THE LIMURU TEA COMPANY LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED

31st DECEMBER 1989

1. Tea trade -- Kenya -- Periodicals
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THE LIMURU TEA COMPANY LIMITED

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31st DECEMBER 1989

CONTENTS

THE LIMURU TEA COMPANY LIMITED
DIRECTORS AND OFFICIALS

BOARD OF DIRECTORS	J . A. Wood - Chairman M. W. Harley A. Hughes, C.I.M.A:, C.P.A. (K) 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 ICEA Building Kenyatta Avenue, P.O. Box 30333 NAIROBI
BANKERS	Standard Chartered Bank Kenya Limited Moi Avenue P.O. Box 72585 NAIROBI

2007/1202

THE LIMURU TEA COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the sixty- fifth annual general meeting of THE LIMURU TEA COMPANY LIMITED will be held in the boardroom of Brooke Bond Kenya Limited, Norfolk Towers, Kijabe Street, Nairobi, on 17th May 1990 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 for the year ended 31st December 1989 and the report of directors and auditors thereon.

3. To approve the directors remuneration of Sh. 40,000 for the year ended 31st December 1989.

4. To re-elect directors

5. To authorise the directors to fix the auditors' remuneration.

BY ORDER OF THE BOARD

C.A. Ouda
Secretary

20th April, 1990

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 for holding the meeting.

THE LIMURU TEA COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited accounts for the year ended 31st December 1989.

ACTIVITY

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

RESULTS AND DIVIDENDS:

	Sh '000	Sh '000
Profit after taxation		7,309
Less: Interim dividend	(1,600)	
Final dividend proposed	(5,400)	7,000
Retained Profit transfered to revenue reserves		309
Earnings per share		Shs 36.55
Dividend per share		Shs 35.00

BOARD OF DIRECTORS

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

Mr. A.H.L. Padfield resigned from the board of directors with effect from 1st October 1989 and Mr. J.A. Wood joined the board on the same day.

Mr. J.A. Wood retires in accordance with Article 101 of the company's Articles of Association and being eligible offers himself for re-election.

Mr. M.W. Harley retires in accordance with Article 100 of the company's Articles of Association and being eligible offers himself for re-election.

AUDITORS

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

BY ORDER OF THE BOARD

C.A. Ouda

SECRETARY
15th February, 1990.

THE LIMURU TEA COMPANY LIMITED

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 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 1989 and of its profit and source and application of funds for the year then ended and comply with the Companies Act (Cap. 486).

Coopers & Lybrand
Certified Public Accountants of Kenya

12th April 1990

Nairobi

THE LIMURU TEA COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1989

	Note	1989 Shs	1988 Shs
TURNOVER		21,901,066	15,681,384
PROFIT BEFORE TAXATION	2	12,909,434	8,564,189
TAXATION	3	5,600,000	3,500,000
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		7,309,434	5,064,189
DIVIDENDS	4	7,000,000	4,800,000
RETAINED PROFIT FOR THE YEAR		309,434	264,189
EARNINGS PER SHARE	5	36.55	25.32
STATEMENT OF REVENUE RESERVES			
AT 1ST JANUARY		5,500,582	5,148,399
RETAINED PROFIT FOR THE YEAR		309,434	264,189
VALUATION SURPLUS REALISED		-	87,994
AT 31st DECEMBER	8	5,810,016	5,500,582

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 - 31st DECEMBER 1989

CAPITAL EMPLOYED	Note	1989 Shs	1988 Shs
FIXED ASSETS	6	16,955,899	16,490,383
TRADE INVESTMENTS -at cost		260	260
CURRENT ASSETS			
Stocks		82,848	113,469
Debtors		7,135	9,607
Group Company		11,257,685	6,989,408
Bank and cash balances		66,528	202,564
		11,414,196	7,315,048
CURRENT LIABILITIES			
Creditors		591,388	302,261
Current Taxation		5,565,658	3,814,894
Dividends		5,554,659	3,339,320
		11,711,705	7,456,475
NET CURRENT LIABILITIES		(297,509)	(141,427)
		16,658,650	16,349,216
FINANCED BY:-			
ORDINARY SHARE CAPITAL	7	4,000,000	4,000,000
RESERVES	8	12,658,650	12,349,216
SHARE HOLDERS FUNDS		16,658,650	16,349,216

.... Director
I. A. WOOD

.... Director
M.W. HARLEY

The accounts were approved by the Board of Directors on 15th February 1990
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 YEAR ENDED 31st DECEMBER, 1989

	1989 Shs	1988 Shs
SOURCE OF FUNDS		
Profit before taxation	12,909,434	8,564,189
Items not involving the movement of funds:		
Depreciation of fixed assets	521,882	57,651
(Profit)/Loss on disposal of fixed assests	(10,000)	37,104
FUNDS FROM OPERATIONS	13,421,316	8,658,944
FUNDS FROM OTHER SOURCES		
Proceeds on sale of fixed assets	10,000	40,500
TOTAL FUNDS GENERATED	13,431,316	8,699,444
APPLICATION OF FUNDS		
Dividends paid	(4,784,661)	(4,446,438)
Taxation paid	(3,849,236)	(3,967,110)
Capital Expenditure	(987,398)	(561,100)
	(9,621,295)	(8,974,648)
	3,810,021	(275,204)
MOVEMENT IN WORKING CAPITAL		
Stocks	(30,621)	(83,362)
Debtors	(2,472)	(25,246)
Creditors	(289,127)	101,811
Group Company	4,268,277	(357,519)
	3,946,057	(364,316)
(Decrease)/Increase in net liquid funds	(136,036)	89,112
	3,810,021	(275,204)

Report of the Auditors - Page 5

The notes on pages 9 to 11 form part of these accounts.

THE LIMURU TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1989

1. SIGNIFICANT ACCOUNTING POLICIES

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

TURNOVER:

Turnover represents the value of sales net of charges paid to the manufacturers, selling agents and county council cess paid to Limuru County Council.

FIXED ASSETS:

Fixed assets are stated at cost or as revalued on an existing use basis. Provision is made for depreciation on straight line method designed to write off the original cost or valuation of fixed assets, other than freehold land, over their anticipated useful lives. Development costs include direct costs and attributable overheads incurred in bringing tea into production which occurs in the fourth year after planting. The annual depreciation rates in use are:-

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

STOCKS:

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

TAXATION:

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

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1989 (continued)

2. PROFIT BEFORE TAXATION

	1989 Shs	1988 Shs
Profit before taxation is arrived at:		
after charging:		
Depreciation	521,882	57,651
Auditors' remuneration	99,519	88,000
Directors' fees	40,000	40,000
and after crediting:		
Interest	372,490	471,964

3. TAXATION:

On the adjusted profit for the year at 45%	5,600,000	3,499,453
Underprovision in previous year	—	547
	5,600,000	3,500,000

4. DIVIDENDS:

Dividends are shown gross on 200,000 shares and comprises:-		
Interim at Sh 8 (1988: Shs. 8) — Paid	1,562,848	1,562,850
— Payable	37,152	37,150
Final at Shs. 27 (1988: Shs. 16)—Proposed	5,400,000	3,200,000
	7,000,000	4,800,000

5. EARNINGS PER SHARE:

Earnings per Shs. 20 share are calculated on the profit attributable to shareholders of Shs. 7,309,434 (1988: Shs. 5,064,189) and 200,000 shares in issue throughout the year.

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1989 (continued)

6. FIXED ASSETS

	Land development and buildings Shs.	Plant, Vehicles, Fixtures and Fittings Shs.	TOTAL Shs.
Cost or valuation:			
At 31st December 1988	18,085,089	965,261	19,050,350
Additions	987,398	—	987,398
Disposals	—	(21,977)	(21,977)
At 31st December 1989	19,072,487	943,284	20,015,771
Comprising:			
Valuation - 1977	12,408,652	11,500	12,420,152
Cost	6,663,835	931,784	7,595,619
	19,072,487	943,284	20,015,771
Accumulated depreciation:			
At 31st December 1988	2,073,980	485,987	2,559,967
Charge for the year	416,595	105,287	521,882
Disposals	—	(21,977)	(21,977)
31st December 1989	2,490,575	569,297	3,059,872
Net book value:			
At 31st December 1989	16,581,912	373,987	16,955,899
At 31st December 1988	16,011,109	479,274	16,490,383

7. ORDINARY SHARE CAPITAL

	1989 SHS.	1988 SHS.
Authorised, Issued and fully paid: 200,000 Shares of Shs. 20 each	4,000,000	4,000,000

8. RESERVES

	Revenue Shs.	Capital Shs.	TOTAL Shs.
At 31st December 1988	5,500,582	6,848,634	12,349,216
Retained profit for the year	309,434	—	309,434
At 31st December 1989	5,810,016	6,848,634	12,658,650

9. CAPITAL COMMITMENTS

	1989 Shs	1988 Shs
Contracted but not provided for in these accounts.	8,497	577,500
Authorised but not contracted	260,505	—

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THE LIMURU TEA COMPANY LIMITED
FORM OF PROXY

I/We ....

(please use block letters)

hereby appoint John Alan Wood or failing him Michael Winlack Harley both of whom are directors of the Limuru Tea Company Limited as my/our proxy to vote for me/us and on my/our behalf at the sixty-fifth annual general meeting of the company to be held on 17th May 1990 and at any adjournment thereof. I/We desire to vote on the resolutions set out in the notice of the meeting as shown in the table below. (Please tick the appropriate space.)

RESOLUTIONS

	Resolution	For	Against
1. Declare a dividend	1		
2. Adopt the report and accounts	2		
3. Approve the directors' remuneration	3		
4. Re-elect the following directors: (a) J.A. Wood (b) M.W. Harley	4 (a) 4 (b)		
5. Authorise the directors to fix the auditors remuneration	5		

As witness my/our hand this ....day of 1990

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 the holding the meeting.

2. If you desire someone to act as proxy, please delete the above names and insert the name and address of the person preferred. All alterations to this proxy must be initialled.

3. Should the form of proxy be returned signed, but without specific directions as to how your proxy should vote he will vote or abstain at his discretion.

4. A corporation should execute under its common seal or by hand of any officer or attorney duly authorsed in writing.

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