

# • C O N T E N T S •

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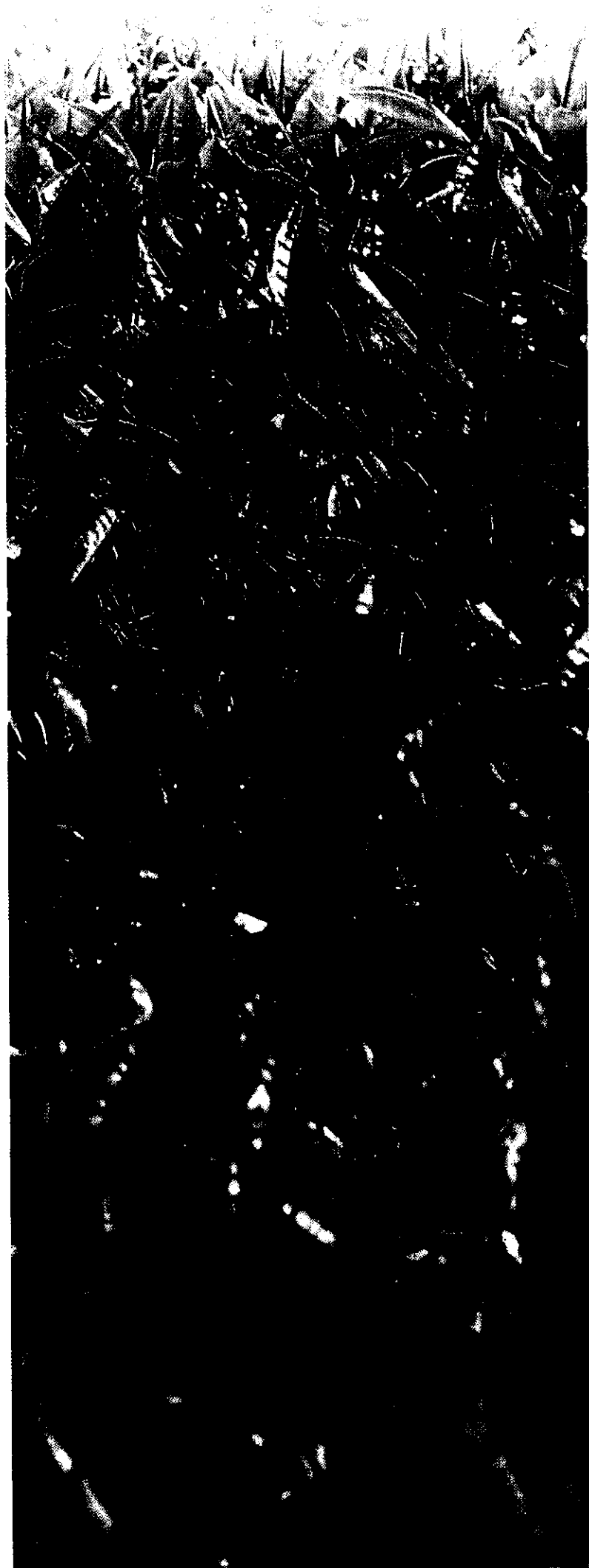
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AR0065



# • COFFEE OPERATIONS •



2007/0065



# • COMPANY INFORMATION •

## **Directors**

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M W Harley (Chairman)  
N N Merali, EBS  
I A Timamy, CPS (Kenya)  
M N Omar  
A H Butt, CPA (Kenya), FCCA  
M H Da Gama-Rose, BA  
B M Williams  
P W Muthoka  
K A Somaya, BA \* (Managing)  
\*Indian

## **Secretary**

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I A Timamy, CPS (Kenya)

## **Advocates**

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Shapley Barret and Co.  
Advocates  
P O Box 40286  
NAIROBI

Timamy and Company  
Advocates  
P O Box 87288  
MOMBASA

## **Registered office & principal place of business**

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Sasini House  
Loita Street  
P O Box 30151  
NAIROBI

## **Auditors**

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Ernst & Young  
Certified Public Accountants of Kenya  
P O Box 44286  
NAIROBI.

## **Bankers**

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

# • NOTICE OF MEETING •

Notice is hereby given that the 49th ANNUAL GENERAL MEETING of the members will be held at Grand Regency Hotel, Nairobi on Friday, 23 February 2001 at 11.00 am for the following purposes:

- I. To confirm the minutes of the 48th Annual General Meeting held on 25 February 2000.
2. To receive, consider and if deemed fit, adopt the annual accounts for the year ended 30 September 2000 together with the reports thereon of the Directors and of the Auditors.
3. To confirm the interim dividend of 15% paid on 16 June 2000, and to declare a final dividend of 25%.
4. (a) To elect Directors:
  - (i) N N Merali, a director retiring by rotation, who being eligible, offers himself for re-election.
  - (ii) M N Omar, a director retiring by rotation, who being eligible, offers himself for re-election.
  - (iii) A H Butt, a director retiring by rotation, who being eligible, offers himself for re-election.
  - (iv) I A Timamy, a director retiring by rotation, who being eligible, offers himself for re-election.
  - (v) B M Williams, a director retiring by rotation, who being eligible, offers himself for re-election.
  - (vi) P W Muthoka was appointed a director on 8 December 2000 to hold office until the conclusion of the Annual General Meeting, retires, and being eligible, offers himself for re-election.
- (b) Special notice is hereby given pursuant to Section 186(5) of the Companies Act, to consider the following resolutions:
  - (i) "That Mr. M W Harley, a director who has attained the age of 73 years, be and is hereby re-elected a director of the Company".
  - (ii) "That Mr. M H Da Gama-Rose, a director who has attained the age of 70 years, be and is hereby re-elected a director of the Company".
5. To confirm the Directors' emoluments and to fix their remuneration.
6. To appoint Ernst & Young as Auditors for the ensuing year and authorise the Directors to fix their remuneration.
7. To transact any other business which may be transacted at an Annual General Meeting.

**By order of the Board**

**I A TIMAMY**  
**Company Secretary**  
Nairobi  
8 December 2000

**Notes:** A member entitled to attend and vote at this meeting, may appoint a proxy to attend and vote on his/her behalf, and such a proxy need not be a member of the Company.

The form of proxy is attached on page 35.

The final dividend, if approved, will be paid on or about 9 March 2001 to the members on the register at the close of business on 16 February 2001.

# • ILANI YA MKUTANO •

Ilani inatolewa hapa kuwa mkutano mkuu wa kila mwaka wa arobaini na tisa (49) wa wanachama utafanyika katika hoteli ya Grand Regency, Nairobi, Ijumaa, tarehe 23 Februari 2001, saa tano asubuhi kwa madhumuni yafuatayo:-

1. Kuthibitisha mapitisho ya mkutano mkuu wa kila mwaka wa arobaini na nane (48) uliofanyika tarehe 25 Februari 2000.
2. Kupokea, kuchunguza na ikifikiriwa sawa kuidhinisha taarifa za hesabu za mwaka uliomalizikia tarehe 30 Septemba 2000, pamoja na taarifa za wakurugenzi na wakaguzi wa hesabu kuhusiana na hesabu hizo.
3. Kuthibitisha mgawo wa muda wa asilimia 15 uliolipwa tarehe 16 Juni 2000, na kutangaza mgawo wa mwisho wa asilimia 25.
4. (a) Kuwachagua wakurugenzi:
  - (i) N N Merali, mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
  - (ii) M N Omar, mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
  - (iii) A H Butt mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
  - (iv) I A Timamy mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
  - (v) B M Williams mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
  - (vi) P W Muthoka alichaguliwa mkurugenzi tarehe 8 Desemba 2000 kushikilia afisi mpaka hitimisho la mkutano wa kila mwaka, anastaafu na, kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
- (b) Ilani maalum inatolewa kwa mujibu wa kifungu 186 (5) cha sheria za makampuni, kufikiria mapendekezo yafuatayo:
  - (i) "Kwamba Bw. M W Harley, mkurugenzi aliyefikisha umri wa miaka 73, achaguliwe na hapa anachaguliwa tena mkurugenzi wa kampuni."
  - (ii) "Kwamba Bw. M H Da Gama-Rose, mkurugenzi aliyefikisha umri wa miaka 70, achaguliwe na hapa anachaguliwa tena mkurugenzi wa kampuni."
5. Kuidhinisha malipo ya wakurugenzi na kuamua ujira wao.
6. Kuwachagua Ernst & Young kama wakaguzi wa hesabu wa mwaka unaorata, na kuwapa wakurugenzi idhini ya kuamua ujira wao.
7. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika mkutano mkuu wa kila mwaka.

**Kwa Amri ya Halmashauri.**

**I A TIMAMY**

**Katibu wa Kampuni**

Nairobi

8 Desemba 2000.

**Maelezo:** Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu aweza kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake na mwakilishi huyo si lazima awe mwanachama wa kampuni.

Fomu ya uakilishi imewekwa ukurasa 35.

Ikiidhinishwa, malipo ya mgawo wa mwisho yatalipwa tarehe 9 Machi 2001 au wakati karibu na hapo kwa wanachama walio katika orodha ya majina kufikia wakati wa kufunga biashara tarehe 16 Februari 2001.

## • CHAIRMAN'S STATEMENT •

In my statement on the 1999 financial year I concluded by underlining our Company's positive attitude and a strong commitment to profitability and growth. The current financial year, as expected, proved a big challenge following one of the toughest years faced by the Company. In addition to unpredictable weather patterns, the country was faced with particularly difficult economic conditions in the form of drought, leading to power and water rationing. I am delighted, therefore, to report that the Company's results were not only favourable, but exceeded all expectations.

Our tea operations were favoured with good weather patterns in general although production levels were adversely affected by severe hailstorms and frost during the year. Fortunately for us, the magnitude of the damage due to hail and frost was limited to a total of some 90 hectares, only 7% of the total area under tea. Other companies within the tea industry were not so fortunate with significant losses in production due to frost having been reported. Despite these setbacks, our Company attained a record 7 million kilograms of tea production and sales during the year.

The reduced supply levels of tea across the industry had a favourable impact on prices for the commodity. The high prices realised for our teas both at the auctions in Mombasa and on our private treaty exports during the year, resulted in yet another record being achieved. Our average sales price per kilogram of tea for the year reached K.Shs 114, a level not previously attained. In this respect, it is worth noting that the achievement of record prices was also attributable to consistency in the quality of our tea manufacture. A special mention, therefore, needs to be made of the efforts and contribution of the operations management and staff at our tea estates.

For our coffee operations, however, the combination of almost drought-like weather conditions and depressed international market prices had a severe negative effect. In spite of achieving excellent levels of production at our coffee estates, the prices realised at the auctions were well below our total cost of production. This was primarily due to huge surpluses in production announced by Brazil and Columbia, two of the largest producers of arabica coffee in the world. A total production of almost 1,500 tonnes of coffee was achieved during the year, a level previously seen some four years ago. On the other hand, the average sales prices per tonne for the year plummeted to K.Shs 140,000, a drop of more than 50% from the average price levels achieved in 1997/98.

The tough economic climate and the nationwide rationing of power compounded the damaging effect of depressed world coffee prices further. Increased use of

generators had to be resorted to for processing our coffee. This together with increases in the costs of basic farm inputs meant that our costs of production for coffee increased sharply, widening the gap between income and expenditure even further. In this regard, due recognition also needs to be made of the cost control measures instituted by the operational management and staff at our coffee estates. Sadly for our Company, their efforts did not significantly mitigate the losses within our coffee operations.

In summary, therefore, the excellent results achieved by our Company for the year 1999/2000 are attributed principally to the performance of the tea sector. Group turnover for the year exceeded a record K.Shs 1 billion, with significant increases in the sales of tea, coffee and dairy produce over the previous year. Direct costs of these sales were well controlled and the level of other overheads reduced from those of the previous year. In addition, better management of our cash flows leading to significantly better interest and other incomes, as well as the favourable exchange rate also assisted in adding to the profitability of our Company. One must acknowledge here the sound operational and financial policies adopted by the management of our Company, which have also contributed significantly in achieving good results and a healthy return for all stakeholders.

Finally, I would like to focus on the prospects for the future. With the right management and policies in place, the future of the tea sector looks bright. Planned value addition projects such as the investment in a leaf processing factory and a tea packing plant can only add further to the profitability of that sector. Prospects for the coffee sector, however, look bleak for the coming year. The size and structure of our coffee industry in Kenya makes us vulnerable to the effects and policies of the larger producers such as Brazil and Columbia, who tend to have a significant influence over international coffee prices. With the continued decline in the level of our country's coffee production, combined with increased competition from emerging economies such as Vietnam, the prospects of a return to meaningful profitability levels within the coffee sector appear gloomy. Our commitment to both the tea and coffee sectors, nevertheless, remains strong and we look forward to the continued growth and profitability of our Company in the new millennium.

**M W Harley**  
**Chairman**

Katika taarifa yangu kuhusu mwaka wa kifedha wa 1999 nilihitimisha kwa kusisitiza mtazamo wa matumaini wa kampuni yetu na msimamo thabiti wa kuleta faida na ukuaji. Kama ilivyotarajiwa, mwaka wa kifedha tulionao, ulikuwa jaribio kubwa kufuatia mwaka mmoja kati ya miaka migumu sana ilikabiliwa na kampuni. Juu ya kuwa na hali za hewa zisizotabirika, nchi ilikabiliwa na hali mbaya hasa za kiuchumi katika umbo la ukame, uliosababisha mgawo wa umeme na maji. Kwa hivyo, nina furaha kubwa, kuarifu kuwa matokeo ya kampuni hayakuwa tu ya kufaa, lakini yalizidi matarajio yote.

Shughuli zetu za majani chai zilisaidiwa na hali nzuri za hewa kwa kawaida ijapokuwa viwango vya uzalishaji viliathiriwa vibaya na tufani kali za mvua za mawe na jalidi katika mwaka. Bahati nzuri kwetu, ukubwa wa hasara uliotokana na tufani na jalidi haukuzidi jumla ya hekta 90, asilimia 7 tu ya eneo jumla linalopandwa majani chai. Makampuni mengine katika biashara ya majani chai hayakubahatika sana na hasara kubwa katika uzalishaji imeripotiwa kutokana na jalidi. Licha ya vikwazo hivi, kampuni yetu ilifikia rekodi ya uzalishaji na mauzo ya majani chai ya kilo milioni 7 katika mwaka.

Viwango vilivyopungua vya utoaji wa majani chai katika biashara yote vilikuwa na athari nzuri kwenye bei za bidhaa hiyo. Bei za juu zilizopatikana kwa majani chai yetu kote kwenye minada Mombasa na kwenye mikataba yetu ya kibinafsi ya biasharanje katika mwaka, zilisababisha kufikiwa kwa rekodi nyingine tena. Bei yetu ya mauzo ya wastani kwa kilo ya majani chai katika mwaka ilifikia K.Shs 114, kiwango ambacho hakijafikiwa kabla ya hapo. Kwa hili, ni muhimu kutambua kuwa ufikiaji wa bei za rekodi pia ulitokana na uthabiti katika ubora wa utengenezaji wa majani chai yetu. Kwa hivyo, tunahitaji kutaja hasa, juhudi na mchango wa uongozi wa utendaji kazi na wafanyakazi katika mashamba yetu ya majani chai.

Kwa shughuli zetu za kahawa, ijapokuwa, mchanganyiko wa hali za hewa za kama ukame na bei za chini za soko la kimataifa zilikuwa na athari hasi sana. Licha ya kufikia viwango vizuri sana vya uzalishaji katika mashamba yetu ya kahawa, bei zilizopatikana katika minada zilikuwa chini sana ya gharama zetu za jumla za uzalishaji. Hili hasa lilitokana na uzalishaji wa ziada sana katika uzalishaji uliotangazwa na Brazil na Columbia, wawili kati ya wazalishaji wakubwa kabisa wa kahawa ya aina ya arabika ulimwenguni. Jumla ya uzalishaji wa karibu tani 1,500 za kahawa ulipatikana katika mwaka, kiwango ambacho kilifikia mwisho miaka mitano iliopita. Kwa upande mwingine bei za wastani za mauzo kwa tani ya mwaka ilianguka kuwa K.Shs. 140,000, anguko la zaidi ya asilimia 50 kutoka kwa viwango vya bei wastani vilivyofikiwa katika mwaka 1997/1998.

Hali ngumu ya kiuchumi na mgawo wa umeme wa nchi nzima ulizidisha zaidi athari ya hasara ya bei zilizoanguka za kahawa za ulimwengu. Matumizi zaidi ya jenereta

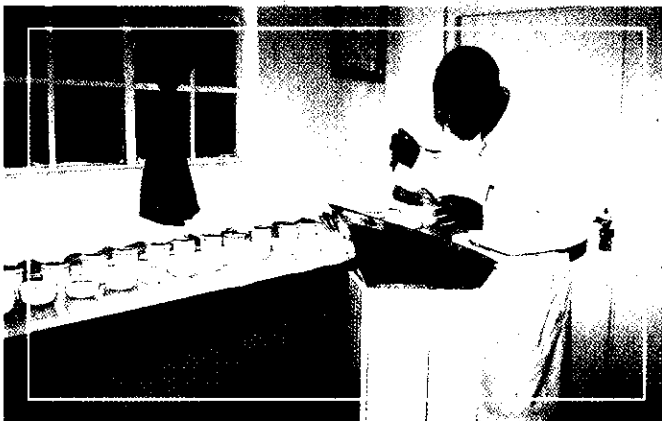
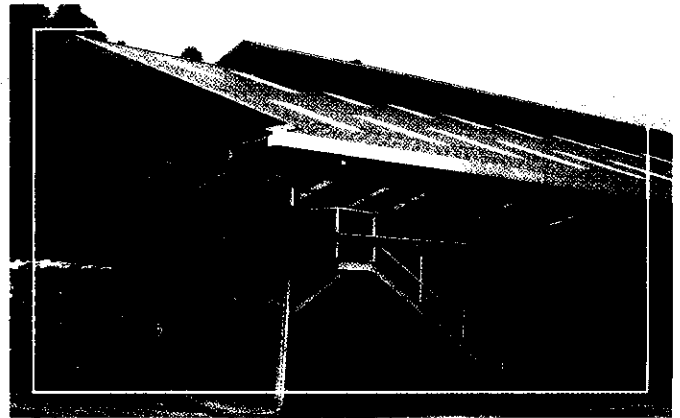
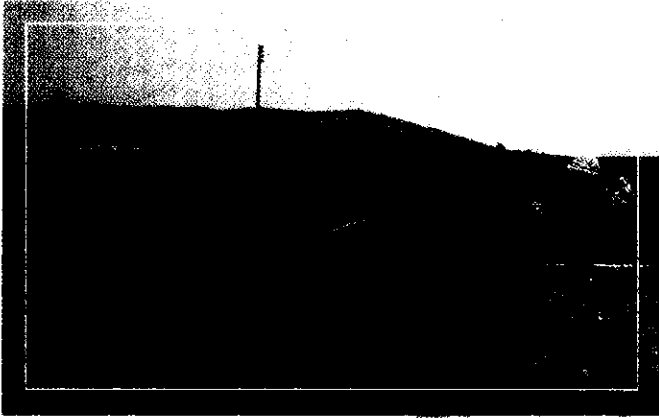
yalibidi yatumiwe kwa utengenezaji wa kahawa yetu. Hili, pamoja na ongezeko katika gharama za vifaa vya kimsingi vya shamba ilimaanisha kuwa gharama zetu za uzalishaji wa kahawa ziliongezeka sana, ikipanua pengo kati ya mapato na matumizi zaidi. Kwa hali hii, utambuzi unaostahili pia wahitaji kufanywa wa kinga za uzuizi wa gharama zilizochukuliwa na uongozi wa utendaji kazi na wafanyakazi katika mashamba yetu ya kahawa. La kusikitisha kwa kampuni yetu, ni kuwa juhudi zao hazikupunguza kwa maana hasara katika shughuli zetu za kahawa.

Kwa kuhitimisha, kwa hivyo, matokeo mazuri sana yaliyopatikana na kampuni yetu kwa mwaka 1999/2000 yanatokana hasa na utendaji katika sekta ya majani chai. Mapato ya kundi ya mwaka yalizidia rekodi ya K.Shs. bilioni moja, na ongezeko la maana katika mauzo ya majani chai, kahawa na mazao ya maziwa kupita mwaka uliopita. Gharama ya moja kwa moja za mauzo haya zilidhibitiwa vyema na viwango vya gharama nyinginezo za uendeshaji kupunguzwa kutoka zile za mwaka uliopita. Na zaidi, usimamizi mzuri wa mapato halisi ukisababisha faida ya maana zaidi na mapato mengine, na pia kiwango cha ubadilishanaji fedha kizuri pia kilisaidia katika kuongezea katika faida ya kampuni yetu. Mtu lazima ataje hapa sera imara za utendaji kazi na za fedha zilizochukuliwa na usimamizi wa kampuni yetu, ambazo pia zimechangia pa kubwa katika kupata matokeo mazuri na faida nzuri kwa wote wanaohusika.

Mwisho ningependa kulenga kwenye matazamio ya siku za mbeleni. Kukiwa na uongozi na sera za sawa, siku za mbeleni za sekta ya majani chai zinaonekana ni za kunawiri. Miradi iliyopangwa ya kuongeza thamani kama vile kutega uchumi katika kiwanda cha kutengeneza majani na mtambo wa kufungia majani chai inaweza tu kuongezea zaidi katika faida ya sekta hiyo. Matazamio ya sekta ya kahawa, ijapokuwa, yanaonekana yasiyo ya matumaini kwa mwaka unaokuja. Ukubwa na muundo wa biashara yetu ya kahawa nchini Kenya unatufanya tuweze kudhuriwa na athari na sera za wazalishaji wakubwa kama vile Brazil na Columbia, ambao wanaweza kuwa na athari kubwa kwenye bei za kahawa za kimataifa. Pamoja na upungufu unaoendelea katika kiwango cha uzalishaji cha kahawa cha nchi yetu, pamoja na mashindano yaliongezeka kutoka chumi zinazojitokeza kama vile za Vietnam, matazamio ya kurudi kwenye viwango vya faida za maana katika sekta ya kahawa yanaonekana ya huzuni. Msimamo wetu kwa zote sekta za majani chai na kahawa, unabakia imara na tunatarajia kuendelea kukua na kufaidika kwa kampuni yetu katika kipindi kipya cha miaka elfu.

**M W Harley**  
**Mwenyekiti**

# • TEA OPERATIONS •



# • SALIENT FEATURES AND FINANCIAL CALENDAR •

		2000	1999
<b>TURNOVER</b>	K.Shs '000	1,000,484	766,361
Profit attributable to the members	K.Shs '000	10,772	26,052
Dividend per ordinary share	K.Shs	0.00	0.50
Shareholders' Funds	K.Shs '000	98,878	2,145,401

Annual Report and Accounts circulated in February 2001

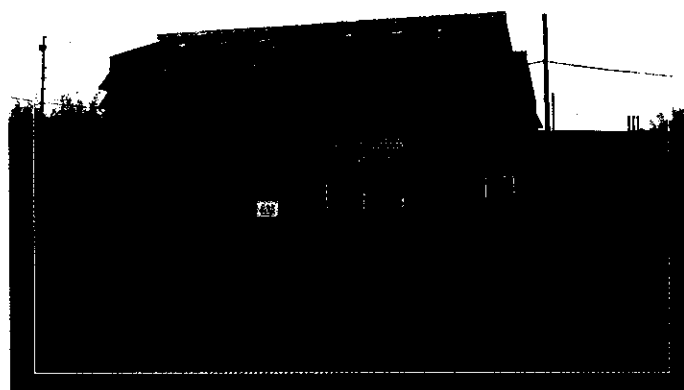
## DIVIDENDS

Interim	K.Shs 0.75 per share	paid on 16 June 2000
Final proposed	K.Shs 1.25 per share	payable in March 2001

## STATISTICS

The following statistics relating to the Group's tea and coffee 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 32.

		TEA		COFFEE	
		2000	1999	2000	1999
Area	Hectares	1,343	1,220	906	907
Production	Tonnes	7,067	6,888	1,493	797
Sales	Tonnes	6,779	6,695	-	700
Net sales proceeds:					
Tea	K.Shs / Kg	114.7	93.76	-	-
Coffee	K.Shs '000 / Tonne	-	-	-	192



# • REPORT OF THE DIRECTORS •

## TO THE MEMBERS OF SASINI TEA AND COFFEE LIMITED

The Directors have pleasure in presenting their annual report and the audited accounts for the year ended 30 September 2000 which show the state of affairs of the Group and the Company.

### ACTIVITIES

The principal activities of the Company and its subsidiaries continue to be the growing and processing of tea and coffee, investment in equity and property, forestry, dairy operations and breeding of beef cattle.

### GROUP RESULTS AND DIVIDENDS

	2000 K.Shs '000	1999 K.Shs '000
Net profit attributable to the members	110,772	26,052
Interim dividend paid : 15% (1999 : Nil)	(28,507)	-
Final dividend proposed : 25% (1999 : 10%)	(47,312)	(19,005)
Balance transferred to reserves	34,953	7,047

### SHARE CAPITAL AND RESERVES

The authorised and issued share capital of the Company at 30 September 2000 and matters relating thereto are set out in note 8 to the accounts.

Full details of the Group and Company reserves and movements therein during the year are shown on pages 18 and 19 of the accounts.

### FIXED ASSETS

Details of the movements in fixed assets are shown in note 2(a) to the accounts.

### DIRECTORS

Details of the Board of Directors are set out on page 3.

Messrs. N N Merali, M N Omar, A H Butt, I A Timamy and B M Williams retire by rotation and, being eligible, offer themselves for re-election.

Mr. P W Muthoka was appointed director on 8 December 2000 to hold office until the conclusion of the next Annual General Meeting, retires and being eligible, offers himself for re-election.

Messrs. M W Harley and M H Da Gama-Rose also retire by rotation and being 73 years and 70 years of age, respectively, seek re-election under the provision of Section 186(5) of the Companies Act (Cap 486).

### SUBSTANTIAL SHAREHOLDINGS

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

	2000	1999
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.92	12.92
Stanbic Nominees Kenya Limited - A/C Non Resident	6.68	7.62
Old Mutual Life Assurance Company Limited	5.19	5.19

### AUDIT COMMITTEE

The Company's Audit Committee, appointed in 1999 in accordance with the requirements of the Nairobi Stock Exchange, held its scheduled quarterly meetings on matters relating to the Company's accounts and internal control systems. All matters raised in this regard were appropriately addressed in conjunction with the Independent Auditors.

### AUDITORS

The Auditors, Ernst & Young, 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

**I A TIMAMY**

**Company Secretary**

Nairobi

8 December 2000

# • RIPOTI YA WAKURUGENZI •

## KWA WANACHAMA WA SASINI TEA AND COFFEE LIMITED

Wakurugenzi wanafuraha kuwakilisha taarifa yao ya mwaka na hesabu zilizokaguliwa kwa mwaka ulioishia tarehe 30 Septemba 2000.

### SHUGHULI

Shughuli muhimu za kampuni na kampuni zake ndogo zinaendelea kuwa ukuzaji na utengenezaji wa majani chai na kahawa, uwekaji rasilimali kwenye hisa zisizo na riba ya kudumu na mali nyingine, biashara ya misitu, shughuli za maziwa na ufugaji wa ng'ombe.

### MATOKEO YA KUNDI NA MGAWO WA FAIDA

	2000 K.Shs '000	1999 K.Shs '000
Faida ya jumla kwa kundi	10,772	26,052
Malipo ya mgawo		
wa muda yaliyolipwa: 15% (1999:Kapa)	(2,507)	-
wa mwisho yaliyopendekezwa: 25% (1999:10%)	(4,712)	(19,005)
Faida iliyobakishwa na		
kuhamishwa kwenye akiba	34,753	7,047

### RASILIMALI YA HISA NA AKIBA

Rasilimali ya hisa za kampuni zilizoidhinishwa na kutolewa kufikia tarehe 30 Septemba 2000 na mambo yanayohusiana nazo yanaonyeshwa katika tanbihi ya 8 ya hesabu.

Maelezo kamili ya kundi na akiba ya kampuni na mienendo yake katika mwaka yameonyeshwa katika kurasa za 18 na 19 za hesabu.

### MALI THABITI

Maelezo ya maendeleo ya mali thabiti yameonyeshwa katika tanbihi 2 (a) ya hesabu.

### WAKURUGENZI

Maelezo ya halmashauri ya wakurugenzi yako ukurasa wa 3.

Mabwana N N Merali, M N Omar, A H Butt, I A Timamy na B M Williams wanastaafu kwa zamu, na kwa kuwa wanastahili, wanajitolea kuchaguliwa tena.

Bw. P W Muthoka aliteuliwa kuwa mkurugenzi tarehe 8 Desemba 2000 kushikilia afisi hadi hitimisho la mkutano

unaokuja wa kila mwaka, anastaafu na kwa kuwa anastahili, anajitolea kuchaguliwa tena.

Mabwana M W Harley na M H Da Gama-Rose pia wanastaafu kwa zamu na kwa kuwa wana umri wa miaka 73 na 70, wanataka kuchaguliwa tena chini ya kipengee cha sehemu 186 (5) cha sheria za makampuni (kifungu cha 486).

### UMILIKAJI WA HISA NYINGI

Wakurugenzi wanafahamu kuhusu makampuni yanayofuata yanayomiliki aslimia 5 au zaidi ya rasilimali ya hisa zilizotolewa za kampuni.

	Umilikaji wa Hisa %	
	2000	1999
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.92	12.92
Stanbic Nominees Kenya Limited - A/C Non Resident	6.68	7.62
Old Mutual Life Assurance Company Limited	5.19	5.19

### KAMATI YA UKAGUZI WA HESABU

Kamati ya ukaguzi wa hesabu ya kampuni, iliyochaguliwa katika 1999 kulingana na mahitaji ya soko la hisa la Nairobi, ilifanya mikutano yake iliyoratibishwa ya baada ya kila miezi minne kuhusu mambo yanayohusiana na hesabu za kampuni na mifumo ya udhibiti ya ndani. Mambo yote yaliyozuliwa katika hali hii yalishughulikiwa kisawa pamoja na wakaguzi huru wa hesabu.

### WAKAGUZI WA HESABU

Wakaguzi wa hesabu, Ernst & Young wameonyesha ridhaa ya kuendelea na wadhifa huo kwa kufuatana na sehemu 159 (2) ya sheria za makampuni (kifungu 486).

### Kwa Amri ya Halmashauri.

### I A TIMAMY

#### Katibu wa Kampuni

Nairobi

8 Desemba 2000.

## • STATEMENT OF DIRECTORS' RESPONSIBILITIES •

The Companies Act requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the Group and Company as at the end of the financial year, and of the operating results for that year. It also requires the Directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company. They are also responsible for safeguarding the assets of the Group.

The Directors accept responsibility for the accounts, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with generally accepted accounting practice and in the manner required by the Companies Act. The Directors are of the opinion that the accounts give a true and fair view of the state of the financial affairs of the Group and the Company and of the operating results of the Group. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the accounts, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least the next twelve months from the date of this statement.

<b>M W Harley</b>	}	<b>Directors</b>
<b>K A Somaya</b>		

8 December 2000



Sasini

Sasini Tea and Coffee Limited

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF  
SASINI TEA AND COFFEE LIMITED AND SUBSIDIARIES**

We have audited the accounts set out on pages 14 to 31 which have been prepared on the basis of the accounting policies set out on pages 21 and 22. We obtained all the information and explanations which we considered necessary for our audit.

**Respective Responsibilities of the Directors and the Independent Auditors**

As stated on page 12, the Directors are responsible for the preparation of accounts which give a true and fair view of the state of affairs of the Group and Company and the operating results of the Group. Our responsibility is to express an independent opinion on the accounts 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. We planned and performed our audit so as to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of significant estimates and judgements made by the Directors in the preparation of the accounts, and whether the accounting policies are appropriate, in the Group's and Company's circumstances, consistently applied and adequately disclosed.

**Opinion**

In our opinion, proper books of account have been kept and the accounts, which are in agreement therewith, give a true and fair view of the state of the financial affairs of the Group and the Company at 30 September 2000 and of the profit and cash flows for the year then ended and comply with International Accounting Standards and the Companies Act (Cap 486).

**ERNST & YOUNG**

**Certified Public Accountants of Kenya**

Nairobi

8 December 2000

# • CONSOLIDATED BALANCE SHEET •

30 SEPTEMBER 2000

	Note	2000 K.Shs '000	1999 K.Shs '000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	2(a)	1,969,064	1,995,212
Capital work-in-progress	2(b)	1,157	1,334
Investment in associated company	4	96,676	95,489
Other investments	5	17,385	17,385
		<b>2,084,282</b>	<b>2,109,420</b>
<b>CURRENT ASSETS</b>			
Stocks	6	122,940	136,824
Debtors	7	95,226	68,396
Taxation Recoverable	13	-	3,707
Deposits, bank and cash balances		248,467	137,622
		<b>466,633</b>	<b>346,549</b>
<b>TOTAL ASSETS</b>		<b>2,550,915</b>	<b>2,455,969</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	8	190,046	190,046
Reserves	9	2,008,832	1,955,355
		<b>2,198,878</b>	<b>2,145,401</b>
<b>MINORITY INTERESTS</b>		<b>67,652</b>	<b>72,990</b>
<b>DEFERRED TAX</b>	10	<b>83,935</b>	<b>115,675</b>
<b>CURRENT LIABILITIES</b>			
Creditors	11	142,183	102,898
Taxation	13	7,075	-
Dividend payable	15	47,512	19,005
Bank overdraft	12	3,680	-
		<b>200,450</b>	<b>121,903</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>		<b>2,550,915</b>	<b>2,455,969</b>

The accounts set out on pages 14 to 31 were approved by the Board of Directors on 8 December 2000 and signed on its behalf by:

M W Harley	}	Directors
K A Somaya		

Sasini

Sasini Tea and Coffee Limited

# • COMPANY BALANCE SHEET •

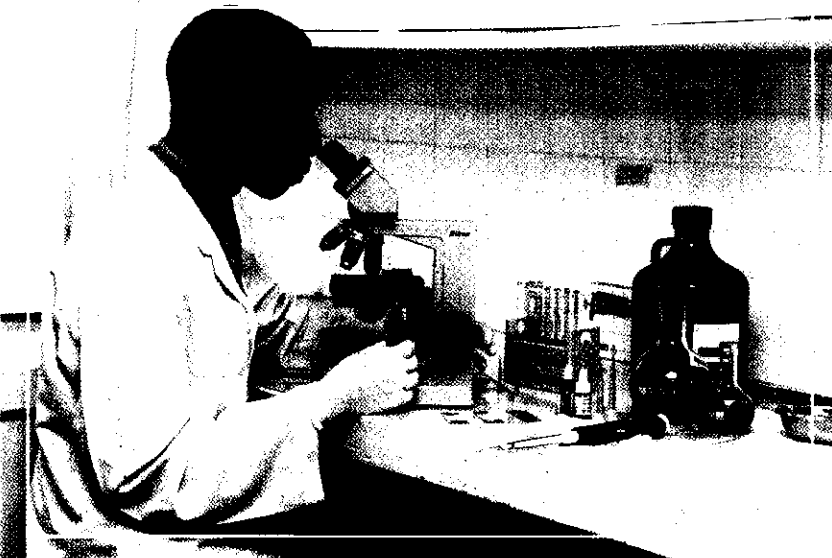
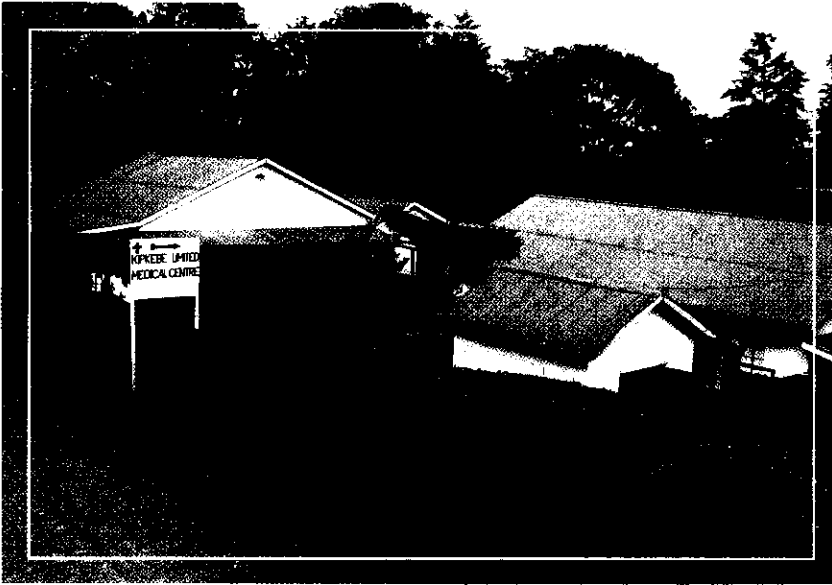
30 SEPTEMBER 2000

	Note	2000 K.Shs '000	1999 K.Shs '000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	2(a)	640,720	640,580
Investment in subsidiary companies	3	20,342	20,342
Investment in associated company	4	12	12
Other investments	5	1,298	1,298
		<b>662,362</b>	<b>662,232</b>
<b>CURRENT ASSETS</b>			
Stocks	6	40,072	40,072
Subsidiary companies	30	123,164	123,164
Debtors	7	7,748	7,748
Taxation recoverable		5,808	5,808
Dividend receivable		30,000	30,000
Deposits, bank and cash balances		13,221	13,221
		<b>220,013</b>	<b>220,013</b>
<b>TOTAL ASSETS</b>		<b>882,402</b>	<b>882,245</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital		190,046	190,046
Reserves	9	569,581	569,581
		<b>759,627</b>	<b>759,627</b>
<b>DEFERRED TAX</b>	10	31,808	31,808
<b>CURRENT LIABILITIES</b>			
Creditors	11	9,824	9,824
Subsidiary companies	30	61,981	61,981
Bank overdraft		-	-
Dividend payable	15	19,005	19,005
		<b>90,810</b>	<b>90,810</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>		<b>882,437</b>	<b>882,245</b>

The accounts set out on pages 14 to 31 were approved by the Board of Directors on 8 December 2000, and signed on its behalf by:

M W Harley	} Directors
K A Somaya	

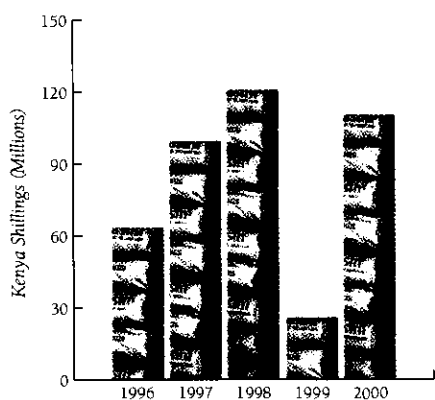
• ESTATE MEDICAL FACILITIES •



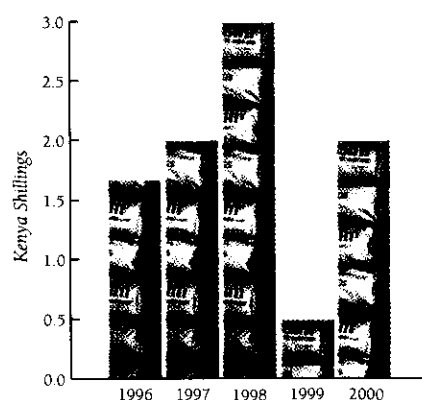
# • CONSOLIDATED PROFIT AND LOSS ACCOUNT •

## FOR THE YEAR ENDED 30 SEPTEMBER 2000

	Notes	2000 K.Shs '000	1999 K.Shs '000
<b>TURNOVER</b>	17	1,017,484	766,361
Cost of sales	18	(85,205)	(511,140)
Gross profit		936,279	255,221
Other operating income	19	26,554	24,672
Administration and establishment expenses	20	(228,625)	(228,681)
Selling and distribution expenses	21	(5,488)	(5,104)
Other charges and expenses	22	(3,094)	(4,653)
Profit from operations		662,726	41,455
Finance costs	23	(1,546)	(2,334)
Share of profits of Associated Company		415	10,860
Profit before tax, minority interests and extraordinary item		661,594	49,981
Taxation	13	(52,754)	(28,597)
Profit after tax before minority interests and extraordinary item		608,840	21,384
Minority interests		5,507	4,668
Profit from ordinary activities		614,337	26,052
Extraordinary item	25	(2,755)	-
Profit attributable to the members		611,582	26,052
<b>EARNINGS PER SHARE</b>	16	2.91	0.69



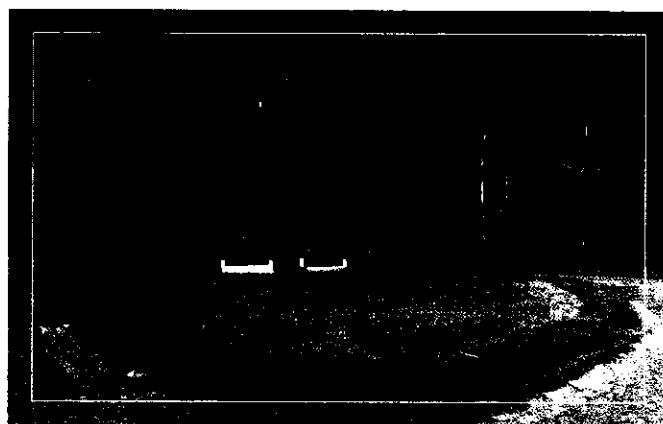
**PROFIT ATTRIBUTABLE TO THE MEMBERS**



**DIVIDENDS PER SHARE**

**• STATEMENT OF CHANGES IN EQUITY •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

<b>THE GROUP</b>	<b>Note</b>	<b>Share capital K.Shs '000</b>	<b>Capital reserves K.Shs '000</b>	<b>Revenue reserves K.Shs '000</b>	<b>Total equity K.Shs '000</b>
At 1 October 1998		190,046	1,646,366	440,655	2,277,067
Prior year adjustment	26	-	(101,480)	(49,672)	(151,152)
Restated balance		190,046	1,544,886	390,983	2,125,915
Excess depreciation on revaluation		-	(42,558)	42,558	-
Release of depreciation on disposal		-	(2,733)	2,733	-
Profit attributable to the members		-	-	26,052	26,052
Deferred tax		-	12,439	-	12,439
Dividends		-	-	(19,005)	(19,005)
<b>At 30 September 1999 - restated</b>		<b>190,046</b>	<b>1,512,034</b>	<b>443,321</b>	<b>2,145,401</b>
At 1 October 1999		190,046	1,512,034	433,493	2,135,573
Prior year adjustment	26	-	-	9,828	9,828
Restated balance		190,046	1,512,034	443,321	2,145,401
Adjustment on disposal of subsidiary		-	-	1,882	1,882
Excess depreciation on revaluation		-	(34,996)	34,996	-
Release of depreciation on disposal		-	(866)	866	-
Profit attributable to the members		-	-	110,772	110,772
Deferred tax	10	-	16,842	-	16,842
Dividends	15	-	-	(76,019)	(76,019)
<b>At 30 September 2000</b>		<b>190,046</b>	<b>1,493,014</b>	<b>515,818</b>	<b>2,198,878</b>



**• STATEMENT OF CHANGES IN EQUITY •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

<b>THE COMPANY</b>	<b>Share capital K.Shs '000</b>	<b>Capital reserves K.Shs '000</b>	<b>Revenue reserves K.Shs '000</b>	<b>Total equity K.Shs '000</b>
At 1 October 1998	190,046	557,711	45,034	792,791
Prior year adjustment	-	(33,502)	(4,271)	(37,773)
<b>Restated balance</b>	<b>190,046</b>	<b>524,209</b>	<b>40,763</b>	<b>755,018</b>
Excess depreciation on revaluation	-	(18,156)	18,156	-
Release of depreciation on disposal	-	(712)	712	-
Profit attributable to the members	-	-	18,381	18,381
Deferred tax	-	5,233	-	5,233
Dividends	-	-	(19,005)	(19,005)
<b>At 30 September 1999 - restated</b>	<b>190,046</b>	<b>510,574</b>	<b>59,007</b>	<b>759,627</b>
At 1 October 1999	190,046	510,574	59,007	759,627
Excess depreciation on revaluation	-	(14,754)	14,754	-
Profit attributable to the members	-	-	40,229	40,229
Deferred tax	-	6,601	-	6,601
Dividends	-	-	(76,019)	(76,019)
<b>At 30 September 2000</b>	<b>190,046</b>	<b>502,421</b>	<b>37,971</b>	<b>730,438</b>



# • CONSOLIDATED CASH FLOW STATEMENT •

FOR THE YEAR ENDED 30 SEPTEMBER 2000

	Note	2000 K.Shs '000	1999 K.Shs '000
<b>Cash flows from operating activities</b>			
<b>Profit before tax, minority interests and extraordinary item</b>		<b>161,594</b>	<b>49,981</b>
<i>Adjustments for:</i>			
Depreciation charges		95,327	99,850
Foreign exchange gain		(7,784)	(5,756)
Share of profits of associated company		(415)	(10,860)
Loss on asset reallocation		-	344
Interest received		(7,925)	(4,406)
Dividend received from trade investments		(4,908)	(4,209)
Interest expense		1,546	2,334
(Gain) on disposal of fixed assets		(3,188)	(960)
Loss on disposal of fixed assets		343	1,095
<b>Operating profit before working capital changes</b>		<b>234,590</b>	<b>127,413</b>
Decrease/(increase) in stocks		13,884	(27,576)
(Increase)/decrease in debtors		(28,978)	6,882
Increase/(decrease) in creditors		39,332	(23,127)
<b>Cash generated from operations</b>		<b>238,828</b>	<b>83,592</b>
Interest paid		(1,546)	(2,334)
Income taxes paid		(57,062)	(63,320)
<b>Cash from operating activities</b>		<b>200,220</b>	<b>17,938</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets		(70,270)	(47,969)
Dividend received from trade investments		4,908	4,208
Proceeds on sale of fixed assets		3,933	2,862
Work in progress		177	(738)
Purchase of investment		-	(2)
Interest received		7,925	4,406
<b>Net cash used by investing activities</b>		<b>(53,327)</b>	<b>(37,233)</b>
<b>Cash flow from financing activities</b>			
Dividend paid on ordinary shares		(47,512)	(38,009)
Dividend paid to minority shareholders		-	(2,000)
<b>Net cash used by financing activities</b>		<b>(47,512)</b>	<b>(40,009)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>99,381</b>	<b>(59,304)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>137,622</b>	<b>191,170</b>
Effect of exchange rate changes		7,784	5,756
<b>Cash and cash equivalents at the end of the year</b>	27	<b>244,787</b>	<b>137,622</b>

# • NOTES TO THE ACCOUNTS •

## FOR THE YEAR ENDED 30 SEPTEMBER 2000

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of accounting**

The Group prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of certain assets.

#### **Basis of consolidation**

The consolidated accounts incorporate the accounts of the company and its subsidiaries made up to 30 September 2000.

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 accounts include the Group's share of the profits and attributable taxation of the associated company based on the latest audited accounts.

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.

#### **Revenue recognition**

Turnover includes gross sales proceeds from coffee, tea and the sale of livestock and dairy products net of all selling charges, marketing commission, ad valorem levy and County Council cess where applicable.

Other revenues earned by the group are recognised as follows:

Interest and rental income	-	as it accrues unless collectibility is doubtful.
Dividend income	-	when the shareholder's right to receive payment is established.

#### **Taxation**

Current taxation is provided on the basis of the results for the year as shown in the accounts, adjusted in accordance with tax legislation. Deferred taxation 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. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and the unused tax credits can be utilised.

#### **Trade investments**

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

#### **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 costs of realisation. Provision is made for obsolete, slow moving and defective stocks.

Livestock is stated at directors' valuation.

# • NOTES TO THE ACCOUNTS •

## FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Fixed assets and depreciation**

The fixed assets are stated at 1995 revaluation amounts, with subsequent additions stated at cost.

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

Where developed areas are affected by natural or other causes, resulting in a material permanent diminution of earnings, the development costs in respect of such areas are written off to the profit and loss account. Subsequent development costs attributable to such areas are capitalised.

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:

	Over the estimated useful lives
Buildings and improvements	
Plant, machinery and tools	12.5%
Rolling stock	25%
Farm implements, furniture and equipment	12.5%
Computers	33.3%

The excess depreciation charge on the revalued element of the assets is transferred from capital reserves to revenue reserves.

#### **Foreign currency transactions**

Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings 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.

#### **Retirement benefits and service gratuities**

Contributions made to defined contribution schemes are charged to the profit and loss account as incurred. Service gratuities accruing to employees under the collective bargaining agreement with the trade union, are charged fully to the profit and loss account upon employees attaining the specified years of service.

#### **Bad and doubtful debts**

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

**• NOTES TO THE ACCOUNTS •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)**

**2(a) FIXED ASSETS**

<b>The Group</b>	<b>Land and development K.Shs '000</b>	<b>Buildings and improvements K.Shs '000</b>	<b>Plant machinery and tools K.Shs '000</b>	<b>Rolling stock and farm implements K.Shs '000</b>	<b>Furniture and equipment K.Shs '000</b>	<b>Total K.Shs '000</b>
<b>COST OR VALUATION</b>						
At 1 October 1999	1,386,375	481,649	336,162	130,790	41,726	2,376,602
Additions	8,384	30,279	10,867	15,985	4,755	70,270
Disposals	-	-	-	(6,560)	(254)	(6,814)
At 30 September 2000	1,394,759	511,928	347,029	140,215	46,227	2,440,158
Comprising:						
At cost	132,983	75,995	104,381	88,298	33,647	435,304
At valuation	1,261,776	435,933	242,648	51,917	12,580	2,005,854
	1,394,759	511,928	347,029	140,215	46,227	2,440,158
<b>DEPRECIATION</b>						
At 1 October 1999	-	129,851	141,925	86,044	23,670	381,490
Charge for the year	-	32,516	39,871	17,702	5,238	95,327
Disposals	-	-	-	(5,510)	(213)	(5,723)
At 30 September 2000	-	162,367	181,796	98,236	28,695	471,094
<b>NET BOOK VALUE</b>						
At 30 September 2000	1,394,759	349,561	165,233	41,979	17,532	1,969,064
At 30 September 1999	1,386,375	351,798	194,237	44,746	18,056	1,995,212

Most of the group's fixed assets were revalued on 30 September 1995 by Lloyd Masika Limited, registered valuers on the following basis:

Land and Development	-	at market value on an existing use basis.
All other assets	-	at net current replacement cost.

The valuation surplus was credited to capital reserves.

No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated fixed assets with a cost of K.Shs 47,227,837 (1999: K.Shs 15,270,660) which are still in use. If depreciation had been charged during the year on the cost of these assets at normal rates, it would have amounted to K.Shs 12,507,277 (1999: K.Shs 4,285,094).

**• NOTES TO THE ACCOUNTS •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)**

**2(a) FIXED ASSETS (continued)**

The Company	Land and development K.Shs '000	Buildings and improvements K.Shs '000	Plant machinery and tools K.Shs '000	Rolling stock and farm implements K.Shs '000	Furniture and equipment K.Shs '000	Total K.Shs '000
<b>COST OR VALUATION</b>						
At 1 October 1999	421,428	192,844	79,395	43,729	16,869	754,265
Additions	529	829	-	10,165	2,257	13,780
Disposals	-	-	-	(1,101)	(253)	(1,354)
At 30 September 2000	421,957	193,673	79,395	52,793	18,873	766,691
Comprising:						
At cost	63,912	12,615	6,253	39,810	13,954	136,544
At valuation	358,045	181,058	73,142	12,983	4,919	630,147
	421,957	193,673	79,395	52,793	18,873	766,691
<b>DEPRECIATION</b>						
At 1 October 1999	-	52,857	24,527	30,372	5,929	113,685
Charge for the year	-	13,051	6,580	8,089	2,880	30,600
Disposals	-	-	-	(1,101)	(213)	(1,314)
At 30 September 2000	-	65,908	31,107	37,360	8,596	142,971
<b>NET BOOK VALUE</b>						
At 30 September 2000	421,957	127,765	48,288	15,433	10,277	623,720
At 30 September 1999	421,428	139,987	54,868	13,357	10,940	640,580

No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated fixed assets with a cost of K.Shs 17,697,276 (1999 : K.Shs 1,383,100) which are still in use. If depreciation had been charged during the year on the cost of these assets at normal rates, it would have amounted to K.Shs 4,566,939 (1999 : K.Shs 488,400).

**2(b) CAPITAL WORK IN PROGRESS**

The capital work in progress at 30 September 2000 relates to the construction of an Assistant Manager's bungalow, the reflooring of Keritor factory and a power line at Kiptenden estate.

**3. INVESTMENT IN SUBSIDIARY COMPANIES**

	2000 K.Shs '000	1999 K.Shs '000
Shares in subsidiary companies at cost less amounts written off	14,797	20,342

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)

**• NOTES TO THE ACCOUNTS •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)**

**4. INVESTMENT IN ASSOCIATED COMPANY**

	The Group		The Company	
	2000 K.Shs '000	1999 K.Shs '000	2000 K.Shs '000	1999 K.Shs '000
<b>Investment in Garton Limited</b>				
<b>Unquoted:</b>				
Share of net assets	96,676	95,489	-	-
Shares at cost	-	-	12	12
	96,676	95,489	12	12
<b>The group's share of reserves:</b>				
	2000 K.Shs '000	1999 K.Shs '000		
Capital reserves	60,103	60,103		
Revenue reserves	35,561	35,374		
	95,664	95,477		

The Group holds 49% of the equity capital in Garton Limited. The results of the company, whose principal activity is the growing and processing of coffee, have been included on the basis of the audited accounts as at 31 December 1999.

**5. OTHER INVESTMENTS**

	The Group		The Company	
	2000 K.Shs '000	1999 K.Shs '000	2000 K.Shs '000	1999 K.Shs '000
Trade investments :				
Quoted	11,356	11,356	31	31
Unquoted	6,029	6,029	1,267	1,267
	17,385	17,385	1,298	1,298

The quoted trade investments of the Group and the Company have a market valuation of K.Shs 9,030,880 (1999 : K.Shs 10,568,380) and K.Shs 31,000 (1999 : K.Shs 31,000) respectively.

The unquoted trade investments of the Group and the Company are valued by the Directors at K.Shs 68,281,608 (1999 : K.Shs 66,109,575) and K.Shs 1,267,480 (1999 : K.Shs 1,267,480) respectively.

**6. STOCKS**

	The Group		The Company	
	2000 K.Shs '000	1999 K.Shs '000	2000 K.Shs '000	1999 K.Shs '000
Tea	46,505	46,673	-	-
Tea and tree nurseries	8,666	7,342	-	-
Coffee	26,877	33,170	19,580	24,231
Livestock	1,125	1,107	131	127
Estate stores	39,767	48,532	11,336	15,714
	122,940	136,824	31,047	40,072

**• NOTES TO THE ACCOUNTS •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)**

**7. DEBTORS**

	The Group		The Company	
	2000 K.Shs '000	1999 K.Shs '000	2000 K.Shs '000	1999 K.Shs '000
Trade debtors	52,195	45,667	1,601	2,726
Other debtors and prepaid expenses	43,031	22,729	5,173	5,022
	<b>95,226</b>	<b>68,396</b>	<b>6,774</b>	<b>7,748</b>

**8. SHARE CAPITAL**

	2000 KShs '000	1999 KShs '000
<b>Authorised:</b>		
40,000,000 ordinary shares of K.Shs 5 each	200,000	200,000
<b>Issued and fully paid:</b>		
38,009,250 ordinary shares of K.Shs 5 each	190,046	190,046

**9. RESERVES**

	The Group		The Company	
	2000 K.Shs '000	1999 K.Shs '000	2000 K.Shs '000	1999 K.Shs '000
<i>Movements in reserves are set out on pages 18 and 19.</i>				
Capital reserves	1,493,014	1,512,034	502,421	510,574
Revenue reserves	515,818	443,321	37,971	59,007
	<b>2,008,832</b>	<b>1,955,355</b>	<b>540,392</b>	<b>569,581</b>

**10. DEFERRED TAX**

**The provision for deferred tax comprises :**

Excess of tax allowances over depreciation	109,864	132,378	24,870	31,783
Tax losses	(10,153)	(6,550)	-	-
Other temporary differences	(15,776)	(10,153)	(2,357)	25
	<b>83,935</b>	<b>115,675</b>	<b>22,513</b>	<b>31,808</b>

**Deferred tax movement:**

Balance brought forward	115,675	151,976	31,808	37,773
Balance carried forward	83,935	115,675	22,513	31,808
Movement during year	(31,740)	(36,301)	(9,295)	(5,965)

**Analysis of movement during year:**

Capital reserves credit	(16,842)	(12,439)	(6,601)	(5,233)
Minority interest share	(790)	(725)	-	-
Revenue reserves credit (note 13)	(14,108)	(23,137)	(2,694)	(732)
	<b>(31,740)</b>	<b>(36,301)</b>	<b>(9,295)</b>	<b>(5,965)</b>

**• NOTES TO THE ACCOUNTS •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)**

**11. CREDITORS**

	The Group		The Company	
	2000 Shs '000	1999 K.Shs '000	2000 Shs '000	1999 K.Shs '000
Trade creditors	12,905	14,742	4,731	3,520
Other creditors	8,034	39,848	8,998	2,652
Accrued expenses	6,244	48,308	753	3,652
	27,183	102,898	14,482	9,824

**12. BANK OVERDRAFT**

The bank overdraft facilities with Barclays Bank of Kenya Limited are secured to the extent of K.Shs 8,000,000 by way of a cash deposit guarantee from First American Bank of Kenya Limited.

**13. TAXATION**

**Balance Sheet**

	2000 Shs '000	1999 K.Shs '000
Balance brought forward	(3,707)	11,211
Charge for the year	7,834	48,402
Paid during the year	(2,062)	(63,320)
Adjustment relating to dissolution of subsidiary	1,000	-
	7,075	(3,707)

**Profit and Loss Account**

Tax on taxable profit for the year at 30% (1999 : 32.5%)	14,560	48,560
Adjustment in respect of prior years	(1,724)	(158)
Charge for the year (above)	6,834	48,402
Deferred tax write back (note 10)	(1,108)	(23,137)
Attributable taxation of associated company	7,726	3,332
Charge for the year after deferred tax	52,152	28,597

**Dividend tax account**

The group and the company have a credit balance on the dividend tax account of K.Shs 301,704,550 and K.Shs 88,239,975 respectively, which include tax payments to January, 2001. There is therefore no dividend tax payable for the year.

**Reconciliation of tax**

	2000 Shs '000	1999 K.Shs '000
Accounting profit before taxation	55,447	89,685
Tax applicable rate of 30 % (1999 : 32.5%)	16,634	29,148
Tax effects of items not deducted for tax	1,093	5,319
Originating and reversing temporary differences	(1,097)	14,093
Adjustment in respect of prior years	(896)	(158)
Deferred tax write back	(2,144)	(23,137)
Effect of change in rate of tax	6,100	-
Taxation attributable to associated company	1,000	3,332
	55,447	28,597

**• NOTES TO THE ACCOUNTS •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)**

**14. PROFIT ATTRIBUTABLE TO THE MEMBERS**

The profit dealt with in the accounts of the parent company is K.Shs 42,228,919 (1999 : K.Shs 18,380,591), after recognising dividend income from subsidiary companies in the year to which it relates.

**15. DIVIDENDS**

		2000 K.Shs '000	1999 K.Shs '000
First interim dividend	- paid	18,507	-
Final dividend	- proposed	47,512	19,005
		<b>76,019</b>	<b>19,005</b>
		<b>K.Shs</b>	<b>K.Shs</b>
Dividends per share		<b>2.00</b>	<b>0.50</b>

The dividend per share is calculated on total dividends of K.Shs 76,019,000 (1999 : K.Shs 19,005,000) and on the number of ordinary shares in issue at the respective balance sheet dates.

Payment of the dividends is subject to withholding tax at the rate of 5% where made to residents and 10% where made to non-residents.

**16. EARNINGS PER SHARE**

The calculation of earnings per share is based on the profit after taxation and minority interests of K.Shs 110,772,000 (1999 : K.Shs 26,052,000) and on 38,009,250 ordinary shares.

**17. TURNOVER**

	2000 K.Shs '000	1999 K.Shs '000
Tea	805,875	618,008
Coffee	193,774	134,186
Livestock	2,299	2,397
Dairy produce	16,036	11,770
	<b>1,017,984</b>	<b>766,361</b>

**18. COST OF SALES**

Stock movements	6,432	(28,746)
General charges	95,678	84,390
Plantation maintenance costs	212,055	191,108
Production expenses	186,729	140,030
Green leaf purchases	135,647	114,282
Livestock expenses	14,664	10,076
	<b>651,205</b>	<b>511,140</b>

**• NOTES TO THE ACCOUNTS •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)**

	<b>2000</b> <b>K.Shs '000</b>	<b>1999</b> <b>K.Shs '000</b>
<b>19. OTHER OPERATING INCOME</b>		
Interest income	7,925	4,406
Dividend income	4,908	4,209
Gains on exchange	7,784	5,756
Gains on disposal of assets	3,188	960
Rent received	4,824	3,737
Sundry income	1,925	5,604
	<b>30,554</b>	<b>24,672</b>
<b>20. ADMINISTRATION AND ESTABLISHMENT EXPENSES</b>		
Staff costs	57,056	62,349
Insurance and medical costs	12,281	10,743
Administration costs	27,197	23,143
Auditors' remuneration	1,672	1,520
Legal and professional charges	2,036	2,035
Secretarial costs	2,575	2,500
Travelling and accommodation costs	761	583
Office expenses	7,609	6,972
Directors' emoluments	9,967	7,361
Sundry expenses	8,044	11,625
Depreciation	95,327	99,850
	<b>224,525</b>	<b>228,681</b>
<b>21. SELLING AND DISTRIBUTION EXPENSES</b>		
Warehousing and storage charges	6,489	5,104
<b>22. OTHER CHARGES AND EXPENSES</b>		
Livestock expenses	2,751	3,558
Loss on disposal of fixed assets	343	1,095
	<b>3,094</b>	<b>4,653</b>
<b>23. FINANCE COSTS</b>		
Bank charges and interest	1,546	2,334



**• NOTES TO THE ACCOUNTS •**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)**

**24. PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEM**

	2000 K.Shs '000	1999 K.Shs '000
The profit before taxation and extraordinary item is arrived at after charging:		
Depreciation	95,327	99,850
Pension scheme contributions	6,440	6,883
Directors' emoluments: - fees	544	608
- other	9,423	6,673
Auditors' remuneration - current year	1,672	1,520
(Company : K.Shs 550,000 (1999 : K.Shs 500,000))		
Bank charges and interest	1,546	2,334
Loss on disposal of fixed assets	343	1,095
And after crediting:		
Income from trade investments	4,908	4,209
Interest income	7,925	4,406
Exchange gains	7,784	5,756
Gain on disposal of fixed assets	3,188	960

**25. EXTRAORDINARY ITEM**

This relates to amounts written off following the dissolution of the subsidiary, Warren Kenya Limited.

**26. PRIOR YEAR ADJUSTMENT**

	2000 K.Shs '000	1999 K.Shs '000
Tax losses on Wakenya Limited	4,913	-
Other temporary differences on Kipkebe Limited	10,178	-
Accelerated tax allowances for the associated company	(4,443)	(4,146)
Other temporary differences for the associated company	(795)	-
Accelerated tax allowances for the group	-	(147,006)
Others	(25)	-
	9,828	(151,152)

**27. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the cash flow statement comprise the following balance sheet amounts:

Bank balances, cash and short-term deposits	248,467	137,622
Bank overdrafts	(3,680)	-
	244,787	137,622

**28. CAPITAL COMMITMENTS**

	The Group		The Company	
	2000 K.Shs '000	1999 K.Shs '000	2000 K.Shs '000	1999 K.Shs '000
Authorised and contracted for	20,006	16,294	1,240	-
Authorised but not contracted for	30,778	59,560	7,823	15,567
	50,784	75,854	9,063	15,567

**29. CONTINGENT LIABILITIES**

Liabilities under guarantee	10,250	10,250	500	500
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# • NOTES TO THE ACCOUNTS •

## FOR THE YEAR ENDED 30 SEPTEMBER 2000 (CONTINUED)

### 30. RELATED PARTY TRANSACTIONS

The Company shares common Directors with some of its subsidiary companies and suppliers to and from whom goods and services were supplied during the period under review. These transactions were at arm's length and in the normal course of business. The following transactions were entered into with these related parties:

<b>a) Purchase of goods and services</b>	<b>2000 K.Shs '000</b>	<b>1999 K.Shs '000</b>
Ryce Motors Limited	181	231
Ryce Engineering Limited	8,837	530
OEL Sysnet Limited	72	706
Tyre Centre Limited	607	4,012
Sameer Management Limited	2,575	2,500
	<b>12,272</b>	<b>7,979</b>
<b>b) Subsidiary Companies</b>		
Due from subsidiaries	<b>17,167</b>	123,164
Due to subsidiaries	-	61,981

The Company also shares common directors with two of its bankers, who supplied a range of banking services to the Company during the period under review. The transactions entered into with these related parties were at arm's length and in the normal course of business.

### 31. BUSINESS SEGMENT

The major part of the business of the Group falls under the category of growing, processing and selling tea and coffee with other income comprising less than 2.9% of the group's total income.

### 32. CURRENCY RISK

The Group operates wholly within Kenya and its assets and liabilities are reported in local currency. Although some of the transactions are in foreign currency, the Group had no significant foreign currency exposure as at 30 September 2000.

### 33. EMPLOYEES

The average number of employees within the Group during the period under review was 4,541 (1999 : 4,571).

### 34. COMPARATIVES

Comparative figures have been adjusted where necessary in order to conform with changes in presentation in the current year.

### 35. INCORPORATION

The Company is incorporated in Kenya under the Companies Act.

### 36. CURRENCY

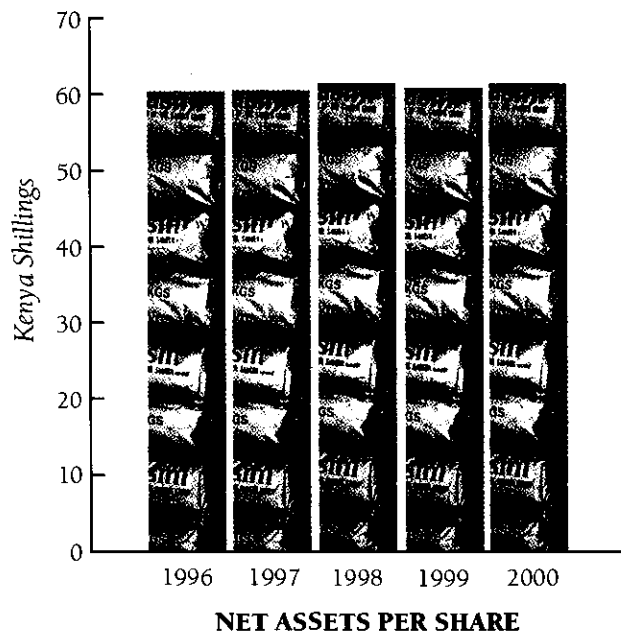
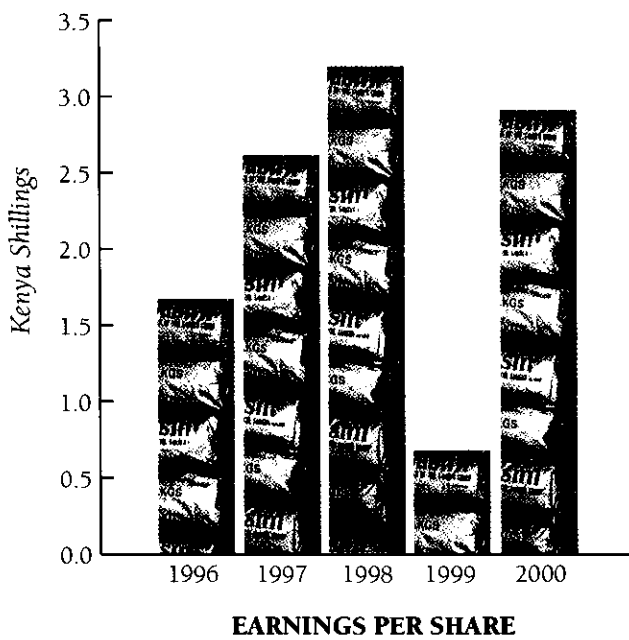
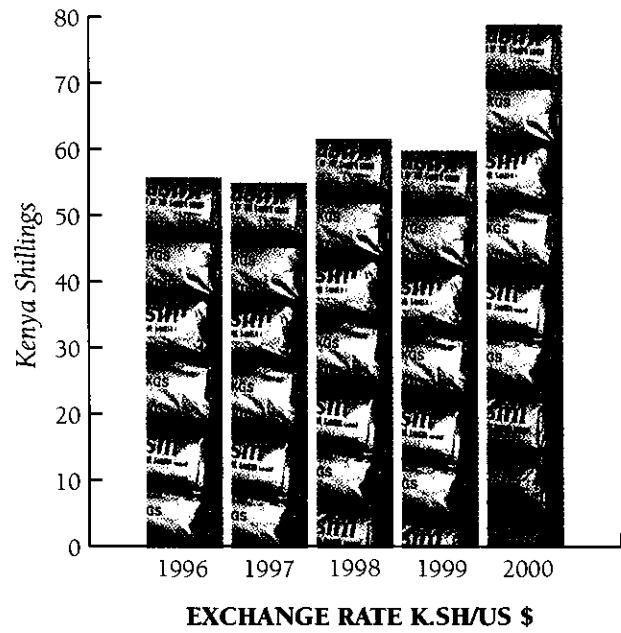
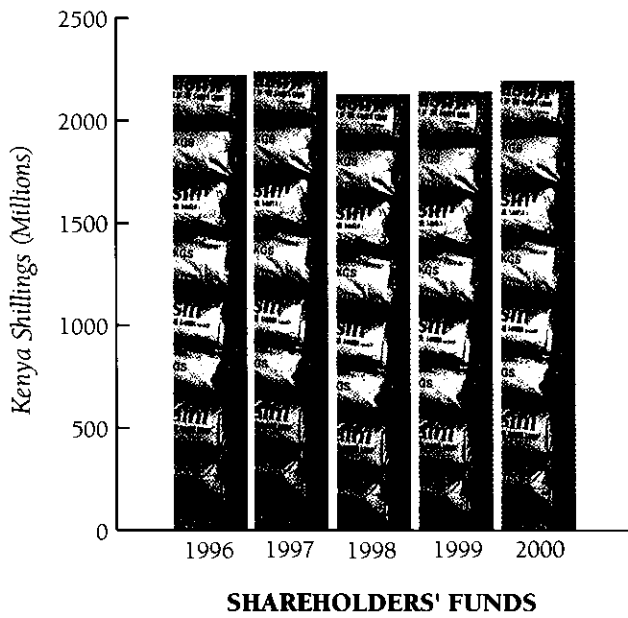
These accounts are presented in Kenya Shillings (K.Shs).

# • FIVE YEAR COMPARATIVE STATEMENT •

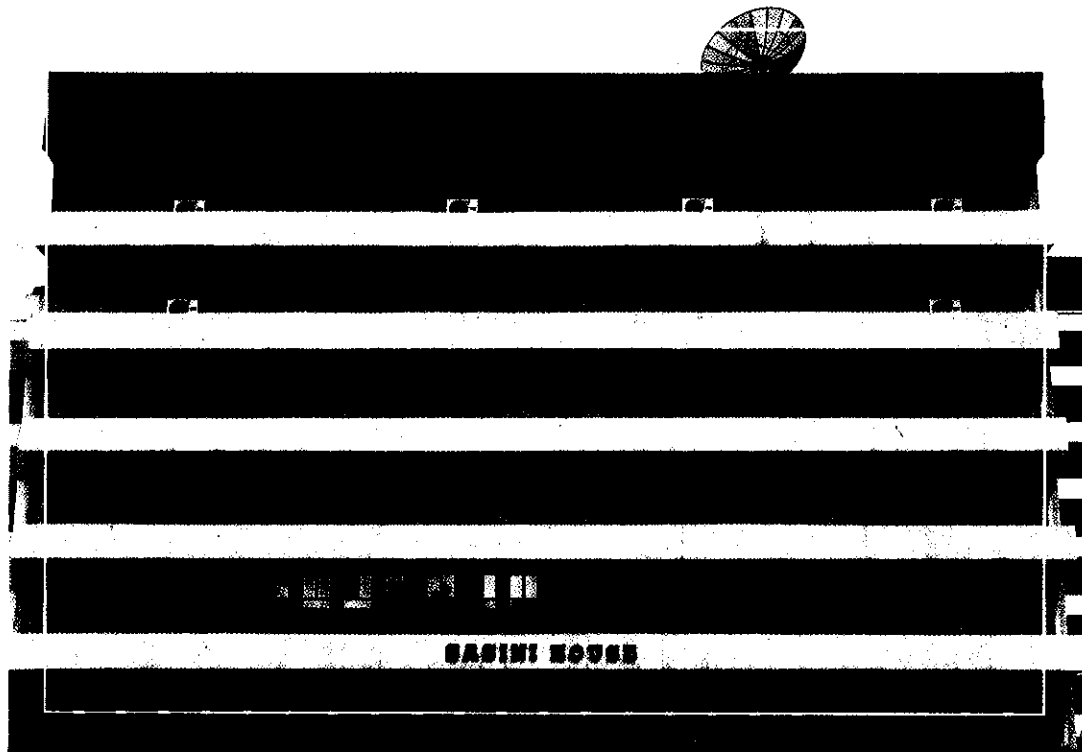
PRODUCTION AND SALES STATISTICS		2000	1999	1998	1997	1996
<b>TEA</b>						
Area	- hectares	1,243	1,220	1,220	1,162	1,221
Production	- kilograms	7,067,005	6,888,213	6,809,212	4,479,398	5,118,285
Sales	- kilograms	7,129,186	6,695,212	6,972,776	4,426,967	4,956,940
Net sales proceeds	- K.Shs / kg	114.47	93.76	98.52	86.18	60.12
<b>COFFEE</b>						
Area	- hectares	906	907	903	840	840
Production	- tonnes	1,493	797	867	1,023	1,471
Sales	- tonnes	1,380	700	890	1,143	1,616
Net sales proceeds	- K.Shs '000 / tonne	140	192	290	221	135
<b>RESULTS</b>		<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>
TURNOVER		1,017,484	766,361	955,799	643,287	525,856
Profit before taxation and minority interests		161,594	49,981	209,182	170,922	104,300
Taxation		(52,954)	(28,597)	(84,865)	(69,157)	(38,282)
Profit after taxation before minority interests		108,640	21,384	124,317	101,765	66,018
Minority interests		4,507	4,668	(2,611)	(2,253)	(2,574)
Extraordinary item		(2,375)	-	-	-	-
Profit attributable to members of Sasini Tea and Coffee Limited		110,772	26,052	121,706	99,512	63,444
Dividend		(76,019)	(19,005)	(114,028)	(76,019)	(63,349)
Retained profit for the year transferred to reserves		34,753	7,047	7,678	23,493	95
<b>ASSETS EMPLOYED:</b>						
Fixed assets		1,969,064	1,995,212	2,050,434	2,010,459	2,010,958
Capital work in progress		1,157	1,334	596	643	16,037
Investments		114,061	112,874	111,940	87,800	88,674
Net current assets		266,183	224,646	198,000	225,052	183,540
		2,350,405	2,334,066	2,360,970	2,323,954	2,299,209
<b>FINANCED BY:</b>						
Share capital		190,046	190,046	190,046	126,697	126,697
Reserves		2,008,832	1,955,355	1,940,015	2,113,965	2,090,472
Shareholders' funds		2,198,878	2,145,401	2,130,061	2,240,662	2,217,169
Minority interests		67,652	72,990	78,933	83,292	82,040
Deferred Tax		83,935	115,675	151,976	-	-
NET ASSETS		2,350,465	2,334,066	2,360,970	2,323,954	2,299,209
<b>RATIOS</b>						
Earnings per share		2.91	0.69	3.20	2.62	1.67
Dividend per share		2.00	0.50	3.00	2.00	1.67
Dividend cover (times covered)		1.46	1.37	1.07	1.31	1.00
Net assets per share		61.84	61.41	62.12	61.14	60.49

The earnings, dividend and net assets per share for prior years have been restated to take account of subsequent bonus issues.

# • GRAPHICAL HIGHLIGHTS •



• OUR HEAD OFFICE •



*Sasini House, Nairobi*



*The Head Office team*

Sasini

Sasini Tea and Coffee Limited

# • FORM OF PROXY •

I/We \_\_\_\_\_  
Mimi/sisi

of \_\_\_\_\_  
wa

being a member/members of Sasini Tea and Coffee Limited, do hereby appoint \_\_\_\_\_  
nikiwa/tukiwa mwanachama/wanachama wa Sasini Tea and Coffee Limited, namchagua/twamchagua

or failing him/her \_\_\_\_\_  
au akikosa yeye

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 Grand Regency Hotel, Nairobi, Kenya on Friday, 23 February 2001 and at any adjournment thereof.

*mwenyekiti aliyechaguliwa wa mkutano kuwa kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye mkutano mkuu wa mwaka wa kampuni utakaofanyika katika Grand Regency Hotel, Nairobi, Kenya, sihu ya Ijumaa 23 Februari 2001 na kwenye uahirishwaji wake wowote.*

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2001.  
Kama ushahidi wangu/wetu hii siku ya \_\_\_\_\_ mwezi wa \_\_\_\_\_

\_\_\_\_\_  
Signature  
Sahihi

Unless otherwise instructed, the proxy will vote at his/her discretion.  
*Isipokuwa ikishauriwa vingine, mwakilishi atapiga kura anavyoonelea mwenyewe.*

## Notes: Maelezo:

- (1) To be valid this proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for holding the meeting.

*Ili kuwa halali, fomu hii ya uakilishi lazima ifikishwe kwenye afisi iliyoandikishwa ya kampuni kwa muda usiopungua masaa arobaini na nane kabla ya wakati uliochaguliwa wa kufanya mkutano.*

- (2) If the appointer 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.

*Ikiwa mwanachama ni shirika, uwakilishi uwe kwenye muhuri wa kawaida au kwa idhini ya afisaa au mwanasheria alioidhinishwa kwa maandishi.*

FOLD 2

AFFIX  
STAMP  
HERE

THE SECRETARY  
SASINI TEA AND COFFEE LIMITED  
P O BOX 30151  
NAIROBI  
KENYA

FOLD 1



Sasini

FOLD 3

INSERT FLAP INSIDE

