





CPA-LIBRARY

GEORGE WILLIAMSON  
KENYA LIMITED

— • —  
*Report*

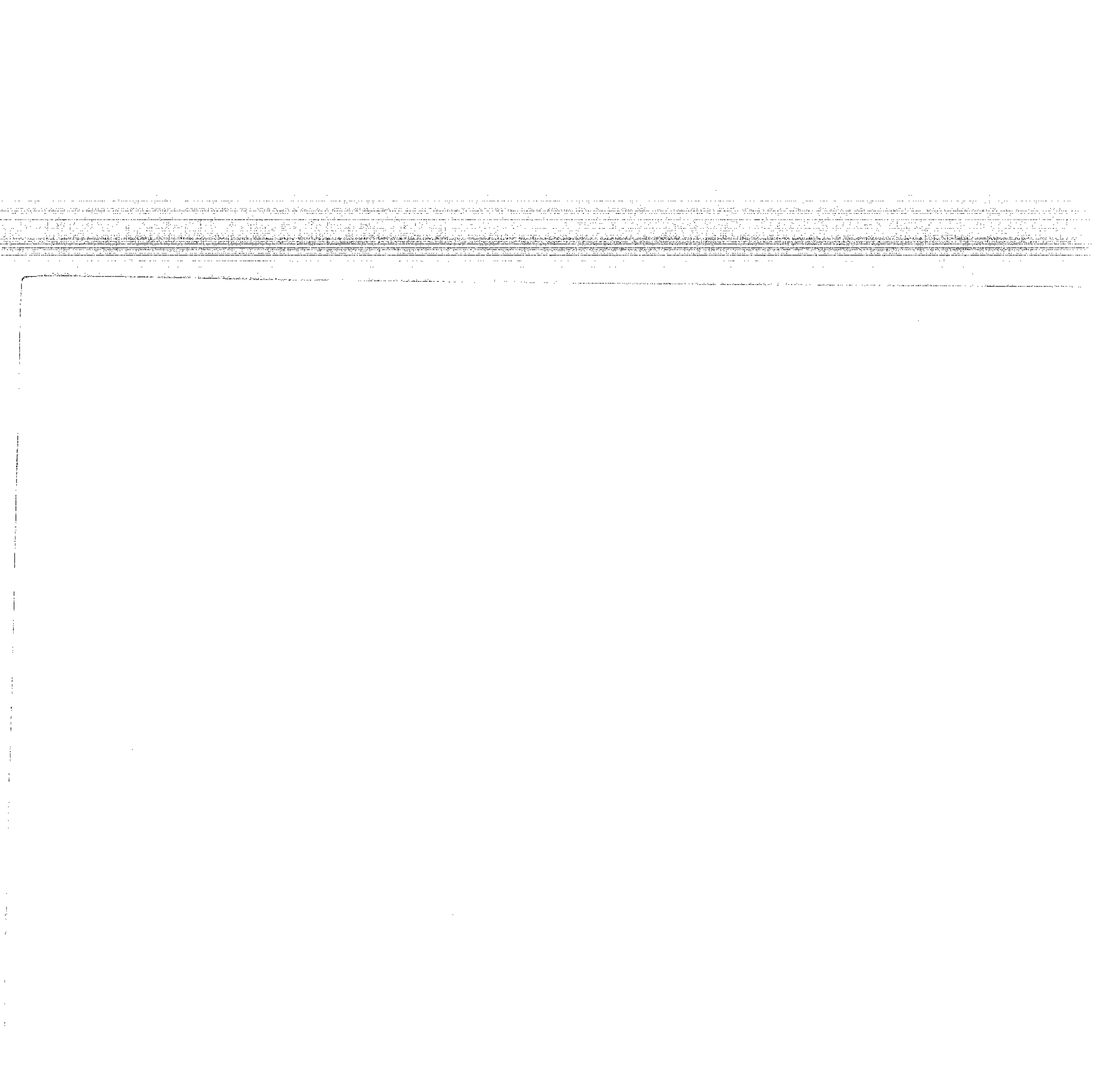
— & —

*Accounts*  
— • —

31 March 2001

Hg  
9/98  
K46  
WSS  
2001  
C.1

Handwritten notes and signatures in the bottom right corner, including a large signature and several smaller marks.





REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2001

CONTENTS	PAGES
NOTICE OF THE MEETING	2
COMPANY INFORMATION	3
CHAIRMAN'S STATEMENT	4 - 9
REPORT OF THE DIRECTORS	10
STATEMENT OF DIRECTORS' RESPONSIBILITIES	11
REPORT OF THE AUDITORS	12
CONSOLIDATED INCOME STATEMENT	13
CONSOLIDATED BALANCE SHEET	14
COMPANY BALANCE SHEET	15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
COMPANY STATEMENT OF CHANGES IN EQUITY	17
CONSOLIDATED CASH FLOW STATEMENT	18
NOTES TO THE FINANCIAL STATEMENTS	19 - 33
SUPPLEMENTARY INFORMATION	
THREE YEAR COMPARATIVE STATEMENT	34

CMA-LIBRARY

CMA - Ke Library



AR1260



## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the fiftieth ANNUAL GENERAL MEETING of the shareholders will be held at the Nairobi Club, Ngong Avenue, on 26th July 2001 at 10.00 a.m. for the purposes of attending to the ordinary and special business as set out below:

1. To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 2001.
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. Special Business:

To consider and if thought fit to pass the following special Resolution, being proposed with the aim of building the Williamson brand name as symbol of tea quality and reliability.

**"That the name of the company be changed to Williamson Tea Kenya Limited".**

7. To transact such other competent business as may be brought before the meeting.

BY ORDER OF THE BOARD.

D.B. WHITE  
SECRETARY

16th May, 2001

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.

2007/1260



GEORGE WILLIAMSON KENYA LIMITED  
*Incorporated 15 December 1952*

COMPANY INFORMATION

SHARE CAPITAL	Authorised 17,512,640 ordinary shares of Sh 5 each, Sh 87,563,200	
	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)	- KAPCHORUA ESTATE
	Other wholly owned companies:	
	Tea Properties Limited	- PROPERTY INVESTMENT
	Williamson Power Limited	- SALE OF GENERATORS
	Tea Manufacturing and Supplies Limited	- DORMANT
	Lelsa Tea Estates Limited	- DORMANT
DIRECTORS	Other:	
	Williamson Developments Limited - (50% owned)	- PROPERTY INVESTMENT
	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	
SECRETARY	* British	
	** Netherlands	
REGISTERED OFFICE	D B White	
	P O Box 42281, Nairobi	
AUDITORS	Williamson House, 9th Floor, 4th Ngong Avenue	
	P O Box 42281, Nairobi	
BANKERS	Deloitte & Touche	
	Barclays Bank of Kenya Limited	
LAWYERS	Kenya Commercial Bank	
	Standard Chartered Bank Kenya Limited	
LAWYERS	Kaplan & Stratton	



## CHAIRMAN'S STATEMENT

After a slow start to the year it is pleasing to report that all three Estates, as a result of well distributed rainfall, particularly in January and February, produced record yields per hectare, for Tinderet, where there were numerous hail storms this is particularly commendable.

During the year the Nyayo Tea Zones Corporation gave notice of termination of our management contract for their tea around the North and South Nandi Forest, where they are taking on this work themselves. This became effective on 1st April 2001.

Mid January this year the Industrial Court finally ruled on the Collective Bargaining Agreement with the Kenya Tea Growers Association awarding increases of 7% for 2000, 5% for 2001 and the required back payments were made in the same month.

During the period of power rationing the use of our own generators greatly increased our manufacturing costs, although there were some refund of duty from the Government.

Rainfall during the first six weeks of the year in both Kericho and Nandi has been favourable and crops are on estimate, but it is still early days.

Based on the results achieved and future prospects your directors are recommending a first and final dividend of Sh. 5/= per share for the year ended 31st March 2001 (2000 Sh. 2/50).

### TEA

Crop in Kgs. of made tea on our Estates was as follows:-

	2001	2000
Changoi	3,979,551	3,529,654
Kaimosi	2,950,876	2,290,470
Tinderet	2,004,809	1,689,552

The above totals include 1,986,151 Kgs. (2000 - 1,709,111 Kgs) of made tea from outgrowers leaf of which 900,778 Kgs (2000 - 703,003 Kgs) was from Nyayo Tea Zones Corporation.

During the year, we incurred capital expenditure of Sh. 73,339,000 on the Estates for further areas planted, buildings, schools and labour housing together with the programmed upgrade of our transport. Further sums were drawn from the development loan to improve machinery and the quality of made tea.

### PROPERTY

There were no changes to our portfolio during the year, although we do continue to watch for further opportunities.

Williamson House was not affected by the power rationing, but the lack of water supply continued to be a serious inconvenience.

### ENGINEERING

With the power problems in the country the first nine months were exceptional for Williamson Power, and at times it was difficult to keep up with demand.

However with the power restoration the last three months have been particularly quiet and we have been concentrating on our servicing contracts.



## CHAIRMAN'S STATEMENT (Continued)

### ENVIRONMENT

The continued destruction of our neighbouring forest continues to be a great concern as they are vital to maintain the rainfall patterns.

Our lobbying and representations to the Authorities have met with some small success particularly in the North Tinderet Forest, but the situation remains precarious.

On the Estates themselves in addition to the extensive areas we have planted with eucalyptus for fuel we have areas of cypress and pinus for building purposes and the manufacture of pallets.

Our programme for the planting of a wide variety of species of indigenous trees and bamboos continues well.

### SOCIAL CONTRIBUTION

The major salient facts under this heading include:-

- i) There are now 5,845 workers and over 26,000 dependants within the Group Estates. We now operate six primary schools, one secondary school and five health clinics. Where possible, we look to provide an increasing range of welfare facilities for our workers and their families.
- ii) The Group's foreign currency earnings amounted to the equivalent of Sh. 1,029,000,000 (2000 Sh. 928,404,000)
- iii) The Group has paid corporation tax to the government of Sh. 48,047,000 and agricultural produce cess to the Tea Board of Kenya of Sh. 9,401,000 for disbursement to the local councils and Tea roads Cess Committees, for maintenance of tea roads in the districts where we operate.
- iv) The Group spent Sh. 41,499,000 as revenue expenditure and Sh. 25,311,000 as capital expenditure on the provision of a wide range of welfare, health and educational facilities.
- v) Following the inspections of last year Certificates of compliance have been received from the Tea Sourcing Partnership in the United Kingdom confirming the high standards of our operating procedures and social accountability.

### STAFF

Our general managers remain unchanged: Bill Sainna at Changoi, Samuel Thumbi at Kaimosi and Tom Lloyd at Tinderet, while Solomon Koech and Zabron Mugo continue as Visiting Agent/Technical Director and Group Engineer respectively.

On behalf of us all, I would wish to thank them along with their management and staff at all levels, together with our Nairobi Office and Engineering Staff for the results achieved. With the present economic climate in the Country, it has required a great deal of hard work and persistence.

### CHANGE OF NAME

Worldwide the Williamson Tea Holdings Group is working to build the Williamson brand name as a symbol of Tea quality and reliability.

As a further step towards this aim it is proposed, as you will see from the agenda, to change the name of George Williamson Kenya Limited to Williamson Tea Kenya Limited and this latter name has been cleared and reserved with the Registrar of companies. I hope we can look to shareholders to approve this change.





## NAKALA YA MWENYEKITI (Yaendelea)

Hata hivyo tangu nguvu za umeme ziliporejeshwa miezi mitatu ya mwisho wa mwaka haikuwa na mauzo mengi na tunaendelea kuzingatia huduma za kazi mbali mbali na sana huduma ya mikataba.

### MAZINGARA

Kuendelea kuharibiwa misitu inayopakana na mashamba yetu inaendelea kutia shaka kwa vile tunaitegemea kwa umuhimu wake wakuhifadhi viwango vya mvua katika maendeleo hayo.

Wale wanaotetea misitu hii pamoja na wawakilishi wetu kwa wanaosimamia misitu hii wamepata mafanikio kidogo hasa kule Tinderet kaskazini, lakini hali hii bado ni ya kutia shaka mno.

Kote mashambani tumepanda miti ya kuni kama "Eucalyptus" na mingine ya kutupatia mbao ambayo ni "Cypress" na "Pinus".

Tuna azimia kuendelea kupanda aina mingi ya miti ya kiasili pamoja na ile ya Bamboo.

### MCHANGO WA MAMBO YA JAMII

Mambo makubwa chini ya dibaji hii ni pamoja na:

- (i) Sasa kuna wafanyi kazi 5,845 walioajiriwa, na 26,000 wanaotegemea kote kwa kundi letu.  
  
Tunaendelea shule sita za msingi, shule moja ya upili na vituo vitano vya afya.  
  
Kule tutaweza tutaendelea kutoa huduma na vifaa bora vya kustarehesha wafanyi kazi wetu pamoja na jamii zao.
- (ii) Pesa zetu za kigeni tulizozipata zilikuwa Sh. 1,029,000,000 (2000 - Sh. 928,404,000).
- (iii) Kampuni hii na viunga vyake imelipa serikali kodi ya Sh. 48,047,000/-, na kodi zingine za Tea Board of Kenya za Sh. 9,401,000 ambazo zinatumiwa kwa mabaraza ya miji na pia kwa kamiti ya kusitawisha mabarabara katika wilaya zile tunakuza chai.
- (iv) Kampuni zetu zilitumia Sh. 41,499,000 kama matumizi ya mapato na Sh. 25,311,000 kama rasilimali ya kutoa huduma bora hasa vifaa vya elimu na afya.
- (v) Kufuatia ukaguzi wa "Tea Sourcing Partnership" ya ulaya mwaka uliopita, sasa tumepokea vyeti vya kukubaliana. Na wanakubaliana kwamba chai yetu ni ya hali ya juu na halisi na inaubora kwa jinsi inavyotengeswa na kwamba mambo ya kijamii na usalama wa wafanyi kazi yanazingatiwa.

### WAFANYI KAZI

Hakuna mabadiliko kwa mameneja wetu wakuu, Bill Sainna akiwa Changoi, Samuel Thumbi akiwa Kaimosi na Tom Lloyd akiwa Tinderet.

Wakati huo huo Solomon Koech amendelea kama mkurugenzi mtendaji kote kmdini na Zabron Mugo ndiye mhandisi.

Kwa niaba yetu zote ningependa kwashukuru wote pamoja na wafanyikazi wao na pia wale wafanyi kazi wetu wa afisii ya Nairobi na wale wa kazi ya uhandisi kwa matokeo mazuri tuliyoyapata. Ikilinganishwa na hali ya kiuchumi hivi sasa hapa nchini inahitajika kazi kufanywa kwa bidii pamoja na kujitahidi zaidi.



## NAKALA YA MWENYEKITI (Yaendelea)

### BADILIKO LA JINA

Kote ulimwenguni kampuni ya "Williamson Tea Holdings" inaendelea kujenga aina pekee ya alama ya "Williamson" ambayo inathibitisha ubora na pia kutumainiwa kama ishara nzuri ya chai bora.

Kuongozea na kama mtakavyoona kwenye orodha ya mambo yaliyokusudiwa kufanywa ni pamoja na kubadilisha jina la George Williamson Kenya Limited kuwa "Williamson Tea Kenya Limited". Jina hili tayari limechifadhiwa katika vitabu vya msajili wa kampuni. Natumaini wanahisa wote watapitisha mabadiliko haya.

### MATAZAMIO

Ingawa hali nzuri ya hewa inaendelea kote mashambani ni mapema sana kutarajia mengi vile tumemaliza mwezi moja na nusu tu tangu mwaka wa kifedha kuanza.

Mazao kote ulimwengu yameimarika na kuwa kwa viwango vya juu sana na hivyo kusabababisha bei ya mazao kushuka chini ya mwaka uliopita. Hali hii iliendelea kuzorota miezi ya Januari, Februari na Machi mwaka huu. Hali hii na kufuatia kuimarika kwa shilingi ya Kenya ikilinganishwa na fedha za kimataifa mapato yetu yataendelea kudidimia na kukaribia viwango vya gharama ya kuzalisha mazao.

Kwa hivyo ni mapema mno kutabiri mapato ya mwaka wa 2002 lakini tutaendelea kuzingatia hali nzuri ya uchumi na kupunguza gharama kule itakavyowezekana.

N.G. SANDYS-LUMSDAINE  
Chairman



Nairobi

16th May, 2001



## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the group for the year ended 31 March 2001.

### 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	215,539
Taxation	74,955
	<hr/>
Profit after taxation	140,584
Minority interest	4,346
	<hr/>
Profit available for appropriation	136,238
	<hr/>

### DIVIDENDS

The directors recommend the payment of a first and final dividend of Sh 5 per share, totalling Sh 43,782,000 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 P. Magor and H. Salwegter retire by rotation and, being eligible, offer themselves for re-election.

### AUDITORS

Deloitte & Touche, having expressed their willingness, 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

16th May, 2001



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that each company in the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of each company in the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
GEORGE WILLIAMSON KENYA LIMITED

We have audited the financial statements on pages 13 to 33 and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

**Respective responsibilities of directors and auditors**

As described on page 11, the directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing. Those 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;
- (b) the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2001 and of the profit and cash flows of the group for the year then ended in accordance with International Accounting Standards and comply with the Companies Act.

**DELOITTE & TOUCHE**

18 May 2001



CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2001

	Note	2001 Sh'000	2000 Sh'000
TURNOVER	2	1,255,517	1,045,177
COST OF SALES		<u>832,934</u>	<u>760,039</u>
GROSS PROFIT		422,583	285,138
OTHER OPERATING INCOME		8,140	6,193
DISTRIBUTION COSTS		(104,411)	(97,188)
ADMINISTRATIVE EXPENSES		<u>(101,921)</u>	<u>(79,006)</u>
OPERATING PROFIT	3	224,391	115,137
NET FINANCE COSTS	5	(13,155)	(9,989)
SHARE OF RESULTS OF ASSOCIATED COMPANIES		4,303	7,313
PROFIT BEFORE TAXATION		<u>215,539</u>	<u>112,461</u>
TAXATION	6	74,955	30,746
PROFIT AFTER TAXATION	7	140,584	81,715
MINORITY INTEREST		<u>4,346</u>	<u>3,479</u>
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS		<u><u>136,238</u></u>	<u><u>78,236</u></u>
EARNINGS PER SHARE	8	Sh <u><u>15.56</u></u>	Sh <u><u>8.94</u></u>



# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2001

		2001	2000
	Note	Sh'000	(Restated) Sh'000
<b>FIXED ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	10	1,373,691	1,382,472
Investment properties	11	301,000	301,000
Investment in associated companies	12	190,732	191,717
Other investments	14	19	17
Deferred income taxes	20	-	1,134
		<u>1,865,442</u>	<u>1,876,340</u>
<b>Current assets</b>			
Inventories	15	237,082	81,139
Trade and other receivables	16	212,316	242,299
Due from associated companies		10,477	9,743
Taxation recoverable		1,326	5,111
Short term deposits		-	38,000
Cash and bank balances		140,511	56,663
		<u>601,712</u>	<u>432,955</u>
<b>Total assets</b>		<u>2,467,154</u>	<u>2,309,295</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	19	43,782	43,782
Capital reserve		992,954	989,165
Revenue reserve		603,488	510,414
Proposed dividend (gross)		43,782	21,891
		<u>1,684,006</u>	<u>1,565,252</u>
<b>Minority interest</b>		<u>58,536</u>	<u>54,915</u>
<b>Non current liabilities</b>			
Deferred income taxes	20	333,957	341,571
Retirement benefit obligations	21	67,370	57,598
Borrowings	22	39,480	25,286
Finance lease obligations	23	1,033	873
		<u>441,840</u>	<u>425,328</u>
<b>Current liabilities</b>			
Trade and other payables	24	237,743	162,917
Due to associated companies		9,298	15,603
Taxation payable		22,942	5,308
Bank overdrafts (secured)		12,789	79,972
		<u>282,772</u>	<u>263,800</u>
<b>Total equity and liabilities</b>		<u>2,467,154</u>	<u>2,309,295</u>

The financial statements on pages 13 to 33 were approved by the board of directors on 16th May, 2001 and were signed on its behalf by:

NG SANDYS-LUMSDAINE

EM KIMANI

} Directors



# COMPANY BALANCE SHEET AS AT 31 MARCH 2001

		2001	2000
	Note	Sh'000	(Restated) Sh'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	10	668,187	671,543
Investment properties	11	235,000	235,000
Investment in associated companies	12	79,837	79,837
Investment in subsidiaries	13	111,877	111,877
Other investments	14	8	6
		<u>1,094,909</u>	<u>1,098,263</u>
<b>Current assets</b>			
Inventories	15	87,324	40,491
Trade and other receivables	16	64,943	123,038
Due from associated companies		10,426	9,568
Due from subsidiary companies	17	94,164	60,165
Short term deposits		-	20,000
Cash and bank balance		90,995	24,133
		<u>347,852</u>	<u>277,395</u>
<b>Total assets</b>		<u><u>1,442,761</u></u>	<u><u>1,375,658</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	19	43,782	43,782
Capital reserve		561,755	564,093
Revenue reserve		456,907	397,133
Proposed dividend (gross)		43,782	21,891
		<u>1,106,226</u>	<u>1,026,899</u>
<b>Non current liabilities</b>			
Deferred income taxes	20	176,265	180,763
Retirement benefit obligations	21	39,212	28,463
Borrowings	22	22,843	16,884
		<u>238,320</u>	<u>226,110</u>
<b>Current liabilities</b>			
Trade and other payables	24	68,296	64,675
Due to associated companies		4,866	11,850
Taxation payable		16,892	1,809
Bank overdrafts (secured)		8,161	44,315
		<u>98,215</u>	<u>122,649</u>
<b>Total equity and liabilities</b>		<u><u>1,442,761</u></u>	<u><u>1,375,658</u></u>

The financial statements on pages 13 to 33 were approved by the board of directors on 16th May 2001 and were signed on its behalf by:

**N G SANDYS-LUMSDAINE**

**E M KIMANI**

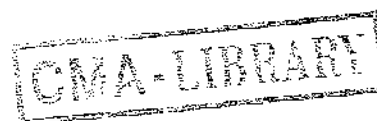
} Directors





**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2001**

	Share capital Sh'000	Capital reserve Sh'000	Revenue reserve Sh'000	Proposed dividend Sh'000	Total Sh'000
At 1 April 1999	43,782	925,489	418,741	21,891	1,409,903
Revaluation adjustment	-	(656)	-	-	(656)
Surplus released on disposal of revalued assets	-	(1,082)	1,082	-	-
Net profit for the year	-	-	78,236	-	78,236
Dividends paid - 1999	-	-	-	(21,891)	(21,891)
Proposed dividend	-	-	(21,891)	21,891	-
Deferred taxation	-	26,993	-	-	26,993
Share of deferred taxation of associate company	-	2,559	-	-	2,559
At 31 March 2000	<u>43,782</u>	<u>953,303</u>	<u>476,168</u>	<u>21,891</u>	<u>1,495,144</u>
At 31 April 2000					
- as previously reported	43,782	953,303	476,168	21,891	1,495,144
- prior year adjustment (note 20)	-	35,862	34,246	-	70,108
- as restated	<u>43,782</u>	<u>989,165</u>	<u>510,414</u>	<u>21,891</u>	<u>1,565,252</u>
Revaluation adjustment	-	(5,710)	-	-	(5,710)
Surplus released on disposal of revalued assets	-	(618)	618	-	-
Net profit for the year	-	-	136,238	-	136,238
Dividends paid - 2000	-	-	-	(21,891)	(21,891)
Proposed dividend	-	-	(43,782)	43,782	-
Deferred taxation	-	9,229	-	-	9,229
Share of deferred taxation of associate company	-	888	-	-	888
At 31 March 2001	<u>43,782</u>	<u>992,954</u>	<u>603,488</u>	<u>43,782</u>	<u>1,684,006</u>



COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2001

	Share capital Sh'000	Capital reserve Sh'000	Revenue reserve Sh'000	Proposed dividend Sh'000	Total Sh'000
At 1 April 1999	43,782	515,272	325,470	21,891	906,415
Revaluation adjustment	-	(2,154)	-	-	(2,154)
Surplus released on disposal of revalued assets	-	(520)	520	-	-
Net profit for the year	-	-	58,788	-	58,788
Dividends paid - 1999	-	-	-	(21,891)	(21,891)
Proposed dividend	-	-	(21,891)	21,891	-
Deferred taxation	-	15,633	-	15,633	-
At 31 March 2000	43,782	528,231	362,887	21,891	956,791
At 31 April 2000					
- as previously reported	43,782	528,231	362,887	21,891	956,791
- prior year adjustment (note 20)	-	35,862	34,246	-	70,108
- as restated	43,782	564,093	397,133	21,891	1,026,899
Revaluation adjustment	-	(7,013)	-	-	(7,013)
Surplus released on disposal of revalued assets	-	(217)	217	-	-
Net profit for the year	-	-	103,339	-	103,339
Dividends paid - 2000	-	-	-	(21,891)	(21,891)
Proposed dividend	-	-	(43,782)	43,782	-
Deferred taxation	-	4,892	-	-	4,892
At 31 March 2001	43,782	561,755	456,907	43,782	1,106,226



**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2001**

	Note	2001 Sh'000	2000 Sh'000
<b>OPERATING ACTIVITIES</b>			
Cash from operations	25(a)	249,754	217,192
Interest received		4,773	1,439
Dividend received - from associated company		3,869	3,869
- other		970	1,404
Interest paid		(12,336)	(11,916)
Gratuity paid		(7,332)	-
Taxation paid		(48,047)	(8,217)
		<hr/>	<hr/>
Net cash from operating activities		191,651	203,771
		<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>			
Purchase of investments		(2)	-
Proceeds from sale of investments		-	(4)
Purchase of plant and equipment		(78,094)	(104,535)
Proceeds from disposal of plant and equipment		10,196	4,571
		<hr/>	<hr/>
Net cash used in investing activities		(67,900)	(99,968)
		<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>			
Loans received	25(b)	13,056	25,286
Repayment of amounts borrowed		-	(2,273)
Finance lease repayments		(1,170)	(979)
Dividends paid to shareholders		(21,447)	(21,301)
Dividends paid to minority interests		(1,159)	(871)
		<hr/>	<hr/>
Net cash used in financing activities		(10,720)	(138)
		<hr/>	<hr/>
INCREASE IN CASH AND CASH EQUIVALENTS		113,031	103,665
CASH AND CASH EQUIVALENTS AT 1 APRIL		14,691	(88,974)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 31 MARCH	25(c)	127,722	14,691
		<hr/> <hr/>	<hr/> <hr/>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

### 1 ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with and comply with International Accounting Standards. The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment and investment properties.

#### 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

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings in which the group has between 20% and 50% of the voting rights and over which the group exercises significant influence but which it does not control. Provisions are recorded for long-term impairment in value.

Equity accounting involves recognising in the income statement the group's share of the results of the associates for the year. The group's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates. A listing of the group's principal associated undertakings is shown in note 12.

#### REVENUE RECOGNITION

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

#### INVENTORIES

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.

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost or valuation less depreciation.

#### DEPRECIATION

No depreciation is provided on freehold land, long leasehold land and tea development expenditure. Other property, plant and equipment are depreciated on a straight line basis to write off the cost or valuation over their estimated useful lives.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 ACCOUNTING POLICIES (Continued)

#### DEPRECIATION (Continued)

The annual rates in use are:

Buildings	5%
Dams	2.5%
Machinery and equipment	10%
Motor vehicles	10% - 25%
Office equipment, furniture and fittings	10%
Computers	25%

#### 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 income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluation of certain non-current assets and provision for gratuity.

#### PROVISION FOR EMPLOYEE ENTITLEMENTS

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the balance sheet date.

#### RETIREMENT BENEFIT OBLIGATIONS

The group operates a defined contribution pension scheme for eligible non-unionisable employees. The scheme is administered by the company and is funded by contributions from both the company and employees. The group's contributions to the defined contribution plan are charged to the income statement in the year to which they relate.

The group also contributes to the statutory National Social Security fund. This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Shs. 80 per month per employee. The company's contributions are charged to the income statement in the year to which they relate.

The group's unionisable staff who resign or whose services are terminated on completion of ten years of continuous and meritorious service are entitled to twenty one days pay for each completed year of service by way of gratuity, based on the wages or salary at the time of such resignation or termination of services, as provided for in the trade union agreement. An employee who is dismissed or terminated for gross misconduct is not entitled to gratuity. The service gratuity is provided for in the financial statements as it accrues to each employee.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 ACCOUNTING POLICIES (Continued)

#### 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. Gains and losses on exchange are dealt with in the income statement.

#### SEGMENTAL REPORTING

Segment results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

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

### 2 SEGMENTAL INFORMATION

#### (a) Primary reporting format – Business segments

	Tea Sh'000	Property Sh'000	Generator Trading Sh'000	Group Sh'000
Revenue (all external)	1,061,788	27,944	165,785	1,255,517
Operating profit	201,159	17,477	5,755	224,391
Group's share of associated companies' results	4,632	(329)	-	4,303
Segment assets	2,046,193	336,325	84,636	2,467,154
Segment liabilities	645,028	21,254	58,330	724,612
Depreciation	69,633	-	1,725	71,358
Capital expenditure	81,662	-	3,053	84,715
	=====	=====	=====	=====

#### (b) Secondary reporting – geographical segments

The group's revenues are derived from sales in the following markets:

	Sh'000
United Kingdom	733,890
Kenya	521,627
	=====
	1,255,517
	=====



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2001 Sh'000	2000 Sh'000
<b>3 OPERATING PROFIT</b>		
The operating profit is arrived at after charging:		
Depreciation	71,358	76,726
Tea development costs written off	2,085	1,125
Directors' remuneration:		
Fees	750	750
Pension to former directors	40	500
Other emoluments	13,682	12,749
Staff costs (Note 4)	335,461	291,390
Auditors' remuneration	3,158	3,195
and after crediting:		
Profit on disposal of plant and equipment	2,548	2,509
	<u>=====</u>	<u>=====</u>
<b>4 STAFF COSTS</b>		
Wages and salaries	297,630	269,364
Social security costs (NSSF)	5,104	4,989
Pension costs (defined contribution plan)	3,606	3,327
Gratuity provision	17,104	13,710
Leave pay provision	12,017	-
	<u>=====</u>	<u>=====</u>
	335,461	291,390
	<u>=====</u>	<u>=====</u>
The average number of staff employed by the group during the year was as follows:	No.	No.
Permanent	4,283	4,111
Seasonal	1,627	1,565
	<u>=====</u>	<u>=====</u>
	5,910	5,676
	<u>=====</u>	<u>=====</u>
	2001 Sh'000	2000 Sh'000
<b>5 NET FINANCE COSTS</b>		
Interest receivable from short term deposits	5,380	1,618
Dividend income	1,427	1,404
Net foreign exchange differences	(8,510)	(1,107)
	<u>=====</u>	<u>=====</u>
	(1,703)	1,915
Interest expense:		
- bank overdrafts	(7,588)	(11,904)
- bank loans	(3,371)	-
- finance leases	(493)	-
	<u>=====</u>	<u>=====</u>
	(13,155)	(9,989)
	<u>=====</u>	<u>=====</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2001 Sh'000	2000 Sh'000
6 TAXATION		
(a) TAX EXPENSE		
Current taxation based on the adjusted profit at 30%	69,666	37,177
Prior year over provision	(200)	-
Deferred tax charge/(credit)	3,183	(8,445)
	<u>72,649</u>	<u>28,732</u>
Share of associated companies taxation:		
Current taxation	1,994	2,719
Prior year over provision	(159)	-
Deferred taxation	471	(705)
	<u>74,955</u>	<u>30,746</u>
(b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAX EXPENSE		
Accounting profit before taxation	<u>215,539</u>	<u>112,461</u>
Tax at the applicable rate of 30%	64,661	33,738
Tax effect of expenses not deductible for tax purposes	12,861	12,168
Tax effect of income not taxable	(2,208)	(116)
Tax effect of reduction in tax rate	-	(15,044)
Prior year over provision	(359)	-
	<u>74,955</u>	<u>30,746</u>
(c) DEFERRED TAX RELATING TO ITEMS CREDITED TO CAPITAL RESERVE		
Deferred tax movement	<u>9,229</u>	<u>26,993</u>
7 PROFIT AFTER TAXATION		
A profit after taxation of Sh 103,339,000 (2000 - Sh 58,788,000) has been dealt with in the financial statements of George Williamson Kenya Limited.		
8 EARNINGS PER SHARE		
Earnings per share is calculated by dividing the profit attributable to shareholders of Sh 136,238,000 (2000 - Sh 78,236,000) by the number of shares in issue during the year of 8,756,320.		
Diluted earnings per share is the same as the basic earnings per share.		
9 PROPOSED DIVIDEND		
At the annual general meeting on 26th July 2001, a first and final dividend in respect of 2001 of Sh 5 per share (2000 - Sh 2.50 per share) amounting to a total of Sh 43,782,000 (2000 - sh 21,891,000) is to be proposed.		





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10 PROPERTY, PLANT AND EQUIPMENT

#### GROUP

	Freehold and long leasehold land, buildings and development Sh'000	Machinery and equipment Sh'000	Motor vehicles Sh'000	Office equipment, computers, furniture and fittings Sh'000	Capital work in progress Sh'000	Total Sh'000
<b>COST OR VALUATION</b>						
At 1 April 2000	1,136,513	231,963	126,045	39,248	9,565	1,543,334
Revaluation adjustments	(7,041)	-	-	-	-	(7,041)
Additions	33,690	15,504	14,854	3,882	11,494	79,424
Disposals	(62)	(3,058)	(20,659)	(2,265)	-	(26,044)
Transfer	9,916	1,387	-	-	(11,303)	-
Development costs written off	(2,085)	-	-	-	-	(2,085)
Finance cost adjustment	-	-	(366)	-	-	(366)
At 31 March 2001	1,170,931	245,796	119,874	40,865	9,756	1,587,222
Comprising:						
At valuation - 1999	791,628	152,901	-	-	-	944,529
At cost	379,303	92,895	119,874	40,865	9,756	642,693
At 31 March 2001	1,170,931	245,796	119,874	40,865	9,756	1,587,222
<b>DEPRECIATION</b>						
At 1 April 2000	26,668	28,544	83,746	21,904	-	160,862
Revaluation adjustment	(217)	-	-	-	-	(217)
Charge for the year	27,032	23,133	16,106	5,087	-	71,358
Eliminated on disposal	(2)	(1,132)	(15,125)	(2,137)	-	(18,396)
Finance cost adjustment	-	-	(76)	-	-	(76)
At 31 March 2001	53,481	50,545	84,651	24,854	-	213,531
<b>NET BOOK VALUE</b>						
At 31 March 2001	1,117,450	195,251	35,223	16,011	9,756	1,373,691
At 31 March 2000	1,109,845	203,419	42,299	17,344	9,565	1,382,472
Net book value (cost basis)						
At 31 March 2001	643,136	116,865	35,223	16,011	9,756	820,991
At 31 March 2000	726,466	118,090	42,299	17,344	9,565	913,764

All property, plant and equipment other than motor vehicles, office equipment, computers and furniture and fittings were revalued as at 31 March 1999 by Lloyd Masika Limited, registered valuers and estate agents. Valuations were made on the basis of the market value for existing use. The book values of the assets were adjusted to the capital reserves in shareholders' equity.

The revaluation adjustments relate to certain assets whose values were subsequently revised.

The net book value of motor vehicles includes Sh 2,283,000 (2000 - Sh 1,146,000) in respect of vehicles that are subject to finance leases.

Investment properties of Sh 301,000,000, previously included in buildings have now been reclassified per note 11 and the comparatives restated.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10 PROPERTY, PLANT AND EQUIPMENT

#### COMPANY

	Freehold and long leasehold land, buildings and development Sh'000	Machinery and equipment Sh'000	Motor vehicles Sh'000	Office equipment, computers, furniture and fittings Sh'000	Capital work in progress Sh'000	Total Sh'000
<b>COST OR VALUATION</b>						
At 1 April 2000	556,734	107,929	58,063	20,922	5,086	748,734
Revaluation adjustment	(8,343)	-	-	-	-	(8,343)
Additions	21,272	2,733	7,620	2,329	4,626	38,580
Disposals	-	(580)	(14,160)	(1,617)	-	(16,357)
Development costs written off	(772)	-	-	-	-	(772)
Transfer	5,086	-	-	-	(5,086)	-
 At 31 March 2001	 573,977	 110,082	 51,523	 21,634	 4,626	 761,842
Comprising:						
At valuation - 1999	531,891	83,953	-	-	-	615,844
At cost	42,086	26,129	51,523	21,634	4,626	145,998
	 573,977	 110,082	 51,523	 21,634	 4,626	 761,842
<b>DEPRECIATION</b>						
At 1 April 2000	10,558	12,198	40,236	14,199	-	77,191
Revaluation adjustment	(217)	-	-	-	-	(217)
Charge for the year	10,513	10,182	5,538	2,273	-	28,506
Eliminated on disposals	-	(580)	(9,684)	(1,561)	-	(11,825)
 At 31 March 2001	 20,854	 21,800	 36,090	 14,911	 -	 93,655
<b>NET BOOK VALUE</b>						
At 31 March 2001	553,123	88,282	15,433	6,723	4,626	668,187
At 31 March 2000	546,176	95,731	17,827	6,723	5,086	671,543
Net book value (cost basis)						
At 31 March 2001	336,386	54,384	15,433	6,723	4,626	417,552
At 31 March 2000	428,636	57,862	17,827	6,723	5,086	516,134

All property, plant and equipment other than motor vehicles, office equipment, computers and furniture and fittings were re-valued as at 31 March 1999 by Lloyd Masika Limited, registered valuers and estate agents. Valuations were made on the basis of the market value for existing use. The book values of the assets were adjusted to the capital reserves in shareholders' equity.

The revaluation adjustment relates to certain assets whose values were subsequently revised.

Investment properties of Sh 301,000,000, previously included in buildings have now been reclassified per note 11 and the comparatives restated.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP		COMPANY	
	2001 Sh'000	2000 Sh'000	2001 Sh'000	2000 Sh'000
11 INVESTMENT PROPERTIES				
At 1 April 2000 and 31 March 2001	<u>301,000</u>	<u>301,000</u>	<u>235,000</u>	<u>235,000</u>
Comprising:				
At valuation - 1999	<u>301,000</u>	<u>301,000</u>	<u>235,000</u>	<u>235,000</u>
COST	<u>131,171</u>	<u>131,171</u>	<u>114,154</u>	<u>114,154</u>

The investment properties were revalued as at 31 March 1999 by Lloyd Masika Limited, Registered Valuers and Estate Agents. Valuations were made on the basis of market value for existing use.

	2001 Sh'000	2000 Sh'000
12 INVESTMENT IN ASSOCIATED COMPANIES		
GROUP		
Kapchorua Tea Company Limited (Quoted); 39.56% owned: At share of net assets (market value - Sh. 216,689,000, 2000 - Sh. 232,138,000)	167,880	168,386
Williamson Developments Limited (Unquoted) - 50% Share of net assets	22,852	23,331
	<u>190,732</u>	<u>191,717</u>
COMPANY		
Kapchorua Tea Company Limited (Quoted); 39.56% owned: At cost - (market value Sh. 216,689,000, 2000 - Sh. 232,138,000)	49,479	49,479
Williamson Developments Limited (Unquoted); - 50% owned at cost	30,358	30,358
	<u>79,837</u>	<u>79,837</u>

The details of the associated companies are as follows:

Company	Share capital Sh	Country of Incorporation	Principal activity
Kapchorua Tea Company Ltd.	19,560,000	Kenya	Cultivation, manufacture and sale of tea
Williamson Development Ltd.	3,600	Kenya	Property management



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2001 Sh'000	2000 Sh'000
<b>13 INVESTMENT IN SUBSIDIARIES</b>		
(a) Unquoted investments at cost in wholly owned subsidiaries:		
Kaimosi Tea Estates Limited	2,863	2,863
Williamson Power Limited	3,689	3,689
Tea Manufacturing and Supplies Limited	2,000	2,000
Tea Properties Limited	2	2
Lelsa Tea Estates Limited	-	-
	<hr/>	<hr/>
	8,554	8,554
(b) Unquoted investment at cost in Tinderet Tea Estates (1989) Limited (82% owned)	103,323	103,323
	<hr/>	<hr/>
	<u>111,877</u>	<u>111,877</u>

The details of the subsidiary companies are as follows:

Company	Share capital	Country of Incorporation	Principal activity
Kaimosi Tea Estates Ltd.	2,540,000	Kenya	Cultivation, manufacture and sale of tea
Williamson Power Ltd.	2,880,000	Kenya	Sale, installation and servicing of generators.
Tea Manufacturing and Supplies Ltd.	2,000,000	Kenya	Dormant company Ltd.
Tea Properties Ltd.	2,000	Kenya	Investment and property management
Lelsa tea Estates Ltd.	4,000,000	Kenya	Cultivation, manufacture and sale of tea. The company did not trade in the year.
Tinderet Tea Estates (1989) Ltd.	100,000	Kenya	Cultivation, manufacture and sale of tea



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP		COMPANY	
	2001 Sh'000	2000 Sh'000	2001 Sh'000	2000 Sh'000
14 OTHER INVESTMENTS				
Unquoted:				
At cost and directors' valuation				
- Trade	15	13	8	6
- Other	3	3	-	-
	<u>18</u>	<u>16</u>	<u>8</u>	<u>6</u>
Quoted:				
At cost (market value Sh 184; 200 - Sh 470)	1	1	-	-
	<u>19</u>	<u>17</u>	<u>8</u>	<u>6</u>
15 INVENTORIES				
Unsold tea	155,112	39,901	72,314	26,044
Tea nursery	12,413	11,792	3,770	2,843
Firewood	7,872	7,994	4,280	5,302
Stores	21,644	17,133	6,960	6,302
Generators	16,667	3,897	-	-
Work in progress	23,332	177	-	-
Goods in transit	42	245	-	-
	<u>237,082</u>	<u>81,139</u>	<u>87,324</u>	<u>40,491</u>
16. TRADE AND OTHER RECEIVABLES				
Trade	125,492	176,246	18,171	83,933
Other	86,824	66,053	46,772	39,105
	<u>212,316</u>	<u>242,299</u>	<u>64,943</u>	<u>123,038</u>

Other receivables include loans to directors amounting to Sh 1,668,000 (2000 - Sh 1,602,000).



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2001 Sh'000	2000 Sh'000
17 DUE FROM SUBSIDIARY COMPANIES		
Kaimosi Tea Estates Ltd.	49,451	31,066
Williamson Power Ltd.	19,325	4,050
Tinderet Tea Estates (1989) Ltd.	27,152	28,251
Tea Properties Ltd.	(1,764)	(3,202)
	<u>94,164</u>	<u>60,165</u>

### 18 RELATED PARTIES

In the normal course of business, the group sells some of its tea through its ultimate parent company which acts as an agent. The ultimate parent company charges a commission of 3% on all private sales.

The commission paid in the year amounted to Sh 22,017,000 (2000 - Sh 18,676,000). There was no balance outstanding as at year end.

	2001 Sh'000	2000 Sh'000
19 SHARE CAPITAL		
Authorised:		
17,512,640 shares of Sh 5 each	87,563	87,563
Issued and fully paid:		
8,756,320 shares of Sh 5 each	43,782	43,782



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 20 DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%.

	GROUP		COMPANY	
	2001 Sh'000	2000 Sh'000	2001 Sh'000	2000 Sh'000
The net deferred taxation asset is attributable to the following items:				
Accelerated capital allowances	-	(135)	-	-
Tax losses carried forward	-	1,269	-	-
	<u>-</u>	<u>1,134</u>	<u>-</u>	<u>-</u>
The net deferred taxation liability is attributable to the following items:				
Accelerated capital allowances	163,507	153,500	84,002	77,158
Unrealised exchange gains	(904)	517	(362)	381
Provision for service gratuity	(20,211)	(17,280)	(11,763)	(8,539)
Leave pay provision	(3,605)	-	(2,482)	-
Revaluation surplus	195,170	204,834	106,870	111,763
	<u>333,957</u>	<u>341,571</u>	<u>176,265</u>	<u>180,763</u>

The movement on the deferred tax account is as follows:

	GROUP		COMPANY	
	2001 Sh'000	2000 Sh'000	2001 Sh'000	2000 Sh'000
At 1 April				
- as previously reported	340,437	446,890	180,763	268,935
- prior year adjustment	-	(70,108)	-	(70,108)
	<u>340,437</u>	<u>376,782</u>	<u>180,763</u>	<u>198,827</u>
- as restated				
Income statement tax charge/(credit)	3,183	(8,445)	394	(2,431)
Capital reserve credit	(9,229)	(26,993)	(4,892)	(15,633)
Minority interest	(434)	(907)	-	-
	<u>333,957</u>	<u>340,437</u>	<u>176,265</u>	<u>180,763</u>

The prior year adjustment relates to over provision of deferred taxation in prior years



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	GROUP		COMPANY	
	2001 Sh'000	2000 Sh'000	2001 Sh'000	2000 Sh'000
21 RETIREMENT BENEFIT OBLIGATIONS				
Gratuity provision	<u>67,370</u>	<u>57,598</u>	<u>39,212</u>	<u>28,463</u>
22 BORROWINGS				
Bank loans	<u>39,480</u>	<u>25,286</u>	<u>22,843</u>	<u>16,884</u>

The borrowings are repayable as follows:

Within one year	1,797	-	1,142	-
In the second year	6,534	655	4,569	-
In the third to fifth year inclusive	<u>31,149</u>	<u>24,631</u>	<u>17,132</u>	<u>16,684</u>
	<u>39,480</u>	<u>25,286</u>	<u>22,843</u>	<u>16,884</u>

Analysis of borrowing by currency

	Borrowings in US\$	Kshs equivalent Sh'000	Borrowings in US\$	Kshs Equivalent Sh'000
2001				
Bank loans	<u>508,761</u>	<u>39,480</u>	<u>294,372</u>	<u>22,843</u>
2000				
Bank loans	<u>338,053</u>	<u>25,286</u>	<u>225,724</u>	<u>16,884</u>

	2001 %	2000 %
The average interest rates paid were as follows:		
Bank loans	9.5	9.5

### Details of securities for loans and overdrafts

1. Joint and several debenture between Kaimosi Tea Estates Limited, George Williamson Kenya Limited, Tea Properties Limited, Changoi and Lelsa to Barclays Bank of Kenya Limited stamped and registered to cover sh 84 million.
2. Legal mortgage over LR Nos. 1892, 1893, 1894, 1895, 1896 and 1899 (Kaimosi Tea Estate) registered and stamped to cover Sh 84 million supplemental to the debenture.
3. A fixed and floating debenture over all the assets of Tinderet Tea Estates (1989) Limited for Sh 56,000,000 and a legal charge over the company's property in Tinderet (LR 11490) for Sh 56,000,000.





# NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2001 Sh'000	2000 Sh'000
23 FINANCE LEASE OBLIGATIONS		
The finance lease obligations are repayable as follows:		
Within one year	443	804
In second year to third year	590	69
	<u>1,033</u>	<u>873</u>

The average interest rate paid was 14.38% (2000 – 14.65%).

The finance lease is secured by a motor vehicle which is the subject of the finance lease.

	GROUP		COMPANY	
	2001 Shs'000	2000 Shs'000	2001 Shs'000	2000 Shs'000
24 TRADE AND OTHER PAYABLES				
Trade payables	48,821	53,741	21,646	39,506
Green leaf provision	93,877	46,355	21,602	14,213
Other payables	81,198	61,435	14,945	9,570
Unclaimed dividends	1,830	1,386	1,830	1,386
Leave pay provision	12,017	-	8,273	-
	<u>237,743</u>	<u>162,917</u>	<u>68,296</u>	<u>64,675</u>

## 25 NOTES TO THE CASH FLOW STATEMENT

	2001 Sh'000	2000 Sh'000
(a) RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS		
Operating profit	224,391	115,137
Adjustments for:		
Depreciation	71,358	76,726
Profit on disposal of plant and equipment	(2,548)	(2,509)
Tea development costs written off	2,085	1,125
Exchange differences	(7,372)	(1,107)
Gratuity provision	17,104	10,676
Property, plant and equipment adjustments	1,405	-
	<u>306,423</u>	<u>200,048</u>
Operating profit before working capital changes		
(Increase)/decrease in inventories	(155,943)	12,902
Decrease/(increase) in trade and other receivables	31,047	(24,405)
Increase in trade and other payables	75,266	17,912
Movement in associated company balances	(7,039)	10,735
	<u>249,754</u>	<u>217,192</u>
Cash generated from operations		
(b) ANALYSIS OF CHANGES IN LOANS		
At 1 April	25,286	-
Loans received	13,056	25,286
Exchange loss	1,138	-
	<u>39,480</u>	<u>25,286</u>
At 31 March		



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2001 Sh'000	2000 Sh'000
25	NOTES TO THE CASH FLOW STATEMENT (Continued)		
	(c) ANALYSIS OF CASH AND CASH EQUIVALENTS		
	Short term deposits	-	38,000
	Cash and bank balances	140,511	56,663
	Bank overdrafts (secured)	(12,789)	(79,972)
		<u>127,722</u>	<u>14,691</u>
	At 31 March	127,722	14,691
	For the purpose of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from the date of the advance.		
	(d) NON-CASH TRANSACTIONS		
	During the year the company entered into finance lease arrangements in respect of a motor vehicle with the amount financed being Sh 1,330,000 (2000 – Sh 1,910,000)		
		GROUP	COMPANY
		2001 Shs'000	2000 Shs'000
26	CAPITAL COMMITMENTS		
	Authorised and contracted for	-	1,971
		<u>84,715</u>	<u>42,736</u>
	Authorised but not contracted for	84,715	42,736
27	CONTINGENT LIABILITIES		
	Guarantees in respect of banking facilities granted to an associated company	-	259
	Liability in respect of pending litigation from a supplier	745	-
	Guarantees in respect of banking facilities granted to subsidiary companies	-	-
	Guarantee to a subsidiary company in respect of a bank loan	-	-
		<u>745</u>	<u>259</u>
		745	259
28	COUNTRY OF INCORPORATION		
	All the companies in the group are incorporated in Kenya under the Companies Act.		
29	ULTIMATE HOLDING COMPANY		
	The ultimate holding company is Williamson Tea Holdings Plc a company incorporated in the United Kingdom.		
30	CURRENCY		
	These financial statements are presented in Kenya Shillings Thousands (Sh.000).		



## THREE YEAR COMPARATIVE STATEMENTS

		2001	2000 *Restated	1999 *Restated
<b>Tea Production</b>				
Area under tea	Hectare	1,989	1,985	1,941
Made tea - own	'000 Kgs	6,950	5,798	5,809
- Bought leaf	'000 Kgs	3,383	1,711	2,000
Total	'000 Kgs	10,333	7,509	7,809
Tea sold	'000 Kgs	7,561	7,706	8,574
Average price per Kg gross Sh/Ct		137/98	122/48	99/68
<b>Turnover (Sh'000)</b>		1,255,517	1,045,177	934,225
<b>Profit (Sh'000)</b>				
Profit before taxation		215,539	112,461	65,717
Taxation		74,955	30,746	16,507
Profit after taxation		140,584	81,715	49,210
Minority interest		4,346	3,479	1,768
Dividends		43,782	21,891	21,891
Retained profit		92,456	56,345	25,551
<b>Capital employed (Sh'000)</b>				
Property, plant & equipment		1,674,691	1,683,472	1,657,692
Investments and long term receivables		190,751	191,734	187,742
Current assets		601,712	432,955	387,670
Deferred income taxes		-	1,134	-
Total assets		2,467,154	2,309,295	2,233,104
<b>Financed by (Sh'000)</b>				
Share capital		43,782	43,782	43,782
Reserves		1,640,224	1,521,470	1,344,230
Shareholders' funds		1,684,006	1,565,252	1,388,012
Minority interest		58,536	54,915	51,497
Medium term borrowings		39,480	25,286	-
Non current liabilities		68,403	58,471	46,922
Current liabilities		282,772	263,800	299,783
Deferred income taxes		333,957	341,571	446,890
		2,467,154	2,309,295	2,233,104
Earning per share	Cents	1,556	894	542
Dividend per share	%	100	50	50
Dividend per share	Cents	500	250	250
Dividend cover	Times	3.11	3.57	2.17

\* Restated in accordance with International Accounting Standards.



## PROXY FORM FOR ANNUAL GENERAL MEETING

THE SECRETARY,  
GEORGE WILLIAMSON KENYA LTD,  
P.O. BOX 42281,  
NAIROBI.

I/WE ..... *CAPITAL LETTERS PLEASE*

of .....

being a Member/Members of George Williamson Kenya Limited hereby appoint .....

of .....

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 26th July, 2001 and at any adjournment thereof.

Dated this ..... day of ..... 20 .....

Signature .....

Address .....

.....

.....

I desire to vote\* in favour of the resolution  
against

\*NOTE: Unless otherwise directed a Proxy holder will vote as he thinks fit and in respect of the member's total holding.

