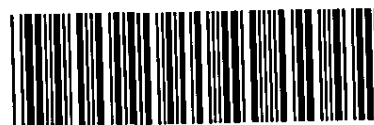


**GEORGE WILLIAMSON &  
CO. LTD**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS**

**For the year ended  
31 MARCH 2008**

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**Company no 1173126**

**GEORGE WILLIAMSON & CO. LTD**  
**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2008

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Company registration number: 1173126

Registered office: 5 West Mills  
Newbury  
Berkshire  
RG14 5HG

Directors: P Magor ACA (Chairman)  
Mrs A C Magor  
Mrs J M T Magor

Secretary: P Magor ACA

Bankers: C Hoare & Co.  
37 Fleet Street  
London  
EC4P 4DQ

Auditors: Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

**GEORGE WILLIAMSON & CO. LTD**  
**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2008

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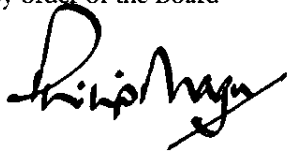
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**GEORGE WILLIAMSON & CO. LTD**

**NOTICE IS HEREBY GIVEN** that the **THIRTY SECOND ANNUAL GENERAL MEETING** of the members will be held at 5 West Mills, Newbury on *19<sup>th</sup> December* 2008 at *14.30 hrs* for the following purposes:

1. To review and adopt the Directors' Report and Financial Statements for the year ended 31 March 2008.
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

Dated

*28 November 2008*

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.

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2008.

### **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 incurred losses due to depressed tea prices, a severe drought and a strong Kenya shilling that aggravated high labour costs. The violence that followed the national elections in December 2007 had a direct impact on all our farm employees with many forced to flee to the safety of their traditional tribal lands. Kenya has now returned to normal but many issues simmer and need resolution for the long term good of its people.

The Hortanzia rose farm in Tanzania incurred significant losses but progress is being made in boosting production and improving revenue per square metre. Land values around the rose farm continue to be buoyant and underpin the investment for the time being.

The UK tea packing business incurred losses following the decision to cease contract packing for a major client. Whilst this contract contributed to more than half of the turnover the decision will allow the necessary focus on our own brands with their improved margins.

The UK arable farm made a useful profit after the successful sale of an investment property at the top of the market.

### **Dividends**

The directors do not recommend the payment of a final dividend (2007: £nil).

### **Directors**

The directors during the year under review were:

P Magor  
Mrs A C Magor  
Mrs J M T Magor

The beneficial interests of the directors holding office on 31 March 2008 in the issued share capital of the company were as follows:

	Ordinary shares of £1 each	
	2008	2007
Mr P Magor	14,000	14,000
Mrs A C Magor		
Mrs J M T Magor	1,000	1,000

No directors have been appointed since the previous Annual General Meeting. 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.

**Statement of directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


**Political and charitable contributions**

Political donations of £nil (2007: £nil) were made during the year. No charitable contributions (2007: none) were made during the year.

**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  
Director  
28 November 2008

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
GEORGE WILLIAMSON & CO. LTD**

We have audited the group and parent company financial statements (the "financial statements") of George Williamson & Co Ltd for the year ended 31 March 2008 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 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 the 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements 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 AUDITORS TO THE MEMBERS 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 2008 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 2008.

*Grant Thornton UK LLP*

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

LONDON

*1 December* 2008

### **Basis of preparation**

The financial statements have been 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 2008.
- (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.

### **Investments**

Fixed assets 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 WILLIAMSON & CO. LTD**  
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 2008

	Note	2008 £'000	2007 £'000
Turnover	1	20,157	20,481
Cost of sales		<u>(15,689)</u>	<u>(14,095)</u>
Gross profit		4,468	6,386
Distribution costs		(1,368)	(1,077)
Administrative expenses		<u>(6,100)</u>	<u>(4,058)</u>
<b>Operating (loss)/profit</b>		<b>(3,000)</b>	<b>1,251</b>
Exceptional items	2	375	-
Other income	3	393	21
Interest payable and similar charges	5	(106)	(28)
Interest receivable and similar income	6	<u>1,217</u>	<u>1,053</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	4	<b>(1,121)</b>	<b>2,297</b>
Tax on (loss)/profit on ordinary activities	8	<u>(328)</u>	<u>(944)</u>
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(1,449)</b>	<b>1,353</b>
Equity minority interests		881	(577)
<b>Retained (loss)/profit for the year</b>	19	<u><b>(568)</b></u>	<u><b>776</b></u>

All transactions arise from continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

**GEORGE WILLIAMSON & CO. LTD**  
CONSOLIDATED BALANCE SHEET AT 31 MARCH 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Intangible assets	9		
Goodwill		75	843
Negative goodwill		(4,699)	(4,967)
Tangible assets	10	29,328	25,122
Investments	11	627	623
		<u>25,331</u>	<u>21,621</u>
<b>Current assets</b>			
Stocks	12	2,688	3,800
Debtors	13	7,668	6,151
Cash at bank and in hand		9,588	13,489
		<u>19,944</u>	<u>23,440</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(6,223)</u>	<u>(7,387)</u>
<b>Net current assets</b>		<u>13,721</u>	<u>16,053</u>
<b>Total assets less current liabilities</b>		<u>39,052</u>	<u>37,674</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(3,904)</u>	<u>(2,217)</u>
<b>Provisions for liabilities and charges</b>	16	<u>(1,556)</u>	<u>(1,618)</u>
		<u>33,592</u>	<u>33,839</u>
<b>Capital and reserves</b>			
Called up share capital	18	21	21
Capital redemption reserve		29	29
Profit and loss account	19	20,083	20,903
Revaluation reserve	20	3,469	3,212
<b>Shareholders' funds - equity</b>		<u>23,602</u>	<u>24,165</u>
Interest of minorities - equity		9,990	9,674
		<u>33,592</u>	<u>33,839</u>

The financial statements were approved by the Board of Directors on *28 November* 2008.

  
P Magor - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**GEORGE WILLIAMSON & CO. LTD**  
COMPANY BALANCE SHEET AT 31 MARCH 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Tangible assets	10	170	74
Investments	11	<u>12,221</u>	<u>12,148</u>
		<b>12,391</b>	<b>12,222</b>
<b>Current assets</b>			
Debtors	13	3,455	1,907
Cash at bank and in hand		<u>479</u>	<u>37</u>
		<b>3,934</b>	<b>1,944</b>
<b>Creditors: amounts falling due within one year</b>	14	<u>(11,427)</u>	<u>(10,457)</u>
<b>Net current liabilities</b>		<u><b>(7,493)</b></u>	<u><b>(8,513)</b></u>
<b>Total assets less current liabilities</b>		<u><b>4,898</b></u>	<u><b>3,709</b></u>
<b>Capital and reserves</b>			
Called up share capital	18	21	21
Capital redemption reserve		29	29
Profit and loss account	19	<u>4,848</u>	<u>3,659</u>
<b>Shareholders' funds - equity</b>		<u><b>4,898</b></u>	<u><b>3,709</b></u>

The financial statements were approved by the Board of Directors on *28 November* 2008.

  
P Magor - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**GEORGE WILLIAMSON & CO. LTD**  
CASH FLOW STATEMENT

For the year ended 31 MARCH 2008

	Note	2008 £'000	2007 £'000
<b>Net cash outflow from operating activities</b>	22	(2,991)	(671)
<b>Returns on investments and servicing of finance</b>			
Interest received		1,217	1,053
Dividends received		80	21
Other income		313	-
Interest paid		(106)	(28)
Dividends paid to minority shareholders in subsidiary undertakings		(16)	(274)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>1,488</u>	<u>772</u>
<b>Taxation</b>		(478)	(219)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(9,754)	(2,528)
Purchase of investments		(4)	(6)
Sale of tangible fixed assets		7,845	3
<b>Net cash outflow from capital expenditure and financial investment</b>		<u>(1,913)</u>	<u>(2,531)</u>
<b>Acquisitions and disposals</b>			
Purchase of interest in subsidiaries		(93)	(4,595)
<b>Net cash outflow from acquisitions and disposals</b>		<u>(93)</u>	<u>(4,595)</u>
<b>Equity dividends paid</b>		-	(300)
<b>Management of liquid resources</b>			
Purchase of own shares		-	(8,375)
<b>Net cash outflow from management of liquid resources</b>		<u>-</u>	<u>(8,375)</u>
<b>Financing</b>			
Repayment of borrowing		(1,581)	(400)
<b>Net cash outflow from financing</b>		<u>(1,581)</u>	<u>(400)</u>
<b>Decrease in cash</b>		<u>(5,568)</u>	<u>(16,319)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

**GEORGE WILLIAMSON & CO. LTD**

Other primary statements

For the year ended 31 MARCH 2008

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**Statement of total recognised gains and losses**

	2008 £'000	2007 £'000
(Loss)/Profit for the financial year	(568)	776
Currency translation differences on foreign currency net investments	5	1,023
Total recognised gains and losses for the year	<u>(563)</u>	<u>1,799</u>

**Note of historical cost profits and losses**

	2008 £'000	2007 £'000
(Loss)/Profit on ordinary activities before taxation	(1,121)	2,297
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	634	517
Historical cost (loss)/profit on ordinary activities before taxation	<u>(487)</u>	<u>2,814</u>



**GEORGE WILLIAMSON & CO. LTD**

Notes to the financial statements

For the year ended 31 MARCH 2008

**1 Segmental analysis**

	Net assets		Turnover		Pre-tax (loss)/profit	
	2008	2007	2008	2007	2008	2007
By activity	£'000	£'000	£'000	£'000	£'000	£'000
Tea	22,238	20,729	19,045	16,629	(3,890)	2,093
Other activities	11,354	13,110	1,112	3,852	2,769	204
	<u>33,592</u>	<u>33,839</u>	<u>20,157</u>	<u>20,481</u>	<u>(1,121)</u>	<u>2,297</u>

## Geographically - by origin

Kenya	21,000	20,357	14,912	15,210	(2,206)	1,275
Tanzania	(871)	(1,446)	655	523	(1,455)	(232)
United Kingdom	13,463	14,918	4,590	4,748	2,540	1,254
	<u>33,592</u>	<u>33,829</u>	<u>20,157</u>	<u>20,481</u>	<u>(1,121)</u>	<u>2,297</u>

## Geographically - by destination

	2008	2007
	£'000	£'000
Kenya	3,418	1,931
United Kingdom	14,237	12,860
Rest of Europe	580	131
North America	-	518
Japan	1,173	1,306
Others	749	3,735
	<u>20,157</u>	<u>20,481</u>

**2 Exceptional items**

	2008	2007
	£'000	£'000
Profit on disposal of fixed assets	1,119	-
Loss on sale of assets of subsidiary	(744)	-
	<u>375</u>	<u>-</u>

**3 Other income**

	2008	2007
	£'000	£'000
Other income from investments	393	21
	<u>393</u>	<u>21</u>

**GEORGE WILLIAMSON & CO. LTD**

Notes to the financial statements

For the year ended 31 MARCH 2008

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**4 Profit on ordinary activities before taxation**

The profit on ordinary activities before taxation is stated after:

	2008 £'000	2007 £'000
Auditors' remuneration:		
United Kingdom audit services	38	41
Non-audit services - taxation	54	86
Depreciation and amortisation:		
Goodwill	(161)	57
Tangible fixed assets owned	1,590	1,227
Rental on operating leases - property	<u>79</u>	<u>79</u>

**5 Interest payable and similar charges**

	2008 £'000	2007 £'000
Bank loans and overdrafts	<u>106</u>	<u>28</u>

**6 Interest receivable and similar income**

	2008 £'000	2007 £'000
Bank interest receivable	<u>1,217</u>	<u>1,053</u>

**7 Directors and employees**

Staff costs during the year were as follows:

	2008 £'000	2007 £'000
Wages and salaries	6,432	5,806
Social security costs	429	375
Other pension costs	200	321
	<u>7,061</u>	<u>6,502</u>

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

	2008 Number	2007 Number
Agricultural (overseas)	6,044	5,875
Engineering and others	190	112
	<u>6,234</u>	<u>5,987</u>

Remuneration in respect of directors was as follows:

	2008 £'000	2007 £'000
Emoluments	921	432
Fees	-	15
Pension contributions to money purchase pension schemes	50	223
	<u>971</u>	<u>670</u>

During the year one director (2007: one) participated in money purchase pension schemes.

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

	2008 £'000	2007 £'000
Emoluments	791	367
Pension contributions to money purchase pension schemes	50	223
	<u>841</u>	<u>590</u>

**8 Tax on profit on ordinary activities**

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

	2008 £'000	2007 £'000
<b>Current tax:</b>		
United Kingdom corporation tax on profits for the period	-	89
Adjustments in respect of prior year	29	(42)
Foreign tax	297	563
	<u>326</u>	<u>610</u>
Origination and reversal of timing differences - deferred tax	2	334
Total current tax	<u>328</u>	<u>944</u>
 Factors affecting the tax charge for period		
Profit on ordinary activities before tax	<u>(1,121)</u>	<u>2,297</u>
 Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2007: 30%)	 (336)	 689
 Effect of:		
Expenses not deductible for tax purposes	(6)	211
Overseas losses not recognised / (recognised)	662	(264)
Other adjustments re differences in rates	6	(8)
Loss on disposal of subsidiary		
Utilisation of tax losses	(20)	(28)
Difference between capital gain and profit on disposal of fixed assets		
Difference between capital allowances and depreciation	(30)	30
Overseas tax	21	22
Adjustments to tax charge in respect of prior periods	29	(42)
Current tax charge for period	<u>326</u>	<u>610</u>

**GEORGE WILLIAMSON & CO. LTD**

## Notes to the financial statements

For the year ended 31 MARCH 2008

**9 Intangible fixed assets**

	Goodwill on consolidation £'000	Negative goodwill £'000	Total £'000
Cost			
At 1 April 2007	2,111	(5,376)	(3,265)
Additions	-	-	-
Disposals	(972)	-	(972)
At 31 March 2008	<u>1,139</u>	<u>(5,376)</u>	<u>(4,237)</u>
Amortisation			
At 1 April 2007	568	(409)	159
Provided in the year	107	(268)	(161)
Disposals	(311)	-	(311)
At 31 March 2008	<u>364</u>	<u>(677)</u>	<u>(313)</u>
Impairment provision at 1 April 2007 and 31 March 2008	(700)	-	(700)
Net book amount at 31 March 2008	<u>75</u>	<u>(4,699)</u>	<u>(4,624)</u>
Net book amount at 31 March 2007	<u>843</u>	<u>(4,967)</u>	<u>(4,124)</u>

Goodwill included above relates to the acquisition of Subati Ltd and Hortanzia Ltd and is 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. Following the sale of the assets of Subati Limited in the period, the directors have retained the impairment provision in respect of the remaining investment on Hortanzia Limited.

£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 a further holding in Williamson Tea Holdings Ltd being the fair value of the assets acquired less consideration paid.

**10 Tangible fixed assets**

**Group**

	Land £'000	Buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At 1 April 2007	11,839	13,278	11,827	36,944
Additions	204	7,526	2,024	9,754
Exchange differences	605	769	509	1,883
Disposals	(461)	(5,724)	(1,058)	(7,243)
At 31 March 2008	<u>12,187</u>	<u>15,849</u>	<u>13,302</u>	<u>41,338</u>
Depreciation				
At 1 April 2007	863	3,929	7,030	11,822
Provided in the year	-	786	827	1,613
Exchange differences	(45)	80	161	196
Disposals	(34)	(764)	(823)	(1,621)
At 31 March 2008	<u>784</u>	<u>4,031</u>	<u>7,195</u>	<u>12,010</u>
Net book amount at 31 March 2008	<u>11,403</u>	<u>11,818</u>	<u>6,107</u>	<u>29,328</u>
Net book amount at 31 March 2007	<u>10,976</u>	<u>9,349</u>	<u>4,797</u>	<u>25,122</u>

Land not depreciated amounts to £8,155,000 (2007: £10,812,000). Land depreciated represents expenditure on growing plants on the rose farms.

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 £1,680,000 (2007: £778,000) and a loss in Tanzania of £7,000 (2007: £51,000).

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 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.

If land and 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	6,578	7,832
Accumulated depreciation	<u>(750)</u>	<u>(256)</u>
<b>Book value at 31 March 2008</b>	<u>5,828</u>	<u>7,576</u>
Book value at 31 March 2007	<u>6,085</u>	<u>5,810</u>

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**Tangible fixed assets (continued)**

The land in Kenya consists of:

	2008		2007	
	Hectares		Hectares	
	Grant area	Tea area	Grant area	Tea area
Freehold	1,100	1,091	1,307	1,110
Long lease (over 50 years)	4,331	4,301	4,331	4,301
	<u>5,431</u>	<u>5,392</u>	<u>5,638</u>	<u>5,411</u>

The short lease areas shown above include the properties held on rolling leaseholds in Kenya which can be considered substantially similar to freehold.

**Parent**

	Vehicles, plant and equipment £'000
<b>Cost</b>	
At 1 April 2007	309
Additions	190
Disposals	(173)
At 31 March 2008	<u>326</u>
<b>Depreciation</b>	
At 1 April 2007	235
Charge for year	70
On disposals	(149)
At 31 March 2008	<u>156</u>
<b>Net book value</b>	
At 31 March 2008	<u>170</u>
<b>Net book value</b>	
At 31 March 2007	<u>74</u>

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**11 Fixed asset investments**

	<b>Investments Unlisted £'000</b>
Cost	
At 1 April 2007	670
Additions	4
At 31 March 2008	<u>674</u>
Amounts written off	
At 1 April 2007	47
Provided in the year	-
At 31 March 2008	<u>47</u>
Net book amount at 31 March 2008	<u>627</u>
Net book amount at 31 March 2007	<u>623</u>
<b>Parent</b>	
	<b>Investments Unlisted £'000</b>
Cost	
At 1 April 2007	17,156
Additions	93
Disposals	(10)
At 31 March 2008	<u>17,239</u>
Amounts written off	
At 1 April 2007	5,008
Provided in the year	10
At 31 March 2008	<u>5,018</u>
Net book amount at 31 March 2008	<u>12,221</u>
Net book amount at 31 March 2007	<u>12,148</u>



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**12 Stocks**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Unsold tea crop	1,223	1,722
Stocks, stores and work in progress	1,465	2,078
	<u>2,688</u>	<u>3,800</u>

**13 Debtors**

	<b>Group</b>		<b>Parent</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	5,104	4,017	1,158	6
Amounts owed by subsidiary undertakings	-	-	1,479	1,202
Other debtors	2,100	1,620	587	569
Corporation tax	253	265	189	93
Prepayments	211	249	42	37
	<u>7,668</u>	<u>6,151</u>	<u>3,455</u>	<u>1,907</u>

**14 Creditors: amounts falling due within one year**

	Group		Parent	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 15)	456	457	-	-
Trade creditors	3,264	2,903	2,158	41
Amounts due to subsidiary undertakings	-	-	9,050	10,255
Social security	148	77	122	51
Taxation	-	300	-	-
Other creditors	2,013	3,384	58	36
Accruals	342	266	39	74
	<u>6,223</u>	<u>7,387</u>	<u>11,427</u>	<u>10,457</u>

**15 Creditors: amounts falling due after more than one year**

	Group		Parent	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank loans (as shown below)	2,487	819	-	-
Other creditors	1,417	1,398	-	-
	<u>3,904</u>	<u>2,217</u>	<u>-</u>	<u>-</u>

Total borrowings as shown in note 14 and 15 are repayable as follows:

	Group		Parent	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Within one year	456	457	-	-
Between one and two years	2,487	-	-	-
Between two and five years	-	819	-	-
	<u>2,943</u>	<u>1,276</u>	<u>-</u>	<u>-</u>

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 2007	1,618
Exchange differences	(64)
Charge for year	2
At 31 March 2008	<u>1,556</u>

**17 Deferred taxation**

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 31 March 2008 or 31 March 2007.

	Group Amount provided	
	2008 £'000	2007 £'000
Accelerated capital allowances	2,357	2,113
Other timing differences	(801)	-
Tax losses carried forward	-	(495)
	<u>1,556</u>	<u>1,618</u>

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.

**18 Share capital**

	2008 £'000	2007 £'000
Authorised		
250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>
Allotted, called up and fully paid		
40,000 ordinary shares of £1 each	<u>21</u>	<u>21</u>

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**19 Profit and Loss Account**

	Group £'000	Parent £'000
At 1 April 2007	20,903	3,659
Exchange differences	(252)	-
Retained (loss)/profit for the year	(568)	1,189
At 31 March 2008	<u>20,083</u>	<u>4,848</u>

The profit for the financial year dealt with in the financial statements of the parent company was £1,189,000 (2007: profit £4,143,000). 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 (2007: £936,000).

**20 Group revaluation reserve**

	£'000
At 1 April 2007	3,212
Exchange differences	<u>257</u>
At 31 March 2008	<u>3,469</u>

The reserves of the Williamson Tea Holdings Ltd group 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**

	2008 £'000	2007 £'000
(Loss)/Profit for the financial year	(568)	776
Dividends	-	(434)
Redemption of share capital	-	(8,375)
Other recognised gains and losses	5	1,023
Movement in shareholders' funds	<u>(563)</u>	<u>(7,010)</u>
Shareholders' funds at 1 April 2007	<u>24,165</u>	<u>31,175</u>
Shareholders' funds at 31 March 2008	<u>23,602</u>	<u>24,165</u>

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**22 Net cash outflow from operating activities**

	2008 £'000	2007 £'000
Operating (loss)/profit	(3,000)	1,251
Depreciation	1,590	1,247
Amortisation	(161)	(161)
Decrease/ (increase) in stock	1,112	(1,420)
Decrease in debtors	(1,762)	(1,575)
(Decrease)/Increase in creditors	(770)	521
Net changes in currency values	-	(534)
Net cash outflow from operating activities	<u>(2,991)</u>	<u>(671)</u>

**23 Reconciliation of net cash flow to movement in net debt**

	2008 £'000	2007 £'000
Decrease in cash in the year	(5,568)	(16,319)
Change in net debt resulting from cash flows	<u>(5,568)</u>	<u>(16,319)</u>
Inception of finance leases	-	-
Movement in net funds in the year	<u>(5,568)</u>	<u>(16,319)</u>
Net funds at 1 April 2007	<u>12,213</u>	<u>28,532</u>
Net funds at 31 March 2008	<u>6,645</u>	<u>12,213</u>

**24 Analysis of changes in net debt**

	At 1 Apr 2007 £'000	Cash flow £'000	At 31 Mar 2008 £'000
Cash in hand	13,489	(3,901)	9,588
Overdraft	(270)	(86)	(356)
Debt	<u>(1,006)</u>	<u>(1,581)</u>	<u>(2,587)</u>
	<u>12,213</u>	<u>(5,568)</u>	<u>6,645</u>

**25 Capital commitments**

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

	<b>Group</b>		<b>Parent</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital commitments	<u>212</u>	<u>3,765</u>	<u>-</u>	<u>-</u>

**26 Contingent liabilities**

There were no contingent liabilities at 31 March 2008 or 31 March 2007.

**27 Retirement benefits****Defined Contribution Scheme**

Group contributions to the defined contribution schemes during the year were £180,000 (2007: £321,741).

**28 Leasing commitments**

Operating lease payments amounting to £434,000 (2007: £858,000) are due within one year. The leases to which these amounts relate expire as follows:

	<b>2008</b>	<b>2007</b>
	<b>Property</b>	<b>Property</b>
	<b>leases</b>	<b>Leases</b>
	<b>£'000</b>	<b>£</b>
In one year or less	173	219
Between one and five years	182	557
In five years or more	79	79
	<u>434</u>	<u>855</u>

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**29 Transactions with directors /and other related parties**

Related party	Nature of transaction	Movements on loan account in year Dr/(Cr)	Outstanding at 31 Mar 2008 £'000	Outstanding at 31 Mar 2007 £'000
E Magor	Loan	3	270	273
L Magor	Loan	(28)	214	186

Interest has been charged on the above amounts on an arm's length basis.

The company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

**30 Principal subsidiary and associated undertakings at 31 March 2008**

	% held	Country of registration/ incorporation and operation	Activity
Little Bedwyn Estate Ltd	*100	England and Wales	Arable and stud farming
Williamson Tea Holdings Ltd and its principal subsidiary undertakings:	*95	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
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.