GEORGE WILLIAMSON & CO. LTD

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

For the year ended 31 MARCH 2012

Company no 1173126

Company registration number	1173126
Registered office	5 West Mills Newbury Berkshire RG14 5HG
Directors	P Magor ACA (Chairman) Mrs A C 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

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GEORGE WILLIAMSON & CO. LTD

NOTICE IS HEREBY GIVEN that the THIRTY THIRD ANNUAL GENERAL MEETING of the members will be held at 5 West Mills, Newbury on 19 December 2012 for the following purposes

1 To review and adopt the Directors' Report and Financial Statements for the year ended 31 March 2012

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 17th December 2012

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 2012

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, and a rose farm in Tanzania

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 again performed well with good profits Demand for our certified teas remains firm but there are concerns with the very high cost of green leaf purchased from the outgrowers and the potential shortage of firewood to manufacture their teas

The next election for President is due in March 2013 and the political climate remains challenging We must sincerely hope that there is no repeat of the terrible violence and disruption experienced in the aftermath of the last election

Our freehold and 999 year leasehold titles were replaced with 99 year leases without compensation or appeal under the new Constitution introduced from 27 August 2010 No adjustment has been made in these financial statements on the carrying value of land

The organic farm had a good first harvest in particular of spelt and further land will be planted this year

In the recent past the Directors have become increasingly concerned with the lack of control they have been able to exert over the affairs of Hortanzia Ltd Despite repeated requests for monthly management accounts and trading details this information has been woefully spasmodic and lacking in clarity In addition the full details of the sale of assets of Hortanzia Ltd were not communicated to the Directors by the Board of Hortanzia and subsequently relevant financial information has been withheld or severely delayed In consequence the Directors feel that they are unable to demonstrate that they can exert their control of Hortanzia Ltd The Directors have therefore concluded that Hortanzia Ltd should no longer be treated as a subsidiary but as an investment as from the 1 April 2011 The financial statements reflect the exclusion of Hortanzia Limited for the year ended 31 March 2012

Dividends
The directors do not recommend the payment of a final dividend (2011 £nil) Dividends of £450,000 were paid during the year (2011 nil)

Directors
The directors during the year under review were

P Magor
Mrs A C Magor

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

Key performance indicators

The Directors are mindful of the long term nature of growing tea and the significant impact that weather can have on production

In consequence weekly weather reports and fortnightly crop production figures are key indicators from the farm and weekly Mombasa Auction market reports are essential for market trends

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company and group for that period In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate 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 2006 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

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 information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Political and charitable donations

Various charitable donations totalling £15,706 (2011 £5,500) 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 485 of the Companies Act 2006

Key Performance Indicators
to insert

Post balance sheet events
to insert

ON BEHALF OF THE BOARD

P Magor
Director
17th December 2012

Grant Thornton

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

We have audited the financial statements of George Williamson & Co Ltd for the year ended 31 March 2012 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statements, the consolidated and parent company statement of total recognised gains and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Grant Thornton

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Charles Hutton-Potts
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London

17 December 2012

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 2006 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 2012

(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) In line with FRS 2 25a, Hortanzia Limited, has been excluded from the consolidation as from 1 April 2011 being the effective date at which control was deemed to have been lost This is due to a severe long term restriction which has substantially hindered the rights of the parent undertaking to exert their control over the assets or management of the subsidiary undertaking The reserves and minority interest in respect of Hortanzia Limited have been frozen as at 1 April 2011 See note 10 for further details

(iv) All subsidiaries consolidated within these financial statements have co-terminous year ends with the exception of Williamons Tea Holdings Limited whose year end is 30 September 2012 For purposes of these financial statements the results to the 31 March 2012 have been consolidated

(v) As permitted by Section 408 of the Companies Act 2006 no separate profit and loss account is presented for the company

Turnover

Turnover of tea represents the proceeds of crop manufactured and sold Sales are recognised upon the despatch of products and are stated net of returns, discounts and sales taxes

Turnover of other activities represents amounts receivable by the group for teas packaged and sold, sales of roses cultivated from the Kenyan Rose farms, estate income which arises in the United Kingdom and rental income Rental income is recognised on an accruals basis

Investment properties

Investment properties are revalued annually and are included in the balance sheet at their open market values The surplus or deficit on revaluation of such properties are transferred to the investment revaluation reserve Where a deficit, or its reversal, arising from the revaluation of an investment property is expected to be permanent, it is charged to the profit and loss account Other revaluations are recognised in the statement of total recognised gains and losses Depreciation is not provided in respect of freehold investment properties Leasehold investment properties are not amortised where the unexpired term is over twenty years

This policy represents a departure from the Companies Act 2006, which requires depreciation to be provided on all fixed assets The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation

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

Freehold and long leasehold land	no depreciation charged
Buildings	2% to 25%
Plant and machinery	5% to 15%

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

Government grants
Income from government grants is recognised in the profit and loss account in the year of receipt

GEORGE WILLIAMSON & CO. LTD
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 2012

	Note	2012 £'000	2011 £'000
Turnover	1	**38,600**	42,427
Cost of sales		**(29,239)**	(31,062)
Gross profit		**9,361**	11,365
Distribution costs		**(1,256)**	(2,862)
Administrative expenses		**(3,154)**	(2,899)
Operating profit		**4,951**	5,604
Exceptional items	10	**1,415**	-
Other income	2	**189**	223
Interest payable and similar charges	4	**(33)**	(375)
Interest receivable and similar income	5	**836**	98
Profit on ordinary activities before taxation	3	**7,358**	5,550
Tax on profit on ordinary activities	7	**(1,883)**	(2,412)
Profit on ordinary activities after taxation		**5,475**	3,138
Equity minority interests		**(2,120)**	(1,480)
Retained profit for the year	18	**3,355**	1,658

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 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	8		
Negative goodwill		**(2,899)**	(3,926)
Tangible assets	9	**31,432**	29,426
Investments	10	**179**	423
		28,712	25,923
Current assets			
Stocks	11	**4,103**	3,668
Debtors	12	**8,991**	6,927
Cash at bank and in hand		**14,390**	12,852
		27,484	23,447
Creditors. amounts falling due within one year	13	**(15,833)**	(11,104)
Net current assets		**11,651**	12,343
Total assets less current liabilities		**40,363**	38,266
Creditors: amounts falling due after more than one year	14	**(1,870)**	(3,586)
Provisions for liabilities and charges	15	**(1,972)**	(2,302)
		36,521	32,378
Capital and reserves			
Called up share capital	17	**21**	21
Capital redemption reserve		**29**	29
Profit and loss account	18	**18,798**	16,321
Revaluation reserve	19	**2,211**	2,665
Shareholders' funds - equity	20	**21,059**	19,036
Interest of minorities - equity		**15,462**	13,342
		36,521	32,378

The financial statements were approved by the Board of Directors on 17th December 2012

P Magor - Director

Company registered no 1173126

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

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	9	**5,156**	5,071
Investments	10	**3,813**	2,327
		8,969	7,398
Current assets			
Debtors	12	**7,143**	5,504
Cash at bank and in hand		**7,004**	5,050
		14,147	10,554
Creditors: amounts falling due within one year	13	**(14,870)**	(11,069)
Net current liabilities		**(723)**	(515)
Total assets less current liabilities		8,246	6,883
Capital and reserves			
Called up share capital	17	**21**	21
Capital redemption reserve		**29**	29
Profit and loss account	18	**8,196**	6,833
Shareholders' funds - equity		8,246	6,883

The financial statements were approved by the Board of Directors on 17th December 2012

Philip Magor.

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 2012

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	21	**8,646**	5,921
Interest received		**836**	98
Dividends received		**25**	20
Other income		**171**	203
Interest paid		**(33)**	(375)
Cash flows from operating activities		**999**	(54)
Taxation		**(2,435)**	(3,294)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(4,399)**	(6,093)
Proceeds from sale of tangible fixed assets		**498**	897
Disposal of investments		**222**	-
Cash flows from investing activities		**(3,679)**	(5,196)
Financing			
Dividends paid to shareholders		**(450)**	-
Dividends paid to minority shareholders		**-**	(570)
New bank loan		**-**	3,000
Loan repayments		**(1,563)**	(285)
Finance leases acquired in year		**20**	
Net movement in borrowing		**-**	(208)
Cash flows from financing activities		**(1,993)**	1,937
Increase/(decrease) in cash	22	**1,538**	(686)

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

For the year ended 31 MARCH 2012

Statement of total recognised gains and losses

	2012 £'000	2011 £'000
Profit for the financial year	**3,355**	1,658
Currency translation differences on foreign currency net investments	**(882)**	(3,336)
Total recognised gains and losses for the year	**2,473**	(1,678)

Note of historical cost profits and losses

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	**7,358**	5,550
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	**227**	227
Historical cost profit on ordinary activities before taxation	**7,585**	5,777

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

1 Segmental analysis

	Net assets		Turnover		Pre-tax profit/(loss)	
	2012	2011	**2012**	2011	**2012**	2011
By activity	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Tea	**26,048**	21,638	**38,353**	41,403	**6,148**	5,983
Other activities	**10,473**	10,740	**247**	1,024	**1,210**	(433)
	36,521	32,378	**38,600**	42,427	**7,358**	5,550
Geographically - by origin						
Kenya	**18,563**	11,700	**37,289**	40,662	**5,804**	5,216
Tanzania	**-**	(259)	**-**	576	**-**	(197)
United Kingdom	**17,956**	20,937	**1,311**	1,189	**1,554**	531
	36,521	32,378	**38,600**	42,427	**7,358**	5,550

Geographically - by destination	**2012**	2011
	£'000	£'000
Kenya	**1,543**	1,702
United Kingdom	**37,057**	40,725
	38,600	42,427

2 Other income

	2012	2011
	£'000	£'000
Rental income	**146**	84
Dividends received	**25**	20
Other income from investments	**18**	119
	189	223

3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after

	2012	2011
	£'000	£'000
Auditors' remuneration		
United Kingdom audit services	**26**	26
Non-audit services - taxation	**20**	33
- preparation of financial statements	**5**	5
- other services relating to remuneration	**52**	-
Government subsidies received	**177**	180
Depreciation and amortisation		
Goodwill	**229**	269
Investments	**14**	14
Tangible fixed assets - owned	**(1,587)**	(1,439)
- on hire purchase	**(4)**	-
Rental on operating leases - property	**20**	31
Profit/(loss) profit on disposal of fixed assets	**26**	(22)

4 Interest payable and similar charges

	2012	2011
	£'000	£'000
Bank loans and overdrafts	**33**	375

5 Interest receivable and similar income

	2012	2011
	£'000	£'000
Bank interest receivable	**836**	98

6 Directors and employees

Staff costs during the year were as follows

	2012 £'000	2011 £'000
Wages and salaries	**7,081**	7,631
Social security costs	**217**	235
Other pension costs	**790**	164
Redundancy costs	**623**	-
	8,711	8,030

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

	2012 Number	2011 Number
Agricultural, Engineering	**4,146**	4,146
Administration	**13**	16
Agricultural, Engineering	**4,159**	4,162

Remuneration in respect of directors was as follows

	2012 £'000	2011 £'000
Emoluments	**613**	733
Pension contributions to money purchase pension schemes	**715**	-
	1,328	733

During the year one director (2011 one) participated in money purchase pension schemes

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

	2012 £'000	2011 £'000
Emoluments	**410**	575
Pension contributions to money purchase pension schemes	**175**	-
	585	575

7 Tax on profit on ordinary activities

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

	2012	2011
	£'000	£'000
Current tax:		
UK Corporation tax on profits in period	**59**	204
Adjustments in respect of prior year	**120**	57
Current year UK tax	**179**	261
Overseas tax	**2,019**	2,140
	2,198	2,401
Origination and reversal of timing differences - deferred tax	**(310)**	11
Movement due to change in tax rate	**(5)**	-
Total current tax	**1,883**	2,412
Factors affecting the tax charge for period		
Profit on ordinary activities before tax	**7,358**	5,550
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 26% (2011 28%)	**1,913**	1,554
Effect of		
Expenses not deductible for tax purposes	**230**	274
Overseas losses not recognised	**-**	(2)
Profits credited at a lower rate of tax	**221**	151
Management income	**(87)**	-
Increase/(utilisation) of tax losses	**5**	(10)
Difference between capital allowances and depreciation	**(46)**	(124)
Overseas tax	**-**	37
Amortisation not deductible for tax purposes	**(70)**	(75)
Write off of intercompany loans	**-**	539
Adjustments to tax charge in respect of prior periods	**120**	57
Withholding tax suffered	**214**	-
Consolidation adjustment - other investment income	**22**	-
Increase of overseas losses	**(393)**	-
Other timing differences	**69**	-
Current tax charge for period	**2,198**	2,401

8 Intangible fixed assets

	Goodwill on consolidation £'000	Negative goodwill £'000	Total £'000
Cost as at 1 April 2011	1,139	(5,376)	(4,237)
Exclusion of Hortanzia Limited	-	798	798
Cost at 31 March 2012	**1,139**	**(4,578)**	**(3,439)**
Amortisation			
At 1 April 2011	(439)	1,450	1,011
Provided in the year	-	229	229
At 31 March 2012	**(439)**	**1,679**	**1,240**
Impairment provision at 1 April 2011 and 31 March 2012	**(700)**	**-**	**(700)**
Net book amount at 31 March 2012	**-**	**(2,899)**	**(2,899)**
Net book amount at 31 March 2011	-	(3,926)	(3,926)

Goodwill included above relates to the acquisition of Hortanzia Ltd and is amortised over its estimated useful life of 20 years on the basis of the agricultural nature of the business Hortanzia Limited has been excluded from consolidation from 1 April 2011

The directors are 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, 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 Ltd during the year ending 31 March 2008, the directors have retained the impairment provision in respect of the remaining investment on Hortanzia Ltd

£nil (2011 £798,000) of the negative goodwill arises on consolidation of the investments in Subati Ltd and Hortanzia Ltd 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

9 Tangible fixed assets

Group

	Investment property £'000	Freehold and long leasehold Land £'000	Buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation					
At 1 April 2011	4,934	15,376	10,207	12,300	42,817
De-recognition of Hortanzia Limited	-	(51)	(285)	(1,787)	(2,123)
At 1 April 2011	4,934	15,325	9,922	10,513	40,694
Additions	-	266	2,042	2,153	4,461
Exchange differences	-	25	275	1,314	1,614
Disposals	-	(399)	(27)	(416)	(842)
At 31 March 2012	**4,934**	**15,217**	**12,212**	**13,564**	**45,927**
Depreciation					
At 1 April 2011	-	1,272	5,152	6,967	13,391
De-recognition of Hortanzia Limited	-	-	(14)	(267)	(281)
At 1 April 2011		1,272	5,138	6,700	13,110
Provided in the year	-	-	493	1,098	1,591
Exchange differences	-	-	53	85	138
Disposals	-	-	(17)	(327)	(344)
At 31 March 2012	**-**	**1,272**	**5,667**	**7,556**	**14,495**
Net book amount at 31 March 2012	**4,934**	**13,945**	**6,545**	**8,008**	**31,432**
Net book amount at 31 March 2011	4,934	14,104	5,055	5,333	29,426

The investment property was purchased in May 2010 and is stated above at the market value when it was acquired The directors have reviewed the local property market in which the investment property is located and do not consider the value to have changed as at 31 March 2012 from the prior year Land not depreciated amounts to £9,565,000 (2011 £10,690,000) Land depreciated represents expenditure on growing plants on the rose farms No depreciation was charged in the year

Exchange differences arising on translation of overseas assets at rates ruling at the date of the balance sheet amount to a loss in Kenya of £1,134,000 (2011 loss of £1,972,000) and a profit in Tanzania of £nil (2011 loss £92,000)

The freehold land for all group companies of the overseas subsidiaries was professionally revalued on 31 March 2012 on a replacement cost basis The external valuers involved were Lloyd Masika Ltd, Nairobi, registered valuers and estate agents The land is held at cost in the consolidated accounts

Assets held under finance leases within plant and machinery amount to £26,000 (2011 nil) Depreciation of £4,000 (2011 nil) was charged during the year

The cost of buildings that the Group receive rental income under operating leases is £1,256,000 (2011 £1,256,000) with accumulated depreciation of £152,000 (2011 £127,000)

9 Tangible fixed assets (continued)

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	**3,747**	**5,112**
Accumulated depreciation	**(1,272)**	**(1,648)**
Book value at 31 March 2012	**2,475**	**3,464**
Book value at 31 March 2011	2,583	3,203

The land in Kenya consists of

	2012 Hectares		2011 Hectares	
	Grant area	**Tea area**	Grant area	Tea area
99 year leases (2011 freehold)	**1,100**	**1,091**	1,100	1,091
99 year leases (2011 long lease over 50 years)	**4,331**	**4,301**	4,331	4,301
	5,431	**5,392**	5,431	5,392

The freehold and 999 year leasehold tenures were restated to 99 year old leases as from the 27 August 2010 in line with the new land reforms that came into effect No compensation was given

Parent

	Investment property £,000	Vehicles, plant and equipment £'000	Total £,000
Cost			
At 1 April 2011	4,934	296	5,230
Additions	-	183	183
Disposals	-	(66)	(66)
At 31 March 2012	**4,934**	**413**	**5,347**
Depreciation			
At 1 April 2011	-	159	159
Charge for year	-	92	92
On disposals	-	(60)	(60)
At 31 March 2012	**-**	**191**	**191**
Net book value			
At 31 March 2012	**4,934**	**222**	**5,156**
Net book value			
At 31 March 2011	4,934	137	5,071

The investment property was purchased in May 2010 and is stated above at the market value when it was acquired The directors have reviewed the local property market in which the investment property is located and do not consider the value to have changed as at 31 March 2012 from the prior year

10 Fixed asset investments

Group

	Investments Unlisted £'000
Cost	
At 1 April 2011	499
Hortanzia Limited derecognised	(2)
Foreign exchange movements	(6)
Disposals	(222)
At 31 March 2012	**269**
Amounts written off	
At 1 April 2011	76
Provided in the year	14
At 31 March 2012	**90**
Net book amount at 31 March 2012	**179**
Net book amount at 31 March 2011	423

Investments includes a debenture held by the parent company of £41,500 (2011 £55,500) The movement on the debenture has been recognised in the profit and loss account

In line with FRS 2 25a, Hortanzia Limited, has been excluded from the consolidation as from 1 April 2011 being the effective date at which control was deemed to have been lost This is due to a severe long term restriction which has substantially hindered the rights of the parent undertaking to exert their control over the assets or management of the subsidiary undertaking The reserves and minority interest in respect of Hortanzia Limited have been frozen as at 1 April 2011 Hortanzia Limited from 1 April 2011 has been recognised as an investment equivalent to the value of the net assets at the date restrictions came into effect This has given rise to a credit of £1,415,000, representing a loss making subsidiary, which has been recognised as an exceptional gain in the profit and loss account

The aggregate of the share capital and reserves as at 31 March 2012 and of the loss for the year ended on that date for Hortanzia Limited was

	Group	
	Net Assets	Loss for year
	£'000	£'000
Hortanzia Limited	**(1,300)**	(685)

10 Fixed asset investments (continued)

Parent

	Investments unlisted £'000
Cost	
At 1 April 2011	17,528
Additions	1,500
At 31 March 2012	**19,028**
Amounts written off	
At 1 April 2011	15,201
Provided in the year	14
At 31 March 2012	**15,215**
Net book amount at 31 March 2012	**3,813**
Net book amount at 31 March 2011	2,327

Investments includes a debenture held by the parent company of £41,500 (2011 £55,500) The movement on the debenture has been recognised in the profit and loss account The addition in the year reflects the capital contribution to Little Bedwyn Estate Limited

11 Stocks

	Group	
	2012 £'000	2011 £'000
Unsold tea crop	**1,622**	2,032
Stocks, stores and work in progress	**2,481**	1,636
	4,103	3,668

12 Debtors

	Group		Parent	
	2012 £'000	2011 £'000	**2012 £'000**	2011 £'000
Trade debtors	**4,683**	4,409	**4,320**	4,047
Amounts owed by subsidiary undertakings	**-**	-	**1,032**	906
Other debtors	**2,932**	1,251	**1,791**	301
Corporation tax	**281**	513	**-**	250
Other taxation	**1,095**	754	**-**	-
	8,991	6,927	**7,143**	5,504

Included with other debtors are amounts due from directors of £331,000 (2011 £275,000) Included within other debtors are amounts due after one year of £nil (2011 £195,000)

13 Creditors: amounts falling due within one year

	Group		Parent	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts (note 14)	**3,536**	3,610	**3,000**	3,000
Trade creditors	**863**	1,174	**125**	51
Amounts due to subsidiary undertakings	**-**	-	**11,489**	7,453
Social security and other taxation	**122**	141	**122**	141
Other creditors	**10,433**	5,460	**8**	8
Accruals and prepaid income	**831**	349	**91**	155
Amounts due under hire purchase	**4**	-	**-**	-
Corporation tax	**44**	370	**35**	261
	15,833	11,104	**14,870**	11,069

Included within other creditors are dividends due to minority shareholders of £2,091,000 (2011 nil) which were paid in September 2012

14 Creditors: amounts falling due after more than one year

	Group		Parent	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Amounts due under hire purchase	**16**	-	**-**	-
Bank loans (as shown below)	**46**	1,932		-
Other creditors	**1,808**	1,654		-
	1,870	3,586		-

Total borrowings as shown in note 13 and 14 are repayable as follows

	Group		Parent	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Within one year	**3,540**	3,610		3,000
Between one and two years	**62**	1,932		-
Between two and five years	**-**	-		-
	3,602	5,542		3,000

Loans carry interest at rates varying from floating to 8% and are repayable in the country of origin in instalments The bank loan within the parent company of £3m is repayable on demand and incurs interest of 5 5% per annum The parent company bank loan is secured on the investment property

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

15 Provisions for liabilities and charges

	Group Deferred taxation (note 16) £'000
At 1 April 2011	2,302
Prior year adjustment	(12)
Exchange differences	82
Charge for year	(400)
At 31 March 2012	**1,972**

16 Deferred taxation

Deferred taxation provided for in the financial statements is set out below

	Group Amount provided	
	2012	2011
	£'000	£'000
Accelerated capital allowances	**2,754**	2,836
Other timing differences	**(782)**	(534)
	1,972	2,302

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

Deferred taxation not provided for in the financial statements is set out below

	Group Amount unprovided	
	2012	2011
	£'000	£'000
Depreciation in excess of capital allowances	**83**	75
Revaluation timing differences	**3,119**	1,955
Tax losses carried forward	**(633)**	(116)
	2,569	1,914

17 Share capital

	2012 £'000	2011 £'000
Authorised		
250,000 ordinary shares of £1 each	250	250
Allotted, called up and fully paid		
21,000 ordinary shares of £1 each	21	21

18 Profit and loss account

	Group £'000	Parent £'000
At 1 April 2011	16,321	6,833
Exchange differences	(428)	-
Retained profit for the year	3,355	1,813
Dividend paid in year	(450)	(450)
At 31 March 2012	18,798	8,196

The profit for the financial year dealt with in the financial statements of the parent company was £1,813,000 (2011 profit £594,000) 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 £1,205,000 (2011 £936,000)

19 Group revaluation reserve

	£'000
At 1 April 2011	2,665
Exchange differences	(454)
At 31 March 2012	2,211

The reserves of the George Williamson & Co Limited 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

20 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	3,355	1,658
Dividends paid	(450)	-
Other recognised gains and losses	(882)	(3,336)
Movement in shareholders' funds	2,023	(1,678)
Shareholders' funds at 1 April 2011	19,036	20,714
Shareholders' funds at 31 March 2012	21,059	19,036

21 Net cash outflow from operating activities

	2012 £'000	2011 £'000
Operating profit	**4,951**	5,604
Depreciation	**1,591**	1,439
Amortisation	**(215)**	(269)
Decrease in provisions	**(330)**	(357)
(Increase)/decrease in stock	**(435)**	2,208
(Increase)/decrease in debtors	**(2,296)**	2,777
Increase/(decrease) in creditors	**5,637**	(4,364)
Profit on disposal	**26**	-
Net changes in currency values	**(283)**	(1,117)
Net cash inflow from operating activities	**8,646**	5,921

22 Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
Increase/(decrease) in cash in the year	**1,538**	(686)
Increase in net debt in the year	**1,637**	
Other changes	**323**	285
Change in net debt resulting from cash flows	**3,498**	(401)
Inception of finance leases	**(20)**	-
Movement in net funds in the year	**3,478**	(401)
Net funds at 1 April 2011	**7,310**	7,711
Net funds at 31 March 2012	**10,788**	7,310

23 Analysis of changes in net debt

	At 1 Apr 2011 £'000	Cash flow £'000	Other changes £'000	At 31 Mar 2012 £'000
Cash in hand	12,852	1,538	-	**14,390**
Debt due within one year	(3,610)	74	-	**(3,536)**
Debt due over one year	(1,932)	1,563	323	**(46)**
Amounts due under finance lease	-	(20)	-	**(20)**
	7,310	3,155	323	**10,788**

24 Guarantees

Guarantees totalling £nil (2011 £nil) in respect of overseas bank advances have been given by members of the George Williamson & Co Limited group

25 Capital commitments

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

	Group		Parent	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Capital commitments	**185**	424	**-**	-

26 Contingent assets/liabilities

There were no contingent liabilities at 31 March 2012 or 31 March 2011

27 Retirement benefits

Defined Contribution Scheme
Group contributions to the defined contribution schemes during the year were £790,000 (2011 £164,000)

28 Leasing commitments

Operating lease payments amounting to £28,000 (2011 £284,000) are due within one year The leases to which these amounts relate expire as follows

	2012 Property leases £'000	2011 Property Leases £
In one year or less	**28**	284
Between one and five years	**129**	65
	156	349

29 Transactions with directors and other related parties

Included within other debtors (note 12) is £331,000 (2011 £275,000) due from P Magor Interest has been charged during the year on this loans of £12,900 (2011 £7,200)

George Williamson & Co Limited purchased £24,655,000 (2011 £23,024,000) and £9,808,000 (2011 £9,159,000) of tea from its Kenyan subsidiaries Williamson Tea Kenya Limited and Kapchoura Tea Limited respectively As at the year-end amounts due to Williamson Tea Kenya Limited were £7,230,000 (2011 £4,689,000) and amounts due to Kapchoura Tea Limited were £2,866,000 (2011 £1,777,000)

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 2012

	% held	Country of registration/ incorporation and operation	Activity
Little Bedwyn Estate Ltd	*100	England and Wales	Arable farming
Williamson Tea Holdings Ltd and its principal subsidiary undertakings	*96	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
Williamson Tea Kenya Ltd (Group)	51	Kenya	Tea producers
Kapchorua Tea Co Ltd	64	Kenya	Tea producers
Subati Ltd	68	Kenya	Rose growing
Tinderet Tea Estates (1989) 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 with the exception of Hortanzia Limited (note 10) Williamson Tea Holdings Limited has a year end of 30 September 2012 The remaining subsidiary year ends are aligned with the parent company

31 Ultimate controlling party

The directors consider that the controlling parties of the group are the directors of the company by virtue of their majority shareholding

32 Post balance sheet events

On 14 April 2012 George Williamson & Co took out a loan from the pension fund which has been secured on the property acquired in the year

In September 2012 George Williamson & Co Limited received $2 5m from Hortanzia Limited in respect of the sale of the assets