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**GEORGE WILLIAMSON &
CO. LTD**

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS**

**For the year ended
31 MARCH 2010**

Company no 1173126

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

For the year ended 31 MARCH 2010

| | |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 |

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

For the year ended 31 MARCH 2010

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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 Thursday 6 January 2011 for the following purposes

- 1 To review and adopt the Directors' Report and Financial Statements for the year ended 31 March 2010
- 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 6 January 2011

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 2010

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 favourable weather conditions and strong global demand for our Fairtrade and Rainforest Alliance certified teas

The profits for the year are pleasing but the combination of high crops and high prices is unlikely to be followed this year to the same degree

Kenya remains a challenging country to undertake business in and much needs to be done to enact all the parts of the new Constitution. It is with great regret that one of these parts is to compulsorily remove our freehold and long leasehold tenure of our farms and replace them with a 99 year lease. Full details are as yet unknown but we do not consider this to be at all equitable as it applies only to foreigners and nor will we receive any compensation.

We continue to look for a long term solution to secure the viability of the Hortanzia rose farm in Tanzania. In the UK the retail tea business has proved resilient and we continue to invest in it for the future, the organic farm is performing well.

Dividends

The directors do not recommend the payment of a final dividend (2009 £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

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 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

Political donations of £1,000 (2009 £nil) were made during the year. Various charitable donations totalling £5,565 (2009 £nil) were made during the year.

GEORGE WILLIAMSON & CO. LTD
REPORT OF THE DIRECTORS

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

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'P Magor', with a long horizontal stroke extending to the right.

P Magor
Director
6 January 2011

**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 2010 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statements, the group 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.

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 2010 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.

**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

10 January 2011

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 2010.
- (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 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

| | |
|--------------------------------------------|------------|
| 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 2010

| | Note | 2010 £'000 | 2009 £'000 |
|-------------------------------------------------------------|------|---------------------|-----------------------|
| Turnover | 1 | 34,176 | 24,812 |
| Cost of sales | | <u>(20,336)</u> | <u>(16,982)</u> |
| Gross profit | | 13,840 | 7,830 |
| Distribution costs | | (2,629) | (2,065) |
| Administrative expenses | | <u>(4,602)</u> | <u>(6,334)</u> |
| Operating profit/(loss) | | 6,609 | (569) |
| Other income | 2 | 76 | 97 |
| Interest payable and similar charges | 4 | (278) | (363) |
| Interest receivable and similar income | 5 | <u>95</u> | <u>311</u> |
| Profit/(Loss) on ordinary activities before taxation | 3 | 6,502 | (524) |
| Tax on profit/loss on ordinary activities | 7 | <u>(2,570)</u> | <u>(549)</u> |
| Profit/(Loss) on ordinary activities after taxation | | 3,932 | (1,073) |
| Equity minority interests | | (1,805) | (221) |
| Retained profit/(loss) for the year | 18 | <u>2,127</u> | <u>(1,294)</u> |

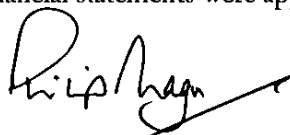
All transactions arise from continuing operations

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

GEORGE WILLIAMSON & CO. LTD
CONSOLIDATED BALANCE SHEET AT 31 MARCH 2010

| | Note | 2010 £'000 | 2009 £'000 |
|----------------------------------------------------------------|------|-----------------|----------------|
| Fixed assets | | | |
| Intangible assets | 8 | | |
| Goodwill | | - | 18 |
| Negative goodwill | | (4,195) | (4,464) |
| Tangible assets | 9 | 27,332 | 30,280 |
| Investments | 10 | 457 | 612 |
| | | <u>23,594</u> | <u>26,446</u> |
| Current assets | | | |
| Stocks | 11 | 5,876 | 4,259 |
| Debtors | 12 | 9,191 | 9,241 |
| Cash at bank and in hand | | 12,177 | 9,130 |
| | | <u>27,244</u> | <u>22,630</u> |
| Creditors: amounts falling due within one year | 13 | <u>(12,174)</u> | <u>(9,171)</u> |
| Net current assets | | <u>15,070</u> | <u>13,459</u> |
| Total assets less current liabilities | | <u>38,664</u> | <u>39,905</u> |
| Creditors: amounts falling due after more than one year | 14 | (3,755) | (4,153) |
| Provisions for liabilities and charges | 15 | <u>(2,333)</u> | <u>(1,916)</u> |
| | | <u>32,576</u> | <u>33,836</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 21 | 21 |
| Capital redemption reserve | | 29 | 29 |
| Profit and loss account | 18 | 16,633 | 18,978 |
| Revaluation reserve | 19 | 4,031 | 3,596 |
| Shareholders' funds - equity | | <u>20,714</u> | <u>22,624</u> |
| Interest of minorities - equity | | 11,862 | 11,212 |
| | | <u>32,576</u> | <u>33,836</u> |

The financial statements were approved by the Board of Directors on 6 January 2011



P Magor - Director

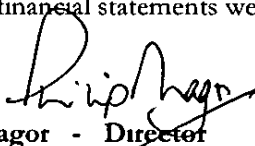
Company registered no 1173126

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

GEORGE WILLIAMSON & CO. LTD
COMPANY BALANCE SHEET AT 31 MARCH 2010

| | Note | 2010 £'000 | 2009 £'000 |
|-------------------------------------------------------|------|---------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 118 | 93 |
| Investments | 10 | <u>2,330</u> | <u>12,428</u> |
| | | 2,448 | 12,521 |
| Current assets | | | |
| Debtors | 12 | 7,297 | 5,425 |
| Cash at bank and in hand | | <u>7,337</u> | <u>1,079</u> |
| | | 14,634 | 6,504 |
| Creditors: amounts falling due within one year | 13 | <u>(10,793)</u> | <u>(8,499)</u> |
| Net current liabilities | | <u>3,841</u> | <u>(1,995)</u> |
| Total assets less current liabilities | | <u>6,289</u> | <u>10,526</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 21 | 21 |
| Capital redemption reserve | | 29 | 29 |
| Profit and loss account | 18 | <u>6,239</u> | <u>10,476</u> |
| Shareholders' funds - equity | | <u>6,289</u> | <u>10,526</u> |

The financial statements were approved by the Board of Directors on 23 December 2010


P Magor - Director

6th January 2011

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 2010

| | Note | 2010 £'000 | 2009 £'000 |
|---------------------------------------------------------------------------------------|------|----------------|----------------|
| Net cash inflow/(outflow) from operating activities | 21 | 7,673 | 2,033 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 95 | 311 |
| Dividends paid | | - | 21 |
| Other income | | 76 | 76 |
| Interest paid | | (278) | (363) |
| Dividends paid to minority shareholders in subsidiary undertakings | | - | (1) |
| Net cash (outflow)/inflow from returns on investments and servicing of finance | | (107) | 44 |
| Taxation | | (898) | (94) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | | (2,227) | (3,266) |
| Purchase of investments | | 47 | - |
| Sale of tangible fixed assets | | 3,175 | 445 |
| Net cash outflow from capital expenditure and financial investment | | 995 | (2,821) |
| Acquisitions and disposals | | | |
| Purchase of interest in subsidiaries | | - | (216) |
| Net cash outflow from acquisitions and disposals | | - | (216) |
| Equity dividends paid | | (4,123) | - |
| Financing | | | |
| Net movement in borrowing | | (515) | 214 |
| Net cash (outflow)/inflow from financing | | (515) | 214 |
| Increase/(decrease) in cash | 22 | 3,025 | (840) |

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 2010

Statement of total recognised gains and losses

| | 2010 £'000 | 2009 £'000 |
|----------------------------------------------------------------------|---------------|---------------|
| Profit/(Loss) for the financial year | 2,127 | (1,294) |
| Currency translation differences on foreign currency net investments | 435 | 316 |
| Total recognised gains and losses for the year | <u>2,562</u> | <u>(978)</u> |

Note of historical cost profits and losses

| | 2010 £'000 | 2009 £'000 |
|----------------------------------------------------------------------------------------------------------|---------------|---------------|
| Profit/(Loss) on ordinary activities before taxation | 6,502 | (524) |
| Difference between historical cost depreciation charge and depreciation charge based on revalued amounts | 39 | 291 |
| Historical cost profit/(loss) on ordinary activities before taxation | <u>6,541</u> | <u>(233)</u> |

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

1 Segmental analysis

| | Net assets | | Turnover | | Pre-tax profit/(loss) | |
|----------------------------|---------------|---------------|---------------|---------------|-----------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| By activity | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Tea | 24,299 | 20,494 | 31,300 | 17,971 | 7,774 | 1,599 |
| Other activities | 8,278 | 13,342 | 2,876 | 6,841 | (1,272) | (2,123) |
| | <u>32,576</u> | <u>33,836</u> | <u>34,176</u> | <u>24,812</u> | <u>6,502</u> | <u>(524)</u> |
| Geographically - by origin | | | | | | |
| Kenya | 15,998 | 21,341 | 31,905 | 18,798 | 7,817 | 1,672 |
| Tanzania | (510) | (86) | 745 | 891 | (307) | (334) |
| United Kingdom | 17,088 | 12,581 | 1,526 | 5,123 | (1,008) | (1,862) |
| | <u>32,576</u> | <u>33,836</u> | <u>34,176</u> | <u>24,812</u> | <u>6,502</u> | <u>(524)</u> |

| Geographically - by destination | 2010 | 2009 |
|---------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Kenya | 1,866 | 2,492 |
| United Kingdom | 31,566 | 21,632 |
| Rest of Europe | 744 | 506 |
| Others | - | 182 |
| | <u>34,176</u> | <u>24,812</u> |

2 Other income

| | 2010 | 2009 |
|-------------------------------|-----------|-----------|
| | £'000 | £'000 |
| Other income from investments | <u>76</u> | <u>97</u> |

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after

| | 2010 £'000 | 2009 £'000 |
|-------------------------------------------|---------------|---------------|
| Auditors' remuneration | | |
| United Kingdom audit services | 31 | 31 |
| Non-audit services - taxation | 57 | 39 |
| Depreciation and amortisation | | |
| Goodwill | 251 | (178) |
| Tangible fixed assets owned | (1,388) | 1,573 |
| Impairment of investment property | - | 1,212 |
| Rental on operating leases - property | 58 | 42 |
| (Loss)/Profit on disposal of fixed assets | (255) | 7 |
| Reorganisation costs | (505) | - |

The reorganisation was the closure of the UK packing plant and includes £271,000 of redundancy costs and £209,000 in respect of exiting the factory lease

4 Interest payable and similar charges

| | 2010 £'000 | 2009 £'000 |
|---------------------------|---------------|---------------|
| Bank loans and overdrafts | 278 | 363 |

5 Interest receivable and similar income

| | 2010 £'000 | 2009 £'000 |
|--------------------------|---------------|---------------|
| Bank interest receivable | 95 | 311 |

GEORGE WILLIAMSON & CO. LTD**Notes to the financial statements**

For the year ended 31 MARCH 2010

6 Directors and employees

Staff costs during the year were as follows

| | 2010 £'000 | 2009 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 6,811 | 7,036 |
| Social security costs | 157 | 444 |
| Other pension costs | 128 | 176 |
| Redundancy | - | 62 |
| | <u>7,096</u> | <u>7,718</u> |

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

| | 2010 Number | 2009 Number |
|--------------------------------------|----------------|----------------|
| Agricultural, Engineering and others | <u>5,506</u> | <u>5,392</u> |

Remuneration in respect of directors was as follows

| | 2010 £'000 | 2009 £'000 |
|---------------------------------------------------------|---------------|---------------|
| Emoluments | 746 | 918 |
| Pension contributions to money purchase pension schemes | 55 | 50 |
| | <u>801</u> | <u>968</u> |

During the year one director (2009 one) participated in money purchase pension schemes

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

| | 2010 £'000 | 2009 £'000 |
|---------------------------------------------------------|---------------|---------------|
| Emoluments | 597 | 671 |
| Pension contributions to money purchase pension schemes | 55 | 50 |
| | <u>652</u> | <u>721</u> |

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

7 Tax on profit on ordinary activities

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

| | 2010 £'000 | 2009 £'000 |
|------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Current tax: | | |
| Adjustments in respect of prior year | - | 19 |
| Foreign tax | 2,151 | 204 |
| | <u>2,151</u> | <u>223</u> |
| Origination and reversal of timing differences - deferred tax | 419 | 326 |
| Total current tax | <u>2,570</u> | <u>549</u> |
| Factors affecting the tax charge for period | | |
| Profit/(Loss) on ordinary activities before tax | <u>6,502</u> | <u>(524)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2009 28%) | <u>1,821</u> | <u>(147)</u> |
| Effect of | | |
| Expenses not deductible/(taxable) for tax purposes | (96) | 375 |
| Overseas losses not recognised | 22 | (208) |
| Other adjustments re differences in rates | 150 | 1 |
| Loss on dividend in specie | 84 | - |
| Utilisation of tax losses | 193 | 201 |
| Difference between capital allowances and depreciation | (39) | (18) |
| Overseas tax | 16 | - |
| Adjustments to tax charge in respect of prior periods | - | 19 |
| Current tax charge for period | <u>2,151</u> | <u>223</u> |

8 Intangible fixed assets

| | Goodwill on consolidation £'000 | Negative goodwill £'000 | Total £'000 |
|------------------------------------------------------------|---------------------------------------|-------------------------------|----------------|
| Cost | | | |
| At 1 April 2009 and at 31 March 2010 | <u>1,139</u> | <u>(5,376)</u> | <u>(4,237)</u> |
| Amortisation | | | |
| At 1 April 2009 | (421) | 912 | 491 |
| Provided in the year | (18) | 269 | 251 |
| At 31 March 2010 | <u>(439)</u> | <u>1,181</u> | <u>742</u> |
| Impairment provision at 1 April 2009 and 31 March 2010 | (700) | - | (700) |
| Net book amount at 31 March 2010 | <u>-</u> | <u>(4,195)</u> | <u>(4,195)</u> |
| Net book amount at 31 March 2009 | <u>18</u> | <u>(4,464)</u> | <u>(4,446)</u> |

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

Intangible fixed assets (continued)

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

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.

£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 properties £'000 | Land £'000 | Buildings £'000 | Plant and machinery £'000 | Total £'000 |
|-------------------------------------|--------------------------------------------|-----------------------|----------------------------|------------------------------------------|------------------------|
| Cost or valuation | | | | | |
| At 1 April 2009 | 3,812 | 13,201 | 17,431 | 14,152 | 44,784 |
| Additions | - | 1,060 | 392 | 775 | 2,227 |
| Transfers | - | 2,693 | (2,693) | - | - |
| Exchange differences | - | (141) | (185) | (159) | (485) |
| Disposals | (3,812) | (113) | (4,176) | (2,181) | (6,470) |
| At 31 March 2010 | <u>-</u> | <u>16,700</u> | <u>10,769</u> | <u>12,587</u> | <u>40,056</u> |
| Depreciation | | | | | |
| At 1 April 2009 | 1,212 | 1,087 | 5,715 | 7,702 | 14,504 |
| Provided in the year | - | 165 | 477 | 746 | 1,388 |
| Exchange differences | - | (51) | (30) | (47) | (128) |
| Disposals | (1,212) | - | (1,232) | (1,808) | (3,040) |
| At 31 March 2010 | <u>-</u> | <u>1,201</u> | <u>4,930</u> | <u>6,593</u> | <u>12,724</u> |
| Net book amount at 31 March 2010 | <u>-</u> | <u>15,499</u> | <u>5,839</u> | <u>5,994</u> | <u>27,332</u> |
| Net book amount at 31 March 2009 | <u>2,600</u> | <u>12,114</u> | <u>9,116</u> | <u>6,450</u> | <u>30,280</u> |

GEORGE WILLIAMSON & CO. LTD**Notes to the financial statements**

For the year ended 31 MARCH 2010

Tangible fixed assets (continued)

Land not depreciated amounts to £8,513,000 (2009 £8,513,000) 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 loss in Kenya of £359,000 (2009 profit of £1,113,000) and a profit in Tanzania of £20,000 (2009 £91,000)

The freehold land for all group companies of the overseas subsidiaries was professionally revalued on 31 March 2007 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 | 7,681 | 7,630 |
| Accumulated depreciation | <u>(1,036)</u> | <u>(822)</u> |
| Book value at 31 March 2010 | <u>6,645</u> | <u>6,808</u> |
| Book value at 31 March 2009 | <u>6,848</u> | <u>7,680</u> |

The land in Kenya consists of

| | 2010 Hectares | | 2009 Hectares | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| | Grant area | Tea area | Grant area | Tea area |
| Freehold | 1,100 | 1,091 | 1,100 | 1,091 |
| Long lease (over 50 years) | <u>4,331</u> | <u>4,301</u> | <u>4,331</u> | <u>4,301</u> |
| | <u>5,431</u> | <u>5,392</u> | <u>5,431</u> | <u>5,392</u> |

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

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

Tangible fixed assets (continued)**Parent**

| | Land £,000 | Vehicles, plant and equipment £'000 | Total £,000 |
|--------------------------|---------------|----------------------------------------------|----------------|
| Cost | | | |
| At 1 April 2009 | - | 226 | 226 |
| Additions | - | 107 | 107 |
| Transfer from subsidiary | 2,600 | - | 2,600 |
| Disposals | (2,600) | (103) | (2,703) |
| At 31 March 2010 | - | 230 | 230 |
| Depreciation | | | |
| At 1 April 2009 | - | 133 | 133 |
| Charge for year | - | 50 | 50 |
| On disposals | - | (71) | (71) |
| At 31 March 2010 | - | 112 | 112 |
| Net book value | | | |
| At 31 March 2010 | - | 118 | 118 |
| Net book value | | | |
| At 31 March 2009 | - | 93 | 93 |

10 Fixed asset investments**Group**

| | Investments Unlisted £'000 |
|-----------------------------------------|----------------------------------|
| Cost | |
| At 1 April 2009 | 688 |
| Additions | 47 |
| Disposals | (202) |
| At 31 March 2010 | 533 |
| Amounts written off | |
| At 1 April 2009 | 76 |
| Provided in the year | - |
| At 31 March 2010 | 76 |
| Net book amount at 31 March 2010 | 457 |
| Net book amount at 31 March 2009 | 612 |

GEORGE WILLIAMSON & CO. LTD**Notes to the financial statements**

For the year ended 31 MARCH 2010

Fixed asset investments (continued)**Parent**

| | Investments Unlisted £'000 |
|----------------------------------|-------------------------------------------|
| Cost | |
| At 1 April 2009 | 17,454 |
| Additions | 70 |
| At 31 March 2010 | <u>17,524</u> |
| Amounts written off | |
| At 1 April 2009 | 5,026 |
| Provided in the year | 10,168 |
| At 31 March 2010 | <u>15,194</u> |
| Net book amount at 31 March 2010 | <u>2,330</u> |
| Net book amount at 31 March 2009 | <u>12,428</u> |

11 Stocks

| | Group | |
|-------------------------------------|-----------------------|-----------------------|
| | 2010 £'000 | 2009 £'000 |
| Unsold tea crop | 4,365 | 2,310 |
| Stocks, stores and work in progress | <u>1,511</u> | <u>1,949</u> |
| | <u>5,876</u> | <u>4,259</u> |

12 Debtors

| | Group | | Parent | |
|-----------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 |
| Trade debtors | 6,788 | 5,835 | 5,238 | 2,055 |
| Amounts owed by subsidiary undertakings | - | - | 943 | 2,299 |
| Other debtors | 2,391 | 3,153 | 801 | 743 |
| Corporation tax | - | 125 | 299 | 302 |
| Prepayments | 12 | 128 | 12 | 26 |
| | <u>9,191</u> | <u>9,241</u> | <u>7,297</u> | <u>5,425</u> |

Included with other debtors are amounts due from directors of £21,000 (2009 £124,000) Included within other debtors are amounts due after one year of £182,000 (2009 £484,000)

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

13 Creditors: amounts falling due within one year

| | Group | | Parent | |
|----------------------------------------|---------------|--------------|---------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans and overdrafts (note 14) | 860 | 838 | - | - |
| Trade creditors | 2,120 | 3,965 | 298 | 2,488 |
| Amounts due to subsidiary undertakings | - | - | 10,296 | 5,669 |
| Social security and other taxation | 89 | 209 | 89 | 194 |
| Other creditors | 6,154 | 3,705 | 32 | 23 |
| Accruals | 1,730 | 454 | 78 | 125 |
| Corporation tax | 1,221 | - | - | - |
| | <u>12,174</u> | <u>9,171</u> | <u>10,793</u> | <u>8,499</u> |

14 Creditors: amounts falling due after more than one year

| | Group | | Parent | |
|-----------------------------|--------------|--------------|----------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans (as shown below) | 2,186 | 2,701 | - | - |
| Other creditors | 1,569 | 1,452 | - | - |
| | <u>3,755</u> | <u>4,153</u> | <u>-</u> | <u>-</u> |

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

| | Group | | Parent | |
|----------------------------|--------------|--------------|----------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Within one year | 860 | 838 | - | - |
| Between one and two years | 2,186 | 2,180 | - | - |
| Between two and five years | - | 521 | - | - |
| | <u>3,046</u> | <u>3,539</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 a hypothecation of crop, stocks and other moveable assets and mortgage charges over property

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

15 Provisions for liabilities and charges

| | Group Deferred taxation (note 16) £'000 |
|----------------------|-----------------------------------------------------|
| At 1 April 2009 | 1,916 |
| Exchange differences | (2) |
| Charge for year | 419 |
| At 31 March 2010 | <u>2,333</u> |

16 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 2010 or 31 March 2009.

| | Group Amount provided | |
|--------------------------------|--------------------------|--------------|
| | 2010 | 2009 |
| | £'000 | £'000 |
| Accelerated capital allowances | 2,872 | 2,816 |
| Other timing differences | (539) | (900) |
| | <u>2,333</u> | <u>1,916</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.

17 Share capital

| | 2010 | 2009 |
|------------------------------------|------------|------------|
| | £'000 | £'000 |
| Authorised | | |
| 250,000 ordinary shares of £1 each | <u>250</u> | <u>250</u> |
| Allotted, called up and fully paid | | |
| 21,000 ordinary shares of £1 each | <u>21</u> | <u>21</u> |

GEORGE WILLIAMSON & CO. LTD**Notes to the financial statements**

For the year ended 31 MARCH 2010

18 Profit and loss account

| | Group £'000 | Parent £'000 |
|-------------------------------------|------------------------------|-------------------------------|
| At 1 April 2009 | 18,978 | 10,476 |
| Exchange differences | (350) | - |
| Dividend paid | (4,122) | (4,122) |
| Retained (loss)/profit for the year | <u>2,127</u> | <u>(115)</u> |
| At 31 March 2010 | <u>16,633</u> | <u>6,239</u> |

The loss for the financial year dealt with in the financial statements of the parent company was £115,000 (2009 profit of £5,628,000). 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 (2009 £936,000).

19 Group revaluation reserve

| | £'000 |
|----------------------|---------------------|
| At 1 April 2009 | 3,596 |
| Exchange differences | <u>435</u> |
| At 31 March 2010 | <u>4,031</u> |

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

| | 2010 £'000 | 2009 £'000 |
|--------------------------------------|-----------------------------|-----------------------------|
| Profit/(Loss) for the financial year | 2,127 | (1,294) |
| Dividends | <u>(4,122)</u> | <u>-</u> |
| Other recognised gains and losses | 85 | 316 |
| Movement in shareholders' funds | <u>(1,910)</u> | <u>(978)</u> |
| Shareholders' funds at 1 April 2009 | <u>22,624</u> | <u>23,602</u> |
| Shareholders' funds at 31 March 2010 | <u>20,714</u> | <u>22,624</u> |

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

21 Net cash outflow from operating activities

| | 2010 £'000 | 2009 £'000 |
|-----------------------------------------------------|---------------|---------------|
| Operating profit/(loss) | 6,609 | (569) |
| Depreciation | 1,388 | 1,573 |
| Amortisation | (251) | (178) |
| Impairment of investment properties | - | 1,212 |
| (Increase)/decrease in stock | (1,617) | (1,571) |
| (Increase)/decrease in debtors | 50 | (1,701) |
| Increase/(decrease) in creditors | 1,495 | 3,229 |
| Net changes in currency values | (1) | 38 |
| Net cash inflow/(outflow) from operating activities | <u>7,673</u> | <u>2,033</u> |

22 Reconciliation of net cash flow to movement in net debt

| | 2010 £'000 | 2009 £'000 |
|----------------------------------------------|---------------|----------------|
| Increase/(Decrease) in cash in the year | 3,025 | (840) |
| Increase in net debt in the year | 515 | (214) |
| Change in net debt resulting from cash flows | <u>3,540</u> | <u>(1,054)</u> |
| Inception of finance leases | - | - |
| Movement in net funds in the year | <u>3,540</u> | <u>(1,054)</u> |
| Net funds at 1 April 2009 | <u>5,591</u> | <u>6,645</u> |
| Net funds at 31 March 2010 | <u>9,131</u> | <u>5,591</u> |

23 Analysis of changes in net debt

| | At 1 Apr 2009 £'000 | Cash flow £'000 | At 31 Mar 2010 £'000 |
|--------------|---------------------------|--------------------|----------------------------|
| Cash in hand | 9,130 | 3,047 | 12,177 |
| Overdraft | (838) | (22) | (860) |
| Debt | <u>(2,701)</u> | <u>515</u> | <u>(2,186)</u> |
| | <u>5,591</u> | <u>3,540</u> | <u>9,131</u> |

24 Guarantees

Guarantees totalling £21,000 (2009 £373,000) in respect of overseas bank advances have been given by members of the George Williamson & Co Limited group

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

25 Capital commitments

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

| | Group | | Parent | |
|---------------------|-------|-------|--------|-------|
| | 2010 | 2009 | 2010 | 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Capital commitments | - | 657 | - | - |

26 Contingent assets/liabilities

There were no contingent liabilities at 31 March 2010 or 31 March 2009

27 Retirement benefits**Defined Contribution Scheme**

Group contributions to the defined contribution schemes during the year were £128,000 (2009 £180,000)

28 Leasing commitments

Operating lease payments amounting to £522,000 (2009 £606,000) are due within one year. The leases to which these amounts relate expire as follows

| | 2010 | 2009 |
|----------------------------|------------|------------|
| | Property | Property |
| | leases | Leases |
| | £'000 | £ |
| In one year or less | 262 | 266 |
| Between one and five years | 260 | 262 |
| In five years or more | - | 79 |
| | <u>522</u> | <u>606</u> |

29 Transactions with directors/and other related parties

| Related party | Nature of transaction | Transaction Dr/(Cr) | Outstanding at 31 March 2010 £'000 | Outstanding at 31 March 2009 £'000 |
|---------------|-----------------------|---------------------|---------------------------------------|---------------------------------------|
| E Magor | Loan | (270) | - | 270 |
| L Magor | Loan | (214) | - | 214 |

Included within other debtors is £17,000 of amounts due from P Magor

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

GEORGE WILLIAMSON & CO. LTD

Notes to the financial statements

For the year ended 31 MARCH 2010

30 Principal subsidiary and associated undertakings at 31 March 2010

| | % 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 |
| Subatu 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