

Sasini Tea and Coffee Limited

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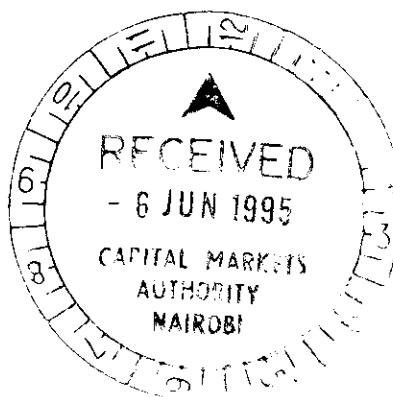
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Sasini Tea and Coffee Limited

COMPANY INFORMATION

DIRECTORS

P C B Benson, MBE (Chairman) (British)
N N Merali, EBS (Alternate I A Timamy)
G W Gichuki (Alternate C G Mwangi)
M W Harley
H A Valentine
M N Omar
A H Butt, CPA (Kenya), FCCA
M H Da Gama-Rose, BA
M A O'Neill (American)

SECRETARY

C J D'Souza, CPS (Kenya), FCIS

REGISTERED OFFICE

Warren House, Loita Street,
P O Box 30151,
Nairobi.

AUDITORS

Coopers & Lybrand,
Certified Public Accountants (Kenya),
P O Box 30158,
Nairobi.

BANKERS

Barclays Bank of Kenya Limited
Kenya Commercial Bank Limited
First American Bank of Kenya Limited

2007/0053

Sasini Tea and Coffee Limited

NOTICE OF MEETING

Notice is hereby given that the 43rd ANNUAL GENERAL MEETING of the members will be held at Serena Hotel, Nairobi on Friday, 10th March, 1995 at 12 noon for the following purposes:-

- 1 To confirm the minutes of the 42nd Annual General Meeting held on 22nd April, 1994.
- 2 To receive, consider and if deemed fit, adopt the financial statements for the year ended 30th September, 1994 together with the reports thereon of the directors and of the auditors.
- 3 To confirm the interim dividend of 40% paid on 28th June, 1994 and the second interim dividend of 40% paid on 21st October, 1994.
- 4 To elect Directors.
- 5 To confirm the Directors' emoluments.
- 6 To authorise the Directors to fix the auditors' remuneration.
- 7 To transact any other business which may be transacted at an Annual General Meeting.

By order of the Board

C J D'SOUZA
Company Secretary

Nairobi
18th January, 1995

Note: A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the company. A form of proxy is on the last page.

Sasini Tea and Coffee Limited

CHAIRMAN'S STATEMENT

In the opening sentence of my statement last year, I stated that investors in plantations are accustomed to wide variations in profits and dividends owing to inconsistent rainfall or drought patterns.

In the year under review we suffered drought conditions in the first half which had an immediate effect on our tea estates and a delayed effect on our coffee estates. The tea estates had one major hail storm followed by two lesser ones which occurred just when we were hoping to recover at least some of our lost production. Against this we received good prices for both crops. All in all it was a challenging year which stretched our management and staff and did not enable us to carry out many desirable capital improvements for which we had budgeted.

TEA

In spite of the adverse climatic conditions referred to above, there has been a noticeable improvement in quality as a result of improvements and additions to factory facilities. More needs to be done and costs are rising whether for imported items or costs related to all grades of staff including management. We had budgeted for 4,985,000 kgs of made tea but our final figure to 30th September, 1994 amounted to 4,164,456 kgs. Our profit after tax for the Kipkebe Group amounted to K£ 3,937,344.

COFFEE

Our Kiambu estates overall reached their estimated production. Mweiga suffered from quite significant periods of no rain at times when it was most needed. Although there is not sufficient water for full irrigation, the existing distribution system is antiquated and we intend to replace a lot of pipes with larger diameters. With a bit more assistance from natural rainfall, this estate is capable of yielding better and its quality can match that of the best estates.

Production from our wholly owned estates was 839 tonnes plus a further tonnage from Mweiga and Gulmarg estates of 301 tonnes.

As a result of serious frosts in Brazil followed by drought, we have benefited from US Dollar sales through the Nairobi auctions which have given us some of the highest returns in Kenya Shillings terms ever recorded.

GARTON LIMITED

We have a 49% interest in this coffee company. As stated in last year's statement, the majority shareholder changed its financial year end from 28th February to 31st December, 1993 and the 10 months accounting period showed a profit of K£ 1,095,383 after tax. A dividend of K£ 294,000 in respect of this period has been received and is included in our accounts.

THE ARK LIMITED

Our subsidiary, Mweiga Estate Limited has a 26.5% shareholding in The Ark Limited and The Ark owns the Aberdare Country Club which has become a popular base in its own right for tour parties and conventions. The Ark made an after tax profit of K£ 1,194,005 (1993 - K£ 1,314,183) and declared a dividend of 98% for the year ended 30th September, 1994 of which our share will amount to K£ 189,990 (1993 - K£ 210,163).

Sasini Tea and Coffee Limited

CHAIRMAN'S STATEMENT *(continued)*

GENERAL

Added to the poor climatic conditions already mentioned, we suffered currency losses against the US Dollar in the second half of the year. In the current year we have had good rains but the markets for tea and coffee have not continued to appreciate after the effects of the frosts in Brazil had seemed to be absorbed. It is probable that the general trade recession has led to an examination of stocks of both crops and there has of course been a shortage of hard currency in countries which would have liked to be in the markets.

Your Board has elected to budget for further capital expenditure in 1994/95. We are still short of labour housing and modern equipment to maintain quality in the sudden flushes which follow good rains. We lag behind the infrastructure of comparable plantation companies which have been able to spread their development over many years. The cost of labour now extends far beyond the basic rates of pay when estates are under constant pressure to provide social and domestic amenities to compensate for routine planting practices now seen as a poor alternative to industrial and commercial jobs which seem to hold out more promise of promotion and continuity. This may prove to be an illusion as the recession of the local economy tends to lead to increasing unemployment.

Agriculture, and plantations in particular, is still very reliant upon a labour force which has to work long hours during flush periods and I would like to pay particular tribute to those working in the field and factories. I also thank our management and staff for their hard work during the year under review.

P C B BENSON
Chairman

Nairobi
18th January, 1995

Sasini Tea and Coffee Limited

SALIENT FEATURES AND FINANCIAL CALENDAR

	1994	1993
TURNOVER	K£ <u>25,464,320</u>	<u>30,999,470</u>
PROFIT AFTER TAXATION AND MINORITY INTERESTS	K£ <u>6,402,563</u>	<u>13,692,667</u>
DIVIDENDS PER ORDINARY STOCK UNIT (GROSS) (1993 re-stated for bonus issue)	KSh <u>4.00</u>	<u>3.33</u>
SHAREHOLDERS' FUNDS	K£ <u>29,394,260</u>	<u>26,510,386</u>

REPORT AND FINANCIAL STATEMENTS Circulated February, 1995

DIVIDENDS

First interim	Paid 28th June, 1994
Second interim	Paid 21st October, 1994

STATISTICS

The following statistics relating to the group's coffee and tea activities give a comparison of the results achieved on the estates during the last two years. A five year comparative statement is given on page 23.

Sasini and subsidiaries		COFFEE		TEA	
		1994	1993	1994	1993
Area	- Hectares	835	835	1,192	1,192
Production	- Tonnes	1,140	1,327	4,164	4,933
Sales	- Tonnes	847	1,347	4,125	4,712
Net sales proceeds - (Coffee K£/tonne)	1993/94 Pool	9,070	7,646	—	—
	1992/93	158	496	—	—
(Tea KSh/kg)		—	—	71/40	72/59

Associated Company

Garton Limited (Period ended 31st December, 1993)

Area	- Hectares	284	284	—	—
Production	- Tonnes	400	566	—	—

Sasini Tea and Coffee Limited

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30th September, 1994.

ACTIVITIES

The principal activities of the company and its subsidiaries are the growing and processing of tea and coffee, investment in equity and property, forestry and the breeding of cattle for milk and beef.

GROUP RESULTS AND DIVIDENDS

Profits of the group (including share of the profits of the associated company) before taxation amounted to K£ 9,852,619 (1993 - K£ 20,774,796). After deducting tax and profit attributable to minority shareholders, the profit for the year attributable to members of the company amounted to K£ 6,402,563 (1993 - K£ 13,692,667) equivalent to KSh 5.05 per stock unit (1993 - KSh 10.80).

An interim dividend of 40% (1993 - 100%) amounting to K£ 2,533,950 (1993 - K£ 2,111,625) was paid on 28th June, 1994. A second interim dividend of 40% (1993 - 100%) amounting to K£ 2,533,950 (1993 - K£ 2,111,625) was paid on 21st October, 1994. The dividends for 1994 are on the increased capital following a bonus issue during the year.

The Directors do not recommend a final dividend.

The total dividends for the year amounted to K£ 5,067,900 (1993 - K£ 4,223,250). This leaves a balance of K£ 1,334,663 (1993 - K£ 9,469,417) which has been carried to reserves.

SHARE CAPITAL AND RESERVES

The authorised and issued capital of the company at 30th September, 1994 and matters relating thereto are set out in note 16 of the notes to the financial statements.

The total share capital and reserves of the group have increased from K£ 26,510,386 at 30th September, 1993 to K£ 29,394,260 at 30th September, 1994. Full details of the group and company's reserves and movements therein during the year are shown in note 17 of the notes to the financial statements.

FIXED ASSETS

The net book value of the group's fixed assets was K£ 15,510,145 at the year end, compared with K£ 13,324,822 at 30th September, 1993. Details of the fixed assets and the changes which have taken place during the year are given in note 8 of the notes to the financial statements.

DIRECTORS

The Directors who held office since 1st October, 1993 are set out on page 1.

Mr M A O'Neill resigned from the Board on 8th December, 1994.

Messrs G W Gichuki and M H Da Gama-Rose retire by rotation and, being eligible, offer themselves for re-election.

Sasini Tea and Coffee Limited

REPORT OF THE DIRECTORS *(continued)*

SUBSTANTIAL SHAREHOLDINGS

The Directors are aware of the following interests which amount to 5% or more of the issued share capital of the company:-

Legend Investments Limited	41.84% (1993 - 41.84%)
Yana Towers Limited	13.58% (1993 - 14.00%)
Zarnash Investments Limited	5.93% (1993 - 6.25%)

AUDITORS

The auditors, Coopers & Lybrand, were appointed during the year and have expressed their willingness to continue in office in accordance with section 159(2) of the Companies Act (Cap.486).

By order of the Board

C J D'SOUZA
Company Secretary

Nairobi
18th January, 1995

Sasini Tea and Coffee Limited

REPORT OF THE AUDITORS TO THE MEMBERS OF SASINI TEA AND COFFEE LIMITED

We have audited the financial statements set out on pages 9 to 22. The financial statements are in agreement with the books which have been properly kept. We obtained the information and explanations we required.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group at 30th September, 1994 and of the profit and cash flow of the group for the year then ended and comply with the Companies Act (Cap. 486).

Coopers & Lybrand
Certified Public Accountants of Kenya

18th January, 1995

Sasini Tea and Coffee Limited

CONSOLIDATED BALANCE SHEET
30TH SEPTEMBER 1994

	Note	1994 K£	1993 K£
ASSETS EMPLOYED:			
FIXED ASSETS	8	<u>15,510,145</u>	<u>13,324,822</u>
INVESTMENT IN ASSOCIATED COMPANY	10	<u>2,526,786</u>	<u>734,837</u>
OTHER INVESTMENTS	11	<u>226,716</u>	<u>226,716</u>
CURRENT ASSETS			
Stocks	12	6,221,603	5,931,366
Debtors	14	3,292,712	5,426,342
Short term deposits		5,981,152	7,535,866
Bank balances and cash		<u>2,540,183</u>	<u>5,288,470</u>
		<u>18,035,650</u>	<u>24,182,044</u>
CURRENT LIABILITIES			
Creditors		2,731,631	3,484,272
Taxation		277,017	5,028,960
Dividends (gross)		2,533,950	2,142,929
Bank overdraft	15	<u>63,007</u>	<u>—</u>
		<u>5,605,605</u>	<u>10,656,161</u>
NET CURRENT ASSETS		<u>12,430,045</u>	<u>13,525,883</u>
		<u><u>30,693,692</u></u>	<u><u>27,812,258</u></u>
FINANCED BY:			
Share capital	16	6,334,875	2,111,625
Reserves	17	<u>23,059,385</u>	<u>24,398,761</u>
SHAREHOLDERS' FUNDS		29,394,260	26,510,386
MINORITY INTERESTS		<u>1,299,432</u>	<u>1,301,872</u>
		<u><u>30,693,692</u></u>	<u><u>27,812,258</u></u>

The financial statements were approved by the Board of Directors on 18th January, 1995.

P C B BENSON)
) Directors
A H BUTT)

Report of the auditors - page 8

The notes on pages 14 to 22 form part of these financial statements.

Sasini Tea and Coffee Limited

COMPANY BALANCE SHEET 30TH SEPTEMBER 1994

	Note	1994 K£	1993 K£
ASSETS EMPLOYED:			
FIXED ASSETS	8	<u>3,109,496</u>	<u>3,016,191</u>
INVESTMENT IN SUBSIDIARY COMPANIES	9	<u>1,017,345</u>	<u>1,017,345</u>
INVESTMENT IN ASSOCIATED COMPANY	10	<u>588</u>	<u>588</u>
OTHER INVESTMENTS	11	<u>10,270</u>	<u>10,270</u>
CURRENT ASSETS			
Stocks	12	1,709,978	1,361,530
Subsidiary companies	13	4,760,061	3,578,563
Debtors	14	669,899	2,099,467
Short term deposits		2,836,288	2,560,000
Bank balances and cash		<u>1,220,432</u>	<u>2,578,732</u>
		<u>11,196,658</u>	<u>12,178,292</u>
CURRENT LIABILITIES			
Creditors		912,055	810,272
Taxation		241,001	1,444,703
Dividends (gross)		<u>2,533,950</u>	<u>2,142,929</u>
		<u>3,687,006</u>	<u>4,397,904</u>
NET CURRENT ASSETS		<u>7,509,652</u>	<u>7,780,388</u>
		<u>11,647,351</u>	<u>11,824,782</u>
FINANCED BY:			
Share capital	16	6,334,875	2,111,625
Reserves	17	<u>5,312,476</u>	<u>9,713,157</u>
SHAREHOLDERS' FUNDS		<u>11,647,351</u>	<u>11,824,782</u>

The financial statements were approved by the Board of Directors on 18th January, 1995.

P C B BENSON)
) Directors
A H BUTT)

Report of the auditors - page 8

The notes on pages 14 to 22 form part of these financial statements.

Sasini Tea and Coffee Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 1994

	Note	1994 K£	1993 K£
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	<u>9,717,730</u>	<u>16,840,702</u>
RETURNS ON INVESTMENT AND SERVICING OF FINANCE:			
Interest received	B	2,152,686	965,550
Dividends received		532,388	388,489
Interest paid		(3,950)	(5,902)
Dividends paid		(4,676,879)	(2,683,665)
Dividends paid to minority shareholders		<u>(112,500)</u>	<u>(25,000)</u>
NET CASH OUTFLOW FROM INVESTMENTS AND SERVICING OF FINANCE		<u>(2,108,255)</u>	<u>(1,360,528)</u>
TAXATION PAID		<u>(8,468,505)</u>	<u>(2,715,933)</u>
INVESTING ACTIVITIES			
Purchase of fixed assets		(3,529,478)	(4,171,169)
Proceeds on sale of fixed assets		<u>22,500</u>	<u>3,250</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(3,506,978)</u>	<u>(4,167,919)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	C	<u>(4,366,008)</u>	<u>8,596,322</u>

Report of the auditors - page 8

The notes on pages 13 to 22 form part of these financial statements.

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Sasini Tea and Coffee Limited

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 1994

	1994 K£	1993 K£
A. Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	7,697,317	19,383,791
Depreciation charges	1,341,546	1,041,369
Profit on sale of fixed assets	(19,891)	(3,147)
Interest paid	3,950	5,902
Increase in stocks and stores	(290,237)	(3,676,589)
Decrease/(increase) in debtors	2,557,278	(1,969,732)
(Decrease)/increase in creditors	(752,641)	2,287,264
Profits of associated company	(819,592)	(228,156)
Net cash inflow from operating activities	<u>9,717,730</u>	<u>16,840,702</u>
B. Reconciliation of interest received:		
Interest on short term deposits	1,914,174	1,195,631
Interest on trade investments	2,740	2,885
Decrease/(increase) in debtors	235,772	(232,966)
	<u>2,152,686</u>	<u>965,550</u>
C. Increase in cash and cash equivalents:		
Bank balances and cash	(2,748,287)	5,139,018
Short term deposits	(1,554,714)	3,440,402
Bank overdraft	(63,007)	16,902
	<u>(4,366,008)</u>	<u>8,596,322</u>

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1994

1. ACCOUNTING POLICIES

Basis of accounting

The company prepares its financial statements on the historical cost basis of accounting, modified to include the revaluation of certain assets. The policy relating to the accounting of turnover for coffee has changed as explained below from that applied in the 1993 financial statements.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the company and its subsidiaries made up to 30th September.

Any goodwill arising on the acquisition of subsidiaries is written off to revenue reserves in the year of purchase.

Associated company

Where the group has a beneficial interest of 20 per cent or more of the equity capital and has the ability to exercise significant influence in that company, other than a subsidiary company, the consolidated financial statements include the group's share of the profits and attributable taxation of the associated company based on the latest audited financial statements.

In the consolidated balance sheet, the investment in the associated company is stated at cost together with the group's share of post acquisition retained profits.

Turnover

Turnover includes the gross proceeds of coffee, tea and livestock sold during the period.

Coffee sales are based on coffee auctioned during the year. In previous years, coffee sales were based on receipts from the Coffee Board of Kenya up to 31st December for all deliveries up to 30th September. The effect of the change in accounting policy on coffee sales is not material to group revenue or profit before tax to warrant a re-statement of the prior year results.

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 tax is calculated under the liability method and is only accounted for to the extent that it is probable that timing differences will reverse within the foreseeable future.

Depreciation

Depreciation is not provided on land and development as the costs of replanting, infilling and upkeep of developed areas are charged against revenue. Development costs include direct costs and attributable overheads incurred in bringing crops into production.

Depreciation on other assets is provided over the estimated useful lives of the assets on the straight line method. The principal rates in use are:-

Buildings and improvements	1.25% - 4%
Plant, machinery and tools	12.5%
Rolling stock	25%
Farm implements, furniture and equipment	12.5% - 25%

Trade investments

Trade investments are stated at cost. Provision is made for any permanent diminution in value.

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1994 *(continued)*

Stocks

Tea, coffee and estate stores are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labour and production overheads where appropriate. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow moving and defective stocks.

Livestock have been valued at the lower of cost and net realisable value.

Foreign currencies

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

2. TURNOVER AND PROFIT FROM OPERATIONS

Activity:	Turnover		Profit from operations	
	1994 K£	1993 K£	1994 K£	1993 K£
Tea	17,049,104	19,744,599	4,243,037	9,850,495
Coffee	8,024,240	10,940,866	3,729,466	7,527,664
Livestock	390,976	314,005	(33,879)	36,173
Other operating income	—	—	(1,060,899)	1,741,303
Total	<u>25,464,320</u>	<u>30,999,470</u>	<u>6,877,725</u>	<u>19,155,635</u>

	1994 K£	1993 K£
The profit from operations is arrived at after charging:-		
Auditors' remuneration: Current year	69,574	47,228
: Prior year	23,741	—
Depreciation	1,341,546	1,041,369
Directors' emoluments: fees	46,500	47,500
: other	38,645	51,900
Bank overdraft interest	<u>3,950</u>	<u>5,902</u>

3. INVESTMENT AND OTHER INCOME

	1994 K£	1993 K£
Income from trade investments	241,128	195,374
Interest on short term deposits	<u>1,914,174</u>	<u>1,195,631</u>
	<u>2,155,302</u>	<u>1,391,005</u>

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1994 *(continued)*

	1994 K£	1993 K£
4. TAXATION		
Income tax on the taxable profit for the year at 37.5%, which includes a drought levy of 2.5% for this year (1993 - 35%)	3,043,984	6,495,941
Adjustment in respect of prior years	<u>13,157</u>	<u>11,764</u>
	3,057,141	6,507,705
Attributable taxation of associated company	<u>282,855</u>	<u>83,472</u>
	<u><u>3,339,996</u></u>	<u><u>6,591,177</u></u>

The effective tax rate is materially lower than the standard rate mainly due to the excess of capital allowances over depreciation.

Dividend taxation account

The group and the company have a credit balance on the dividend tax account of K£ 9,715,065 and K£ 4,585,664 respectively, which include tax payments to January, 1995.

5. PROFIT ATTRIBUTABLE TO MEMBERS OF SASINI TEA AND COFFEE LIMITED

The profit dealt with in the financial statements of the parent company is K£ 4,890,469 (1993 - K£ 8,907,725).

6. DIVIDENDS (GROSS)

	1994 K£	1993 K£
Interim dividend (paid on 28th June, 1994)	2,533,950	2,111,625
Second interim dividend (paid on 21st October, 1994)	<u>2,533,950</u>	<u>2,111,625</u>
	<u><u>5,067,900</u></u>	<u><u>4,223,250</u></u>

Payment of the dividends is subject to withholding tax at the rate of 10% where applicable.

7. EARNINGS PER STOCK UNIT

The calculation of earnings per stock unit is based on the profit after taxation and minority interests of K£ 6,402,563 (1993 - K£ 13,692,667) and on 25,339,500 ordinary stock units. The 1993 comparative amount has been re-stated to take account of the bonus issue.

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1994 *(continued)*

8. FIXED ASSETS

THE GROUP

	Land and development K£	Buildings and improvements K£	Plant machinery and tools K£	Rolling stock and farm implements K£	Furniture and equipment K£	Total K£
COST OR VALUATION						
At 1 October, 1993	5,379,004	5,093,444	5,133,892	1,702,804	282,551	17,591,695
Additions	538,796	1,309,198	622,546	915,829	143,109	3,529,478
Disposals	—	—	—	(17,394)	—	(17,394)
At 30 September, 1994	<u>5,917,800</u>	<u>6,402,642</u>	<u>5,756,438</u>	<u>2,601,239</u>	<u>425,660</u>	<u>21,103,779</u>
Comprising:						
At cost	1,362,050	4,680,496	5,142,537	2,558,662	394,663	14,138,408
At valuation - 1979	<u>4,555,750</u>	<u>1,722,146</u>	<u>613,901</u>	<u>42,577</u>	<u>30,997</u>	<u>6,965,371</u>
	<u>5,917,800</u>	<u>6,402,642</u>	<u>5,756,438</u>	<u>2,601,239</u>	<u>425,660</u>	<u>21,103,779</u>
DEPRECIATION						
At 1 October, 1993	—	970,951	1,958,691	1,159,824	177,407	4,266,873
Charge for the year	—	157,118	676,631	450,812	56,985	1,341,546
Eliminated on disposals	—	—	—	(14,785)	—	(14,785)
At 30 September, 1994	<u>—</u>	<u>1,128,069</u>	<u>2,635,322</u>	<u>1,595,851</u>	<u>234,392</u>	<u>5,593,634</u>
NET BOOK VALUE						
At 30 September, 1994	<u>5,917,800</u>	<u>5,274,573</u>	<u>3,121,116</u>	<u>1,005,388</u>	<u>191,268</u>	<u>15,510,145</u>
At 30 September, 1993	<u>5,379,004</u>	<u>4,122,493</u>	<u>3,175,201</u>	<u>542,980</u>	<u>105,144</u>	<u>13,324,822</u>

Land and buildings comprise:

	K£
Freehold	2,481,996
Long leasehold	8,327,763
Short leasehold	382,614
	<u>11,192,373</u>

At 30 September, 1994, there were fully depreciated assets with a cost of K£ 1,324,135 (1993 - K£ 712,304). The normal annual depreciation charge on these assets amounts to K£ 246,439 (1993 - K£ 128,535).

The revaluation of fixed assets for the group and the company was carried out as at 1 October, 1979 by Lloyd Masika Limited at net current replacement cost with land and development at market value on an existing use basis.

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1994 *(continued)*

8. FIXED ASSETS *(continued)*

THE COMPANY

	Land and development K£	Buildings and improvements K£	Plant machinery and tools K£	Rolling stock and farm implements K£	Furniture and equipment K£	Total K£
COST OR VALUATION						
At 1 October, 1993	1,433,433	1,242,495	1,033,052	442,669	144,932	4,296,581
Additions	—	10,420	17,834	336,876	31,543	396,673
Disposals	—	—	—	(17,394)	—	(17,394)
At 30 September, 1994	<u>1,433,433</u>	<u>1,252,915</u>	<u>1,050,886</u>	<u>762,151</u>	<u>176,475</u>	<u>4,675,860</u>
Comprising:						
At cost	12,633	494,946	832,525	756,223	163,227	2,259,554
At valuation - 1979	<u>1,420,800</u>	<u>757,969</u>	<u>218,361</u>	<u>5,928</u>	<u>13,248</u>	<u>2,416,306</u>
	<u>1,433,433</u>	<u>1,252,915</u>	<u>1,050,886</u>	<u>762,151</u>	<u>176,475</u>	<u>4,675,860</u>
DEPRECIATION						
At 1 October, 1993	—	329,172	475,307	366,546	109,365	1,280,390
Charge for the year	—	26,641	117,618	135,294	21,206	300,759
Eliminated on disposals	—	—	—	(14,785)	—	(14,785)
At 30 September, 1994	<u>—</u>	<u>355,813</u>	<u>592,925</u>	<u>487,055</u>	<u>130,571</u>	<u>1,566,364</u>
NET BOOK VALUE						
At 30 September, 1994	<u>1,433,433</u>	<u>897,102</u>	<u>457,961</u>	<u>275,096</u>	<u>45,904</u>	<u>3,109,496</u>
At 30 September, 1993	<u>1,433,433</u>	<u>913,323</u>	<u>557,745</u>	<u>76,123</u>	<u>35,567</u>	<u>3,016,191</u>

Land and buildings comprise:

	K£
Freehold	1,947,921
Short leasehold	<u>382,614</u>
	<u>2,330,535</u>

At 30 September, 1994, there were fully depreciated assets with a cost of K£ 373,445 (1993 - K£ 295,010). The normal annual depreciation charge on these assets amounts to K£ 71,420 (1993 - K£ 51,067)

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1994 *(continued)*

9. INVESTMENT IN SUBSIDIARY COMPANIES

	1994 K£	1993 K£
Shares in subsidiary companies at cost less amounts written off	<u>1,017,345</u>	<u>1,017,345</u>

The subsidiary companies, which are all incorporated in Kenya, are:

	Percentage of equity held	
Kipkebe Limited	100	
Keritor Limited	100	(100% held by Kipkebe Limited)
Mweiga Estate Limited	75	
Wahenya Limited	75	(100% held by Mweiga Estate Limited)
Sasini Properties Limited*	100	
Sasini Agencies Limited*	100	
Warren Kenya Limited*	69.3	
Warren Engineering Limited*	69.3	(100% held by Warren Kenya Limited)
Malindi Development Company Limited*	69.3	(100% held by Warren Kenya Limited)
Warren Foale GRC Limited*	100	

* These are dormant companies.

The financial statements of Warren Foale GRC Limited have not been consolidated as full provision has been made against the cost of the investment and the directors are of the opinion that, in view of the insignificant amounts involved, its inclusion would be of no real value to the members of the company. The net assets of Warren Foale GRC Limited as at 30th September, 1994 amounted to K£ 5,224 (1993 - K£ 5,224). In addition, its cumulative losses which have not been dealt with in the group as at 30th September, 1994 amounted to K£ 14,776 (1993 - K£ 14,776).

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1994 (*continued*)

10. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	1994 K£	1993 K£	1994 K£	1993 K£
Investment in Garton Limited - Unquoted:				
Share of net assets	2,526,786	734,837	—	—
Shares at cost	—	—	588	588
	<u>2,526,786</u>	<u>734,837</u>	<u>588</u>	<u>588</u>

The group's share of reserves:-

Capital reserves	1,867,550	318,698
Revenue reserves	658,648	415,551
	<u>2,526,198</u>	<u>734,249</u>

The group holds 49% of the equity capital. The results of the company, whose principal activity is the growing and processing of coffee, have been included on the basis of the audited financial statements as at 31st December, 1993.

11. OTHER INVESTMENTS

	The Group		The Company	
	1994 K£	1993 K£	1994 K£	1993 K£
Trade: Quoted	14,624	14,624	10,263	10,263
Unquoted	212,092	212,092	7	7
	<u>226,716</u>	<u>226,716</u>	<u>10,270</u>	<u>10,270</u>

The quoted trade investments of the group and the company have a market valuation of K£ 10,803 (1993 - K£ 11,449) and K£ 7,263 (1993 - K£ 7,701) respectively.

The unquoted trade investments of the group and the company are valued by the directors at K£ 1,039,612 (1993 - K£ 912,952) and K£ 7 (1993 - K£ 7) respectively.

12. STOCKS

	The Group		The Company	
	1994 K£	1993 K£	1994 K£	1993 K£
Tea	1,766,451	1,296,599	—	—
Tea and tree nurseries	276,792	198,765	—	—
Coffee	1,128,511	83,603	823,331	56,605
Livestock	74,674	99,179	4,397	5,131
Estate stores	2,975,175	4,253,220	882,250	1,299,794
	<u>6,221,603</u>	<u>5,931,366</u>	<u>1,709,978</u>	<u>1,361,530</u>

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1994 *(continued)*

13. SUBSIDIARY COMPANIES

	1994 K£	1993 K£
Due from subsidiaries	6,769,526	5,572,115
Due to subsidiaries	(2,009,465)	(1,993,552)
	<u>4,760,061</u>	<u>3,578,563</u>

14. DEBTORS

	The Group		The Company	
	1994 K£	1993 K£	1994 K£	1993 K£
Trade debtors	1,641,219	4,167,571	404,677	1,750,176
Other debtors and prepaid expenses	992,073	1,258,771	265,222	349,291
Tax recoverable	659,420	—	—	—
	<u>3,292,712</u>	<u>5,426,342</u>	<u>669,899</u>	<u>2,099,467</u>

15. BANK OVERDRAFT

The bank overdraft is secured to the extent of K£ 250,000 by a charge on the land and buildings of a subsidiary company.

16. SHARE CAPITAL

	1994 K£	1993 K£
Authorised: 30,000,000 ordinary shares of KSh 5 each	<u>7,500,000</u>	<u>2,500,000</u>
Issued and fully paid: 25,339,500 ordinary stock units of KSh 5 each	<u>6,334,875</u>	<u>2,111,625</u>

The authorised share capital was increased from K£ 2,500,000 to K£ 7,500,000 by an ordinary resolution on 22nd April, 1994.

The issued share capital was increased from K£ 2,111,625 to K£ 6,334,875 by a bonus issue of two shares of KSh 5 each fully paid for every one stock unit held. The new stock units rank pari passu in all respects with the existing stock units.

In accordance with the Articles of Association, all fully paid-up shares of the company are converted into stock units at the time of issue.

Sasini Tea and Coffee Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1994 *(continued)*

17. RESERVES

	Non-distributable capital reserves K£	Distributable revenue reserves K£	Total K£
GROUP			
At 1 October 1993	5,347,419	19,051,342	24,398,761
Utilised for bonus issue of shares (Note 16)	—	(4,223,250)	(4,223,250)
Share of associated company's revaluation surplus	1,549,211	—	1,549,211
Retained profit for the year	—	1,334,663	1,334,663
At 30 September 1994	<u>6,896,630</u>	<u>16,162,755</u>	<u>23,059,385</u>

The revaluation surplus in associated company, Garton Limited, arises from its Directors' valuation of land and development in 1993.

	Non-distributable capital reserves K£	Distributable revenue reserves K£	Total K£
COMPANY			
At 1 October 1993	2,029,669	7,683,488	9,713,157
Utilised for bonus issue of shares (Note 16)	—	(4,223,250)	(4,223,250)
Transferred to profit and loss account	—	(177,431)	(177,431)
At 30 September 1994	<u>2,029,669</u>	<u>3,282,807</u>	<u>5,312,476</u>

18. DEFERRED TAXATION

Had the company and its subsidiaries provided for deferred taxation in respect of all potential liabilities, the deferred tax liability would have been as follows:-

	The Group		The Company	
	1994 K£	1993 K£	1994 K£	1993 K£
Accelerated capital allowances	<u>2,351,000</u>	<u>1,832,000</u>	<u>399,000</u>	<u>403,000</u>

These timing differences are not expected to crystallise in the foreseeable future.

19. CAPITAL COMMITMENTS

	The Group		The Company	
	1994 K£	1993 K£	1994 K£	1993 K£
Authorised and contracted	<u>—</u>	<u>189,550</u>	<u>—</u>	<u>—</u>
Authorised but not contracted	<u>3,894,300</u>	<u>2,288,380</u>	<u>268,150</u>	<u>327,060</u>

20. INCORPORATION

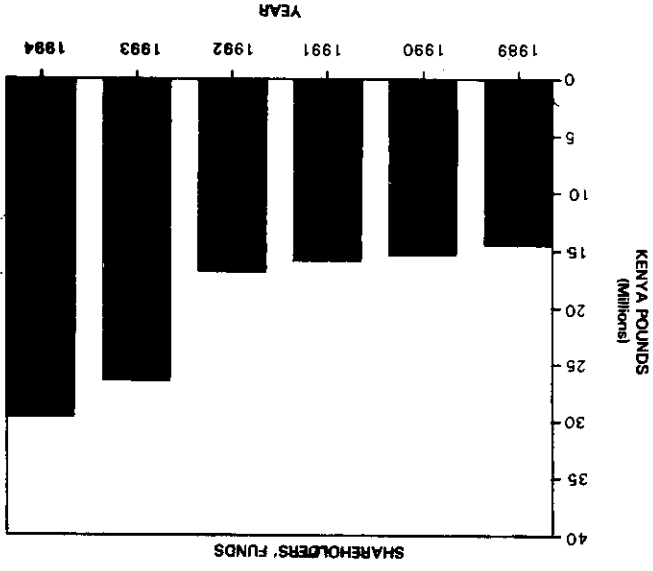
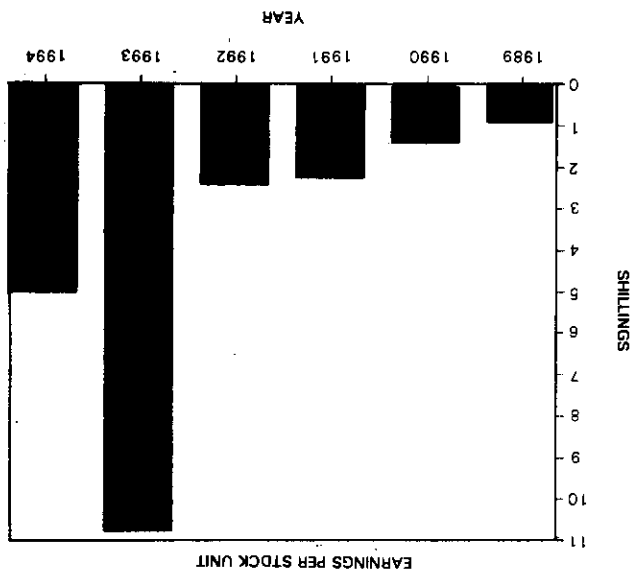
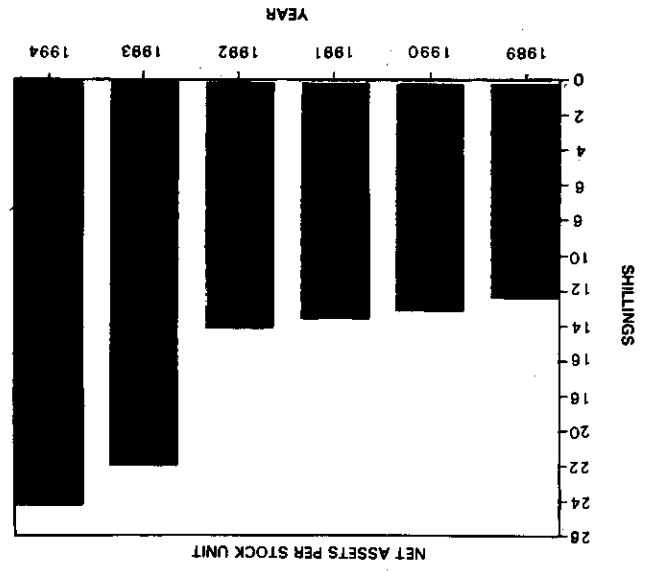
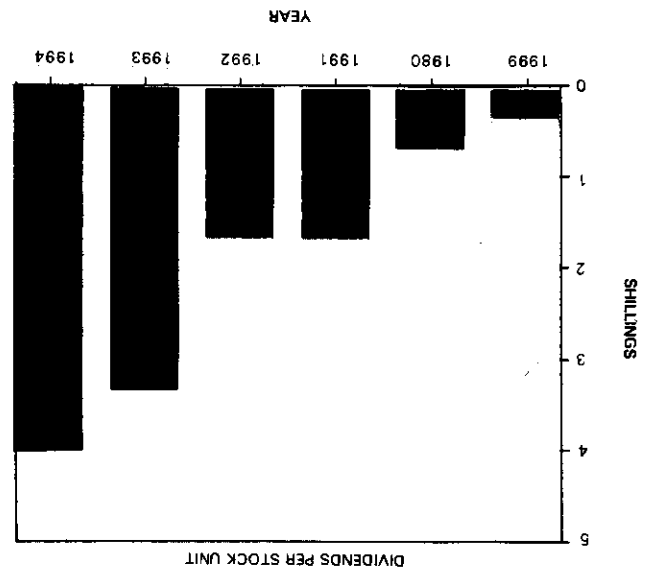
The company is incorporated in Kenya under the Companies Act.

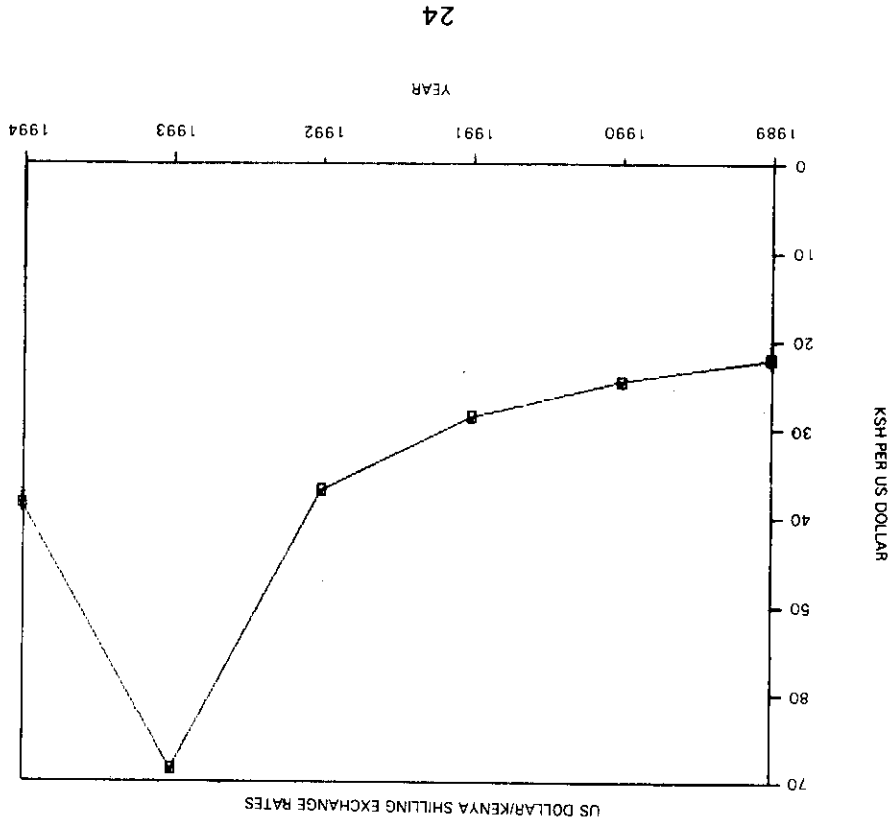
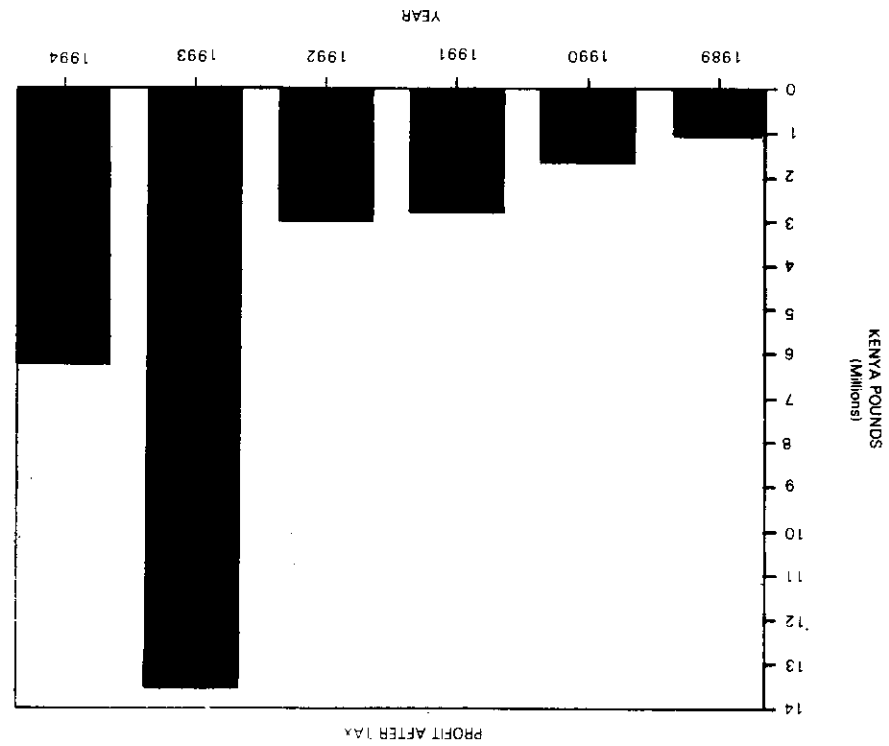
21. CURRENCY

These financial statements are expressed in Kenyan currency, K£ 1 being equivalent to 20 shillings.

Sasini Tea and Coffee Limited

GRAPHS (continued)





Sasini Tea and Coffee Limited

FORM OF PROXY
(ANNUAL GENERAL MEETING)

I/We

of being

a member/members of Sasini Tea and Coffee Limited, do hereby appoint

..... or failing him/her, the
duly appointed Chairman of the meeting to be my/our Proxy, to vote for me/us at the Annual General
Meeting of the company to be held at Serena Hotel, Nairobi, Kenya on Friday, 10th March, 1995 and
at any adjournment thereof.

As witness my/our hand(s) this day of 1995

Signature

Unless otherwise indicated, the Proxy will vote as he/she thinks fit.

Notes: (1) To be valid, this proxy must be deposited at the registered office of the company not less
than 24 hours before the time appointed for holding the meeting.

(2) If the appointor is a corporation, the proxy must be executed under its common seal or
under the hand of an Officer or Attorney duly authorised in writing.

INSERT FLAP INSIDE

FOLD 3

The Secretary,
Sasini Tea and Coffee Limited,
P.O. Box 30151,
NAIROBI,
Kenya.

FOLD 1

STAMP

FOLD 2

