THE LIMURU TEA COMPANY LIMITED

REPORT AND ACCOUNTS

31ST DECEMBER 1986

1. Tea trade -- Kenya -- Periodicals
2. Tea trade -- Limuru -- Kenya

THE LIMURU TEA COMPANY LIMITED

REPORT AND ACCOUNTS FOR THE 18 MONTH PERIOD ENDED 31ST DECEMBER, 1986

CONTENTS

THE LIMURU TEA COMPANY LIMITED
DIRECTORS AND OFFICIALS

BOARD OF DIRECTORS	D.C. Bensley	– Chairman
	J.D. Brocklebank, F.C.A., C.P.A. (K).	
	M.W. Harley	
	J.P. 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 42011, Nairobi.	
AUDITORS	Coopers and Lybrand, Queensway House, Kaunda Street, P.O. Box 30158, Nairobi.	
ADVOCATES	Hamilton Harrison & Mathews I.C.E.A. Building, Kenyatta Avenue, P.O. Box 30333, Nairobi.	
BANKERS	Standard Chartered Bank Kenya Limited, Moi Avenue, P.O. Box 72585, Nairobi.	

2007/1196

THE LIMURU TEA COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the sixty-second annual general meeting of THE LIMURU TEA COMPANY LIMITED will be held in the board room of Brooke Bond Kenya Limited, Norfolk Towers, Kijabe Street, Nairobi on Wednesday 15th April 1987 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 18 months ended 31st December 1986 and the reports of the directors and auditors thereon.
3. To approve the directors' remuneration of Sh. 30,000 for the 18 months ended 31st December 1986.
4. To re-elect Mr. M.W. Harley as director.
5. To authorise the directors to fix the auditors' remuneration.
6. Special business:

   To consider and if thought fit pass the following resolution which will be proposed as Ordinary Resolution:

   "That remuneration of the directors be fixed at the rate of Sh. 8,000 *per director per year with effect from 1st January* 1987."

BY ORDER OF THE BOARD

C.A. Ouda
Secretary

23rd March 1987

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 12 and must be deposited at the registered office of the company not less than 48 hours before the time appointed for holding the meeting.

THE LIMURU TEA COMPANY LIMITED

REPORT OF THE DIRECTORS

ACTIVITY

There has been no change in the Company's business during the 18 months to 31st December 1986. It continues to grow tea and delivers green leaf to Mabroukie Factory for manufacture.

RESULTS

The profit available to the shareholders for the 18 months period amounted to Sh. 6,595,194.

DIVIDEND

The directors recommend a final dividend of Sh. 19.00 per share subject to Kenya withholding tax where applicable. This together with the first and second interim dividends of Sh. 5.00 per share and Sh. 8.00 per share declared in February and August 1986 respectively will make a total gross dividend of Sh. 32.00 per share for the 18 months to 31st December 1986.

The total dividend for the 18 months period requires Sh. 6,400,000 leaving retained profit of Sh. 195,194 which has been taken to revenue reserves.

The proposed transfer to reserves is set out in note 8 on page 11.

DIRECTORS

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

Mr. M.W. Harley retires by rotation in accordance with article 100 of the Company's Articles of Association and, being eligible, offers himself for re-election.

AUDITORS

Coopers & Lybrand have expressed their willingness to continue in office as auditors.

By order of the Board

C.A. OUDA
SECRETARY

NAIROBI

25th February 1987

REPORT OF THE AUDITORS

TO THE MEMBERS OF THE LIMURU TEA COMPANY LIMITED

We have audited the accounts set out on pages 6 to 11. The accounts have been prepared under the historical cost convention as explained in Note 1. The accounts of the company set out on page 7 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 1986 and of the profit and source and application of funds for the eighteen month period then ended and comply with the Companies Act (Cap. 486).

Coopers & Lybrand
Certified Public Accountants of Kenya

Nairobi.

March, 1987.

THE LIMURU TEA COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE 18 MONTH PERIOD ENDED 31ST DECEMBER 1986

	Notes	18 MONTHS TO 31ST DECEMBER 1986 Sh.	12 MONTHS TO 30TH JUNE 1985 Sh.
TURNOVER		21,123,916	12,369,971
PROFIT BEFORE TAXATION	2	11,780,194	7,139,020
Taxation	3	5,185,000	3,200,000
PROFIT ATRIBUTABLE TO SHAREHOLDERS		6,595,194	3,939,020
Dividends	4	6,400,000	3,800,000
PROFIT RETAINED	8	195,194	139,020
Earnings per share	5	32.98	19.70

Report of the auditors - page 5
The notes on pages 9 to 11 form part of these accounts

THE LIMURU TEA COMPANY LIMITED

BALANCE SHEET AT 31ST DECEMBER 1986

	Notes	1986 Sh.	30TH JUNE 1985 Sh.
CAPITAL EMPLOYED			
FIXED ASSETS	6	15,136,887	15,046,006
TRADE INVESTMENTS – at cost		260	420
CURRENT ASSETS			
Stocks		226,940	1,020,793
Debtors		10,498	6,980
Group company		9,805,647	6,614,286
Bank and cash		330,387	87,020
		10,373,472	7,729,079
CURRENT LIABILITIES			
Creditors		572,166	485,597
Current taxation		5,200,004	3,970,000
Dividends		3,860,459	2,637,112
		9,632,629	7,092,709
NET CURRENT ASSETS		740,843	636,370
NET ASSETS		15,877,990	15,682,796
FINANCED BY:			
ORDINARY SHARE CAPITAL	7	4,000,000	4,000,000
RESERVES	8	11,877,990	11,682,796
SHAREHOLDERS' FUNDS		15,877,990	15,682,796

D.C. Bensley
J.D. Brocklebank
Directors

Report of the auditors – page 5
The notes on pages 9 to 11 form part of these accounts

THE LIMURU TEA COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE 18 MONTH PERIOD ENDED 31ST DECEMBER 1986

	18 MONTHS TO	12 MONTHS TO
	31.12.86	30.6.85
SOURCE OF FUNDS	Sh.	Sh.
Profit before taxation	11,780,194	7,139,020
Items not involving the movement of funds:		
Depreciation of fixed assets	526,819	345,146
Profit on sale of fixed assets	(31,272)	–
FUNDS FROM OWN OPERATIONS	12,275,741	7,484,166
FUNDS FROM OTHER SOURCES:		
Redemption of trade investment	160	
Sale of fixed assets	64,952	
TOTAL FUNDS GENERATED	12,340,853	7,484,166
APPLICATION OF FUNDS:		
Dividends paid	(5,176,653)	(5,798,082)
Taxation paid	(3,954,996)	(4,050,000)
Capital expenditure	(651,380)	(823,239)
	(9,783,029)	(10,671,321)
	2,557,824	(3,187,155)
MOVEMENT IN WORKING CAPITAL		
Stocks	(793,853)	137,120
Debtors	3,518	(2,385)
Creditors	(86,569)	(168,058)
Group company	3,191,361	(3,180,418)
	2,314,457	(3,213,741)
Increase in net liquid funds	243,367	26,586
	2,557,824	(3,187,155)

Report of the auditors – Page 5

THE LIMURU TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS
FOR THE 18 MONTHS ENDED 31ST DECEMBER 1986

1. ACCOUNTING POLICIES

ACCOUNTING BASIS

The accounts are prepared on the historical cost basis of accounting modified to include the revaluation of certain fixed assets.

TURNOVER

Turnover represents the value of sales to all third parties in the ordinary course of business of the Company.

FIXED ASSETS

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

The annual depreciation rates in use are:-

Buildings	2% to 10%
Plant and machinery	5% to 10%
Vehicles	15% to 20%
Fixtures and fittings	10%

STOCKS

Stocks are 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 herein, adjusted according to the fiscal laws of Kenya. Provision is made at the rate ruling at the year end for deferred taxation except in respect of taxation which can reasonably be expected to continue to be deferred for the foreseeable future.

2. PROFIT BEFORE TAXATION	1986 Sh.	1985 Sh.
Profit before taxation is arrived at after charging:		
Depreciation	526,819	345,146
Auditors' remuneration	125,000	92,470
Directors' remuneration - fees	30,000	20,000

3. TAXATION		
On the adjusted profit for the year at 45%	5,185,000	3,200,000

4. DIVIDENDS

	1986	1985
Dividends are shown gross on 200,000 shares and comprises:	Sh.	Sh.
Interim at Sh. 13 (1985 - Sh. 6)		
Paid	2,539,628	1,176,315
Payable	60,372	23,685
Final at Sh. 19 (1985 - Sh. 13)	3,800,000	2,600,000
	6,400,000	3,800,000

5. EARNINGS PER SHARE

Earnings per Sh. 20 share is calculated on the profit attributable to shareholders of Sh. 6,595,194 (1985 - Sh. 3,939,020) and 200,000 shares in issue throughout the 18 months ended 31st December 1986. It should be noted that the comparative figures are for a 12 month period.

6. FIXED ASSETS

	Land, development and buildings Sh.	Plant transport and equipment Sh.	Total Sh.
COST OR VALUATION			
At 30th June 1985	16,120,404	796,232	16,916,636
Additions	572,583	78,797	651,380
Disposals	(49,000)	(103,397)	(152,397)
At 31st December 1986	16,643,987	771,632	17,415,619
Comprising:			
Valuation - 1977	12,586,000	11,500	12,597,500
Cost	4,057,987	760,132	4,818,119
	16,643,987	771,632	17,415,619
ACCUMULATED DEPRECIATION			
At 30th June 1985	1,389,824	480,806	1,870,630
Charge for 18months	383,153	143,666	526,819
Disposals	(16,820)	(101,897)	(118,717)
At 31st December 1986	1,756,157	522,575	2,278,732
NET BOOK VALUE			
At 31st December 1986	14,887,830	249,057	15,136,887
At 30th June 1985	14,730,580	315,426	15,046,006

NOTES TO THE ACCOUNTS (Continued)

7. ORDINARY SHARE CAPITAL

	1986 Sh	1985 Sh
Authorised, issued and fully paid 200,000 shares of Sh. 20 each	4,000,000	4,000,000

8. RESERVES

	Revenue Sh	Capital Sh	Total Sh
Balance at 30th June, 1985	4,740,168	6,942,628	11,682,796
Retained profit	195,194	–	195,194
Balance at 31st December, 1986	4,935,362	6,942,628	11,877,990

9. CAPITAL COMMITMENTS

	1986 Sh.	1985 Sh.
Contracted	585,000	81,853
Authorised but not contracted	–	80,000

THE LIMURU TEA COMPANY LIMITED

FORM OF PROXY

I/We . . . .

(Please use block letters)

hereby appoint Derek Charles Bensley or failing him Musa Kipkirui Arap Sang or failing him Michael Winlack Harley each of whom is a director of The Limuru Tea Company Limited as my/our proxy to vote for me/us and on my/our behalf at the sixty-second annual general meeting of the company to be held on 15th April 1987 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

1. Declare a dividend
2. Adopt the report and accounts
3. Approve the directors' remuneration
4. Re-elect the following director:
   M.W. Harley
5. Authorise the directors to fix the auditors remuneration
6. Special business:
   – To fix directors' remuneration at Sh. 8,000 per director per year

Resolution	For	Against
1		
2		
3		
4		
5		
6		

As witness my/our hand this . . . . .day of. 1987

Signature(s) . . . .

. . . .

Notes:

1. This proxy must be lodged at the registered office of the company not less than 48 hours before the time appointed for holding the meeting.
2. *If you desire someone to act as your proxy, please delete the 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 the hand of any officer or attorney duly authorised in writing.

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