GEORGE WILLIAMSON

KENYA LIMITED

Report

&

Accounts

1994

REPORT AND ACCOUNTS

31 MARCH 1994

CONTENTS

GEORGE WILLIAMSON KENYA LIMITED

Incorporated 15 December 1952

COMPANY INFORMATION

SHARE CAPITAL	Authorised 6,800,000 ordinary shares of Sh 5 each; Sh 34,000,000 Issued and fully paid 4,378,160 ordinary shares of Sh 5 each; Sh 21,890,800
GROUP COMPANIES	Tea production companies: George Williamson Kenya Limited – CHANGOI ESTATE (incorporating LELSA ESTATE) Kaimosi Tea Estates Limited (wholly owned) – KAIMOSI ESTATE Tinderet Tea Estates (1989) Limited (76% owned) – TINDERET ESTATE Kapchorua Tea Company Limited (27.1% owned) – KAPCHORUA ESTATE Other wholly owned companies: George Williamson Engineering Limited Tea Manufacturing & Supplies Limited George Williamson Accounting and Management Services Limited Tea Properties Limited George Williamson Properties Limited Lelsa Tea Estates Limited George Williamson Uganda Limited (Registered in Uganda) Other: Williamson Developments Limited (38.9% owned)
DIRECTORS	N G Sandys-Lumsdaine* - Chairman E A Bristow P Magor* R B Magor* H Salwegter (Dutch) D B White E M Kimani * British
SECRETARY	E M Kimani
REGISTERED OFFICE	Williamson House, 4th Ngong Avenue P.O. BOX 42281, Nairobi
BANKERS	Kenya Commercial Bank Limited Barclays Bank of Kenya Limited
AUDITORS	Gill & Johnson

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the forty fourth ANNUAL GENERAL MEETING of the shareholders will be held at the Nairobi Serena Hotel, Nyerere Road, on Friday 26 August, 1994 at 10.30 a.m. for the following purposes:

1 To receive and adopt the report of the directors together with the audited accounts for the year ended 31 March 1994.

2 To declare a dividend.

3 To re-elect retiring directors.

4 To approve the remuneration of the directors.

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

6 To transact such other competent business as may be brought before the meeting.

7 Special business
To consider and if thought fit to pass the following resolutions as ordinary resolutions:

(i) "That the authorised share capital of the company be increased from shillings thirty four million (Sh34,000,000) divided into six million eight hundred thousand (6,800,000) ordinary shares of shillings five (Sh 5) each to forty three million seven hundred and eighty one thousand six hundred (Sh 43,781,600) divided into eight million seven hundred and fifty six thousand three hundred and twenty (8,756,320) ordinary shares of shillings five (Sh 5) each by the creation of one million nine hundred and fifty six thousand three hundred and twenty (1,956,320) ordinary shares of shillings five (Sh 5) each to rank pari passu with the existing ordinary shares of the company in all respects.

(ii) That in persuance of article 135 of the company's articles of association and subject to the relevant approvals where necessary being obtained, it is desirable to capitalise the sum of twenty one million eight hundred and ninety thousand eight hundred shillings (Sh 21,890,800) being part of the amount outstanding to the credit of the revenue reserve of the company and that the sum be applied in making payment in full at par for four million three hundred and seventy eight thousand one hundred and sixty (4,378,160) new shares of five shillings (Sh 5) each in the capital of the company, such shares to be distributed as fully paid among the persons who were registered as holders of the ordinary shares in the capital of the company at the close of business on a day to be fixed by the company at the rate of one fully paid share for every one ordinary share of five shillings (Sh 5) each of the company held by such holders, such fully paid shares to rank pari passu with the existing issued shares and the shares so distributed shall be treated for all purposes as an increase of the amount of capital of the company held by each such shareholder and not as income and that the directors be and are hereby authorised to attend to all matters required to give effect to this resolution.

(iii) That immediately the issue and allotment provided for in the foregoing resolution has been carried out, the four million three hundred and seventy eight thousand one hundred and sixty (4,378,160) shares of five shillings (Sh 5) each so issued and allotted be converted into ordinary shares in units of five shillings (Sh 5) each".

BY ORDER OF THE BOARD

E. M. KIMANI
Secretary
Nairobi

04 July, 1994

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her, and such proxy need not also be a member of the Company.

A form of proxy is provided with this report which shareholders who do not propose to be at the meeting are requested to complete and return to the registered office of the Company so as to arrive not later than forty eight hours before the meeting.

STATEMENT BY THE CHAIRMAN

FINANCIAL RESULTS

The group profit before tax was Sh 319 million as compared to Sh 97 million for the previous year. This substantial improvement was due to a variety of factors, including higher crops, increased selling prices and the continued devaluation of the Kenya shilling. The results of Tinderet Tea Estates (1989) Limited, in which the group acquired a controlling interest in June 1993, are also included for the first time. Capital expenditure on our estates during the year amounted to Sh 69 million.

In view of these improved results your board recommends a first and final dividend of 100% per existing share for the year ended 31 March 1994 and a 'one for one' bonus issue, as explained in more detail later in this statement.

TEA

The company continues to reap the benefit of the accelerated development at Changoi between 1986-1990 while Tinderet Tea Estates (1989) Limited has provided a useful addition as anticipated last year.

Crop production was as follows:

	1993/94	*1992/93*
	Kgs	*Kgs*
Changoi	*2,768,783*	*2,576,350*
Kaimosi	*1,845,782*	*1,606,428*
Tinderet	*1,690,386*	*1,346,207*

The above totals include 534,692 kgs. for outgrowers leaf (1992/93 - 188,924 kgs) and 299,314 kgs for Kenya Tea Development Authority leaf (1992/93 - 193,871 kgs).

I am also pleased to report that from the start of the financial year we have reached agreement with the Nyayo Tea Zone Corporation to take over the management of some 264.5 hectares of tea planted round the South Nandi Forest. This has already been brought into full time plucking and during the year yielded 974,964 kgs green leaf.

During the year we continued with our policy of investing significant sums in our factories, labour housing and the provision of welfare amenities for our staff.

ENGINEERING

Our engineering business continues, like many in the manufacturing sector, to face difficult trading conditions and your board is doing everything possible to secure improved results following the modest profit recorded this year.

Sales to third parties amounted to Sh 25,378,000 compared to Sh 30,369,000 the previous year.

As predicted, generator sales provided a useful backup to our traditional engineering results and now form a substantial part of our engineering business.

SOCIAL CONTRIBUTION

Salient facts under this heading include:

(i) There are now 4,925 workers employed and close to 20,000 dependants within the group.

(ii) Our foreign currency earnings amounted to Sh 697,487,000.

(iii) The company and its subsidiaries expect to pay tax to the Government of Sh102,960,000 and County Council produce cess through the Tea Board of Sh4,672,767.

(iv) We incurred revenue expenditure of Sh 15,953,289 on welfare activities which included housing, social and shopping facilities, schools and community projects together with refurbishing of the same.

(v) A capital sum of Sh 6,719,318 was spent on construction of labour housing and facilities, schools and other amenities as part of our long term programme in this area.

As has been said in previous reports, we place great emphasis on labour welfare and it is again pleasing that our clinics, particularly the family planning clinics, have again been well run and supported.

STAFF

It is my pleasure to convey on your behalf our deep appreciation to staff at all levels for their dedicated efforts which contributed towards these excellent results.

Solomon Koech at Changoi and Bill Sainna at Kaimosi continue as our general managers and with acquistion of Tinderet Tea Estates (1989) Limited we were also pleased to welcome Tom Lloyd as the general manager.

FUTURE PROSPECTS

Although it remains difficult to accurately predict future world tea prices or currency trends, we do look forward to the year ahead with some optimism. As this statement goes to press, the Kenya shilling continues its strength against the major currencies.

Following the successful development of Williamson House, we are considering the possibilities of developing our plot at Upper Hill Road, Nairobi while our 7 floors at Williamson House continue to provide a useful diversification.

BONUS ISSUE

Consequent on previous years results and the very commendable performance of this year, your board is recommending the capitalisation of part of the revenue reserve in the amount of Sh 21,890,800 by the issuance of bonus shares at the rate of one share for every one share presently held and that such new shares will qualify for dividends with effect from the year ending 31 March 1995.

At the time of writing this report, our lawyers are still seeking the final approvals from the Central Bank of Kenya, Capital Markets Authority and other relevant authorities.

On the assumption that these will all have been received in time for our scheduled Annual General Meeting a suitable item for shareholders to approve such a bonus issue is included under item 7 of the convening notice and agenda to be found on pages 3 and 4 of this annual report and accounts.

N G SANDYS-LUMSDAINE
Chairman
Nairobi

05 July, 1994

MATOKEO YA KIFEDHA

Faida ya Kundi kabla ya kodi ilikuwa Sh 319 milioni. ikilinganishwa na Sh 97 milioni mwaka uliopita. Faida hii kubwa ilitokana na sababu mbali mbali ambazo ni pamoja na ongezeko la mazao, ongezeko la bei, na kuendelea kuanguka kwa thamani ya shilingi ya Kenya. Matokeo ya Tinderet Tea Estate ambayo kundi lilichukua uongozi mwezi wa June, 1993 yamechanganywa hapa kwa mara ya kwanza.

Matumizi yetu ya rasilimali mashambani yalifikia kiwango cha Sh.69 milioni.

Kwa sababu ya matokeo bora zaidi Bodi yenu imependekeza gawio la kwanza na la mwisho la 100% kwa hisa zilizoko kwa mwaka ulioishia Machi 31, 1994 na bakshishi ya hisa moja kwa moja vile itakavyoelezwa zaidi baadaye ndani ya taarifa hii.

CHAI

Kampuni inaendelea kufaidi mavuno ya mazao yaliyoongezeka kutokana na mpango mkubwa wa upanuzi wa eneo la chai huko Changoi kutoka 1986-1990 hali Tinderet Tea Estate imetupatia ongezeko bora ilivyotarajiwa mwaka uliopita.

Mazao yaliyopatikana yalikuwa kama ifuatavyo:

	1993/94	*1992/93*
	Kgs	*Kgs*
Changoi	*2,768,783*	*2,576,350*
Kaimosi	*1,845,782*	*1,606,428*
Tinderet	*1,690,386*	*1,346,207*

Jumla zilizoonyeshwa hapa juu ni pamoja na 534,692 Kgs za chai ya wakuzaji wa nje (1992/93 - 188,924 Kgs) na 299,314 Kgs kutoka kwa Kenya Tea Development Authority (1992/93 - 193,871 Kgs).

Nina furaha pia kuwajulisha ya kwamba kutoka mwanzo wa mwaka wa mapato tumefikia mapatano na Halmashauri ya Nyayo Tea Zone kuchukua maongozi ya haktari 264.5 za chai iliyopandwa huko kusini mwa msitu wa Nandi. Sehemu hii imefikishwa kiwango cha kuchuma chai na imetoa majani mabichi ya kilo 974,964.

Mwaka huu tuliendelea na maongozi yetu ya kuweka kiasi kikumbwa cha pesa viwandani vyetu, nyumba za wafanyi kazi na mambo mengine mazuri kwa wafanyi kazi wetu.

KAZI ZA KUFANYA MITAMBO

Kazi yetu ya mitambo inaendelea, na kama nyinginezo za tawi la utengezaji tunaendelea kupata shida nyingi za biashara na bodi yenu inajitahidi iwezekanavyo kuona matokeo yanakuwa bora kulingana na faida iliyopatikana mwaka huu.

Mauzo kwa watu wengine yalifikia kiwango cha Sh. 25,378,000 yakilinganishwa na Sh. 30,369,000 milioni mwaka uliopita.

MSAADA WA MAMBO YA JAMII

Mambo makubwa ya kweli chini ya dibaji hii ni pamoja na:-

i. Sasa kuna wafanyi kazi 4925 walioajiriwa na karibu 20,000 wanaotegemea kote kwa kundi letu.

ii. Pesa za Kigeni tulizopata zilikuwa Sh.697,487,000.

iii. Kampuni hii na zile za kusaidia zinatarajia kulipa Serikali kodi ya Sh.102,960,000 na kodi nyingine kwa County Council kupitia kwa Tea Board of Kenya Sh. 4,672,767.

iv. Tulitumia kiasi cha Sh.15,953,289 kwa shughuli za kuinua hali ya wafanyi kazi ambazo zilikuwa ni miradi ya nyumba za kulala, maduka na shule pamoja na kuzifanya upya.

v. Kiasi cha Sh.6,719,318, kilitumiwa kwa ujenzi wa nyumba na mahitaji ya wafanyi kazi na shule ikiwa ni shehemu ya mpango wa muda mrefu tulio nao kwa sehemu hii.

Kama vile ilivyotanjwa kwa taarifa zilizopita, tunatilia mkazo mkubwa kwa maslahi ya wafanyi kazi na inafurahisha tena kwamba vituo vyetu vya matibabu hasa kile cha mpango wa kupanga uzazi vinaendeshwa vyema na vinaungwa mkono.

WAFANYI KAZI

Nina furaha kutoa shukrani nyingi kwa niaba yenu kwa wafanyi kazi wa kila ngazi kwa juhudi zao na kujitolea ambazo zimeleta matokeo mema zaidi.

Solomon Koech akiwa Changoi Tea Estate na Bill Sainna akiwa Kaimosi wanaendelea kuwa Mameneja wakuu na kwa vile tumechukua Tinderet Tea Estates tuna furaha kumkaribisha Tom Lloyd kama Maneja mkuu.

MATAZAMIO

Kwa vile ikali vigumu kubashiri vyema hali ya baadaye ya bei za chai za ulimwengu na mabadiliko ya pesa za kigeni tuna matumaini ya kwamba mwaka ujao utakuwa mzuri. Wakati taarifa hii inaenda kwa magazeti Shillingi ya Kenya inaendelea kupata nguvu kulingana na sarafu za nchi nyingine

Kufuatana na kumalizika kwa kufana kwa Williamson House, tunafikiria njia za kustawisha kiwanja chetu huko Upper Hill Road, Nairobi na hali ghorofa zetu 7 kwa Williamson House zinaendelea kutupatia mchanganyiko mwema wa kibiashara.

HISA ZA BAKSHISHI

Kufuatana na matokeo ya mwaka uliopita na vile tulivyofanya vizuri mwaka huu, bodi yenu inapendekeza kuongezwa kwa rasimali kwa kutumia sehemu ya akiba ya kiasi cha Kshs21,890,800 kwa kutoa gawio la bakshishi la hisa moja kwa kila hisa moja ilioko na hizo hisa mpya zitafaulu kwa gawio kuanzia mwaka unaoishia 31 Machi, 1995.

Wakati wa kuandika ripoti hii, mawakili wetu wagali wakitafuta kibali cha mwisho kutoka kwa Banki Kuu ya Kenya na Capital Market Authority.

Tukidhania ya kwamba vibali hivi vitapokelea kwa wakati ufaao kushikana na Mukutano wetu mkuu wa mwaka, sehemu inayofaa kwa wanahisa kukubalia gawio hilo itaongezwa kwa notice na agenda ambayo itakuwa ukurasa wa tatu na wa nne wa Repoti ya mwaka na Hesabu.

N G SANDYS-LUMSDAINE
Mwenyekiti

05 July, 1994

The directors present their report together with the accounts of the group for the year ended 31 March 1994.

ACTIVITIES

The principal activities of the group are cultivation and manufacture of tea, investment in property and sale of tea machinery and generators.

ACQUISITION OF SUBSIDIARY

On 1 June 1993, the company acquired 76% of Tinderet Tea Estates (1989) Limited whose principle activities are the cultivation and manufacture of tea.

RESULTS	*Sh'000*
Profit before taxation	*318,847*
Taxation	*102,960*
Profit after taxation	*215,887*
Minority interest	*11,237*
Profit available for appropriation	*204,650*
Proposed dividend	*21,891*
Retained profit transferred to revenue reserve	*182,759*

DIVIDEND

The directors recommend the payment of a dividend of 100% for the year ended 31 March 1994.

SHARE CAPITAL

At the Annual General Meeting to be held on 26 August 1994, members will be asked to pass resolutions:

(a) increasing the authorised share capital from Sh 34,000,000 to Sh 43,781,600. The new ordinary shares will rank pari passu in all respects with the existing ordinary shares of the company.

(b) authorising a capitalisation issue, subject to obtaining the relevant approvals where necessary, of one share of Sh 5 each fully paid for every one ordinary share now held, increasing the issued capital from Sh 21,890,800 to Sh 43,781,600.

DIRECTORS

The present board of directors is shown on page 2.

In accordance with article 106 of the articles of association, Messrs P Magor and H Salwegter retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

The auditors, Gill & Johnson, continue in office in accordance with section 159 (2) of the Companies Act.

By Order of the Board,
E M KIMANI
Secretary

Nairobi

05 July, 1994

REPORT OF THE AUDITORS

TO THE MEMBERS OF GEORGE WILLIAMSON KENYA LIMITED

1 We have examined the accounts on pages 14 to 29 and have obtained all the information and explanations considered necessary for our audit.

2 As indicated in the accounting policies for depreciation (note 1), the charge to the profit and loss account is the depreciation on the original cost of fixed assets; additional depreciation arising as a result of asset revaluations is charged directly to capital reserve.

3 The accounts do not, therefore, comply with Kenyan Accounting Standard No.5 which requires the provision for depreciation to be based on the revalued amounts and to be charged to the profit and loss account. Had depreciation been charged wholly to the profit and loss account in accordance with the Standard, the effect for the year ended 31 March 1994 would have been to reduce operating profit by Sh 13,039,000, to reduce share of profits of associated companies by Sh2,378,000 and to reduce the profit before and after taxation by Sh 15,417,000.

4 In our opinion:

(i) Proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.

(ii) Except for the matter referred to in paragraph 3 above, the accounts comply with the Companies Act and give a true and fair view of the state of affairs of the company and the group at 31 March 1994 and of the profit and cash flows of the group for the year ended on that date.

GILL & JOHNSON
Certified Public Accountants (Kenya)
Nairobi

07 July, 1994

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1994

	Notes	1994 Sh'000	1993 Sh'000
TURNOVER		721,177	301,046
Cost of production		317,238	142,226
		403,939	158,820
Distribution costs		(73,076)	(29,330)
Administrative expenses		(11,839)	(28,957)
OPERATING PROFIT	2	319,024	100,533
Share of profits of associated companies		25,832	13,239
Interest receivable		19,309	-
Interest payable		(45,318)	(17,187)
PROFIT BEFORE TAXATION		318,847	96,585
TAXATION	3	102,960	33,023
PROFIT AFTER TAXATION	4	215,887	63,562
MINORITY INTEREST		11,237	-
PROFIT AVAILABLE FOR APPROPRIATION		204,650 *	63,562
PROPOSED DIVIDEND (GROSS) - 100% (1993 - 40%)		21,891	8,756
RETAINED PROFIT FOR THE YEAR	13	182,759	54,806
EARNINGS PER SHARE	5	Sh 46.74	Sh 14.52

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH, 1994	Notes	1994 Sh'000	1993 Sh'000
FIXED ASSETS	6	904,509	712,678
ASSOCIATED COMPANIES	8	109,541	95,450
OTHER INVESTMENTS	9	13	13
		1,014,063	808,141
CURRENT ASSETS			
Stocks	10	103,030	48,284
Debtors	11	198,872	108,185
Associated company		2,763	38
Taxation recoverable		137	-
Short term deposits		67,984	-
Bank and cash balances		16,132	32,166
		388,918	188,673
CURRENT LIABILITIES			
Creditors		88,105	50,588
Associated company		-	5,215
Taxation		69,417	21,561
Loans repayable within one year	14	17,436	8,380
Bank overdrafts (secured)		54,978	42,126
Dividends (gross) - payable		-	1,109
- proposed		21,891	8,756
		251,827	137,735
NET CURRENT ASSETS		137,091	50,938
		1,151,154	859,079
Financed by:			
SHARE CAPITAL	12	21,891	21,891
RESERVES	13	966,675	802,117
SHAREHOLDERS' FUNDS		988,566	824,008
MINORITY INTEREST		39,766	-
LOANS PAYABLE	14	122,822	35,071
		1,151,154	859,079

The accounts on pages 14 to 29 were approved by the board of directors on 05 July, 1994 and were signed on its behalf by:

N G Sandys-Lumsdaine } Directors
E M Kimani

COMPANY BALANCE SHEET

31 MARCH 1994

	Notes	1994 Sh'000	1993 Sh'000
FIXED ASSETS	6	496,186	461,004
INVESTMENTS IN SUBSIDIARIES	7	101,719	8,596
ASSOCIATED COMPANIES	8	17,619	17,619
OTHER INVESTMENTS	9	6	6
		615,530	487,225
CURRENT ASSETS			
Stocks	10	27,494	18,935
Debtors	11	65,383	58,238
Subsidiary companies		126,040	50,376
Associated company		1,421	17
Short term deposits		24,000	-
Bank and cash balances		7,847	17,390
		252,185	144,956
CURRENT LIABILITIES			
Creditors		26,047	19,946
Subsidiary companies		6,432	3,322
Associated company		-	3,232
Taxation		22,031	11,551
Loans repayable within one year	14	13,416	5,195
Bank overdraft (secured)		31,507	28,585
Dividends - payable		-	1,109
- proposed		21,891	8,756
		121,324	81,696
NET CURRENT ASSETS		130,861	63,260
		746,391	550,485
Financed by:			
SHARE CAPITAL	12	21,891	21,891
RESERVES	13	635,580	498,309
SHAREHOLDERS' FUNDS		657,471	520,200
LOANS PAYABLE	14	88,920	30,285
		746,391	550,485

The accounts on pages 14 to 29 were approved by the board of directors on 05 July, 1994 and were signed on its behalf by:

N G Sandys-Lumsdaine
E M Kimani
} Directors

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED
31 MARCH 1994

	Notes	1994 Sh'000	1993 Sh'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15(a)	246,944	74,244
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		18,462	-
Interest paid		(45,318)	(17,187)
Dividend received from associated company		1,059	1,059
Dividend paid		(9,865)	(12,986)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(35,662)	(29,114)
TAXATION PAID		(50,016)	(7,860)
INVESTING ACTIVITIES			
Purchase of subsidiary	15(c)	(133,229)	-
Purchase of fixed assets		(89,563)	(15,163)
Proceeds on sale of fixed assets		3,817	1,594
Purchase of investment		-	(3,736)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(218,975)	(17,305)
FINANCING			
New short term loans		133,000	5,967
Repayment of amounts borrowed		(36,193)	(9,528)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		96,807	(3,561)
INCREASE IN CASH AND CASH EQUIVALENTS	15(d)	39,098	16,404

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1994

1 ACCOUNTING POLICIES

Basis of Accounting

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

Consolidation

The group accounts reflect the result of the consolidation of the accounts of the company and its subsidiaries, and include the group's share of the results of the associated companies.

Investment in Associated Companies

The investment in associated companies is stated at the group's share of the related net assets.

Turnover

Turnover represents the gross value of tea sold, rent and net amounts receivable for supplies of other goods and services.

Stocks

Unsold tea is stated at the lower of cost and net realisable value. Cost comprises all estate, factory and packing expenses.

Tea machinery and generators stocks are stated at the lower of purchase cost and net realisable value.

Tea nursery and firewood are stated at production cost.

Stores are stated at average purchase cost.

Depreciation

Depreciation is not provided on freehold and long leasehold land, tea development expenditure and long leasehold investment property. Other fixed assets are depreciated on a straight line basis to write off the cost or valuation over their estimated useful lives.

The charge to the profit and loss account is the depreciation on the original cost of fixed assets; additional depreciation arising as a result of asset revaluations is charged directly to capital reserve.

The annual rates generally in use are:

Freehold and long leasehold buildings	5%
Machinery and equipment	10%
Motor vehicles	25%
Furniture and fittings	10%
Computers	20%

1 ACCOUNTING POLICIES (Continued)

Tea Development

Development represents the cost of establishing mature tea bushes. No provision is made for amortisation, as the costs of replanting, infilling and upkeep are charged against revenue, and the assets are revalued at periodic intervals.

Taxation

Current taxation is provided on the basis of the results for the year as shown in the accounts, adjusted in accordance with the tax legislation.

Deferred taxation is accounted for to the extent that it is probable that timing differences will reverse in the foreseeable future.

Foreign Currencies

Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Differences on exchange are dealt with in the profit and loss account.

2 OPERATING PROFIT

	1994 Sh'000	1993 Sh'000
The operating profit is arrived at after charging:		
Depreciation of fixed assets (note 6)	31,515	14,699
Less: adjustment on revaluations (note 13)	(13,039)	5,581
	18,476	9,118
Auditors' remuneration	1,874	1,133
Directors' remuneration		
Fees	150	197
Pension to former director	210	166
Other emoluments	3,582	2,982
Interest payable on		
Overdrafts	12,826	7,344
Loans	32,492	9,843
and after crediting:		
Gain on exchange	15,492	4,597
Interest receivable	19,309	-
Profit on sale of fixed assets	2,938	1,550
Rent receivable	7,293	4,331

		1994 Sh'000	1993 Sh'000
3	**TAXATION**		
	Based on the adjusted profit for the year at 35%	95,163	28,387
	Adjustments for previous years	(504)	57
		94,659	28,444
	Share of associated companies' taxation	8,301	4,579
		102,960	33,023

The adjusted profit for the year is materially lower than the profit before taxation mainly due to excess capital allowances.

At 31 March 1994 the group's potential deferred tax liability amounted to Sh 32,970,000 (1993 - Sh 15,221,000).

4 PROFIT AFTER TAXATION

A profit after taxation of Sh 166,213,000 (1993 - Sh 55,247,000) has been dealt with in the accounts of George Williamson Kenya Limited.

5 EARNINGS PER SHARE

Earnings per share has been calculated on the profit after taxation and minority interest of Sh 204,650,000 (1993 - Sh 63,562,000) and on 4,378,160 shares.

6 FIXED ASSETS

Group

	Freehold and long leasehold land, buildings and development Sh'000	Machinery and equipment Sh'000	Motor vehicles Sh'000	Office equipment, furniture and fittings Sh'000	Capital work in progress Sh'000	Total Sh'000
Cost or Valuation						
At 1 April 1993	641,700	57,540	22,389	8,174	-	729,803
Acquisition of subsidiary	128,600	11,745	5,137	993	-	146,475
Additions	12,197	29,946	24,514	2,073	20,833	89,563
Disposals	(483)	(728)	(2,068)	(161)	-	(3,440)
At 31 March 1994	782,014	98,503	49,972	11,079	20,833	962,401
Comprising:						
At valuation - 1989	119,104	-	-	-	-	119,104
At valuation - 1993	641,304	56,773	-	-	-	698,077
At cost	21,606	41,730	49,972	11,079	20,833	145,220
	782,014	98,503	49,972	11,079	20,833	962,401
Depreciation						
At 1 April 1993	-	226	13,120	3,779	-	17,125
Acquisition of subsidiary	5,129	3,872	1,711	618	-	11,330
Charge for the year	11,604	10,649	8,311	951	-	31,515
On disposals	-	(192)	(1,868)	(18)	-	(2,078)
At 31 March 1994	16,733	14,555	21,274	5,330	-	57,892
Net Book Value						
At 31 March 1994	765,281	83,948	28,698	5,749	20,833	904,509
At 31 March 1993	641,700	57,314	9,269	4,395	-	712,678

6 FIXED ASSETS *(continued)*

Company

	Freehold and long leasehold land, buildings and development Sh'000	Machinery and equipment Sh'000	Motor vehicles Sh'000	Office equipment, furniture and fittings Sh'000	Capital work in progress Sh'000	Total Sh'000
Cost or Valuation						
At 1 April 1993	427,000	25,537	12,670	6,758		471,965
Additions	10,790	24,325	13,153	1,388	1,851	51,507
Group transfer	-	-	390	-	-	390
Disposals	(263)	(500)	(1,770)	-	-	(2,533)
At 31 March 1994	437,527	49,362	24,443	8,146	1,851	521,329
Comprising:						
At valuation - 1993	426,737	25,037	-	-	-	451,774
At cost	10,790	24,325	24,443	8,146	1,851	69,555
	437,527	49,362	24,443	8,146	1,851	521,329
Depreciation						
At 1 April 1993	-	-	7,799	3,162	-	10,961
Charge for the year	5,125	5,407	4,189	641	-	15,362
Group transfer	-	-	390	-	-	390
On disposals	-	-	(1,570)	-	-	(1,570)
At 31 March 1994	5,125	5,407	10,808	3,803	-	25,143
Net Book Value						
At 31 March 1994	432,402	43,955	13,635	4,343	1,851	496,186
At 31 March 1993	427,000	25,537	4,871	3,596	-	461,004

		1994 Sh'000	1993 Sh'000
7	**INVESTMENTS IN SUBSIDIARIES**		
	(a) Unquoted investments at cost in wholly owned subsidiaries:		
	Kaimosi Tea Estates Limited	2,863	2,863
	George Williamson Engineering Limited	3,689	3,689
	Tea Manufacturing and Supplies Limited	2,000	2,000
	George Williamson Accounting and Management Services Limited	40	40
	Tea Properties Limited	2	2
	George Williamson Uganda Limited	2	2
	George Williamson Properties Limited	-	-
	Lelsa Tea Estates Limited	-	-
		8,596	8,596
	(b) Unquoted investment at cost in Tinderet Tea Estates (1989) Limited 76% owned:	93,123	-
		101,719	8,596
8	**ASSOCIATED COMPANIES**		
	Group		
	Kapchorua Tea Company Limited (Quoted); 27.1% owned:		
	Share of net assets	95,182	81,091
	Williamson Developments Limited (Unquoted); 38.9% owned:		
	Share of net assets	14,359	14,359
		109,541	95,450
	Company		
	Kapchorua Tea Company Limited (Quoted); 27.1% owned:		
	At cost - Market value Sh 92,201,000 (1993 - Sh 8,478,000)	3,260	3,260
	Williamson Developments Limited (Unquoted); 38.9% owned:		
	At cost and directors' valuation	14,359	14,359
		17,619	17,619

		GROUP		COMPANY	
		1994 Sh'000	1993 Sh'000	1994 Sh'000	1993 Sh'000
9	**OTHER INVESTMENTS**				
	Unquoted				
	At cost and directors' valuation	12	12	6	6
	Quoted				
	At cost - market value Sh 1,330 (1993 - Sh 86)	1	1	-	-
		13	13	6	6
10	**STOCKS**				
	Tea	30,960	21,539	19,078	11,793
	Tea machinery	3,077	4,707	-	-
	Generators	44,268	7,264	-	-
	Tea nursery	3,901	2,721	1,609	1,747
	Firewood	2,450	831	934	561
	Stores	13,456	8,865	5,873	4,834
	Work in progress	1,985	1,967	-	-
	Goods in transit	2,880	390	-	-
	Other	53	-	-	-
		103,030	48,284	27,494	18,935
11	**DEBTORS**				
	Tea	45,455	76,867	42,332	44,925
	Other	53,417	31,318	23,051	13,313
		198,872	108,185	65,383	58,238

Other debtors include loans to directors of Sh 1,871,308 (1993 - Sh 316,000).

12	**SHARE CAPITAL**				
	Authorised				
	6,800,000 shares of Sh 5 each			34,000	34,000
	Issued and fully paid				
	4,378,160 shares of Sh 5 each			21,891	21,891

13 RESERVES

Group

	Capital Sh'000	Revenue Sh'000	Total Sh'000
At 1 April 1993	610,307	191,810	802,117
Retained profit for the year	-	182,759	182,759
Goodwill arising on acquisition of subsidiary	(2,781)	-	(2,781)
Revaluation surplus realised on disposals	(879)	879	-
Depreciation adjustment on revaluations	(13,039)	-	(13,039)
Share of movement in associated companies' reserves	(2,417)	36	(2,381)
At 31 March 1994	591,191	375,484	966,675

Company

	Capital Sh'000	Revenue Sh'000	Total Sh'000
At 1 April 1993	346,754	151,555	498,309
Retained profit for the year	-	144,322	144,322
Revaluation surplus realised on disposals	(752)	752	-
Depreciation adjustment on revaluations	(7,051)	-	(7,051)
At 31 March 1994	338,951	296,629	635,580

		1994 Sh'000	1993 Sh'000
14	**LOANS PAYABLE**		
	Group		
	Secured bank loan repayable in equal annual instalments by 1994; interest at 19% per annum	-	5,600
	Secured bank loan repayable in equal monthly instalments by 1994; interest at 19% per annum	-	1,920
	Secured loan from the Staff Provident Fund with no fixed repayment terms; interest at 20.5% per annum	-	3,250
	Secured loans from a financial institution repayable in equal annual instalments by December 1997; interest at 22.5% per annum	-	7,800
	Secured loan from a financial institution repayable in equal quarterly instalments by 2001; interest at 31% per annum	13,276	18,830
	Secured loan from a financial institution repayable in equal monthly instalments by 1996; interest at 24.5% per annum	-	6,051
	Secured loans from a financial institution repayable in equal monthly instalments by 1998; interest at 31% per annum	126,982	-
		140,258	43,451
	Less: repayable within one year	17,436	8,380
		122,822	35,071

The bank loans, the loan from the Staff Provident Fund, and two financial institutions' loans were fully repaid during the year.

14 LOANS PAYABLE (continued)

Company

	1994 Sh'000	1993 Sh'000
Secured bank loan repayable in equal annual instalments by 1994; interest at 19% per annum	-	5,600
Loan from the Staff Provident Fund with no fixed repayment terms; interest at 20.5% per annum	-	3,250
Secured loan from a financial institution repayable in equal annual instalments by December 1997; interest at 22.5% per annum	-	7,800
Secured loan from a financial institution repayable in equal quarterly instalments by 2001; interest at 31% per annum	13,276	18,830
Secured loan from a financial institution repayable in equal monthly instalments by 1998; interest at 31% per annum	89,060	-
	102,336	35,480
Less: repayable within one year	13,416	5,195
	88,920	30,285

The bank loan, the loan from the Staff Provident Fund and one financial institution loan were fully repaid during the year.

Loan from Staff Provident Fund was secured on a property of a subsidiary company.

15 CASHFLOW STATEMENT

	1994 Sh'000	1993 Sh'000
(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	319,024	100,533
Depreciation	18,476	9,118
Development written off	483	159
Profit on sale of fixed assets	(2,938)	(1,550)
Increase in stocks	(42,280)	(8,756)
Increase in debtors	(66,557)	(51,534)
Increase in creditors	28,676	25,811
(Increase)/decrease in associated company balances	(7,940)	463
	246,944	74,244
(b) PURCHASE OF SUBSIDIARY		
Fixed assets	135,145	
Stocks	12,466	
Debtors	23,283	
Bank and cash balances	14,726	
Creditors	(8,841)	
Taxation	(3,076)	
Bank overdraft	(54,832)	
	118,871	
Minority interest	(28,529)	
	90,342	
Goodwill	2,781	
	93,123	
Satisfied by:		
Cash	93,123	
(c) ANALYSIS OF NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF PURCHASE OF SUBSIDIARY		
Cash consideration	93,123	
Bank and cash balances acquired	(14,726)	
Bank overdraft of acquired subsidiary	54,832	
	133,229	

		1994 Sh'000	1993 Sh'000
15	**CASHFLOW STATEMENT (continued)**		
	(d) INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	Short term deposits	67,984	-
	Bank and cash balances	(16,034)	29,295
	Bank overdrafts	(12,852)	(12,891)
		39,098	16,404
16	**FUTURE CAPITAL EXPENDITURE**		
	Group		
	Contracted but not provided	24,120	20,280
	Authorised by the directors but not contracted	68,769	51,126
	Company		
	Contracted but not provided	3,535	17,880
	Authorised by the directors but not contracted	36,019	26,873
17	**CONTINGENT LIABILITIES**		
	Group		
	Guarantees in respect of immigration bonds and staff loans	732	231
	Company		
	Guarantees to secure overdraft and other banking facilities of a subsidiary company	-	7,084
	Guarantees in respect of immigration bonds and staff loans	696	207

The company and two subsidiary companies have signed a joint debenture for Sh 46,472,000 to secure their future borrowing needs. At 31 March 1994 the company's liability amounted to Sh 14,763,155 (1993 - Sh 12,508,878).

18 ULTIMATE HOLDING COMPANY

The ultimate holding company is Williamson Tea Holdings plc which is incorporated in England.

TEN YEAR COMPARATIVE STATEMENT

	Notes	1994	1993	1992	1991	1990 (9 months)	1989	1988	1987	1986	1985
Tea Production											
Area under tea	Hectares	1,871	1,312	11,308	1,306	1,303	1,278	1,245	1,135	1,075	1,042
Made tea - own estates	'000 Kgs	5,471	3,800	3,338	3,564	2,716	2,861	3,138	3,440	2,927	2,915
Bought leaf	'000 Kgs	834	383	331	282	110	154	135	102	68	62
Total	'000 Kgs	6,305	4,183	3,669	3,846	2,826	3,015	3,273	3,542	2,995	2,977
Tea sold	'000 Kgs	5,580	3,860	3,938	4,116	2,406	3,014	3,184	3,528	3,085	2,798
Average price per Kg gross Sh/Cts		88/63	66/25	41/67	36/44	38/78	26/25	26/36	27/46	26/67	39/74
Profit (Sh'000)											
Profit/(loss) before taxation	(1)	318,847	96,585	27,380	45,840	30,980	(360)	9,580	21,040	17,940	48,000
Taxation		102,960	33,023	8,950	12,280	6,740	(200)	2,920	5,840	4,540	20,720
Profit /(loss) after taxation		215,887	63,562	18,430	33,560	24,240	(560)	6,660	15,200	13,400	27,280
Minority interest		11,237	-	-	-	-	-	-	-	-	-
Dividends		21,891	8,756	6,560	6,560	6,560	1,100	5,480	6,560	6,560	6,560
Retained profit/(loss)		182,759	54,806	11,870	27,000	17,680	(1,660)	1,180	8,640	6,840	20,720
Capital employed (Sh'000)											
Fixed assets		904,509	712,678	368,725	362,660	361,280	195,040	188,340	185,040	171,220	79,980
Investments and long term debtors		109,554	95,463	95,794	70,420	40,860	24,520	3,260	3,120	3,180	940
Net current assets		137,091	50,938	15,341	17,800	26,860	10,720	21,560	23,700	22,800	18,660
		1,151,154	859,079	479,860	450,880	429,000	230,280	213,160	211,860	197,200	99,580
Financed by (Sh'000)											
Share capital		21,891	21,891	21,891	21,891	21,891	21,891	21,891	21,891	21,891	21,891
Reserves		966,675	802,117	420,642	414,629	392,749	207,589	189,669	189,969	175,309	77,689
Shareholders' funds		988,566	824,008	442,533	436,520	414,640	229,480	211,560	211,860	197,200	99,580
Minority interest		39,766	-	-	-	-	-	-	-	-	-
Medium term borrowings		122,822	35,071	37,327	14,360	14,360	800	1,600	-	-	-
		1,151,154	859,079	479,860	450,880	429,000	230,280	213,160	211,860	197,200	99,580
Earnings per share	Cents	4,674	1,452	421	767	554	(13)	152	347	306	623
Dividend per share	%	100	40	30	30	30	5	25	30	30	30
Dividend per share	Cents	500	200	150	150	150	25	125	150	150	150
Dividend cover	Times	9.35	7.26	2.81	5.12	3.69	-	1.22	2.32	2.04	4.16

Note:

(1) From 1988, additional depreciation arising as a result of assets revaluations is charged directly to capital reserve.

The Secretary
George Williamson Kenya Limited
9th Floor, Williamson House, 4th Ngong Avenue
P.O. Box 42281
Nairobi

PROXY

I/We ....

of ....

being a member/members of George Williamson Kenya Limited do hereby appoint ....

....

of ....

or failing this the chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday 26 August 1994 .
My/our proxy is to vote as indicated in respect of the following resolutions:
(Please indicate with an X in the spaces below how you wish your votes to be cast for or against any of the resolutions)

ORDINARY BUSINESS		FOR	AGAINST
i	to receive and adopt the report of the directors together with the audited accounts for the year ended 31 March 1994		
ii	To declare a dividend		
iii	To re-elect retiring directors: P Magor		
	H. Salwegter		
iv	To approve the remuneration of directors of shillings one hundred and fifty thousand (Shs. 150,000) as contained in the accounts		
v	Subject to the necessary approvals being obtained: (a) increase Authorised Share Capital		
	(b) Bonus Issue		

Date 1994

Signature ....

Note: In the case of a member being a corporation, the proxy must be under its common seal or under the hand of an officer or attorney duly authorised in writing.

THIS PROXY DOES NOT GIVE THE HOLDER AUTHORITY TO VOTE OTHER THAN FOR THE RESOLUTIONS SHOWN.