THE LIMURU TEA COMPANY LIMITED

ANNUAL REPORT
AND ACCOUNTS 2000

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS
P.J. Stanning - Chairman
S.K. Sinha
D.G. Strickler
J.P. Mbogua

COMPANY SECRETARY
C.A. Ouda, F.C.I.S., C.P.S (K)

REGISTERED OFFICE
Norfolk Towers
Kijabe Street
PO Box 42011
Nairobi

AUDITORS
PricewaterhouseCoopers
The Rahimtulla Tower
Upper Hill Road
PO Box 43963
Nairobi

ADVOCATES
Hamilton Harrison & Mathews
ICEA Building
Kenyatta Avenue
PO Box 30333
Nairobi

BANKERS
Standard Chartered Bank Kenya Limited
Moi Avenue
PO Box 72585
Nairobi

Barclays Bank of Kenya Limited
Limuru Branch
PO Box 252
Limuru

INSURANCE BROKERS
Jardine Alexander Forbes Insurance Brokers Kenya Limited
Chester House
Koinange Street
PO Box 30076
Nairobi

AON Minet Insurance Brokers Limited
Minet ICDC House, Mamlaka Road, off Nyerere Road
PO Box 55289, Nairobi.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Seventy sixth 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 Tuesday, 8th May 2001 at 11.00 a.m. for the following purposes:-

1. To consider and confirm acceptance of the balance sheet and the financial statements for the year ended 31st December 2000 and the reports of the directors and auditors thereon.

2. To declare a final dividend.

3. To re-elect a director.

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

5. Special business:

   To consider and, if thought fit, pass the following resolutions which will be proposed as
   ORDINARY RESOLUTIONS:

   "That the authorised ordinary share capital of the company be increased, pursuant to article 46 of the company's Articles of Association, from Shs 4 million to Shs 12 million by creation of 400,000 ordinary shares of Shs 20 each".

   "That upon the recommendation of the directors pursuant to article 134 of the company's Articles of Association, it is desirable to capitalize Shs 8 million from the revenue reserves of the company, and accordingly, that the directors be authorized and directed by the shareholders to appropriate the sum so resolved to be capitalized to the holders of the ordinary shares of the company on the register at the close of the business on 30 March 2001, in proportion to the number of shares then held by them and to apply such sum on their behalf in paying up in full the 400,000 unissued ordinary shares of Shs 20 each, such shares to be allotted and distributed, credited as fully paid up ranking in full for all dividends hereafter or paid in respect of the year ended 31st December 2000".

BY ORDER OF THE BOARD

C.A. Ouda

Company Secretary

9th April 2001

NOTE:
A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote instead of him / her. A proxy need not be a member of the company. A form of proxy is enclosed. Shareholders who will not be able to attend the meeting are requested to complete and return the form, so as to reach the registered office of the company at Norfolk Towers, Kijabe Street, P.O. Box 42011, Nairobi, not later than 11.00 a.m. on Friday 4th May 2001.

FIVE YEAR RECORD

	2000	1999	1998	1997	1996
<u>Industry Statistics</u>					
Kenya tea production ('000 Tonnes)	**236.2**	248.8	294.2	220.7	257.2
Mombasa auction average price (US cents per kg)	**182**	186	197	203	145
<u>The Limuru Tea Company Limited</u>					
Tea Production (Tonnes)	**605**	627	914	620	798
Sales (Shs' 000)	**56,292**	51,212	65,883	53,825	43,923
Profit before tax	**16,998**	14,242	30,169	25,938	11,057
Tax	**(5,174)**	(4,941)	(9,407)	(9,270)	(2,900)
Profit after tax	**11,824**	9,301	20,762	16,668	8,157
Dividends	**(11,000)**	(6,000)	(17,000)	(13,000)	(6,000)
Profit retained	**824**	3,301	3,762	3,668	2,157
Net asset investment (Shs' 000)					
Fixed assets	**17,518**	19,142	18,508	17,233	17,478
Other net assets	**23,338**	21,887	13,220	10,733	6,821
	40,856	41,029	31,728	27,966	24,299
Financed by (Shs' 000)					
Share capital	**4,000**	4,000	4,000	4,000	4,000
Reserves	**34,842**	34,018	24,717	23,966	20,299
Shareholders' funds	**38,842**	38,018	28,717	27,966	24,299
Deferred tax	**2,014**	3,011	3,011	-	-
	40,856	41,029	31,728	27,966	24,299
Earnings per share (Shs)	**59.12**	46.50	103.81	83.34	40.78

<u>Note:</u>
The comparative figures for 1996 and 1997 have not been restated for effect of adoption of International Accounting Standards.

CHAIRMAN S STATEMENT

The Limuru Tea Company Limited owns 275 hectares of tea land situated four kilometres to the east of Limuru Town. The company is an outgrower to Brooke Bond Kenya Limited, the largest private sector tea company in Kenya. Brooke Bond Kenya acts as the Limuru Tea Company Limited's agent in managing the estate, manufacturing and selling operations. The tea estate's leaf is delivered to the nearby Mabroukie factory from where it is sold overseas via Mombasa.

2000 has been another very difficult year for the growers in the Limuru area. Good rainfall during the last weeks of 1999 was followed by a drought, which effectively extended from January through to until late November. Rainfall for the full year was only 719mm, as compared with a 25-year average of 1,273mm. In addition, there was unprecedented frost damage during the first quarter. There was some compensation in the higher market prices for green leaf than in 1999, due to a weaker currency, but this did not fully compensate for the impact of this severe weather. Volumes remained low until late in the last quarter and the overall production for the year was below the level of the 'El Nino' drought year of 1997.

Our estate operations continue to be managed in line with the best practice throughout Brooke Bond Kenya Limited and in 2000 produced 2,399,480 kilogrammes of green leaf which in turn produced 604,503 kilogrammes of black tea. This was a reduction of 4% as compared with 1999, which in turn showed a shortfall of 34% as compared with 1998.

In 2001 we expect some decline in US dollar prices for our tea due to a significant increase in world stocks during 2000, but crop volumes should improve if there is no repetition of the prolonged dry weather seen during the past year.

PJ Stanning

CHAIRMAN

15th February 2001

REPORT OF THE DIRECTORS

To be presented to the shareholders at the Seventy-sixth Annual General Meeting scheduled for Tuesday, 8th May 2001.

The directors are pleased to submit their annual report together with the audited financial statements for the year ended 31st December 2000 which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The principal activity of the company is the production of tea.

RESULTS, DIVIDENDS AND TRANSFER TO RESERVES

		2000 Shs.	1999 Shs.
Profit for the year		**11,824,016**	9,300,567
Dividends	- Interim (paid)	**(5,000,000)**	-
	- Final (proposed)	**(6,000,000)**	(6,000,000)
Profit retained		**824,016**	3,300,567

PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL AND CAPITALISATION OF RESERVES

The directors recommend an increase of authorised share capital from Shs. 4 million to Shs. 12million and capitalisation of Shs 8 million out of revenue reserves, subject to approval being obtained from Capital Markets Authority. This will be applied by way of a bonus issue of two ordinary shares for every one held at the close of business on 30th March 2001.

DIRECTORS

Members of the board of directors are listed on page 2.

Mr J F Beakbane resigned from the board of directors with effect from 1st June 2000. Mr D G Stickler was appointed a director of the company with effect from 1st June 2000.

Mr P J Stanning remains on the board in accordance with Article 100 of the company's articles of association.

Mr D G Stickler retires by rotation in accordance with Article 101 of the Company's Articles of Association, and being eligible, offers himself for re-election.

AUDITORS

The company's auditors, PricewaterhouseCoopers, will continue in office in accordance with Section 159(2) of the Companies Act.

BY ORDER OF THE BOARD

C A OUDA

Secretary

15th February 2001

REPORT OF THE AUDITORS

to the members of The Limuru Tea Company Limited

We have audited the financial statements set out on pages 8 to 20. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The financial statements are in agreement with the books of account.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of financial statements which give a true and fair view of the company's state of affairs and of its profit or loss. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of overall presentation of the financial statements.

Opinion

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of the company's financial affairs at 31st December 2000 and of its profit and cash flows for the year then ended and comply with International Accounting Standards and the Kenyan Companies Act.

PRICEWATERHOUSECOOPERS

Certified Public Accountants
15th February 2001
Nairobi

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2000

		Notes	2000 Shs	1999 Shs
Sales		1	56,292,177	51,212,269
Cost of sales			(36,347,866)	(35,428,254)
Gross profit			19,944,311	15,784,015
Other operating income		2	956,760	6,075,044
Administrative expenses			(6,763,275)	(7,122,464)
Other operating expenses			(796,493)	(1,192,071)
Operating profit		3	13,341,303	13,544,524
Finance income		5	3,656,713	697,215
Profit before tax			16,998,016	14,241,739
Tax		6	(5,174,000)	(4,941,172)
Net profit			11,824,016	9,300,567
Earnings per share	- basic	7	59.12	46.50
	- diluted	7	59.12	46.50
Dividends:				
Interim dividend - paid in the year		8	5,000,000	-
Proposed final dividend for the year		8	6,000,000	6,000,000
			11,000,000	6,000,000

BALANCE SHEET

as at 31st December 2000

	Note	2000 Shs	1999 Shs
CAPITAL EMPLOYED			
Share capital	9	4,000,000	4,000,000
Revaluation reserves	10	3,193,118	3,265,679
Retained earnings		25,648,400	24,751,823
Proposed dividends	8	6,000,000	6,000,000
Shareholders' funds		38,841,518	38,017,502
Non-Current Liabilities			
Deferred tax	11	2,014,034	3,011,414
		40,855,552	41,028,916
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	12	17,517,897	19,142,082
Current assets			
Inventories	13	203,111	1,335,369
Tax recoverable		3,199,700	2,770,147
Trade and other receivables	14	3,560,991	21,288,821
Cash and cash equivalents	15	24,582,285	717,785
		31,546,087	26,112,122
Current liabilities			
Trade and other payables	16	5,989,168	4,225,288
Provision for liabilities and charges	17	2,219,264	-
		8,208,432	4,225,288
Net current assets		23,337,655	21,886,834
		40,855,552	41,028,916

The financial statements on pages 8 to 20 were approved by the board of directors on 15th February 2001 for issue and signed on its behalf by:-

P.J. Stanning
DIRECTOR

S.K. Sinha
DIRECTOR

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2000

	Notes	Share capital Shs	Revaluation reserves Shs	Retained earnings Shs	Proposed dividends Shs	Total Shs
Year ended 31 December 1999						
At start of year						
- as previously stated		4,000,000	3,369,337	21,347,598	-	28,716,935
- effect of adopting IAS 10 (Revised)		-	-	-	12,000,000	12,000,000
- as restated		4,000,000	3,369,337	21,347,598	12,000,000	40,716,935
Transfer of excess depreciation		-	(103,658)	103,658	-	-
Net profit		-	-	9,300,567	-	9,300,567
Dividends:						
- Final for 1998 (paid)		-	-	-	(12,000,000)	(12,000,000)
- Proposed final for 1999	8	-	-	(6,000,000)	6,000,000	-
At end of year		4,000,000	3,265,679	24,751,823	6,000,000	38,017,502
Year ended 31 December 2000						
At start of year						
- as previously stated		4,000,000	3,265,679	24,751,823	-	32,017,502
- effect of adopting IAS 10 (Revised)	8	-	-	-	6,000,000	6,000,000
- as restated		4,000,000	3,265,679	24,751,823	6,000,000	38,017,502
Transfer of excess depreciation		-	(103,658)	103,658	-	-
Deferred tax on transfer		-	31,097	(31,097)	-	-
Net gains not recognised in income statement		-	(72,561)	72,561	-	-
Net profit		-	-	11,824,016	-	11,824,016
Dividends:						
- Final for 1999 (paid)	8	-	-	-	(6,000,000)	(6,000,000)
- Interim for 2000 (paid)	8	-	-	(5,000,000)	-	(5,000,000)
- Proposed final for 2000	8	-	-	(6,000,000)	6,000,000	-
At end of year		**4,000,000**	**3,193,118**	**25,648,400**	**6,000,000**	**38,841,518**

CASH FLOW STATEMENT

for the year ended 31st December 2000

	Notes	2000 Shs	1999 Shs
Operating activities			
Cash generated from operations	18	37,728,720	18,620,818
Interest received		3,656,713	697,215
Tax paid		(6,600,933)	(5,631,574)
Net cash from operating activities		34,784,500	13,686,459
Investing activities			
Purchase of plant and equipment		-	(2,263,022)
Proceeds from disposal of plant and equipment		80,000	-
Net cash from /(used in) investing activities		80,000	(2,263,022)
Financing activities			
Dividends paid		(11,000,000)	(12,274,576)
Net cash used in financing activities		(11,000,000)	(12,274,576)
Increase / (decrease) in cash and cash equivalents		23,864,500	(851,139)
Movement in cash and cash equivalents			
At start of year	15	717,785	1,568,924
Increase / (decrease)		23,864,500	(851,139)
At end of year	15	24,582,285	717,785

ACCOUNTING POLICIES

for the year ended 31st December 2000

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

1 BASIS OF PREPARATION

The financial statements are prepared in accordance with and comply with International Accounting Standards. The financial statements are presented in Kenya Shillings (Shs) and are prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment.

2. REVENUE RECOGNITION

Sales are recognised on delivery to customers and are stated net of charges paid to the manufacturers, selling agents and County Council Produce Cess paid to Limuru County Council.

Interest income is recognised as it accrues, unless collectibility is in doubt.

3. TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

4. PROPERTY, PLANT & EQUIPMENT

All property, plant and equipment are initially recorded at cost and are subsequently stated at cost, or at revalued amounts, less depreciation.

Development costs, which are capitalised, include direct costs and attributable overheads incurred in bringing crops into production which occur in the fourth year after planting. Fuel development is stated at valuation and subsequent replanting and maintenance expenditure is charged to the profit and loss account.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit and loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Other than freehold land and fuel development, depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amounts to its residual value over its estimated useful life as follows:

(i) Leasehold land	- in equal instalments over the life of the lease.
(ii) Tea development	- from year 4 onwards, a graduated scale is adopted that increases the annual depreciation charge from 0.6% in year 4 to 2% in year 10. The depreciation rate remains at 2% thereafter for the remaining part of the asset's useful life.
(iii) Buildings & farmworks	- in equal instalments over the useful life of the assets, but not exceeding 40 years.
(iv) Vehicles and Computers	- 25%
(v) Plant, fixtures and fittings	- 7%

Freehold land is not depreciated as is deemed to have an indefinite life.

4. PROPERTY, PLANT & EQUIPMENT (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserves relating to that asset are transferred to retained earnings.

5. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

6. TRADE RECEIVABLES

Trade receivables are carried at original invoiced amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off in the year in which they are identified.

7. EMPLOYEE ENTITLEMENTS

Employee entitlements to gratuity are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the balance sheet date.

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

8. RETIREMENT BENEFIT OBLIGATIONS

The qualifying company's employees are members of the Brooke Bond Kenya Limited Staff Pension Scheme, which is a defined benefit scheme. The scheme is funded by payments from Brooke Bond Kenya Limited, the Company, and one other company, taking account of recommendations of independent qualified actuaries.

The scheme is valued by independent qualified actuaries every three years using the projected unit credit method.

Since it is impracticable to account for the Company's proportionate share of the retirement benefit obligation/asset and plan assets, the retirement benefit arrangement has been accounted for as if it were a defined contribution scheme, in accordance with IAS 19 (Employee Benefits). Therefore, the company's contributions to the scheme are accounted for in the period in which they fall due.

9. DEFERRED TAX

Deferred 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. Tax rates enacted or substantially enacted at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

for the year ended 31st December 2000

10. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

11. DIVIDENDS

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

12. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account the requirements of International Accounting Standard 10 (revised) which the company has implemented in the year.

NOTES FORMING PART OF FINANCIAL STATEMENTS

for the year ended 31st December 2000

	2000	1999
1 SALES	**Shs**	**Shs**
All sales are in respect of green leaf to the parent company	**56,292,177**	51,212,269
There is only one business and one geographical segment, therefore no segment reporting information is presented.		
2 OTHER OPERATING INCOME		
Sale of firewood to Mabroukie Factory	**236,684**	4,985,361
Other miscellaneous income	**720,076**	1,089,683
	956,760	6,075,044
3 OPERATING PROFIT		
The following items have been charged in arriving at operating profit:		
Depreciation on property, plant and equipment (Note 12)	**1,399,569**	1,628,925
Staff costs (Note 4)	**24,387,769**	28,666,901
Auditors' remuneration	**299,256**	300,000
Directors' remuneration	**253,392**	253,392
4 STAFF		
The following items are included within staff costs		
Retirement benefit costs:		
- Defined benefit scheme	**386,889**	565,603

The number of persons employed by the company at the year end was:

	2000	1999
	Number	**Number**
Full time	**397**	419
Part time	**129**	116
	526	535

	2000	1999
5 FINANCE INCOME		
Interest income	**3,656,713**	697,215

6 TAX	**2000**	**1999**
	Shs	**Shs**
Current tax	**6,171,380**	4,941,172
Deferred tax (Note 11)	**(997,380)**	-
	5,174,000	4,941,172

NOTES FORMING PART OF FINANCIAL STATEMENTS

for the year ended 31st December 2000

6 TAX (Continued)

The tax on company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

	2000 Shs	1999 Shs
Profit before tax	**16,998,016**	14,241,739
Tax calculated at a tax rate of 30% (1999: 32.5%)	**5,099,405**	4,628,565
Tax effect of:		
Expenses not deductible for tax purposes	**38,631**	572,828
Other	**35,964**	(260,221)
Tax charge	**5,174,000**	4,941,172

7 EARNINGS PER SHARE

Earnings per ordinary share are calculated on the net profit of Shs 11,824,016 and on 200,000 shares in issue. There were no potentially dilutive shares outstanding at 31 December 2000 or 1999.

8 DIVIDENDS PER SHARE

Proposed dividends are accounted for as a separate component of equity until they have been ratified at the annual general meeting. At the annual general meeting on 8th May 2001, a final dividend in respect of the year ended 31 December 2000 of Shs 30 per share amounting to a total of Shs 6,000,000 is to be proposed. During the year an interim dividend of Shs 25 per share, amounting to a total of Shs 5,000,000 was paid. The total dividend for the year is therefore Shs 55 (1999: Shs 30) per share amounting to a total of Shs 11,000,000 (1999: Shs 6,000,000).

Payment of dividends is subject to withholding tax at a rate of 5 and 10%, for local and overseas shareholders respectively, where applicable.

9 SHARE CAPITAL

	Number of shares	Ordinary shares Shs
Balance at 1 January 1999	200,000	4,000,000
Issue of shares	-	
Balance at 1 January 2000	200,000	4,000,000
Issue of shares	-	
Balance at 31 December 2000	**200,000**	**4,000,000**

The total authorised number of ordinary shares is 200,000 with a par value of Shs 20 per share. All issued shares are fully paid.

10 REVALUATION RESERVES

Revaluation reserves relate to surpluses arising from revaluation of property, plant and equipment.

The revaluation reserves are non-distributable.

11 DEFERRED TAX

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (1999:30%). The movement on deferred tax account is as follows:

	2000 Shs	1999 Shs
At start of year	**3,011,414**	3,011,414
Income statement credit (Note 6)	**(997,380)**	-
At end of year	**2,014,034**	3,011,414

Deferred tax assets and liabilities and deferred tax charge / (credit) in the profit and loss account are attributable to the following items:

Deferred tax liabilities	**1.1.2000** *Shs*	**Credited to P/L** *Shs*	**31.12.00** *Shs*
Accelerated tax depreciation	2,212,910	(240,172)	1,972,738
Asset revaluations	887,849	(31,097)	856,752
	3,100,759	(271,269)	2,829,490
Deferred tax assets			
Provisions	(89,345)	(726,111)	(815,456)
Net deferred tax liability	**3,011,414**	**(997,380)**	**2,014,034**

Deferred tax of Shs 31,097 was transferred within shareholders' equity from revaluation reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of the property.

NOTES FORMING PART OF FINANCIAL STATEMENTS

for the year ended 31st December 2000

12 PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings Shs	Tea Development Shs	Plant & Machinery Shs	Motor Vehicles Shs	Computer Fixtures & Fittings Shs	Total Shs
Cost or valuation						
At start of year	12,090,768	11,604,841	450,850	5,950,136	26,539	30,123,134
Disposals	-	-	-	(1,711,966)	-	(1,711,966)
At end of year	**12,090,768**	**11,604,841**	**450,850**	**4,238,170**	**26,539**	**28,411,168**
Depreciation						
At start of year	4,663,301	1,713,717	217,792	4,365,423	20,819	10,981,052
Charge for the year	241,834	232,477	4,079	920,269	910	1,399,569
Disposals	-	-	-	(1,487,350)	-	(1,487,350)
At end of year	**4,905,135**	**1,946,194**	**221,871**	**3,798,342**	**21,729**	**10,893,271**
Net book amount						
At 31 December 2000	**7,185,633**	**9,658,647**	**228,979**	**439,828**	**4,810**	**17,517,897**
At 31 December 1999	7,427,467	9,891,124	233,058	1,584,713	5,720	19,142,082

In the opinion of the directors, there is no impairment of property, plant and equipment.

Land and buildings were last revalued during 1977 by Tysons Habenga (Africa), Chartered Surveyors.on the basis of open market value. The book value of the properties were adjusted to the revaluations and the resultant surplus, since restated by deferred tax effect, credited to revaluation reserves in the shareholders equity.

If property, plant and equipment were stated on the historical cost basis, the amount would be as follows:

	2000 Shs	1999 Shs
Cost	**15,963,972**	17,675,938
Accumulated depreciation	**(7,991,108)**	(8,182,288)
Net book amount	**7,972,864**	9,493,650

13 INVENTORIES

Stores, packaging material and other stocks (at cost)	**203,111**	1,335,369

14 TRADE AND OTHER RECEIVABLES

Receivable from parent company (Note 19)	**3,563,178**	20,784,292
Other receivables	**97,813**	504,529
	3,560,991	21,288,821

15. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**24,582,285**	717,785

for the year ended 31st December 2000

16 TRADE AND OTHER PAYABLES

	2000 Shs	1999 Shs
Trade Creditors	2,423	2,436
Other creditors and accruals	5,986,745	4,222,852
	5,989,168	4,225,288

17 PROVISION FOR LIABILITIES AND CHARGES (GRATUITY)

	Shs
At start of year	-
Charged to income statement	2,219,264
At end of year	2,219,264
Less: current portion	(2,219,264)
Non-current portion	-

18 CASH GENERATED FROM OPERATIONS

Reconciliation of profits before tax to cash generated from operations:

	2000 Shs	1999 Shs
Profit before tax	16,998,016	14,241,739
Adjustments for:		
Depreciation (Note 12)	1,399,569	1,628,925
Loss on sale of property, plant and equipment	144,616	-
Interest income (Note 5)	(3,656,713)	(697,215)
Changes in working capital		
- trade and other receivables	17,727,830	7,386,749
- inventories	1,132,258	(1,205,157)
- trade and other payables	1,763,880	(2,734,223)
- provision for liabilities and charges	2,219,264	-
Cash generated from operations	37,728,720	18,620,818

19 RELATED PARTY TRANSACTIONS

The company is controlled by Brooke Bond Kenya Limited incorporated in Kenya. The ultimate parent company is Unilever Plc, a company incorporated in the United Kingdom.

i) Sale of goods

	2000 Shs	1999 Shs
Parent company - Brooke Bond Kenya Limited	56,292,177	51,212,269

Sales of green leaf to parent company were at terms and conditions similar to those offered to other outgrowers.

19 RELATED PARTY TRANSACTIONS (Continued)

ii) Charges payable

The Company's turnover is derived from arm's length sales to the parent company, Brooke Bond Kenya Limited, net of agency commission paid to Brooke Bond Kenya Limited, in accordance with similar outgrowers contracts, as follows:

	2000 Shs	1999 Shs
Agency commission - Brooke Bond Kenya Limited	2,981,967	2,655,454

iii) Outstanding balances arising from the sale and purchase of goods / services

	2000 Shs	1999 Shs
Receivables from parent company	3,563,178	20,784,202

19 RETIREMENT BENEFIT ARRANGEMENTS

The last actuarial valuation of the Brooke Bond Kenya Limited Staff Pension Scheme was carried out at 1st January 1999. At that date the valuation revealed that the present value of the scheme's funded obligations exceeded its assets by KShs 72,600,000, a deficit which was provided for fully by Brooke Bond Kenya Limited, the principal sponsor.

PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION SCHEDULE

A PRINCIPAL SHAREHOLDERS

The twenty largest shareholders of the company and their respective holdings as at the end of March 2000 were as follows:

	NAME	NUMBER OF SHARES
1	Brooke Bond Kenya Ltd	104,000
2	Mulchand Narshi Shah	22,048
3	Kenya Commercial Bank Ltd. Staff Pension Fund Trust	19,314
4	ICEA Ltd "Life Fund A/c"	10,209
5	Jubilee Insurance Co Ltd	8,737
6	Old Mutual Insurance Co Ltd	8,169
7	Stanbic Nominees K Ltd	4,952
8	Standard Chartered Kenya Nominee Ltd.	3,783
9	Vithaldas N Morjaria	1,525
10	Millicent Ivy Morson	1,378
11	Minesh Mulchand Shah	1,133
12	Dr. & Mrs Ambubhai N Amin	1,000
13	Bijal Jiten Shah	1,000
14	Shah Inira Mulchand	1,000
15	Shantaben Devshi Shah	863
16	Jatashankar B Dave	800
17	Pan Africa insurance Co Ltd	666
18	Mr & Mrs C Patel	630
19	Chandulal & S Shah	600
20	Shabbir A K Mamujee	500
20	Gerald E Nevil	500
20	Rajanikant Patel	500

B DISTRIBUTION SCHEDULE

Category	No. of Shareholders	No. of Shares
1-1,000 shares	56	11,752
1,001-5,000 shares	5	15,771
5,001-10,000 shares	2	16,906
10,001-100,000 shares	3	51,571
100,001-500,000 shares	1	104,000
Total	**67**	**200,000**

FORM OF PROXY

I/We ____

(please use block letters)

being member/members of The Limuru Tea Company Limited hereby appoint ______________________

____

(please use block letters)

failing whom the Chairman of the meeting as my/our proxy to attend and note for me/us and on my/our behalf at the seventy-sixth annual general meeting of the company to be held on 8th May 2001 and at any adjournment thereof.

I/We desire to vote on the resolutions set out in the notice of the meeting as shown below *(please tick the appropriate space)*

RESOLUTIONS	Resolutions	For	Against
1. To adopt the Annual Report of the directors and Financial Statements	1		
2. To declare a dividend	2		
3. To re-elect a director - DG Stickler	3		
4. To authorise the directors to fix the auditors' remuneration	4		
5. Special Business:			
- Increase of authorised share capital	(a)		
- Capitalisation of Revenue Reserves and Bonus Issue	(b)		

As witness my/our hand this ____________ day ____________ 2001

Signature(s) ____

NOTES

1. This proxy form must be filled and returned to the Company Secretary, The Limuru Tea Company Limited, Norfolk Towers, Kijabe Street, PO Box 42011, Nairobi not later than 11 a.m. on Friday 4th May, 2001.

2. All alterations to the proxy form must be initialled.

3. Should the form of proxy be returned signed, but without specific directions as to how the proxy should vote, the Chairman or proxy chosen may vote or abstain at his/her 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 to: **Company Secretary**
The Limuru Tea Company Limited
PO Box 42011
Nairobi

SECOND FOLD

AFFIX STAMP HERE

THE COMPANY SECRETARY
THE LIMURU TEA COMPANY LIMITED
P.O. BOX 42011
NAIROBI

THIRD FOLD

Tuck inside facing flap

FIRST FOLD