

**GEORGE WILLIAMSON & CO. LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2004**



# **GEORGE WILLIAMSON & CO LIMITED**

## **FINANCIAL STATEMENTS**

**For the year ended 31 MARCH 2004**

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Company registration number:

1173126

Registered office:

5 West Mills  
Newbury  
Berkshire  
RG14 5HG

Directors:

P Magor ACA (Chairman)  
V H J Clements FCA  
S G T Elliott  
J J Garwood  
J M T Magor

Secretary:

I D C Burrige FCA

Bankers:

HSBC Bank plc  
Poultry & Princes Street  
London  
EC2P 2BX

Auditors:

Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
Grant Thornton House  
Euston Square  
London  
NW1 2EP

# **GEORGE WILLIAMSON & CO LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2004

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**NOTICE IS HEREBY GIVEN** that the **TWENTY-NINTH ANNUAL GENERAL MEETING** of the Members will be held at The Oriental Club, Stratford House, Stratford Place, London W1C 1ES on Thursday 7 October 2004 at 12.30 p.m. for the following purposes:-

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2004.
2. To declare a dividend.
3. To appoint Grant Thornton UK LLP as Auditors and to authorise the Directors to determine the Auditors remuneration.

By order of the Board

I D C Burridge

Secretary

Dated 22nd September 2004

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.

# **GEORGE WILLIAMSON & CO LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2004

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# GEORGE WILLIAMSON & CO LIMITED

## REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their twenty-ninth Annual Report to Shareholders, together with the audited accounts for the year ended 31 March 2004.

### Principal Activities

George Williamson & Co. Limited which is registered in England & Wales, acts as Secretaries and Agents to Companies in the Tea Industry operating in Kenya and India.

The Subsidiary Group, headed by Williamson Tea Holdings plc, which is registered in England and Wales, acts as producers of tea.

Details of the principal subsidiary companies of the Group are given in note 26 to these accounts.

### Review of Business

	2004 £'000	2003 £'000
The profit/(loss) before taxation amounted to	702	(1,016)
Taxation	<u>(60)</u>	<u>(934)</u>
Profit/(loss) after taxation	642	(1,950)
Minority interest	<u>(314)</u>	<u>914</u>
	328	(1,036)
Dividend	<u>800</u>	<u>40</u>
Retained (loss) for year taken to reserves	<u>(472)</u>	<u>(1,076)</u>

### Dividend

An interim dividend of £10 per share (2003: Nil) was paid on 10<sup>th</sup> March, 2004. The Directors recommend the payment of a final dividend of £10 per share on 7<sup>th</sup> October 2004 (2003: £1 per share paid).

### Subsidiary Companies

The company's shareholding in Williamson Tea Holdings plc was 69.74% at 31<sup>st</sup> March 2004 and was 67.57% at 31<sup>st</sup> March 2003.

### Directors and their Interests

It is with great regret that the directors report the death of Mr R B Magor on 26<sup>th</sup> October, 2003.

The directors serving during the year were:

Mr P Magor, Mr V H J Clements, Mrs J M T Magor, Mrs J J Garwood and Mrs S G T Elliott.

No directors other than those appointed since the previous Annual General Meeting are required to retire under the Articles of Association.

**REPORT OF THE DIRECTORS**

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**Directors and their Interests (continued)**

The beneficial interests in the shares of the company were as follows:

	2004	2003
Mr P Magor	6,000	6,000
Mrs J J Garwood	4,000	4,000
Mrs J M T Magor	4,500	4,500
Mrs S G T Elliott	4,000	4,000

**Political and Charitable Contributions**

No political donations were made during the year (2003: Nil). Various charitable contributions totalling £295 were made during the year (2003: £8,600).

**Directors' Responsibilities**

United Kingdom company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that year. In preparing these accounts, the Directors confirm that they have:-

- a) selected suitable accounting policies and applied them consistently.
- b) made judgements and estimates that are reasonable and prudent.
- c) followed applicable accounting standards and
- d) prepared the accounts on the going concern basis.

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

**Auditors**

On 1 July 2004, the Grant Thornton partnership converted to a limited liability partnership called Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP will be proposed for re-appointment in accordance with Section 385(2) of the Companies Act 1985.

**By Order of the Board**



I D C Barridge  
Secretary

22<sup>nd</sup> September 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**

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We have audited the financial statements of George Williamson & Co Limited for the year ended 31 March 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the note of historical cost profits and losses and reconciliation of movements in shareholders' funds, the accounting policies and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

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

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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

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

**BASIS OF OPINION**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

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

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2004 and of the result of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP *Grant Thornton UK LLP*

Registered Auditors  
Chartered Accountants  
London

22<sup>nd</sup> September 2004

**PRINCIPAL ACCOUNTING POLICIES**

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**PRINCIPAL ACCOUNTING POLICIES**

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

Consideration has been given to the principal accounting policies in the light of FRS 18 "Accounting Policies" and no changes have been made.

**BASIS OF CONSOLIDATION**

- (i) The group accounts consolidate those of the company and of its subsidiary undertakings (see note 26) drawn up to 31 March 2004.
- (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 FRS 10, was written off to reserves immediately on acquisition. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

- (iii) Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.
- (iv) As permitted by Section 230 of the Companies Act 1985 no separate Profit and Loss Account is presented for the company.

**DEPRECIATION AND AMORTISATION**

On adoption of FRS 15, 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.

Fixed assets apart from land are depreciated to write down the cost or valuation, less estimated residual value, of the asset on a straight line basis over their estimated useful lives at the following rates per annum:

Buildings & Short Leasehold improvements	2% to 25%
Plant & Machinery	5% to 15%
Transport	20% to 33%
Fixtures & fittings	10% to 40%

**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.

**INVESTMENTS**

Fixed asset investments are carried at cost less amounts written off.

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



**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.

**EXCHANGE RATES**

The accounts of the subsidiary and associated undertakings have been translated into sterling at the rates of exchange ruling at the Balance Sheet date. Exchange differences on transactions and on translation of monetary assets and liabilities are dealt with in profit before taxation. Exchange differences arising on translation of net investment in subsidiary undertakings are dealt with in reserves.

**TURNOVER**

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

**LEASING CONTRACTS**

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

**RETIREMENT BENEFITS:**

Pension costs are accounted for in accordance with SSAP24. The Group has adopted disclosure requirements under the transitional arrangements for implementing FRS17 "Retirement Benefits".

**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 non unionisable staff on retirement as provided by statute.

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

**Defined benefit scheme**

On 1 April 2001, the George Williamson (Assam) Limited superannuation fund was established in India for the benefit of employees who were previously members of a group scheme with a trading partner, Williamson Magor & Co Limited. The replacement scheme was closed to new members and benefits capped in respect of existing members as at 31 March 2003 and fully funded at that date.

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme. This is to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme except where exceptional circumstances arise (see Note 4).

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates.

**LIQUID RESOURCES**

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

**GEORGE WILLIAMSON & CO LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 MARCH 2004

	Notes	2004 £'000	2003 £'000
<b>Turnover</b>	1	39,052	40,639
<b>Cost of sales</b>		<u>28,058</u>	<u>28,526</u>
<b>Gross profit</b>		10,994	12,113
Distribution costs		3,719	4,557
Administrative expenses (including exceptional item)		<u>6,355</u>	<u>6,069</u>
		<u>10,074</u>	<u>10,626</u>
<b>Operating profit</b>	2	920	1,487
Interest and other income	5	<u>429</u>	<u>492</u>
		1,349	1,979
Interest payable	6	(647)	(690)
Amounts written off investments		—	(2,305)
<b>Profit/(Loss) on ordinary activities before taxation</b>		702	(1,016)
Taxation	7	<u>(60)</u>	<u>(934)</u>
<b>Profit/(Loss) on ordinary activities after taxation</b>		642	(1,950)
<b>Minority Interest - equity</b>		<u>(314)</u>	<u>914</u>
<b>Profit/(Loss) for the financial year</b>		328	(1,036)
<b>Dividends</b>			
Interim paid - £10 per share (2003: Nil)		400	-
Final proposed - £10 per share (2003: - £1 per share)		<u>400</u>	<u>40</u>
		<u>800</u>	<u>40</u>
<b>Retained (Loss) for the Financial year</b>	19	<u>£(472)</u>	<u>£(1,076)</u>

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

All transactions arise from continuing operations.

# GEORGE WILLIAMSON & CO LIMITED

## CONSOLIDATED BALANCE SHEET AT 31 MARCH 2004

	Notes	£'000	2004 £'000	£'000	2003 £'000
<b>Fixed Assets</b>					
Intangible assets	8				
Goodwill		1,013		1,886	
Negative goodwill		(758)	255	—	1,886
Tangible assets	9		53,158		60,912
Investments	10		<u>578</u>		<u>612</u>
			53,991		63,410
<b>Current Assets</b>					
Stocks	12	3,951		4,412	
Debtors	13	8,915		10,783	
Investments	11	406		372	
Cash at bank and in hand		<u>8,348</u>		<u>6,072</u>	
		21,620		21,639	
<b>Creditors: Amounts falling due within one year</b>	14	<u>11,401</u>		<u>11,436</u>	
<b>Net Current Assets</b>			<u>10,219</u>		<u>10,203</u>
<b>Total assets less current liabilities</b>			64,210		73,613
<b>Creditors: Amounts falling due after more than one year</b>	15		4,106		4,557
Provisions for liabilities and charges	16		<u>2,231</u>		<u>3,008</u>
			<u>£57,873</u>		<u>£66,048</u>
<b>Capital and reserves</b>					
Called up share capital	18		40		40
Capital redemption reserve			10		10
Profit & loss account	19		16,094		17,652
Revaluation reserve	20		<u>13,266</u>		<u>15,050</u>
<b>Shareholders' funds - equity</b>			29,410		32,752
Interest of minorities - equity			<u>28,463</u>		<u>33,296</u>
			<u>£57,873</u>		<u>£66,048</u>

The financial statements were approved by the Board of Directors on 22<sup>nd</sup> September 2004.

P. Magor

Director

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

# GEORGE WILLIAMSON & CO LIMITED

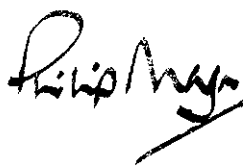
## BALANCE SHEET AT 31 MARCH 2004

	Notes	£'000	2004 £'000	£'000	2003 £'000
<b>Fixed Assets</b>					
Tangible assets	9		136		104
Investments	10		<u>7,216</u>		<u>7,158</u>
			7,352		7,262
<b>Current Assets</b>					
Debtors	13	1,823		3,102	
Investments	11	131		141	
Cash at bank and in hand		<u>983</u>		<u>1,940</u>	
		2,937		5,183	
<b>Creditors: Amounts falling due within one year</b>	14	<u>3,008</u>		<u>4,881</u>	
<b>Net Current (Liabilities)/Assets</b>			<u>(71)</u>		<u>302</u>
<b>Total Assets less current liabilities</b>			<u>£7,281</u>		<u>£7,564</u>
<b>Capital and reserves</b>					
Called up share capital	18		40		40
Capital redemption reserve			10		10
Profit & Loss account	19		<u>7,231</u>		<u>7,514</u>
<b>Shareholders' funds - equity</b>			<u>£7,281</u>		<u>£ 7,564</u>

The financial statements were approved by the Board of Directors on 22<sup>nd</sup> September 2004.

P. Magor

Director



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

**GEORGE WILLIAMSON & CO LIMITED****CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 MARCH 2004

	Notes	2004	2003
		£'000	£'000
<b>Net cash inflow from operating activities</b>	25(a)	<u>5,234</u>	<u>6,635</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		324	393
Dividends received		35	53
Other income		104	34
Interest paid		(647)	(690)
Dividends paid to minority shareholders in subsidiary undertakings		<u>(263)</u>	<u>(677)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(447)</u>	<u>(887)</u>
<b>Taxation paid</b>		<u>(1,229)</u>	<u>(886)</u>
<b>Capital expenditure and financial investments</b>			
Purchase of tangible fixed assets		(1,684)	(3,525)
Sale of tangible fixed assets		240	159
Sale of investments		<u>—</u>	<u>145</u>
<b>Net cash (outflow) from capital expenditure and financial investment</b>		<u>(1,444)</u>	<u>(3,221)</u>
<b>Acquisitions and disposals</b>			
Purchase of interest in subsidiary		<u>(83)</u>	<u>(1,287)</u>
<b>Net cash outflow from acquisition and disposals</b>		<u>(83)</u>	<u>(1,287)</u>
<b>Equity dividends paid</b>		<u>(440)</u>	<u>—</u>
<b>Management of liquid resources</b>			
Purchase of investments		(321)	—
Sale of investments		<u>257</u>	<u>—</u>
<b>Net cash outflow from management of liquid resources</b>	25(b)	<u>(64)</u>	<u>—</u>
<b>Financing</b>			
Repayment of borrowing		(127)	(1,113)
Receipts from borrowing		<u>—</u>	<u>—</u>
<b>Net cash outflow from financing</b>	25(b)	<u>(127)</u>	<u>(1,113)</u>
<b>Increase/(Decrease) in cash</b>	25(b)	<u>1,400</u>	<u>(759)</u>

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

# GEORGE WILLIAMSON & CO LIMITED

## OTHER PRIMARY STATEMENTS

For the year ended 31 MARCH 2004

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2004 £'000	2003 £'000
Profit/(Loss) attributable to shareholders	328	(1,036)
Currency translation differences on foreign currency net investments	(2,870)	(1,503)
Total recognised gains and losses for the year since last annual report	(2,542)	(2,539)

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Total recognised gains and losses for the year, as above	(2,542)	(2,539)
Dividends	(800)	(40)
Movement in shareholders' funds	(3,342)	(2,579)
Opening shareholders' funds	32,752	35,331
Closing shareholders' funds	29,410	32,752

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2004 £'000	2003 £'000
Profit/(Loss) on ordinary activities before taxation	702	(1,016)
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	221	270
Historical cost profit/(loss) on ordinary activities before taxation	923	(746)
Historical cost (loss) transferred to reserves	(363)	(894)

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

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 1. SEGMENTAL ANALYSIS

	Net Assets		Turnover		Pre-Tax Profit/(Loss)	
	2004	2003	2004	2003	2004	2003
	£'000	£'000	£'000	£'000	£'000	£'000
By Activity						
Tea	50,228	56,097	37,563	39,147	2,439	(954)
Other activities	<u>7,645</u>	<u>9,951</u>	<u>1,489</u>	<u>1,492</u>	<u>(1,737)</u>	<u>(62)</u>
	<u>57,873</u>	<u>66,048</u>	<u>39,052</u>	<u>40,639</u>	<u>702</u>	<u>(1,016)</u>
Geographically – by origin						
India	32,680	35,670	23,687	24,777	998	(1,976)
Kenya	17,437	20,163	10,162	11,941	504	853
Tanzania	51	1,440	357	-	(1,098)	-
United Kingdom	<u>7,705</u>	<u>8,775</u>	<u>4,846</u>	<u>3,921</u>	<u>298</u>	<u>107</u>
	<u>57,873</u>	<u>66,048</u>	<u>39,052</u>	<u>40,639</u>	<u>702</u>	<u>(1,016)</u>
Turnover - Geographically - by destination						
India			13,499	11,585		
Kenya			2,876	4,350		
United Kingdom			14,450	17,195		
Rest of Europe			3,475	3,625		
Japan			1,979	1,510		
North America			1,407	1,657		
Others			<u>1,366</u>	<u>717</u>		
			<u>39,052</u>	<u>40,639</u>		

### 2. OPERATING PROFIT

The operating profit is stated after charging/ (crediting):

	2004	2003
	£'000	£'000
Directors' remuneration	547	692
Directors' fees	8	12
Directors' pension scheme contributions	132	133
Auditors' remuneration		
- UK audit	47	56
- Other services	24	60
Rental on operating leases – Property	171	171
Depreciation and amortisation:		
Goodwill	68	54
Other intangible fixed assets	90	-
Tangible fixed assets, owned	2,328	2,399
Provisions for diminution in value of fixed assets:		
Intangibles (see note 8)	700	50

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 3. DIRECTORS' REMUNERATION

Total directors' remuneration including pension contributions and estimated benefits in kind amounted to £577,895 (2003: £861,556). One director (2003: one) participated in money purchase pension schemes in the year.

The remuneration, excluding contributions to money purchase schemes of £132,000 (2003: £132,667), received by the Chairman, also the highest paid director, amounted to £356,248 (2003: £406,991) for the year.

### 4. STAFF NUMBERS AND COSTS

The average number of persons employed by the group (including directors) during the year was as follows:-

	2004	2003
Agricultural (overseas)	32,970	30,717
Engineering and others	<u>288</u>	<u>158</u>
	<u>33,258</u>	<u>30,875</u>

	£'000	£'000
The aggregate payroll costs of these persons were as follows:-		
Wages and salaries	14,806	15,828
Social security costs	360	355
Other pension costs	<u>1,595</u>	<u>2,310</u>
	<u>16,761</u>	<u>18,493</u>

Pension costs in 2003 included a special contribution of approximately £925,000 in order to fully eliminate the deficit on the group's defined benefit scheme in India which was closed to new members and the benefits accruing to existing members capped at 31 March 2003. Existing members were all transferred to defined contribution schemes.

### 5. INTEREST AND OTHER INCOME

	2004	2003
	£'000	£'000
Bank interest receivable	253	393
Fixed asset investments - Listed	20	-
Current asset investments - Listed	-	21
- Unlisted	15	32
Profit on sale of fixed assets	37	6
Profit on sale of investments	-	6
Other income	<u>104</u>	<u>34</u>
	<u>429</u>	<u>492</u>

### 6. INTEREST PAYABLE

Bank and other loans and overdrafts	<u>647</u>	<u>690</u>
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**GEORGE WILLIAMSON & CO LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2004

**7. TAXATION**

	2004	2003
£'000	£'000	£'000
Current tax:		
UK corporation tax on profits of the period	25	69
Adjustment in respect of previous periods	(172)	(125)
Foreign tax	(147)	(56)
	<u>622</u>	<u>559</u>
Total current tax (see below)	475	503
Deferred tax:		
Origination and reversal of timing differences	(415)	431
	<u>60</u>	<u>934</u>
<b>Factors affecting tax charge for period</b>		
Profit/ (Loss) on ordinary activities before tax	<u>702</u>	<u>(1,016)</u>
Profit/ (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	210	(305)
Effects of:		
Expenses not deductible for tax purposes	372	811
Non taxable income	(121)	(62)
Additional foreign tax	8	1
Other adjustments re changes in rates	72	-
Utilisation of tax losses	106	183
Adjustment in respect of prior periods	(172)	(125)
Current tax charge for period (see above)	<u>475</u>	<u>503</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 8. INTANGIBLE ASSETS

	Goodwill on consolidation £'000	Negative Goodwill £'000	Milk Quota £'000	Total £'000
Cost				
At 1 April 2003	1,934	-	242	2,176
Addition	25	(798)	-	(773)
Disposal	—	—	(242)	(242)
At 31 March 2004	<u>1,959</u>	<u>(798)</u>	<u>—</u>	<u>1,161</u>
Amortisation				
At 1 April 2003	138	-	152	290
Provided in the year	108	(40)	90	158
Disposal	-	-	(242)	(242)
Provision for impairment	<u>700</u>	<u>—</u>	<u>—</u>	<u>700</u>
At 31 March 2004	<u>946</u>	<u>(40)</u>	<u>—</u>	<u>906</u>
Net book amount				
At 31 March 2004	<u>1,013</u>	<u>(758)</u>	<u>—</u>	<u>255</u>
At 31 March 2003	<u>1,796</u>	<u>—</u>	<u>90</u>	<u>1,886</u>

Goodwill included above relates to the acquisition of Subati Ltd. and Hortanzia Ltd. and is being amortised over its estimated useful life of 20 years. The negative goodwill arose during the year on the acquisition of a further 2.17% holding in Williamson Tea Holdings plc being the fair value of the assets acquired less consideration paid.

The directors are required to review the carrying value of the goodwill acquired twelve months ago in accordance with Financial Reporting Standard 11. Given the significant losses incurred by the rose farms during the year, the directors are unable to support the carrying value by reference to future cash flows and have based their estimate of net realisable value based on prevailing market conditions.

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 9. TANGIBLE FIXED ASSETS

	Land £'000	Buildings £'000	Plant & Machinery £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2003	36,453	24,156	19,188	79,797
Exchange differences	(3,801)	(2,761)	(1,882)	(8,444)
Additions	273	589	822	1,684
Disposals	<u>(10)</u>	<u>(53)</u>	<u>(655)</u>	<u>(718)</u>
At 31 March 2004	<u>32,915</u>	<u>21,931</u>	<u>17,473</u>	<u>72,319</u>
<b>Accumulated depreciation</b>				
At 1 April 2003	373	7,281	11,231	18,885
Exchange differences	(46)	(581)	(910)	(1,537)
Disposals	-	(27)	(488)	(515)
Charge for year	<u>123</u>	<u>781</u>	<u>1,424</u>	<u>2,328</u>
At 31 March 2004	<u>450</u>	<u>7,454</u>	<u>11,257</u>	<u>19,161</u>
<b>Book Value:</b>				
At 31 March 2004	<u>32,465</u>	<u>14,477</u>	<u>6,216</u>	<u>53,158</u>
At 31 March 2003	<u>36,080</u>	<u>16,875</u>	<u>7,957</u>	<u>60,912</u>

Land not depreciated amounts to £32,915,000 (2003: £36,453,000).

(a) 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 £3,069,000 (2003: loss £1,357,000) and a loss in India of £3,521,000 (2003: loss £1,733,000), and a loss in Tanzania of £317,000 (2003: Nil).

(b) Land and Buildings – Cost/Valuation as adjusted for currency fluctuations:-

	Land		Buildings	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Valuation 2002	30,377	33,915	-	-
Valuation 1999	-	-	8,666	8,666
Cost	<u>2,538</u>	<u>2,538</u>	<u>13,265</u>	<u>15,490</u>
Total	<u>32,915</u>	<u>36,453</u>	<u>21,931</u>	<u>24,156</u>

Land and buildings include freehold property and property held on leaseholds in India and Kenya which can be considered as substantially similar to freehold.

**GEORGE WILLIAMSON & CO LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2004

**TANGIBLE FIXED ASSETS (CONTINUED)**

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

India: Omni Consultants PVT Ltd., a firm of Indian Government-approved valuers in Kolkata.

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

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

	<b>Land £'000</b>	<b>Buildings £'000</b>
Cost	5,303	11,994
Accumulated depreciation	<u>450</u>	<u>4,804</u>
Book value at 31 March 2004	<u>4,853</u>	<u>7,190</u>
Book value at 31 March 2003	<u>5,503</u>	<u>12,598</u>

- (e) The land in India and Kenya consists of:

	<b>2004 Hectares</b>		<b>2003 Hectares</b>	
	<b>Grant Area</b>	<b>Tea Area</b>	<b>Grant Area</b>	<b>Tea Area</b>
Freehold	1,091	931	1,091	913
Long lease (over 50 years)	4,301	1,804	4,301	2,011
Short lease (under 50 years)	<u>15,448</u>	<u>9,394</u>	<u>15,438</u>	<u>9,356</u>
	<u>20,840</u>	<u>12,129</u>	<u>20,830</u>	<u>12,280</u>

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

<b>(f) Parent</b>	<b>Vehicles, plant and equipment £'000</b>
Cost	
At 1 April 2003	286
Additions	118
Disposals	<u>(107)</u>
At 31 March 2004	<u>297</u>
Depreciation	
At 1 April 2003	182
Disposals	<u>(72)</u>
Charge for year	<u>51</u>
At 31 March 2004	<u>161</u>
Net book value	
At 31 March 2004	<u>136</u>
At 31 March 2003	<u>104</u>

**GEORGE WILLIAMSON & CO LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2004

**10. FIXED ASSET INVESTMENTS****GROUP**

	<b>Other Investments listed overseas £'000</b>	<b>Other investments unlisted £'000</b>	<b>Total £'000</b>
Cost			
At 1 April, 2003	1,689	554	2,243
Exchange differences	(128)	(38)	(166)
Additions	-	-	-
Disposals	-	-	-
At 31 March 2004	<u>1,561</u>	<u>516</u>	<u>2,077</u>
Amounts written off			
At 1 April 2003	1,469	162	1,631
Exchange differences	(144)	(3)	(147)
Provided in year	<u>5</u>	<u>10</u>	<u>15</u>
At 31 March 2004	<u>1,330</u>	<u>169</u>	<u>1,499</u>
Net book value			
At 31 March 2004	<u>231</u>	<u>347</u>	<u>578</u>
At 31 March 2003	<u>220</u>	<u>392</u>	<u>612</u>

Unlisted investments are at Directors' valuation.

**PARENT**

	<b>Investment in Subsidiaries £'000</b>
Cost	
At 1 April 2003	12,158
Additions	58
Disposals	-
At 31 March 2004	<u>12,216</u>
Amounts written off	
At 1 April 2003	5,000
Provided in the year	-
At 31 March 2004	<u>5,000</u>
Net book amount at 31 March 2004	<u>7,216</u>
Net book amount at 31 March 2003	<u>7,158</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 11. CURRENT ASSET INVESTMENTS

	Group		Parent	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Investments unlisted	<u>406</u>	<u>372</u>	<u>131</u>	<u>141</u>

The carrying value of a Group investment in India was reduced to a realisable value of £ Nil in 2003.

### 12. STOCKS

	Group	
	2004	2003
	£'000	£'000
Unsold tea crop	1,708	1,390
Stocks, stores and work in progress	<u>2,243</u>	<u>3,022</u>
	<u>3,951</u>	<u>4,412</u>

### 13. DEBTORS

	Group		Parent	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Trade debtors	4,454	4,760	117	184
Amounts owed by subsidiary undertakings	-	-	1,502	2,058
Other debtors	3,132	4,079	128	817
Deposits with Agricultural Board	923	1,402	-	-
Prepayments	<u>406</u>	<u>542</u>	<u>76</u>	<u>43</u>
	<u>8,915</u>	<u>10,783</u>	<u>1,823</u>	<u>3,102</u>
Including amounts due after more than one year of	<u>1,465</u>	<u>1,635</u>	<u>-</u>	<u>-</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

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

	Group		Parent	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Bank loans & overdrafts (secured)	2,800	2,051	-	-
Trade creditors	5,232	6,279	629	2,892
Amounts due to subsidiary undertakings	-	-	1,661	1,518
Social security	22	23	-	3
Taxation	297	135	59	64
Other creditors	1,251	1,583	183	268
Accruals	1,075	1,133	76	96
Proposed dividend - minority	-	192	-	-
Proposed dividend	<u>724</u>	<u>40</u>	<u>400</u>	<u>40</u>
	<u>11,401</u>	<u>11,436</u>	<u>3,008</u>	<u>4,881</u>

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

	Group		Parent	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Bank loans (secured)	1,618	1,440	-	-
Taxation - overseas	1,540	2,094	-	-
Other creditors	<u>948</u>	<u>1,023</u>	<u>-</u>	<u>-</u>
	<u>4,106</u>	<u>4,557</u>	<u>-</u>	<u>-</u>

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

	Group		Parent	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Within one year	2,761	2,051	-	-
Between one and two years	549	552	-	-
Between two and five years	<u>1,108</u>	<u>888</u>	<u>-</u>	<u>-</u>
	<u>4,418</u>	<u>3,491</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 and other loans and overdrafts by hypothecation of crop, stocks, investments and other moveable assets and mortgage charges over property.

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

	Group Deferred Taxation (note 17) £'000
At 1 April 2003	3,008
Exchange differences	(362)
Released during the year	<u>(415)</u>
At 31 March 2004	<u>2,231</u>

### 17. DEFERRED TAXATION

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

The Group	2004 £'000	2003 £'000
Accelerated capital allowances	2,754	3,510
Other timing differences	<u>(523)</u>	<u>(502)</u>
	<u>2,231</u>	<u>3,008</u>

No liability arises in respect of timing differences on UK capital allowances and depreciation.

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

### 18. CALLED UP SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised:		
250,000 ordinary Shares of £1 each	<u>250</u>	<u>250</u>
Allotted, issued and fully paid:		
40,000 ordinary Shares of £1 each	<u>40</u>	<u>40</u>



# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

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### 19. PROFIT AND LOSS ACCOUNT

	Group £'000	Parent £'000
At 1 April 2003	17,652	7,514
Exchange differences	(1,086)	-
Retained loss for the year	<u>(472)</u>	<u>(283)</u>
At 31 March 2004	<u>16,094</u>	<u>7,231</u>

The profit for the financial year dealt with in the financial statements of the parent company was £515,057 (2003: profit £295,097). The cumulative amount of goodwill arising from acquisitions accounted for in years ending before 23<sup>rd</sup> December, 1998, which has been written off to reserves is £936,000 (2003:£936,000).

### 20. GROUP REVALUATION RESERVE

	£'000
Balance at 1 April 2003	15,050
Exchange differences	<u>(1,784)</u>
Balance at 31 March 2004	<u>13,266</u>

Overseas Reserves

The reserves of the Williamson Tea Holdings plc group include approximately £20 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 accounts between the reserves as set out above and minority interests.

### 21. GUARANTEES

Guarantees totalling £63,000 (2003: £15,000) in respect of overseas bank advances have been given by members of the Williamson Tea Holdings plc group.

### 22. CONTINGENT LIABILITIES

The contingent liability to deferred taxation is set out in note 17.

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 23. COMMITMENTS

a) Capital expenditure commitments for which no provision has been made in these accounts were as follows:-

	Group		Parent	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Contracted	<u>34</u>	<u>86</u>	<u>-</u>	<u>-</u>

b) Annual commitments of the group in respect of operating leases which expire:

	2004		2003	
	Property Leases £'000	Other Leases £'000	Property Leases £'000	Other Leases £'000
Within 1 year	132	-	-	-
Between 2 and 5 years	627	-	271	231
Over 5 years	<u>171</u>	<u>-</u>	<u>171</u>	<u>324</u>

### 24. RETIREMENT BENEFITS

#### Defined Contribution Pension Scheme

Group contributions to the defined contribution schemes during the year were £1,595,000 (2003: £1,385,000). The prepayment in the Balance Sheet at 31 March 2004 was Nil (2003: £3,000).

#### Defined Benefit Pension Scheme - Regular Pension Costs under SSAP24

Pension costs are assessed in accordance with the advice of a qualified actuary in India using the projected unit method.

The principal financial assumptions were that the rate of return would be between 7.5% per annum and 8% per annum and that future salary growth would be 3% per annum.

The most recent valuation was at 31 March 2004.

There was no charge for the year (2003: £925,000). There was a high charge in 2003 in order to eliminate the deficit at 31 March 2003.

The market value of scheme assets as at 31 March 2004 was £851,000 (2003: £914,000). The actuarial value of those assets was sufficient to cover 101% (2003: 92½%) of the benefits that had accrued to members, after allowing for expected future increases in earnings. The scheme was discontinued with effect from 1 April 2003.

#### FRS17 – disclosures

The Group is in the second year of the transitional arrangements under FRS17 and the required disclosures are made below:

#### FRS17 – assumptions, asset, liability and reserve disclosures

The actuarial valuation of the defined benefit scheme was carried out at 31 March 2004 by the scheme actuary.

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 24. RETIREMENT BENEFITS continued

The principal assumptions used are shown below:

	2004	2003	2002
	%	%	%
Rate of increase in salaries	3	3	3
Discount rate	8	9	10
The rate of increase in pensions in payment and deferment	-	-	-
Pension inflation	3	3	4

The assets and liabilities of the schemes operated by the Group on an FRS17 basis, along with the expected rate of return on scheme assets, is shown below:

	Rate of Return 2004 %	Fair Value 2004 £'000	Rate of Return 2003 %	Fair Value 2003 £'000
Bonds	8.00	834	9.00	664
Cash and other assets	8.00	<u>17</u>	8.75	<u>250</u>
Total market value of assets		851		914
Present value of scheme liabilities		<u>(834)</u>		<u>(1,024)</u>
Surplus/(deficit) in the scheme		17		(110)
Related deferred tax (liability)/asset		<u>(5)</u>		<u>33</u>
Net surplus/(deficit)		<u>12</u>		<u>(77)</u>

The amount which would be charged to operating profit following full implementation of FRS17 is:

	2004 £'000	2003 £'000
Current service cost	-	(67)
Past service costs	-	<u>(858)</u>
Total operating charge	<u>-</u>	<u>(925)</u>

**GEORGE WILLIAMSON & CO LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2004

**24. RETIREMENT BENEFITS continued**

Other finance income/(costs) which would be charged following full implementation of FRS17 comprise:

	2004 £'000	2003 £'000
Expected return on pension scheme assets	64	80
Interest on pension scheme liabilities	<u>(66)</u>	<u>(92)</u>
Net return	<u>(2)</u>	<u>(12)</u>

The history of experience gains and losses has been::

Difference between expected and actual return on scheme assets	-	-
Percentage of scheme assets	-	0.25%
Experience gains and losses arising on the scheme liabilities	-	-
Percentage of the present value of the scheme liabilities	-	0.04%
Total actuarial gains and losses	-	-
Percentage of scheme assets	-	-

The movement in the surplus/ (deficit) in the year was:

	2004 £'000	2003 £'000
Deficit in scheme at 1 April	(110)	(590)
Foreign exchange difference	13	14
Current service cost	-	(67)
Past service costs	-	(858)
Contributions	116	1,403
Net financial return	<u>(2)</u>	<u>(12)</u>
Surplus/ (deficit) in scheme at 31 March	<u>17</u>	<u>(110)</u>

The effect on the group net assets at 31 March 2004 is shown below:

	2004 £'000	2003 £'000
Consolidated net assets before pension surplus/ (deficit)	35,784	39,871
Net pension surplus/ (deficit)	<u>12</u>	<u>(77)</u>
Consolidated net assets after pension surplus/ (deficit)	<u>35,796</u>	<u>39,794</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 25. CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities:-

	2004 £'000	2003 £'000
Operating profit	920	1,487
Depreciation of fixed assets	2,328	2,399
Decrease in stocks	461	229
Decrease in debtors	1,868	3,138
(Decrease) in creditors	(1,201)	(722)
Amortisation	158	104
Impairment of goodwill	700	-
	<u>5,234</u>	<u>6,635</u>

(b) Reconciliation of net cash flow to movement in net debt:-

	£'000	£'000
Increase/ (Decrease) in cash during the year	1,400	(759)
Cash flow from repayment of borrowing	127	1,113
Cash flow from increase in liquid resources	64	-
Change in net funds resulting from cash flows	1,591	354
Effect of foreign exchange movement	(208)	50
Other non cash items	-	(2,688)
Movement in net funds in the year	1,383	(2,284)
Net funds at 1 April 2003	<u>2,953</u>	<u>5,237</u>
Net funds at 31 March 2004	<u>4,336</u>	<u>2,953</u>

(c) Analysis of changes in net funds:-

	At 1/4/03 £'000	Cash flow £'000	Exchange Movement £'000	At 31/3/04 £'000
Cash in hand at bank	6,072	2,501	(225)	8,348
Bank overdrafts	(1,929)	(1,101)	230	(2,800)
	4,143	1,400	5	5,548
Debt	(1,562)	127	(183)	(1,618)
Current asset investments	372	64	(30)	406
	<u>2,953</u>	<u>1,591</u>	<u>(208)</u>	<u>4,336</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2004

### 26. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS AT 31 MARCH 2004

	% Held	Country of incorporation and operation	Activity
Cohen & Griffiths Ltd	100*	England & Wales	Commodity broking
Estate Technical Services Ltd	100*	England & Wales	Consultancy
Little Bedwyn Estate Ltd	100*	England & Wales	Arable farming
Williamson Tea Holdings plc and its principal subsidiary undertakings	70*	England & Wales	Holding Company
Borelli Tea Holdings Ltd	100	England & Wales	Holding Company
Ngong Tea Holdings Ltd	100	England & Wales	Holding Company
Williamson Flowers Ltd.	100	England & Wales	Holding Company
Williamson Fine Teas Ltd (formerly Williamson & Magor Ltd)	100	England & Wales	Tea Trading and Packing
Strathkirk Investments Ltd (formerly Williamson Tea Investments Ltd.)	100	England & Wales	Holding company
Brock Investments Ltd	100	Guernsey	Holding company
Forest Investments Ltd	100	Guernsey	Holding company
Williamson Tea Assam Ltd	70	India	Tea producers
Kapchorua Tea Co Ltd	64	Kenya	Tea producers
Subati Ltd	68	Kenya	Rose growing
Tinderet Tea Estates (1989) Ltd	82	Kenya	Tea producers
Williamson Tea Kenya Ltd	51	Kenya	Managing Agents & Tea producers
Hortanzia Ltd.	68	Tanzania	Rose growing

\* Held by Parent

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