REGISTERED NUMBER. 1173126

# GEORGE WILLIAMSON & CO. LTD

## REPORT OF THE DIRECTORS AND

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2007

## CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2007

GEORGE WILLLIAMSON & CO LTD

## COMPANY INFORMATION
## For The Year Ended 31 March 2007

| | |
|---|---|
| **DIRECTORS·** | P Magor ACA (Chairman)<br>Mrs A C Magor - appointed 19 February 2007<br>Mrs J M T Magor<br>Mrs S G T Elliott - resigned 18 December 2006<br>Mrs J J Garwood - resigned 18 December 2006<br>Mr V H J Clements FCA - resigned 18 December 2006 |
| **SECRETARY:** | P Magor ACA |
| **REGISTERED OFFICE·** | 5 West Mills<br>Newbury<br>Berkshire<br>RG14 5HG |
| **REGISTERED NUMBER** | 1173126 |
| **BANKERS:** | C Hoare & Co<br>37 Fleet Street<br>London<br>EC4P 4DQ |
| **AUDITORS** | Grant Thornton UK LLP<br>Registered Auditors<br>Chartered Accountants<br>Grant Thornton House<br>Melton Street<br>Euston Square<br>London<br>NW1 2EP |

**GEORGE WILLIAMSON & CO. LTD**

**NOTICE IS HEREBY GIVEN that the THIRTY FIRST ANNUAL GENERAL MEETING** of the members will be held at Manor Farm, Little Bedwyn Estate, Malrborough, Wiltshire, SN8 3JR on 31 January 2008 at 08 15 for the following purposes:

1 To receive and adopt the Directors Report and Financial Statements for the year ended 31 March 2007.

2. To re-appoint Grant Thornton UK LLP as Auditors and to authorise the Directors to determine the Auditors remuneration

By order of the Board

P Magor

Secretary

5 West Mills
Newbury
Berkshire
RG14 5HG

**Note:** A member entitled to attend and vote, can appoint a proxy in his stead and that proxy need not be a member

## REPORT OF THE DIRECTORS
## For The Year Ended 31 March 2007

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2007

### PRINCIPAL ACTIVITIES

George Williamson & Co Limited, a company registered in England and Wales, acts as Secretaries and Agents to Companies in the tea industry operating in Kenya

Details of principal subsidiary companies of the Group are given in note 30 to these financial statements

### BUSINESS REVIEW

In the year under review the Kenya tea farms benefited from improved prices in the early part of the year together with higher production Whilst this resulted in a profit compared to the loss last year margins were eroded by higher costs, in particular wage increases

Both the rose farms reported profits but the review of these investments undertaken early in the year resulted in the sale of the assets of Subati Ltd in October 2007 At this stage the farm in Tanzania will be retained so as to further assess the agricultural opportunities

In the UK the tea packing factory improved the penetration of the Williamson Tea Brand around the world and the arable farm benefited from improved wheat prices

### DIVIDENDS

The directors do not recommend the payment of a final dividend (2006 £2 50 per share)

### SUBSIDIARY COMPANIES

The company's shareholding in Williamson Tea Holdings Ltd was 94 66% at 31 March 2007 (2006 70 6%)

### DIRECTORS

The directors during the year under review were

P Magor
Mrs A C Magor
Mrs J J Garwood
Mrs J M T Magor
S G T Elliott
V H J Clements

The beneficial interests of the directors holding office on 31 March 2007 in the issued share capital of the company were as follows

| **Ordinary £1 shares** | **2007** | 2006 |
|---|---|---|
| Mr P Magor | **14,000** | 6,000 |
| Mrs J J Garwood | - | 4,000 |
| Mrs J M T Magor | **1,000** | 4,500 |
| Mrs S G T Elliott | - | 4,000 |
| Mr V H J Clements | - | - |
| Mrs A C Magor | - | - |

## REPORT OF THE DIRECTORS (continued)
## For The Year Ended 31 March 2007

No directors are required to retire under the Articles of Association

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Directors recognise that there are a number of financial risks to the Group and seek where possible to manage both the incidence and consequences of such risks

The Directors constantly review whether their policies are appropriate and effective and attempt to ensure that financial risks are approached in a prudent manner with the long term always a priority

**Currency risks**

The Group is exposed to a significant currency risk as its trading income from the sale of teas from its Kenya estates is largely denominated in the world's major trading currencies

The translation of this income back into Kenya shillings is dependent on the rates set by the Central Bank of Kenya whose policies are not always consistent and seldom to the benefit of the exporter

The Kenya estates attempt to mitigate this risk by keeping surplus funds in the major trading currencies until such time as funds are required for local expenditure Unfortunately there is no other mechanism available to hedge this risk

As a matter of policy the Group favours a progressive devaluation of the Kenya shilling to allow its estates to remain competitive

**Price risk**

The Group is unable to set the sale price for the sale of its Kenya teas as the market price is wholly dependent on the supply of and demand for tea in the world The vagaries of weather and wars over the years have dictated the balance of this equation and are thus entirely outside the control of the Directors

Sale prices do show remarkable fluctuations and therefore pose a significant risk to the financial performance of the Group

**Liquidity risk**

It has long been a policy of the Group to remain as liquid as possible with the current level of cash in the Group balance sheet demonstrating this policy

However the Directors recognise that it will be necessary to invest surplus cash and will seek to do so in a profitable manner whilst recognising that there may be significant liquidity risks attached to such a course of action

**Political risk**

The tea farms in Kenya are subject to significant political risk with the national elections held in December 2007 and the bloody aftermath increasing this risk considerably The Directors are not aware of any effective way in which to manage this financial risk

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period In preparing those financial statements, the directors are required to

**REPORT OF THE DIRECTORS (continued)**
**For The Year Ended 31 March 2007**

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- follow applicable United Kingdom law and accounting standards

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom

**POLITICAL AND CHARITABLE CONTRIBUTIONS**
Political donations of £nil (2006 £nil) were made during the year Various charitable contributions totalling £nil (2006 £3,100) were made during the year

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**AUDITORS**
Grant Thornton UK LLP, having offered themselves for reappointment as auditors shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985

**ON BEHALF OF THE BOARD·**

P Magor - Secretary

Date 31 January 2008

## REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF GEORGE WILLIAMSON & CO LTD

We have audited the group and parent company financial statements (the "financial statements") of George Williamson & Co Limited for the year ended 31 March 2007 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and notes 1 to 30 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Directors' Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

## REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF GEORGE WILLIAMSON & CO LTD

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2007 and of the group's result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2007

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
London

Date 31 January 2008

## PRINCIPAL ACCOUNTING POLICIES
## For The Year Ended 31 March 2007

### BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention as modified to include the revaluation of certain tangible fixed assets, and are in accordance with the Companies Act 1985 and comply with applicable accounting standards The policies have not changed during the period under review

### BASIS OF CONSOLIDATION

(i) The group financial statements consolidate those of the company and its subsidiary undertakings (see note 30) drawn up to 31 March 2007

(ii) Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life Negative goodwill is written back to the profit and loss account over the useful economic life of the assets to which it relates

As a matter of accounting policy, goodwill arising on consolidation first accounted for in accounting periods ending before 23 December 1998, the implementation date of FRS10, was written off to reserves immediately on acquisition Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates

(iii) Acquisitions of subsidiaries are dealt with by the acquisition method of accounting

(iv) As permitted by Section 230 of the Companies Act 1985 no separate Profit and Loss Account is presented for the company

### TURNOVER

Turnover of tea represents the proceeds of crop manufactured and sold and turnover of other activities represents the amount receivable by the group for those activities in the year excluding sales taxes

### TANGIBLE FIXED ASSETS AND DEPRECIATION

On adoption of FRS15, the group followed the transitional provisions to retain the book value of buildings but to adopt a policy of revaluation in respect of land only in the future

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives The rates generally applicable are

| | |
|---|---|
| Buildings and short leasehold improvements | 2% to 25% |
| Plant and machinery | 5% to 15% |
| Transport | 20% to 33% |
| Fixtures and fittings | 10% to 40% |

### LEASING CONTRACTS

All leases are operating leases and costs are charged against profit over the term of the lease

**PRINCIPAL ACCOUNTING POLICIES (continued)**
**For The Year Ended 31 March 2007**

## INVESTMENTS

Fixed asset investments are carried at cost less amounts written off

Investments held as trading assets and for the short term are included at the lower cost or net realisable value as current assets

## STOCKS

Unsold tea crop, stocks and stores are valued at the lower of cost or net realisable value Work in progress is carried at cost including a proportion of direct overheads

## DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

## FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

## DEFINED CONTRIBUTION SCHEMES

The group operates various pension schemes devised in accordance with the local conditions and practices in the countries concerned Where schemes are in operation, they are funded by payments to insurance companies or to trustee administered funds completely independent of the group's finances In addition the subsidiaries in Kenya provide for gratuity payments to certain staff on retirement as provided by statute

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period

## LIQUID RESOURCES

Liquid resources are current asset investments held as readily disposable stores of value, in accordance with FRS1, Cash Flow Statements

## FINANCIAL INSTRUMENTS

Financial liability and equity instruments are classified according to the substance of the contractual arrangements entered into

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, these financial instruments are classified as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to the financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability

Where none of the contractual terms of the share capital meet the definition of a financial liability, then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited to equity

GEORGE WILLLIAMSON & CO. LTD

## CONSOLIDATED PROFIT AND LOSS ACCOUNT
### For The Year Ended 31 March 2007

| | Notes | 2007 Continuing Operations £'000 | Continuing Operations £'000 | Discontinued Operations £'000 | 2006 Total £'000 |
|---|---|---|---|---|---|
| **TURNOVER** | **1** | **20,481** | 18,540 | 1,076 | 19,616 |
| Cost of sales | | **(14,095)** | (14,460) | (1,654) | (16,114) |
| **GROSS PROFIT** | | **6,386** | 4,080 | (578) | 3,502 |
| Distribution costs | | **(1,077)** | (1,071) | - | (1,071) |
| Administrative expenses | | **(4,058)** | (5,903) | - | (5,903) |
| **OPERATING PROFIT/(LOSS)** | | **1,251** | (2,894) | (578) | (3,472) |
| Loss on sale of investments | 2 | **-** | | | (1,257) |
| Other income | 3 | **21** | | | 3,344 |
| Interest receivable and similar income | 6 | **1,053** | | | 1,247 |
| Interest payable and similar charges | 5 | **(28)** | | | (351) |
| **PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION** | | **2,297** | | | (489) |
| Tax on profit/(loss) on ordinary activities | 8 | **(944)** | | | (546) |
| **PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION** | | **1,353** | | | (1,035) |
| Equity minority interests | | **(577)** | | | 877 |
| **RETAINED PROFIT/(LOSS) FOR THE YEAR** | 19 | **776** | | | (158) |

## CONSOLIDATED BALANCE SHEET
## At 31 March 2007

| | Notes | 2007<br>£'000 | 2006<br>£'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | | | |
| Goodwill | 9 | **843** | 950 |
| Negative goodwill | 9 | **(4,967)** | (867) |
| Tangible assets | 10 | **25,122** | 23,163 |
| Investments | 11 | **623** | 644 |
| | | **21,621** | 23,890 |
| **Current assets** | | | |
| Stocks | 12 | **3,800** | 2,380 |
| Debtors | 13 | **6,151** | 4,765 |
| Cash at bank and in hand | | **13,489** | 30,208 |
| | | **23,440** | 37,353 |
| **Creditors: amounts falling due within one year** | 14 | **(7,387)** | (7,746) |
| **Net current assets** | | **16,053** | 29,607 |
| **Total assets less current liabilities** | | **37,674** | 53,497 |
| **Creditors amounts falling due after more than one year** | 15 | **(2,217)** | (2,154) |
| **Provisions for liabilities and charges** | 16 | **(1,618)** | (1,452) |
| | | **33,839** | 49,891 |
| **Capital and reserves** | | | |
| Called up share capital | 18 | **21** | 40 |
| Capital redemption reserve | | **29** | 10 |
| Profit and loss account | 19 | **20,903** | 28,050 |
| Revaluation reserve | 20 | **3,212** | 3,075 |
| **Shareholders' funds – equity** | | **24,165** | 31,175 |
| Interest of minorities – equity | | **9,674** | 18,716 |
| | | **33,839** | 49,891 |

The financial statements were approved by the Board of Directors on 31 January 2008

**P Magor – Director**

GEORGE WILLLIAMSON & CO. LTD

## BALANCE SHEET
**At 31 March 2007**

| | Notes | 2007 £'000 | 2006 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 10f | **74** | 102 |
| Investments | 11 | **12,148** | 7,555 |
| | | **12,222** | 7,657 |
| **Current assets** | | | |
| Debtors | 13 | **1,907** | 1,326 |
| Cash at bank and in hand | | **37** | 2,954 |
| | | **1,944** | 4,280 |
| **Creditors: amounts falling due within one year** | 14 | **(10,457)** | (3,995) |
| **Net current (liabilities)/assets** | | **(8,513)** | 285 |
| **Total assets less current liabilities** | | **3,709** | 7,942 |
| **Capital reserves** | | | |
| Called up share capital | 18 | **21** | 40 |
| Capital redemption reserve | | **29** | 10 |
| Profit and loss account | 19 | **3,659** | 7,892 |
| **Shareholders' funds – equity** | | **3,709** | 7,942 |

The financial statements were approved by the Board of Directors on 31 January 2008

**P Magor – Director**

GEORGE WILLLIAMSON & CO. LTD

## CONSOLIDATED CASH FLOW STATEMENT
For The Year Ended 31 March 2007

| | Notes | 2007 £'000 | 2006 £'000 |
|---|---|---|---|
| **Net cash (outflow)/inflow from operating activities** | 22a | **(671)** | (780) |
| **Returns on investments and servicing of finance** | | | |
| Interest received | | **1,053** | 891 |
| Dividends received | | **21** | 30 |
| Other income | | **-** | 1,286 |
| Interest paid | | **(28)** | (351) |
| Dividends paid to minority shareholders in subsidiary undertakings | | **(274)** | (23) |
| **Net cash inflow from returns on investments and servicing of finance** | | **772** | 1,833 |
| **Taxation** | | **(219)** | 485 |
| **Capital expenditure and financial investment** | | | |
| Purchase of tangible fixed assets | | **(2,528)** | (1,913) |
| Purchase of investments | | **(6)** | (252) |
| Sale of tangible fixed assets | | **3** | 116 |
| Sale of investments | | **-** | 777 |
| **Net cash outflow from capital expenditure and financial investment** | | **(2,531)** | (1,272) |
| **Acquisitions and disposals** | | | |
| (Purchase)/sale of interest in subsidiaries | | **(4,595)** | 21,352 |
| Sale of Intellectual property | | **-** | 2,384 |
| **Net cash (outflow)/inflow from acquisitions and disposals** | | **(4,595)** | 23,736 |
| **Equity dividends paid** | | **(300)** | (1,615) |
| **Management of liquid resources** | | | |
| Sale of investments | | **-** | 86 |
| Purchase of own shares | | **(8,375)** | - |
| **Net cash inflow from management of liquid resources** | | **(8,375)** | 86 |
| **Financing** | | | |
| Repayment of borrowing | | **(400)** | (579) |
| **Net cash outflow from financing** | | **(400)** | (579) |
| **(Decrease)/Increase in cash** | 22c | **(16,319)** | 21,894 |

# OTHER PRIMARY STATEMENTS
## For The Year Ended 31 March 2007

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | 2007<br>£'000 | 2006<br>£'000 |
|---|---|---|
| **Profit/(loss) for the financial year** | **776** | (158) |
| Currency translation differences on foreign currency net investments | **1,023** | 799 |
| **Total gains and losses recognised since last financial statements** | **1,799** | 641 |

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

| | 2007<br>£'000 | 2006<br>£'000 |
|---|---|---|
| Profit/(loss) on ordinary activities before taxation | **2,297** | (489) |
| Difference between historical cost depreciation charge and depreciation charge based on revalued amounts | **517** | 98 |
| Historical cost profit/(loss) on ordinary activities before taxation | **2,814** | (391) |

## NOTES TO THE FINANCIAL STATEMENTS
### For The Year Ended 31 March 2007

### 1. SEGMENTAL ANALYSIS

| | Net Assets | | Turnover | | Pre-Tax Profit/(loss) | |
|---|---|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 | **2007** | 2006 |
| | **£'000** | £'000 | **£'000** | £'000 | **£'000** | £,000 |
| By Activity | | | | | | |
| Tea | **20,729** | 19,718 | **16,629** | 15,917 | **2,093** | (761) |
| Other activities | **13,110** | 30,173 | **3,852** | 3,699 | **204** | 272 |
| | **33,839** | 49,891 | **20,481** | 19,616 | **2,297** | (489) |
| Geographically – by origin | | | | | | |
| India | **-** | - | **-** | 1,076 | **-** | (599) |
| Kenya | **20,357** | 20,822 | **15,210** | 13,449 | **1,275** | (328) |
| Tanzania | **(1,446)** | (285) | **523** | 491 | **(232)** | (413) |
| United Kingdom | **14,918** | 29,354 | **4,748** | 4,600 | **1,254** | 851 |
| | **33,829** | 49,891 | **20,481** | 19,616 | **2,297** | (489) |

| Turnover Geographically – by destination | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Kenya | **1,931** | 2,477 |
| United Kingdom | **12,860** | 11,579 |
| Rest of Europe | **131** | 1,145 |
| North America | **518** | - |
| Japan | **1,306** | - |
| Others | **3,735** | 4,415 |
| | **20,481** | 19,616 |

### 2 EXCEPTIONAL ITEM

| | **2007** £'000 | 2006 £'000 |
|---|---|---|
| Loss on disposal of subsidiary undertaking | **-** | 1,257 |

### 3 OTHER INCOME

Other income of £21,000 (2006 £3,344,000) represents income from listed investments (2006 proceeds from the sale of intellectual property)

## NOTES TO THE FINANCIAL STATEMENTS (continued)
## For The Year Ended 31 March 2007

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after

| | **2007** | 2006 |
|---|---|---|
| | **£'000** | £,000 |
| Auditors' remuneration | | |
| United Kingdom Audit services | **41** | 46 |
| Non-audit services - taxation | **86** | 26 |
| Depreciation and amortisation | | |
| Goodwill | **57** | 57 |
| Tangible fixed assets, owned | **1,227** | 1,402 |
| Rental on operating leases – property | **79** | 79 |

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

| | **2007** | 2006 |
|---|---|---|
| | **£'000** | £'000 |
| Bank loans and overdrafts | **28** | 351 |

### 6 INTEREST RECEIVABLE AND SIMILAR INCOME

| | **2007** | 2006 |
|---|---|---|
| | **£'000** | £'000 |
| Bank interest receivable | **1,053** | 891 |
| Profit on sale of investments | **-** | 356 |
| | **1,053** | 1,247 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**For The Year Ended 31 March 2007**

## 7 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Wages and salaries | 5,806 | 5,421 |
| Social security costs | 375 | 490 |
| Other pension costs | 321 | 852 |
| | 6,502 | 6,763 |

The average number of employees of the company during the year was

| | 2007 Number | 2006 Number |
|---|---|---|
| Agricultural (overseas) | 5,875 | 5,634 |
| Engineering and others | 112 | 179 |
| | 5,987 | 5,813 |

Remuneration in respect of directors as follows

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Emoluments | 432 | 515 |
| Fees | 15 | 13 |
| Pension contributions to money purchase pension schemes | 223 | 626 |
| | 670 | 1,154 |

During the year one director (2006 one) participated in money purchase pension schemes

The amounts set out above include remuneration in respect of the highest paid director as follows

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Emoluments | 367 | 347 |
| Pension contributions to money purchase pension schemes | 223 | 626 |
| | 590 | 973 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**For The Year Ended 31 March 2007**

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Current tax | | |
| United Kingdom corporation tax on profits for the period | 89 | 499 |
| Adjustments in respect of prior year | (42) | 133 |
| Foreign tax | 563 | 69 |
| | 610 | 701 |
| Origination and reversal of timing differences - deferred tax | 334 | (155) |
| | 944 | 546 |
| Factors affecting tax charge for the period | | |
| Profit/(loss) on ordinary activities before tax | 2,297 | (489) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006 30%) | 689 | (147) |
| Effect of | | |
| Expenses not deductible for tax purposes | 211 | 262 |
| Overseas losses not recognised | (264) | 336 |
| Other adjustments re differences in rates | (8) | (7) |
| Loss on disposal of subsidiary | - | 377 |
| Tax losses utilised in year | (28) | (8) |
| Difference between capital gain and profit on disposal of fixed assets | - | (251) |
| Difference between capital allowances and depreciation | 30 | 3 |
| Other | 22 | 3 |
| Adjustment to tax charge in respect of prior periods | (42) | 133 |
| Current tax charge for period | 610 | 701 |

## 9. INTANGIBLE FIXED ASSETS

| | Goodwill on consolidation | Negative Goodwill | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Cost | | | |
| At 1 April 2006 | 2,111 | (1,008) | 1,103 |
| Additions | - | (4,368) | (4,368) |
| At 31 March 2007 | 2,111 | (5,376) | (3,265) |
| | | | |
| Amortisation | | | |
| At 1 April 2006 | 461 | (141) | 320 |
| Provided in year | 107 | (268) | (161) |
| At 31 March 2007 | 568 | (409) | 159 |
| | | | |
| Impairment provision at 1 April 2006 and 31 March 2007 | 700 | - | 700 |
| | | | |
| **Net book amount at 31 March 2007** | **843** | **(4,967)** | **(4,124)** |
| | | | |
| Net book amount at 31 March 2006 | 950 | (867) | 83 |

Goodwill included above relates to the acquisition of Subati Ltd and Hortanzia Ltd and is being amortised over its estimated useful life of 20 years on the basis of the agricultural nature of the business The directors were required to review the carrying value of the goodwill acquired in accordance with Financial Reporting Standard 11 Given the significant losses incurred by the rose farms in the year ended 31 March 2004, the directors were unable to support the carrying value by reference to future cash flows and based their estimate of net realisable value on prevailing market conditions This resulted in the impairment provision The directors are not aware of any further impairment £798,000 of the negative goodwill arises on consolidation of the investments in Subati Limited and Hortanzia Limited The remainder arose on the acquisitions of further holdings in Williamson Tea Holdings Ltd being the fair value of the assets acquired less consideration paid

## NOTES TO THE FINANCIAL STATEMENTS (continued)
For The Year Ended 31 March 2007

### 10. TANGIBLE FIXED ASSETS

**Group**

| | Land £'000 | Buildings £'000 | Plant & Machinery £'000 | Total £'000 |
|---|---|---|---|---|
| Cost | | | | |
| At 1 April 2006 | 11,339 | 11,280 | 11,322 | 33,941 |
| Additions | 312 | 1,663 | 553 | 2,528 |
| Exchange differences | 330 | 348 | 126 | 804 |
| Disposals | (142) | (13) | (174) | (329) |
| At 31 March 2007 | **11,839** | **13,278** | **11,827** | **36,944** |
| Depreciation | | | | |
| At 1 April 2006 | 846 | 3,591 | 6,341 | 10,778 |
| Charge for the year | 17 | 420 | 810 | 1,247 |
| Exchange differences | - | (77) | - | (77) |
| Disposals | - | (5) | (121) | (126) |
| At 31 March 2007 | **863** | **3,929** | **7,030** | **11,822** |
| Net book amount at 31 March 2007 | **10,976** | **9,349** | **4,797** | **25,122** |
| Net book amount at 31 March 2006 | 10,493 | 7,689 | 4,981 | 23,163 |

Land not depreciated amounts to £10,812,000 (2006 £10,374,000) Land depreciated represents expenditure on growing plants on the rose farms

(a) Exchange differences arising on translation of overseas assets at rates ruling at the date of the balance sheet amount to a profit in Kenya of £778,000 (2006 £1,268,000) and a loss in Tanzania of £51,000 (2006 profit £35,000)

(b) Land and buildings – cost/valuation as adjusted for currency fluctuations

| | Land | | Buildings | |
|---|---|---|---|---|
| | **2007 £'000** | 2006 £'000 | **2007 £'000** | 2006 £'000 |
| Valuation 1999 | **6,832** | 6,693 | **7,317** | 7,131 |
| Cost | **4,575** | 1,954 | **4,181** | 2,771 |
| | **11,407** | 8,647 | **11,498** | 9,902 |

Land and buildings include freehold property, and property held in Kenya which can be considered as substantially similar to freehold

(c) The freehold land for all group companies of the overseas subsidiaries was professionally revalued on 31 March 2002 on an existing use basis The external valuers involved were

Kenya Lloyd Masika Ltd, Nairobi, registered valuers and estate agents

The directors do not consider there to have been a material change in re-valued fixed asset values during the year

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**For the Year ended 31 March 2007**

(d) If land & buildings had not been revalued they would have been included on the historical cost basis, as adjusted for exchange differences as follows

| | **Land £'000** | **Buildings £'000** |
|---|---|---|
| Cost | 6,835 | 6,030 |
| Accumulated depreciation | (750) | (220) |
| **Book value at 31 March 2007** | **6,085** | **5,810** |
| Book value at 31 March 2006 | 3,960 | 5,102 |

(e) The land in Kenya consists of

| | **2007 Hectares** | | 2006 Hectares | |
|---|---|---|---|---|
| | **Grant Area** | **Tea Area** | Grant Area | Tea Area |
| Freehold | **1,307** | **1,110** | 1,298 | 951 |
| Long lease (over 50 years) | **4,331** | **4,301** | 4,301 | 1,829 |
| | **5,638** | **5,411** | 5,599 | 2,780 |

(f) **Parent**

| | **Vehicles, plant and equipment £'000** |
|---|---|
| Cost | |
| At 1 April 2006 | 256 |
| Additions | 54 |
| Disposals | (1) |
| At 31 March 2007 | 309 |
| Depreciation | |
| At 1 April 2006 | 154 |
| Charge for year | 82 |
| On disposals | (1) |
| At 31 March 2007 | 235 |
| Net book value | |
| **At 31 March 2007** | **74** |
| At 31 March 2006 | 102 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)
## For the Year ended 31 March 2007

### 11 FIXED ASSET INVESTMENTS

| | Investments unlisted £'000 |
|---|---|
| Cost | |
| At 1 April 2006 | 682 |
| Exchange differences | (19) |
| Disposals | 7 |
| At 31 March 2007 | 670 |
| Amounts written off | |
| At 1 April 2006 | 38 |
| Disposal | 9 |
| At 31 March 2007 | 47 |
| Net book value | |
| **At 31 March 2007** | **623** |
| At 31 March 2006 | 644 |

**Parent**

| | Investments £'000 |
|---|---|
| Cost | |
| At April 2006 | 12,555 |
| Additions | 4,601 |
| At 31 March 2007 | 17,156 |
| Amounts written off | |
| At 1 April 2006 | 5,000 |
| Provided in the year | 8 |
| At 1 April 2006 and 31 March 2007 | 5,008 |
| **Net book amount at 31 March 2007** | **12,148** |
| Net book amount at 31 March 2006 | 7,555 |

### 12. STOCKS

| | Group | |
|---|---|---|
| | **2007** | 2006 |
| | **£'000** | £'000 |
| Unsold tea crop | **1,722** | 552 |
| Stocks, stores and work in progress | **2,078** | 1,828 |
| | **3,800** | 2,380 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)
## For the Year ended 31 March 2007

### 13. DEBTORS

| | Group | | Parent | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Trade debtors | **4,017** | 2,961 | **6** | 5 |
| Amounts owed by subsidiary undertakings | - | - | **1,202** | 1,195 |
| Other debtors | **1,620** | 1,082 | **569** | 62 |
| Corporation tax | **265** | 230 | **93** | 26 |
| Prepayments | **249** | 492 | **37** | 38 |
| | **6,151** | 4,765 | **1,907** | 1,326 |
| Including amounts due after more than one year | - | 983 | - | - |

### 14 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Parent | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Bank loans & overdrafts (secured – Note 15) | **457** | 822 | - | - |
| Trade creditors | **2,903** | 2,841 | **41** | 1,006 |
| Amounts due to subsidiary undertakings | - | - | **10,255** | 2,396 |
| Social security | **77** | 1,173 | **51** | 60 |
| Taxation | **300** | 551 | - | 415 |
| Other creditors | **3,384** | 2,077 | **36** | 29 |
| Accruals | **266** | 282 | **74** | 89 |
| | **7,387** | 7,746 | **10,457** | 3,995 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year ended 31 March 2007

### 15 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Parent | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Bank loans (secured) | **819** | 854 | - | - |
| Other creditors | **1,398** | 1,300 | - | - |
| | **2,217** | 2,154 | - | - |

Total borrowings as shown in notes 14 and 15 are repayable as follows

| | Group | | Parent | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Within one year | **457** | 513 | - | - |
| Between one and two years | - | 190 | - | - |
| Between two and five years | **819** | 571 | - | - |
| In five years or more | - | 92 | - | - |
| | **1,276** | 1,366 | - | - |

Loans carry interest at rates varying from floating to 8% and are repayable in the country of origin in instalments

Security is given for bank loans and overdrafts by hypothecation of crop, stocks and other moveable assets and mortgage charges over property

### 16 PROVISIONS FOR LIABILITIES AND CHARGES

| | Group Deferred Taxation (note 17) £'000 |
|---|---|
| At 1 April 2006 | 1,452 |
| Exchange differences | (167) |
| Released in year | 333 |
| At 31 March 2007 | **1,618** |

### 17 DEFERRED TAXATION

Deferred taxation provided in the financial statements is set out below There were no unprovided amounts of deferred taxation at 31 March 2007 or 31 March 2006

| | Group Amount provided | |
|---|---|---|
| | **2007** | 2006 |
| | **£'000** | £'000 |
| Accelerated capital allowances | **2,113** | 2,103 |
| Other timing differences | - | (433) |
| Tax losses carried forward | **(495)** | (218) |
| | **1,618** | 1,452 |

No liability arises in respect of timing differences on United Kingdom capital allowances and depreciation

No provision has been made for taxation which would accrue if land and buildings were disposed of at their revalued amounts on the grounds that there are no plans for disposal in the foreseeable future It is not practical to quantify this potential liability

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**For the Year ended 31 March 2007**

## 18. SHARE CAPITAL

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Authorised | | |
| 250,000 ordinary shares of £1 each | 250 | 250 |
| Allotted, issued and fully paid | | |
| 40,000 ordinary shares of £1 each | 21 | 40 |

During the year the company purchased 19,000 of its own £1 ordinary shares for a total consideration of £8,375,000 The nominal value of £19,000 has been credited to the Capital Redemption Reserve

## 19. PROFIT AND LOSS ACCOUNT

| | Group £'000 | Parent £'000 |
|---|---|---|
| At 1 April 2006 | 28,050 | 7,862 |
| Exchange differences | 886 | - |
| Retained profit for the year | 776 | 4,343 |
| Redemption of share capital | (8,375) | (8,375) |
| Dividends paid | (434) | (200) |
| At 31 March 2007 | 20,903 | 3,659 |

The profit for the financial year dealt with in the financial statements of the parent company was £4,143,000 (2006 £1,135,031) The cumulative amount of goodwill arising from acquisitions accounted for in years ending before 23 December 1998, which has been written off to reserves is £936,000 (2006 £936,000)

## 20 GROUP REVALUATION RESERVE

| | £'000 |
|---|---|
| At 1 April 2006 | 3,075 |
| Exchange differences | 137 |
| At 31 March 2007 | 3,212 |

The reserves of the Williamson Tea Holdings Ltd subgroup include approximately £5 million of undistributable reserves in overseas subsidiary undertakings Any distribution from free reserves is subject to local taxes and Exchange Control Regulations The reserves are apportioned in these financial statements between reserves as set out above and minority interests

## 21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Profit/(loss) for the financial year | 776 | (158) |
| Dividends | (434) | (341) |
| Redemption of share capital | (8,375) | - |
| Other recognised gains and losses | 1,023 | 1,116 |
| Movement in shareholders' funds | (7,010) | 617 |
| Shareholders' funds at 1 April 2006 | 31,175 | 30,558 |
| Shareholders' funds at 31 March 2007 | 24,165 | 31,175 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**For the Year ended 31 March 2007**

## 22 CONSOLIDATED CASH FLOW STATEMENT

### (a) NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Operating profit/(loss) | **1,251** | (3,458) |
| Depreciation | **1,247** | 1,402 |
| Amortisation | **(161)** | 55 |
| Decrease/(increase) in stock | **(1,420)** | 1,715 |
| Decrease/(increase) in debtors | **(1,575)** | 5,630 |
| (Decrease)/increase in creditors | **521** | (6,123) |
| Net changes in currency values | **(534)** | (1) |
| Net cash (outflow)/inflow from operating activities | **(671)** | (780) |

### (b) RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| (Decrease)/Increase in cash in the year | **(16,719)** | 21,894 |
| Cash flow from repayment of borrowing | **400** | 529 |
| Cash flow from movement of liquid resources | **-** | (86) |
| Change in net debt resulting from cash flows | **(16,319)** | 22,337 |
| Effect of foreign exchange movement | **-** | (1) |
| Movement in net funds in the year | **(16,319)** | 22,336 |
| Net funds at 1 April 2006 | **28,532** | 6,196 |
| Net funds at 31 March 2007 | **12,213** | 28,532 |

### (c) ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 Apr 2006 £'000 | Cash flow £'000 | At 31 Mar 2007 £'000 |
|---|---|---|---|
| Cash in hand and at bank | 30,208 | (16,719) | **13,489** |
| Overdraft | (822) | 552 | **(270)** |
| Debt | (854) | (152) | **(1,006)** |
| | 28,532 | (16,319) | **12,213** |

### (d) EFFECTS OF DISPOSAL OF SUBSIDIARY UNDERTAKINGS

| | 2007 £'000 | 2006 £'000 |
|---|---|---|
| Tangible assets | - | 22,669 |
| Investments | - | 500 |
| Working capital | - | 1,246 |
| Loan capital | - | (1,140) |
| Deferred taxation | - | (666) |
| | - | 22,609 |
| Deficiency on disposal | - | (1,257) |
| Consideration Cash | - | 21,352 |

## 23 GUARANTEES

Guarantees totalling £543,478 (2006 £555,360) in respect of overseas bank advances have been given by members of the Williamson Tea Holdings Ltd subgroup

## 24. CAPITAL COMMITMENTS

Capital expenditure commitments for which no provision has been made in these financial statements were as follows

| | Group | | Parent | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Capital commitments | **3,765** | 225 | - | - |

## 25 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2007 or 31 March 2006

## 26 RETIREMENT BENEFITS

**Defined Contribution Pension Scheme**
Group contributions to the defined contribution schemes during the year were £321,741 (2006 £852,000)

## 27 LEASING COMMITMENTS

Operating lease payments amounting to £858,000 (2006 £818,000) are due within one year The leases to which these amounts relate expire as follows

| | **2007 Property leases £'000** | 2006 Property leases £'000 |
|---|---|---|
| In one year or less | **219** | - |
| Between one and five years | **557** | 181 |
| In five years or more | **79** | 637 |
| | **855** | 818 |

## 28. TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The company has taken advantage of the exemption in Financial Reporting Standard No 8 " Related party disclosures" and has not disclosed transactions with group undertakings

There are no other material related party transactions

## NOTES TO THE FINANCIAL STATEMENTS (continued)
## For the Year ended 31 March 2006

### 29 POST BALANCE SHEET EVENTS

On 23 October 2007 the assets of Subati Ltd were sold for €4,200,000

### 30. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS AT 31 MARCH 2007

| | % held | Country of Registration / Incorporation & Operation | Activity |
|---|---|---|---|
| Cohen & Griffiths Ltd | *100 | England and Wales | Commodity broking |
| Little Bedwyn Estate Ltd | *100 | England and Wales | Arable farming |
| Williamson Tea Holdings Ltd and its principal subsidiary undertakings | *94 | England and Wales | Holding company |
| Ngong Tea Holdings Ltd | 100 | England and Wales | Holding company |
| Williamson Flowers Ltd | 100 | England and Wales | Holding company |
| Williamson Fine Teas Ltd | 100 | England and Wales | Tea trading and packing |
| Strathkirk Investments Ltd | 100 | England and Wales | Holding company |
| Brock Investments Ltd | 100 | Guernsey | Holding company |
| Forest Investments Ltd | 100 | Guernsey | Holding company |
| Kapchorua Tea Co Ltd | 64 | Kenya | Tea producers |
| Subati Ltd | 68 | Kenya | Rose growing |
| Williamson Tea Kenya Ltd | 51 | Kenya | Managing Agents & Tea producers |
| Hortanzia Ltd | 68 | Tanzania | Rose growing |

*held by parent

All of the subsidiary undertakings have been consolidated in the group financial statements All are subsidiary undertakings by virtue of the holding in ordinary share capital