuneration of the directors.
5. To authorise the directors to fix the remuneration of the auditors.
6. To transact such other competent business as may be brought before the meeting.

BY ORDER OF THE BOARD.

D.B. WHITE
SECRETARY

10th June, 1999

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her, and such proxy, need not also be a member of the company.

A form of proxy is provided with this report which shareholders who do not propose to be at the meeting are requested to complete and return to the registered office of the company so as to arrive not later than twenty four hours before the meeting.



CHAIRMAN'S STATEMENT

The year's weather conditions ending with three months drought was certainly less favourable than 1997/98. Our own crops and purchases from the Kenya Tea Development Authority were down but this was mainly offset by an increasing number of outgrowers.

During the period, last year's exceptional level of international tea prices eased considerably. The Kenya shilling continued firm, although there was some weakening towards the end of the financial year.

Certainly the most significant factor to affect the results has been the increase in wages and therefore costs following the industrial court's long delayed September 1998 award on our Tea Association's Collective Bargaining Agreement. The award was backdated to 1st January 1998 and gave 20% increase in wages for 1998 and 22% for 1999. This, when compounded, becomes 46% over two years, which is greatly in excess of Government 'Guidelines'. Further, resulting from the long delay, the current year's figures include cost of the wage increase attributable to the last three months of the 1997/98 financial year.

In line with the Capital Markets Authority's requirements, an Audit Committee comprising of our non executive directors has been established to monitor the performance in all areas of operation of management and internal audit.

Certain fixed assets and the share of Williamson House were professionally revalued as at 31st March, as shown in the accounts.

Future weather conditions and world tea market prices are, as ever, uncertain and coupled with the problematic economic climate prevailing in the country, point to the need for continuing tight financial control and caution for the future.

Your directors are therefore recommending a final dividend of Shs 2.50 per share for the year ended 31st March 1999 (1997/98 - Shs 7.50; 1996/97 - Shs 1.50).

TEA

Crop production in Kgs. made tea on our estates was as follows:

	1998/99	1997/98
Changoi	3,876,614	3,865,616
Kaimosi	2,446,865	3,176,779
Tinderet	1,485,317	1,820,108

The above totals include 1,998,687 (1997/98 - 2,550,641) Kgs. of outgrowers' leaf of which 33,046 (1997/98 - 715,482) Kgs. was from the Kenya Tea Development Authority and 620,346 (1997/98 - 628,799) Kgs. from Nyayo Tea Zones Corporation.

During the course of the year, we incurred capital expenditure in the sum of Ksh 123,824,000 on our estates for new areas planted, buildings and labour housing, factory machinery and upgrading our transport.

PROPERTY

One further floor was acquired in Williamson House and the Company now owns half the available space in the building. Eight floors are let and one further floor is used for our own offices, although part of that is also let. This has made a valuable addition to the profitability of the Group, particularly now that the relevant development loan has been paid off in full.

ENGINEERING

In common with others in the field, the year proved very competitive and margins were seriously eroded. Sales were adversely affected by the current poor state of the economy.



CHAIRMAN'S STATEMENT (continued)

As a result, and following some restructuring, a small loss was posted but figures for the start of the current year are more encouraging.

SOCIAL CONTRIBUTION

The salient facts under this heading include:

- i) There are now 5,642 workers employed and over 23,000 dependants within the Group estates. We have built and operate four primary and one secondary schools, together with four health clinics. An ever increasing range of welfare facilities is being provided for our workers and their families.*
- ii) Foreign currency earnings amount to the equivalent of Ksh 838,258,000.*
- iii) The Company and its subsidiaries have paid Corporation Tax to the Government of Ksh 19,669,000 and Agricultural Produce Cess to the Tea Board of Kenya of Ksh 13,014,000, to be disbursed to the Councils and the Tea Roads Cess Committees for maintenance of tea roads in our operating districts.*
- iv) Our Companies spent Ksh 39,479,000 as revenue expenditure and Ksh 25,133,000 as capital expenditure on the provision of a wide range of welfare, educational and health facilities.*
- v) With our overseas buyers, we are working towards registration as members of both the Tea Sourcing Partnership and Ethical Trading Initiative whereby independent 'auditors' will visit our operations to satisfy themselves that the highest standards of manufacture and social services are maintained. The Group has already been appointed Preferred Suppliers, under similar criteria, for premier brands.*

STAFF

I am delighted to advise that in November 1998, Solomon Koech was able to take up his full time duties as Technical Director/Visiting Agent and Bill Sainna moved from Kaimosi to become General Manager, Changoi & Lelsa. Bill's place at Kaimosi was taken over by Samuel Thumbi, previously the Senior Manager, while Tom Lloyd continues as General Manager at Tinderet.

May I on shareholder's behalf convey to them, together with all the staff on the estates, our Nairobi office and Engineering, our appreciation for their efforts during a difficult year.

FUTURE PROSPECTS

With the recent rain, crop prospects have improved, although more extensive rain would have been beneficial. This added to the weakening of the Kenya shilling should produce beneficial effects on profitability.

However, it is still too early in the financial year to offer any accurate forecast for 1999/2000.

N G SANDYS-LUMSDAINE
CHAIRMAN
Nairobi

10th June, 1999



REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the group for the year ended 31 March 1999.

ACTIVITIES

The principal activities of the group are cultivation, manufacture and sale of tea, investment in property and sale of generators.

RESULTS	Sh'000
Profit before taxation	77,005
Taxation	15,689
	<hr/>
Profit after taxation	61,316
Minority interest	2,614
	<hr/>
Profit available for appropriation	58,702
Proposed dividend (gross)	21,891
	<hr/>
Retained profit transferred to revenue reserve	36,811

DIVIDEND

The directors recommend the payment of a first and final dividend of Sh 2.50 per share, totalling Sh 21,891,000 in respect of the year.

DIRECTORS

The present board of directors is shown on page 2.

In accordance with article 106 of the articles of association, Messrs E M Kimani and S C A Koech retire by rotation and, being eligible, offer themselves for re-election.

SECRETARY

Mr E M Kimani resigned as company secretary on 15 July 1998 and Mr D B White was appointed in his place.

AUDITORS

The auditors, Deloitte & Touche, will continue in office in accordance with the provisions of section 159(2) of the Companies Act.

BY ORDER OF THE BOARD
D.B. WHITE
Secretary
Nairobi

10th June, 1999



REPORT OF THE AUDITORS

TO THE MEMBERS OF GEORGE WILLIAMSON KENYA LIMITED

We have audited the financial statements on pages 8 to 22 and have obtained all the information and explanations considered necessary for our audit.

The financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation.

In our opinion,

- (i) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.
- (ii) the financial statements comply with the Companies Act and give a true and fair view of the state of affairs of the company and the group at 31 March 1999 and of the profit and cash flows of the group for the year ended on that date.

Deloitte & Touche
Certified Public Accountants (Kenya)
Nairobi

21st June, 1999



CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1999

	Note	1999 Sh'000	1998 Sh'000
TURNOVER	2	934,225	1,096,770
<i>Cost of sales</i>		<u>694,986</u>	<u>561,320</u>
		239,239	535,450
<i>Distribution costs</i>		(107,031)	(91,340)
<i>Administrative expenses</i>		<u>(68,338)</u>	<u>(49,441)</u>
OPERATING PROFIT	3	63,870	394,669
<i>Share of profits of associated companies</i>		12,119	42,202
<i>Interest receivable</i>	4	14,933	9,843
<i>Dividends receivable</i>		994	2,819
<i>Interest payable</i>	4	<u>(14,911)</u>	<u>(25,104)</u>
PROFIT BEFORE TAXATION		77,005	424,429
TAXATION	5	<u>15,689</u>	<u>135,128</u>
PROFIT AFTER TAXATION	6	61,316	289,301
MINORITY INTEREST		<u>2,614</u>	<u>10,937</u>
PROFIT FOR THE YEAR		58,702	278,364
PROPOSED DIVIDEND (gross)		<u>21,891</u>	<u>65,672</u>
RETAINED PROFIT FOR THE YEAR	16	<u>36,811</u>	<u>212,692</u>
EARNINGS PER SHARE	7	<u>Sh 6.70</u>	<u>Sh 31.79</u>



CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 1999

	Note	1999 Sh'000	1998 Sh'000
FIXED ASSETS	8	1,657,636	971,696
ASSOCIATED COMPANIES	10	235,418	186,507
OTHER INVESTMENTS	11	13	13
		<hr/>	<hr/>
		1,893,067	1,158,216
		<hr/>	<hr/>
CURRENT ASSETS			
<i>Stocks</i>	12	94,041	155,882
<i>Debtors</i>	13	218,645	263,996
<i>Amounts due from associated companies</i>		9,996	17,038
<i>Taxation recoverable</i>		29,093	1,483
<i>Short term deposits</i>		20,000	60,000
<i>Bank and cash balances</i>		15,895	67,204
		<hr/>	<hr/>
		387,670	565,603
		<hr/>	<hr/>
CURRENT LIABILITIES			
<i>Creditors</i>		145,300	213,050
<i>Amounts due to associated companies</i>		5,121	868
<i>Taxation</i>		329	93,460
<i>Loans repayable within one year</i>	17	2,273	31,915
<i>Proposed dividend (gross)</i>		21,891	65,672
<i>Bank overdrafts (secured)</i>		124,869	41,103
		<hr/>	<hr/>
		299,783	446,068
		<hr/>	<hr/>
NET CURRENT ASSETS		87,887	119,535
		<hr/>	<hr/>
		1,980,954	1,277,751
		<hr/>	<hr/>
<i>Financed by:</i>			
SHARE CAPITAL	15	43,782	43,782
RESERVES	16	1,868,920	1,193,079
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		1,912,702	1,236,861
MINORITY INTEREST		68,252	40,890
		<hr/>	<hr/>
		1,980,954	1,277,751
		<hr/>	<hr/>

The financial statements on pages 8 to 22 were approved by the board of directors on 10th June, 1999 and were signed on its behalf by:

N G Sandys-Lumsdaine
E.A. Bristow

} Directors



COMPANY BALANCE SHEET

AS AT 31 MARCH 1999

	Note	1999 Sh'000	1998 Sh'000
FIXED ASSETS	8	892,708	525,936
INVESTMENT IN SUBSIDIARIES	9	111,877	111,919
ASSOCIATED COMPANIES	10	79,837	68,993
OTHER INVESTMENTS	11	6	6
		<hr/>	<hr/>
		1,084,428	706,844
CURRENT ASSETS		<hr/>	<hr/>
<i>Stocks</i>	12	41,712	59,701
<i>Debtors</i>	13	99,989	113,012
<i>Amounts due to subsidiary companies</i>	14	55,299	131,247
<i>Amounts due to associated companies</i>		9,710	15,009
<i>Taxation recoverable</i>		9,799	-
<i>Short term deposits</i>		-	20,000
<i>Bank and cash balances</i>		7,549	3,894
		<hr/>	<hr/>
		224,058	342,863
CURRENT LIABILITIES		<hr/>	<hr/>
<i>Creditors</i>		62,869	70,149
<i>Taxation payable</i>		-	45,989
<i>Loans repayable within one year</i>	17	2,273	27,525
<i>Amount due to associated companies</i>		575	-
<i>Proposed dividend (gross)</i>		21,891	65,672
<i>Bank overdrafts (secured)</i>		44,440	15,535
		<hr/>	<hr/>
		132,048	224,870
NET CURRENT ASSETS		<hr/>	<hr/>
		92,010	117,993
		<hr/>	<hr/>
		1,176,438	824,837
		=====	=====
<i>Financed by:</i>			
SHARE CAPITAL	15	43,782	43,782
RESERVES	16	1,132,656	781,055
		<hr/>	<hr/>
		1,176,438	824,837
		=====	=====

The financial statements on pages 8 to 22 were approved by the board of directors on 10th June, 1999 and were signed on its behalf by:

N G Sandys-Lumsdaine }
E.A. Bristow } Directors



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1999

	Note	1999 Sh'000	1998 Sh'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18(a)	155,283	348,907
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		16,324	9,233
Interest paid		(14,911)	(25,104)
Dividends received - from associated company		11,548	2,542
- other		995	277
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		13,956	(13,052)
TAXATION PAID		(133,618)	(24,426)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(123,824)	(73,730)
Proceeds of sale of fixed assets		22,932	25,896
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(100,892)	(47,834)
ACQUISITIONS			
Purchase of further interest in subsidiary		-	(10,200)
Purchase of further interest in associated companies		(10,844)	(4,381)
NET CASH OUTFLOW FROM ACQUISITIONS		(10,844)	(14,581)
EQUITY DIVIDENDS PAID (INCLUDING MINORITY)		(69,318)	(14,063)
FINANCING			
Receipt from borrowing		-	23,000
Repayment of borrowing		(29,642)	(70,757)
NET CASH OUTFLOW FROM FINANCING	18(b)	(29,642)	(47,757)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	18(b)	(175,075)	187,194



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting, modified to include the revaluation of certain assets.

CONSOLIDATION

The group financial statements reflect the result of the consolidation of the financial statements of the company and its subsidiaries all made up to 31 March, and include the group's share of the results of associated companies.

INVESTMENT IN ASSOCIATED COMPANIES

The investment in associated companies is stated at the group's share of the related net assets.

TURNOVER

Turnover represents the gross value of tea sold, rent and net amounts receivable for supplies of other goods and services.

STOCKS

Unsold tea is stated at the lower of cost and net realisable value. Cost comprises all estate, factory and packing expenses.

Generators stocks are stated at the lower of purchase cost and net realisable value.

Tea nursery and firewood are stated at production cost.

Stores are stated at average purchase cost.

DEPRECIATION

Depreciation is not provided on freehold and long leasehold land and tea development expenditure.

Other fixed assets are depreciated on a straight line basis to write off the cost or valuation over their estimated useful lives.

The annual rates generally in use are:

Buildings	5%
Machinery and equipment	10%
Motor vehicles	25%
Office equipment, furniture and fittings	10%
Computers	25%



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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1 ACCOUNTING POLICIES (continued)

TEA DEVELOPMENT

Tea development represents the cost of establishing mature tea bushes. No provision is made for amortisation, as the cost of replanting, infilling and upkeep are charged against revenue, and the assets are revalued at periodic intervals.

TAXATION

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred taxation is accounted for, under the liability method, to the extent that it is probable that timing differences will reverse in the foreseeable future.

FOREIGN CURRENCIES

Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Differences on exchange are dealt with in the profit and loss account.

2 SEGMENTAL ANALYSIS

By Activity	Net assets		Turnover		Pre-Tax Profit	
	1999 Sh '000	1998 Sh '000	1999 Sh '000	1998 Sh '000	1999 Sh '000	1998 Sh '000
Tea	1,871,250	1,219,400	853,587	1,024,053	57,602	399,794
Other	109,704	58,351	80,638	72,717	19,403	24,635
	<u>1,980,954</u>	<u>1,277,751</u>	<u>934,225</u>	<u>1,096,770</u>	<u>77,005</u>	<u>424,429</u>
	=====	=====	=====	=====	=====	=====

Turnover - Geographically by market

United Kingdom	604,161	577,199
Kenya	330,064	519,571
	<u>934,225</u>	<u>1,096,770</u>
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

	1999 Sh'000	1998 Sh'000
3 OPERATING PROFIT		
<i>The operating profit is arrived at after charging:</i>		
Depreciation on fixed assets	49,942	49,047
Directors' remuneration:		
Fees	563	150
Pension to former directors	453	394
Other emoluments	12,390	10,225
Auditors' remuneration	3,102	3,016
<i>and after crediting:</i>		
Gain on exchange	976	9,588
Profit on sale of fixed assets	7,875	15,541
	=====	=====
3 INTEREST		
<i>Receivable:</i>		
Bank accounts	14,933	9,843
	=====	=====
<i>Payable:</i>		
Bank overdrafts	8,535	9,732
Loans	6,376	15,372
	=====	=====
	14,911	25,104
	=====	=====
5 TAXATION		
Based on the adjusted profit for the year at 32.5%	19,669	121,253
Withholding tax on dividends	-	14
Adjustment for prior year	(6,792)	-
	=====	=====
	12,877	121,267
Share of associated company's taxation:		
Current taxation	2,812	13,861
	=====	=====
	15,689	135,128
	=====	=====
6 PROFIT AFTER TAXATION		
<i>A profit after taxation of Sh 48,762,000 (1998 - Sh 203,638,000) has been dealt with in the financial statements of George Williamson Kenya Limited.</i>		
7 EARNINGS PER SHARE		
<i>Earnings per share are calculated on the profit for the year of Sh 58,702,000 (1998 - Sh 278,364,000) and 8,756,370 (1998 - 8,756,370) shares in issue during the year.</i>		



NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

8 *FIXED ASSETS*

GROUP

	<i>Freehold and long leasehold land, buildings and development Sh'000</i>	<i>Machinery and equipment Sh'000</i>	<i>Motor vehicles Sh'000</i>	<i>Office equipment, computers, furniture and fittings Sh'000</i>	<i>Capital work in progress Sh'000</i>	<i>Total Sh'000</i>
<i>COST OR VALUATION</i>						
<i>At 1 April 1998</i>	877,636	165,848	101,226	30,339	17,223	1,192,272
<i>Additions</i>	54,659	32,029	21,826	6,012	9,298	123,824
<i>Disposals</i>	(14,007)	(1,466)	(9,204)	(935)	-	(25,612)
<i>Reclassification</i>	21,292	2,533	-	107	(23,932)	-
<i>Revaluation surplus/(deficit)</i>	466,230	(9,662)	-	-	-	456,568
<i>At 31 March 1999</i>	1,405,810	189,282	113,848	35,523	2,589	1,747,052
<i>Comprising:</i>						
<i>At valuation - 1999</i>	1,405,810	189,282	-	-	-	1,595,092
<i>At cost</i>	-	-	113,848	35,523	2,589	151,960
	1,405,810	189,282	113,848	35,523	2,589	1,747,052
<i>DEPRECIATION</i>						
<i>At 1 April 1998</i>	71,037	73,975	62,619	12,945	-	220,576
<i>Charge for the year</i>	13,102	15,646	16,825	4,313	56	49,942
<i>On disposals</i>	(1,833)	(1,311)	(7,027)	(384)	-	(10,555)
<i>Written back on revaluation</i>	(82,306)	(88,241)	-	-	-	(170,547)
<i>At 31 March 1999</i>	-	69	72,417	16,874	56	89,416
<i>NET BOOK VALUE</i>						
<i>At 31 March 1999</i>	1,405,810	189,213	41,431	18,649	2,533	1,657,636
<i>At 31 March 1998</i>	806,599	91,873	38,607	17,394	17,223	971,696

All fixed assets other than motor vehicles, office equipment, computers, furniture and fittings were revalued as at 31 March 1999 by Lloyd Masika Limited, registered valuers and estate agents.

Land and tea development has been valued on an open market basis for the existing use and other assets have been valued on the net current replacement cost basis.



NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

8 **FIXED ASSETS** (*Continued*)

COMPANY

Freehold
and long
leasehold
land,
buildings
and
development
Sh'000

Machinery
and
equipment
Sh'000

Office
equipment,
computers,
furniture
and
fittings
Sh'000

Motor
vehicles
Sh'000

Capital
work in
progress
Sh'000

Total
Sh'000

COST OR VALUATION

At 1 April 1998	482,517	65,898	53,162	17,525	12,876	631,978
Additions	37,022	17,832	10,997	1,939	2,257	70,047
Disposals	(267)	-	(8,766)	(550)	-	(9,583)
Reclassification	10,236	2,640	-	-	(12,876)	-
Revaluation surplus/(deficit)	249,938	(2,483)	-	-	-	247,455

At 31 March 1999	779,446	83,887	55,393	18,914	2,257	939,897
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Comprising:

At valuation - 1999	779,446	83,887	-	-	-	863,333
At cost	-	-	55,393	18,914	2,257	76,564

779,446	83,887	55,393	18,914	2,257	939,897
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DEPRECIATION

At 1 April 1998	30,535	32,102	33,989	9,426	-	106,052
Charge for the year	7,305	7,333	8,861	2,434	-	25,933
On disposals	-	-	(7,306)	(215)	-	(7,521)
Written back on revaluation	(37,840)	(39,435)	-	-	-	(77,275)

At 31 March 1999	-	-	35,544	11,645	-	47,189
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NET BOOK VALUE

At 31 March 1999	779,446	83,887	19,849	7,269	2,257	892,708
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At 31 March 1998	451,982	33,796	19,173	8,099	12,876	525,926
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All fixed assets other than motor vehicles, office, equipment, computers, furniture and fittings were revalued as at 31 March 1999 by Llyod Masika Limited, registered valuers and estate agents.

Land and tea development has been valued on an open market basis for the existing use and the other assets have been valued on the net current replacement cost basis.



NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

	1999	1998
	Sh'000	Sh'000
9 INVESTMENT IN SUBSIDIARIES		
(a) <i>Unquoted investments at cost in wholly owned subsidiaries:</i>		
<i>Kaimosi Tea Estates Limited</i>	2,863	2,863
<i>George Williamson Engineering Limited</i>	3,689	3,689
<i>Tea Manufacturing and Supplies Limited</i>	2,000	2,000
<i>George Williamson Accounting and Management Services Limited</i>	-	40
<i>Tea Properties Limited</i>	2	2
<i>George Williamson Uganda Limited</i>	-	2
<i>Lelsa Tea Estates Limited</i>	-	-
	<hr/>	<hr/>
	8,554	8,596
(b) <i>Unquoted investment at cost in Tinderet Tea Estates (1989) Limited (82% owned)</i>	103,323	103,323
	<hr/>	<hr/>
	111,877	111,919
	=====	=====

George Williamson Accounting and Management Services Limited and George Williamson Uganda Limited were deregistered and the cost of investment written off during the year.

10 ASSOCIATED COMPANIES

GROUP

<i>Kapchorua Tea Company Limited (Quoted); 39.56% (1998 - 39.36%) owned: At share of net assets (market value - Sh 193,472,000; 1998 - Sh 103,324,000)</i>	211,524	165,264
<i>Williamson Developments Limited (Unquoted) - 50% (1998 - 44.4%) owned: Share of net assets</i>	23,894	21,243
	<hr/>	<hr/>
	235,418	186,507
	=====	=====

COMPANY

<i>Kapchorua Tea Company Limited (Quoted); 39.56% (1998 - 39.36%) owned: At cost - (market value - Sh 193,472,000; 1998 - Sh 103,324,000)</i>	49,479	48,635
<i>Williamson Developments Limited (Unquoted); - 50% owned (1998 - 44.4%) At cost</i>	30,358	20,358
	<hr/>	<hr/>
	79,837	68,993
	=====	=====

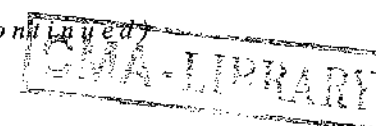


NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

	GROUP		COMPANY	
	1999 Sh'000	1998 Sh'000	1999 Sh'000	1998 Sh'000
11 OTHER INVESTMENTS				
Unquoted:				
At cost and directors' valuation				
- Trade	9	9	6	6
- Other	3	3	-	-
	<u>12</u>	<u>12</u>	<u>6</u>	<u>6</u>
Quoted:				
At cost (market value Sh 651; 1998 - Sh 6,460)	1	1	-	-
	<u>13</u>	<u>13</u>	<u>6</u>	<u>6</u>
	=====	=====	=====	=====
12 STOCKS				
Unsold tea	53,686	113,123	31,174	50,518
Generators	3,696	3,594	-	-
Tea nursery	11,276	7,643	3,313	2,822
Firewood	4,410	3,631	1,551	1,645
Stores	18,398	21,439	5,674	4,716
Work in progress	1,485	929	-	-
Goods in transit	987	5,467	-	-
Other	103	56	-	-
	<u>94,041</u>	<u>155,882</u>	<u>41,712</u>	<u>59,701</u>
	=====	=====	=====	=====
13 DEBTORS				
Tea	151,039	199,272	67,125	82,912
Other	67,606	64,724	32,864	30,100
	<u>218,645</u>	<u>263,996</u>	<u>99,989</u>	<u>113,012</u>
	=====	=====	=====	=====
Other debtors include loans to directors amounting to Sh 2,429,495 (1998 - Sh 2,370,865)				
			1999 Sh'000	1998 Sh'000
14 SUBSIDIARY COMPANIES				
Kaimosi Tea Estates Ltd			35,940	85,000
George Williamson Engineering Ltd			2,710	2,926
Tinderet Tea Estates (1989) Ltd			16,649	24,266
Tea Properties Ltd			-	19,055
			<u>55,299</u>	<u>131,247</u>
			=====	=====



NOTES TO THE FINANCIAL STATEMENTS (Continued)



	1999 Sh'000	1998 Sh'000
15 SHARE CAPITAL		
<i>Authorised:</i>		
17,512,640 shares of Sh 5 each	85,563	85,563
	=====	=====
<i>Issued and fully paid:</i>		
8,756,320 shares of Sh 5 each	43,782	43,782
	=====	=====
16 RESERVES		
	<i>Capital Sh'000</i>	<i>Revenue Sh'000</i>
		<i>Total Sh'000</i>
GROUP		
At 1 April 1998	599,877	593,202
Retained profit for the year	-	36,811
Adjustment in respect of changes in associated companies shareholding	(7,383)	-
Share of revaluation surplus associated company	47,691	-
Revaluation surplus realised on disposal of fixed assets	(501)	501
Surplus on revaluation of fixed assets (net of minority interest)	598,722	-
	=====	=====
At 31 March 1999	1,238,406	630,514
	=====	=====
COMPANY		
At 1 April 1998	354,055	427,000
Retained profit for the year	-	26,871
Revaluation surplus realised on disposal of fixed assets	(256)	256
Surplus on revaluation of fixed assets	324,730	-
	=====	=====
At 31 March 1999	678,529	454,127
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

	1999 Sh '000	1998 Sh '000
17 LOANS		
GROUP		
<i>Secured loans from financial institutions repayable in equal monthly instalments by 1999; interest at 18% per annum</i>	2,273 =====	31,915 =====
COMPANY		
<i>Secured loan from a financial institution repayable in equal monthly instalments by 1999; interest at 18% per annum</i>	2,273 =====	27,525 =====
18 NOTES TO THE CASH FLOW STATEMENT		
<i>(a) Reconciliation of operating profit to net cash inflow from operating activities</i>		
<i>Operating profit</i>	63,870	394,669
<i>Depreciation</i>	49,942	49,047
<i>Profit on sale of fixed assets</i>	(7,875)	(15,541)
<i>Decrease/(increase) in stocks</i>	61,841	(67,941)
<i>Decrease/(increase) in debtors</i>	43,960	(82,900)
<i>(Decrease)/increase in creditors</i>	(67,750)	96,521
<i>Movement in associated company balances</i>	11,295	(24,948)
<i>Net cash inflow from operating activities</i>	155,283 =====	348,907 =====
<i>(b) Reconciliation of net cash (outflow)/inflow to movement in net debt</i>		
<i>(Decrease)/increase in cash during the year</i>	(175,075)	187,194
<i>Cash outflow from financing</i>	29,642	47,757
<i>Movement in net debt during the year</i>	(145,433)	234,951
<i>Net debt at 1 April 1998</i>	54,186	(180,765)
<i>Net debt at 31 March 1999</i>	(91,247) =====	54,186 =====



NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

18 NOTES TO THE CASH FLOW STATEMENT (*continued*)

(c) *Analysis of changes in net debt*

	<i>At 1 April 1998 Sh'000</i>	<i>Cashflow Sh'000</i>	<i>At 31 March 1999 Sh'000</i>
<i>Short term deposits</i>	60,000	(40,000)	20,000
<i>Bank and cash balances</i>	67,204	(51,309)	15,895
<i>Bank overdrafts</i>	(41,103)	(83,766)	(124,869)
	<hr/>	<hr/>	<hr/>
	86,101	(175,075)	(88,974)
<i>Debt</i>	(31,915)	29,642	(2,273)
	<hr/>	<hr/>	<hr/>
	54,186	(145,433)	(91,247)
	<hr/>	<hr/>	<hr/>

	<i>1999 Sh'000</i>	<i>1998 Sh'000</i>
19 DEFERRED TAXATION		
<i>The potential deferred taxation liability comprises:</i>		
<i>Accelerated capital allowances</i>	47,358	43,731
<i>Exchange gains</i>	1,034	1,701
	<hr/>	<hr/>
	48,392	45,432
	<hr/>	<hr/>

20 STAFF NUMBERS AND COSTS

The average number of staff employed by the group on contracts of service during the year was as follows:

	<i>1999 Sh'000</i>	<i>1998 Sh'000</i>
<i>Agricultural</i>	5,161	4,800
<i>Others</i>	55	57
	<hr/>	<hr/>
	5,216	4,857
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<i>1999 Sh'000</i>	<i>1998 Sh'000</i>
<i>Wages and salaries</i>	259,731	212,919
<i>Social security costs</i>	12,655	9,607
<i>Other pension costs</i>	651	582
	<hr/>	<hr/>
	273,037	223,108
	<hr/>	<hr/>



NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

	1999 Sh'000	1998 Sh'000
21 CONTINGENT LIABILITIES		
GROUP		
Guarantees in respect of banking facilities granted to an associated company	2,243 =====	2,278 =====
COMPANY		
Guarantees in respect of banking facilities granted to subsidiary companies	80,429 -----	29,958 -----
22 FUTURE CAPITAL EXPENDITURE		
GROUP		
Authorised by the directors but not contracted	57,077 =====	54,291 =====
COMPANY		
Authorised by the directors but not contracted	19,250 =====	23,780 =====
23 ULTIMATE HOLDING COMPANY		
The ultimate holding company is Williamson Tea Holdings Plc which is incorporated in United Kingdom.		



TEN YEAR COMPARATIVE STATEMENT

		1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
									(9 months)		
Tea Production											
Area under tea	Hectare	1,941	1,929	1,900	1,885	1,872	1,871	1,312	1,308	1,306	1,303
Made tea - own	'000 Kgs	5,809	6,300	5,623	6,298	5,884	5,471	3,800	3,338	3,564	2,716
Bought leaf	'000 Kgs	2,000	2,562	2,503	2,280	1,127	834	383	331	282	110
Total	'000 Kgs	7,809	8,862	8,126	8,578	7,011	6,305	4,183	3,669	3,846	2,826
Tea sold	'000 Kgs	8,574	7,717	9,047	8,427	6,412	5,580	3,860	3,938	4,116	2,406
Average price per Kg gross Sh/Ct		99/68	132/70	82/28	67/12	73/12	88/63	66/25	41/67	36/44	38/78
Turnover (Sh '000)		934,225	1,096,770	813,294	638,858	520,483	721,177	301,046	191,344	167,500	108,812
Profit (Sh '000)											
Profit before taxation		77,005	424,429	86,798	31,328	9,502	303,430	90,159	21,520	40,154	29,539
Taxation		15,689	135,128	26,432	17,143	13,087	102,960	33,023	8,950	12,280	6,740
Profit/(loss) after taxation		61,316	289,301	60,366	14,185	(3,585)	200,470	57,136	12,570	27,874	22,799
Minority interest		2,614	10,937	2,784	2,298	1,680	11,237	-	-	-	-
Dividends		21,891	65,672	13,135	8,756	8,756	21,891	8,756	6,560	6,560	6,560
Retained profit/(loss)		36,811	212,692	44,447	3,131	(14,021)	167,342	48,380	6,010	21,314	16,239
Capital employed (Sh '000)											
Fixed assets		1,657,636	971,696	957,368	949,099	979,690	904,509	712,678	368,725	362,660	361,280
Investments and long term debtors		235,431	186,520	150,862	128,427	117,893	109,554	95,463	95,794	70,420	40,860
Net current assets/(liabilities)		87,887	119,535	(15,416)	(2,467)	(1,884)	137,091	50,938	15,341	17,800	26,860
		1,980,954	1,277,751	1,092,814	1,075,059	1,095,699	1,151,154	859,079	479,860	450,880	429,000
Financed by (Sh '000)											
Share capital		43,782	43,782	43,782	43,782	43,782	21,891	21,891	21,891	21,891	21,891
Reserves		1,868,920	1,193,079	977,665	932,429	931,848	966,675	802,117	420,642	414,629	392,749
Shareholders' funds		1,912,702	1,236,861	1,021,447	976,211	975,630	988,566	824,008	442,533	436,520	414,640
Minority interest		68,252	40,890	40,867	39,276	36,978	39,766	-	-	-	-
Medium term borrowings		-	-	30,500	59,572	83,091	122,822	35,071	37,327	14,360	14,360
		1,980,954	1,277,751	1,092,814	1,075,059	1,095,699	1,151,154	859,079	479,860	450,880	429,000
Earnings/(loss) per share	Cents	670	3,179	658	136	(60)	2,161	1,305	287	637	521
Dividend per share	%	50	150	30	20	20	100	40	30	30	30
Dividend per share	Cents	250	750	150	100	100	500	200	150	150	150
Dividend cover	Times	2.68	4.24	4.38	1.36	-	8.64	6.53	1.92	4.25	3.47

