

**GEORGE WILLIAMSON & CO. LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2002



# GEORGE WILLIAMSON & CO LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

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Company registration number:

1173126

Registered office:

5 West Mills  
Newbury  
Berkshire  
RG14 5HG

Directors:

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

Secretary:

I D C BurrIDGE FCA

Bankers:

HSBC Bank plc  
Poultry & Princes Street  
London  
EC2P 2BX

Auditors:

Grant Thornton  
Registered Auditors  
Chartered Accountants  
London  
NW1 2EP

# GEORGE WILLIAMSON & CO LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

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**NOTICE IS HEREBY GIVEN** that the **TWENTY-SEVENTH ANNUAL GENERAL MEETING** of the Members will be held at The Oriental Club, Stratford House, Stratford Place, London W1C 1ES on Tuesday, 10 September 2002 at 12.00 noon for the following purposes:-

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2002.
2. To appoint and fix the remuneration of the Auditors.

By order of the Board

I D C Burridge

Secretary

Dated 23 August 2002

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 2002

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# GEORGE WILLIAMSON & CO LIMITED

## REPORT OF THE DIRECTORS

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The Directors have pleasure in submitting their twenty-seventh Annual Report to Shareholders, together with the audited accounts for the year ended 31 March 2002.

### 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 25 to these accounts.

### Review of Business

	2002 £'000	2001 £'000
The profit before taxation amounted to	659	8,046
Less: Taxation	<u>366</u>	<u>2,620</u>
Profit after taxation	293	5,426
Minority interest	<u>501</u>	<u>2,433</u>
	(208)	2,993
Dividend	<u>4,000</u>	<u>200</u>
Retained (loss)/profit for year taken to reserves	<u>(4,208)</u>	<u>2,793</u>

### Dividend

A dividend for the year ended 31 March 2002 of £100 per share was paid (2001: £5 per share recommended).

### Subsidiary Companies

The company's shareholding in Williamson Tea Holdings plc was 67.56% at 31 March 2002 and 31 March 2001.

### Directors and their Interests

The directors serving during the year were:

Mr R B Magor, 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.

# GEORGE WILLIAMSON & CO LIMITED

## 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:

	2002	2001
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

Mr R B Magor has a non-beneficial interest in 8,500 shares held in a trust of which he is a first named trustee.

### Political and Charitable Contributions

No political donations were made during the year (2001: £1,600). Various charitable contributions totalling £8,350 were made during the year (2001: £8,700).

### 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.

**GEORGE WILLIAMSON & CO LIMITED**

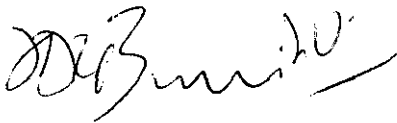
**REPORT OF THE DIRECTORS**

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**Auditors**

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

**By Order of the Board**

A handwritten signature in black ink, appearing to read 'I D C Burridge', with a long horizontal flourish extending to the right.

I D C Burridge  
**Secretary**

23 August 2002

# **GEORGE WILLIAMSON & CO LIMITED**

## **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 2002 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 and reconciliation of movements in shareholders' funds, the accounting policies and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

### **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 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. However, the evidence available to us was limited because the directors have been unable to obtain the information required to comply with the requirements of SSAP 24 "Accounting for Pension Costs" and the transitional disclosures of Financial Reporting Standard No 17 "Retirement Benefits" in respect of the defined benefit pension scheme operated by the Indian subsidiary as described in the accounting policy entitled 'Retirement Benefits'.

The pension cost charged in the profit and loss account comprises the contributions payable in the year. SSAP 24 requires that the charge should be the regular pension cost plus any variations from the regular pension cost spread over the remaining service lives of the employees in the scheme and therefore compliance with SSAP 24 might result in adjustments to the profit and loss account and balance sheet as presented.

The transitional disclosures necessary to comply with the requirements of FRS 17 include the disclosure of the level of pension surplus/deficit at 31 March 2002 but they have no impact on the primary statements in respect of the current year.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



**QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE**

Except for any adjustments that might have been found to be necessary:

- to the profit and loss account and balance sheet in order to comply with SSAP 24 and
- to the disclosures about retirement benefits required by FRS 17

had we been able to obtain sufficient evidence about the extent of any surplus or deficit in the scheme, in our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 March 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the disclosures required by FRS17 and to the profit and loss account pension cost charge in accordance with SSAP 24, we have not obtained all the information and explanations that were considered necessary for the purpose of our audit.



**Grant Thornton**

Registered Auditors  
Chartered Accountants  
London

23 August 2002

# GEORGE WILLIAMSON & CO LIMITED

## PRINCIPAL ACCOUNTING POLICIES

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The following are the principal accounting policies adopted by the parent and its subsidiaries in arriving at the financial information in relation to the accounts.

### ACCOUNTING CONVENTION

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 unless specifically stated comply with applicable accounting standards with the exception as detailed below in relation to pension schemes. Consideration has been given to the principal accounting policies in the light of FRS 18 "Accounting Policies" which came into effect during the year, and no changes have been made (with the exception of the adoption of FRS 19 "Deferred Tax"). The following paragraphs describe the main policies.

### BASIS OF CONSOLIDATION

- (i) The group accounts consolidate those of the company and of its subsidiary undertakings (see note 25) drawn up to 31 March 2002.
- (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.

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 Financial Reporting Standard No. 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) As permitted by Section 230 of the Companies Act 1985 no separate Profit and Loss Account is presented for the Company.

### TURNOVER

Turnover of tea represents the proceeds of crop manufactured and sold. Turnover of other activities, including commissions receivable, is the amount receivable by the Group for those activities in the year excluding sales taxes.

### INTANGIBLE FIXED ASSETS

Milk quota is considered to have a finite useful life of twenty years. The directors have adopted a policy which will reduce the value of purchased quota to nil in equal monthly instalments over its useful life.

### DEPRECIATION AND AMORTISATION

On adoption of FRS 15, the group has followed the transitional provisions to retain the book value of land and certain other fixed assets but to adopt a policy of revaluation in respect of land only in the future.

Fixed assets apart from land are depreciated 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%

# **GEORGE WILLIAMSON & CO LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES continued**

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### **STOCKS**

Unsold tea crop, stocks and stores are valued at the lower of cost or net realisable value. Work in progress is valued 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.

### **EXCHANGE RATES**

The accounts of the subsidiary 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.

### **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. No provision is made in respect of potential taxation liabilities that would arise on realisation of assets held at restated amounts as there is no intention to realise these assets.

### **LEASE CONTRACTS**

All leases are operating leases and costs are charged to the Profit and Loss account over the term of the lease.

### **PENSION FUNDING**

#### **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 required by statute in Kenya. The pension costs charged against operating profits are the contributions payable to the scheme 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 directors are unable to quantify the extent of any surplus or deficit which may exist in the scheme at 31 March 2002 until the transfer value of the fund relating to the George Williamson (Assam) Limited employees has been established. They have been unable to obtain this information to date.

Consequently, the Directors are not able to comply with the requirements of SSAP 24 "Accounting for pension costs" and cannot provide the transitional disclosures required under FRS 17 "Retirement Benefits".

Contributions have been paid to the scheme in accordance with the trust deed and the amounts payable in respect of the year ended 31 March 2002 have been charged against operating profits.

# **GEORGE WILLIAMSON & CO LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES continued**

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### **PRIOR YEAR ADJUSTMENT**

The accounting policy in respect of deferred tax for the year ended 31 March 2002 differs from that used in prior years due to the adoption of FRS 19. In previous years deferred tax was provided on a partial provision basis in accordance with SSAP 15.

The effect of the change in accounting policy in respect of deferred tax has not had a material effect on the reported profit in the year to 31 March 2001. Had the policy not been revised, the reported profit in the year to 31 March 2002 would have been £60,000 higher.

A prior year adjustment of £874,000 to reflect the additional deferred tax provision at 31 March 2001 has been made in these accounts.

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

For the year ended 31 MARCH 2002

	Notes	2002 £'000	2001 £'000
<b>Turnover</b>	1	43,731	52,943
Cost of sales		<u>30,718</u>	<u>30,974</u>
<b>Gross profit</b>		13,013	21,969
Administrative expenses		8,024	9,480
Distribution costs		<u>4,587</u>	<u>4,523</u>
		<u>12,611</u>	<u>14,003</u>
<b>Operating profit</b>	2	402	7,966
Interest and other income	5	<u>494</u>	<u>1,329</u>
		896	9,295
Interest payable	6	(770)	(1,249)
Amounts written off investments	10	(282)	-
Profit on sale of farm assets		<u>815</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>		659	8,046
Taxation	7	<u>366</u>	<u>2,620</u>
<b>Profit on ordinary activities after taxation</b>		293	5,426
<b>Minority Interest - equity</b>		<u>(501)</u>	<u>(2,433)</u>
<b>Profit for the financial year</b>		(208)	2,993
<b>Dividends</b>			
Interim paid - £100 per share (2001: Nil)		4,000	-
Final proposed - Nil (2001: - £5 per share)		<u>-</u>	<u>200</u>
		<u>4,000</u>	<u>200</u>
<b>Retained (Loss)/Profit for the Financial year</b>	19	<u>(4,208)</u>	<u>2,793</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 2002

	Notes	2002 £'000	As re-stated 2001 £'000
<b>Fixed Assets</b>			
Intangible assets	8	1,028	1,061
Tangible assets	9	61,588	61,603
Investments	10	<u>1,018</u>	<u>1,655</u>
		63,634	64,319
<b>Current Assets</b>			
Stocks	12	4,614	5,942
Debtors	13	13,711	14,222
Investments	11	2,026	2,134
Cash at bank and in hand		<u>5,260</u>	<u>13,595</u>
		25,611	35,893
<b>Creditors: Amounts falling due within one year</b>	14	<u>10,673</u>	<u>17,240</u>
<b>Net Current Assets</b>		<u>14,938</u>	<u>18,653</u>
<b>Total assets less current liabilities</b>		78,572	82,972
<b>Creditors: Amounts falling due after more than one year</b>	15	3,969	5,882
Provisions for liabilities and charges	16	<u>2,766</u>	<u>2,777</u>
		<u>71,837</u>	<u>74,313</u>
<b>Capital and reserves</b>			
Called up share capital	18	40	40
Capital redemption reserve		10	10
Profit & loss account	19	19,361	23,646
Revaluation reserve	20	<u>15,920</u>	<u>13,920</u>
<b>Shareholders' funds - equity</b>		35,331	37,616
Interest of minorities - equity		<u>36,506</u>	<u>36,697</u>
		<u>71,837</u>	<u>74,313</u>

The financial statements were approved by the Board of Directors on 23 August 2002.

P. Magor

Director



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

# GEORGE WILLIAMSON & CO LIMITED

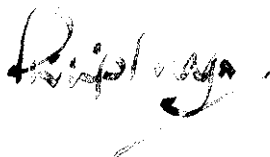
## BALANCE SHEET AT 31 MARCH 2002

	Notes	2002 £'000	2001 £'000
<b>Fixed Assets</b>			
Tangible assets	9	67	37
Investments	10	<u>7,165</u>	<u>8,565</u>
		7,232	8,602
<b>Current Assets</b>			
Debtors	13	3,083	4,582
Investments	11	128	221
Cash at bank and in hand		<u>2,582</u>	<u>1,918</u>
		5,793	6,721
<b>Creditors: Amounts falling due within one year</b>	14	<u>5,716</u>	<u>5,180</u>
<b>Net Current Assets</b>		<u>77</u>	<u>1,541</u>
<b>Total Assets less current liabilities</b>		7,309	10,143
<b>Creditors: Amounts falling due after more than one year</b>		<u>-</u>	<u>1,250</u>
		<u>7,309</u>	<u>8,893</u>
<b>Capital and reserves</b>			
Called up share capital	18	40	40
Capital redemption reserve		10	10
Profit & Loss account	19	<u>7,259</u>	<u>8,843</u>
<b>Shareholders' funds - equity</b>		<u>7,309</u>	<u>8,893</u>

The financial statements were approved by the Board of Directors on 23 August 2002.

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 2002

	Notes	2002 £'000	2001 £'000
<b>Net cash inflow from operating activities</b>	23(a)	<u>3,086</u>	<u>14,269</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		689	1,093
Dividends received		110	57
Other income		34	103
Interest paid		(770)	(1,249)
Dividends paid to minority shareholders in subsidiary undertakings		<u>(2,858)</u>	<u>(1,039)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(2,795)</u>	<u>(1,035)</u>
<b>Taxation paid</b>		<u>(1,498)</u>	<u>(2,608)</u>
<b>Capital expenditure and financial investments</b>			
Purchase of tangible fixed assets		(3,045)	(3,897)
Sale of tangible fixed assets		3,963	733
Purchase of investments		(828)	(102)
Sale of investments		<u>944</u>	<u>67</u>
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<u>1,034</u>	<u>(3,199)</u>
<b>Acquisitions and disposals</b>			
Purchase of interest in subsidiary	23(d)	<u>(368)</u>	<u>(1,485)</u>
<b>Net cash outflow from acquisition and disposals</b>		<u>(368)</u>	<u>(1,485)</u>
<b>Equity dividends paid</b>		<u>(4,200)</u>	<u>(200)</u>
<b>Management of liquid resources</b>			
Purchase of investments	23(b)	<u>(27)</u>	<u>(250)</u>
<b>Net cash outflow from management of liquid resources</b>		<u>(27)</u>	<u>(250)</u>
<b>Financing</b>			
Repayment of borrowing		(2,771)	(2,812)
Receipts from borrowing		<u>235</u>	<u>-</u>
<b>Net cash outflow from financing</b>	23(b)	<u>(2,536)</u>	<u>(2,812)</u>
<b>Increase/(decrease) in cash</b>	23(b)	<u>(7,304)</u>	<u>2,680</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 2002

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### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002 £'000	2001 £'000
(Loss) /profit attributable to shareholders	(208)	2,993
Currency translation differences on foreign currency net investments	(515)	1,276
Surplus on revaluation	<u>2,438</u>	<u>-</u>
<b>Total recognised gains and losses for the year</b>	1,715	4,269
Prior year adjustment	<u>(413)</u>	<u>-</u>
<b>Total gains and losses recognised since previous year</b>	<u>1,302</u>	<u>4,269</u>

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Total recognised gains and losses for the year, as above	1,715	4,269
Dividends	<u>(4,000)</u>	<u>(200)</u>
Movement in shareholders' funds	(2,285)	4,069
Opening shareholders' funds (2001 originally £33,960,000 before deducting prior year adjustment of £413,000)	<u>37,616</u>	<u>33,547</u>
Closing shareholders' funds	<u>35,331</u>	<u>37,616</u>

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 2002

### 1. SEGMENTAL ANALYSIS

	Net Assets		Turnover		Pre-Tax Profit	
	As re-stated					
	2002	2001	2002	2001	2002	2001
	£'000	£'000	£'000	£'000	£'000	£'000
By Activity						
Tea	64,039	67,601	41,492	50,619	830	7,220
Other activities	<u>7,798</u>	<u>6,712</u>	<u>2,239</u>	<u>2,324</u>	<u>(171)</u>	<u>826</u>
	<u>71,837</u>	<u>74,313</u>	<u>43,731</u>	<u>52,943</u>	<u>659</u>	<u>8,046</u>
Geographically – by origin						
India	40,390	37,438	25,602	28,476	1,565	3,516
Kenya	21,823	22,279	13,589	15,231	(176)	2,240
United Kingdom	<u>9,624</u>	<u>14,596</u>	<u>4,540</u>	<u>9,236</u>	<u>(730)</u>	<u>2,290</u>
	<u>71,837</u>	<u>74,313</u>	<u>43,731</u>	<u>52,943</u>	<u>659</u>	<u>8,046</u>
Turnover - Geographically - by destination						
India			11,198	14,497		
Kenya			5,038	5,701		
United Kingdom			15,029	21,761		
Rest of Europe			3,437	2,797		
Australia			783	727		
North America			1,962	1,112		
Others			<u>6,284</u>	<u>6,348</u>		
			<u>43,731</u>	<u>52,943</u>		

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### 2. OPERATING PROFIT

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

	2002 £'000	2001 £'000
Directors' remuneration	754	817
Directors' fees	24	24
Directors' pension scheme contributions	175	75
Auditors' remuneration		
- UK audit	109	111
- Other services	37	97
Rental on operating leases - Property	197	171
Loss/(Profit) on sale of fixed assets	-	(145)
Loss on sale of investments	-	11
Depreciation and amortisation:		
Goodwill	54	30
Other intangible fixed assets	5	4
Tangible fixed assets, owned	2,460	2,493
Provisions for diminution in value of fixed assets:		
Intangibles (Note 8)	925	-
Tangibles (Note 9)	89	-

### 3. DIRECTORS' REMUNERATION

Total directors' remuneration including pension contributions and estimated benefits in kind amounted to £953,491 (2001: £956,961). Three directors (2001: three) participated in money purchase pension schemes in the year.

The remuneration, excluding contributions to money purchase schemes of £150,500 (2001: £50,458), received by the Chairman, also the highest paid director, amounted to £270,985 (2001: £311,729) 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:-

	2002	2001
Agricultural (overseas)	30,106	30,405
Engineering and others	308	469
	<u>30,414</u>	<u>30,874</u>
	£'000	£'000
The aggregate payroll costs of these persons were as follows:-		
Wages and salaries	16,762	15,850
Social security costs	411	365
Other pension costs	<u>1,801</u>	<u>1,562</u>
	<u>18,974</u>	<u>17,777</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

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### 5. INTEREST AND OTHER INCOME

	2002 £'000	2001 £'000
Bank interest receivable	689	1,093
Fixed asset investments - Listed	20	22
Current asset investments - Listed	15	-
- Unlisted	75	35
(Loss)/profit on sale of fixed assets	(136)	190
Loss on sale of investments	(203)	(114)
Other income	<u>34</u>	<u>103</u>
	<u>494</u>	<u>1,329</u>

### 6. INTEREST PAYABLE

Bank and other loans and overdrafts	<u>770</u>	<u>1,249</u>
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# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### 7. TAXATION

Tax on profit on ordinary activities

	2002	2001
	£'000	£'000
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	120	1,325
Adjustment in respect of previous periods	<u>(303)</u>	<u>(137)</u>
	(183)	1,188
Foreign tax	<u>552</u>	<u>1,704</u>
Total current tax (see below)	369	2,892
Deferred tax:		
Origination and reversal of timing differences	<u>(3)</u>	<u>(272)</u>
Tax on profit on ordinary activities	<u>366</u>	<u>2,620</u>
<b>Factors affecting tax charge for period</b>		
Profits on ordinary activities before tax	<u>659</u>	<u>8,046</u>
Profits on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	198	2,414
Effects of:		
Expenses not deductible for tax purposes	445	578
Non taxable income	(15)	(36)
Taxable income not in the profit and loss account	6	6
Additional foreign tax	(11)	208
Double tax relief	(11)	(12)
Other adjustments re changes in rates	(149)	(29)
Investment income adjustment	-	10
Utilisation of tax losses	209	(110)
Adjustment in respect of prior periods	<u>(303)</u>	<u>(137)</u>
Current tax charge for period (see above)	<u>369</u>	<u>2,892</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

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### 8. INTANGIBLE ASSETS

	Goodwill on consolidation £'000	Milk Quota £'000	Total £'000
Cost			
At 1 April 2001	857	242	1,099
Addition	<u>115</u>	<u>-</u>	<u>115</u>
At 31 March 2002	<u>972</u>	<u>242</u>	<u>1,214</u>
Amortisation			
At 1 April 2001	30	8	38
Provided in the year	54	5	59
Provision for diminution in value	<u>-</u>	<u>89</u>	<u>89</u>
At 31 March 2002	<u>84</u>	<u>102</u>	<u>186</u>
Net book amount			
At 31 March 2002	<u>888</u>	<u>140</u>	<u>1,028</u>
At 31 March 2001	<u>827</u>	<u>234</u>	<u>1,061</u>

Goodwill included above relates to the acquisition of Subati Ltd. and is being amortised over its estimated useful life of 20 years.

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### 9. TANGIBLE FIXED ASSETS

	Plant and Machinery £'000	Land £'000	Buildings £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2001	17,846	34,904	23,996	76,746
Exchange differences	(412)	(973)	(515)	(1,900)
Revaluations	-	5,115	-	5,115
Additions	1,642	294	1,109	3,045
Disposals	<u>(821)</u>	<u>(1,629)</u>	<u>(1,235)</u>	<u>(3,685)</u>
At 31 March 2002	<u>18,255</u>	<u>37,711</u>	<u>23,355</u>	<u>79,321</u>
<b>Accumulated depreciation</b>				
At 1 April 2001	9,401	307	5,435	15,143
Exchange differences	(240)	(34)	(121)	(395)
Disposals	(398)	-	(2)	(400)
Charge for year	1,499	-	961	2,460
Provision for diminution in value	<u>287</u>	<u>-</u>	<u>638</u>	<u>925</u>
At 31 March 2002	<u>10,549</u>	<u>273</u>	<u>6,911</u>	<u>17,733</u>
<b>Book Value:</b>				
At 31 March 2002	<u>7,706</u>	<u>37,438</u>	<u>16,444</u>	<u>61,588</u>
At 31 March 2001	<u>8,445</u>	<u>34,597</u>	<u>18,561</u>	<u>61,603</u>

Land not depreciated amounts to £37,711,000 (2001: £34,904,000).

- (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 £67,000 (2001: profit £1,460,000) and a loss in India of £1,438,000 (2001: profit £1,319,000).
- (b) The fixed assets (excluding fixtures, fittings & transport for all group companies and plant & machinery in India) of the overseas subsidiaries were professionally revalued on 31 March 2002 on an existing use basis. The 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.

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

For the year ended 31 MARCH 2002

**TANGIBLE FIXED ASSETS (CONTINUED)**

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

	<b>Land</b>		<b>Buildings</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Valuation 2002	35,173	-	-	-
Valuation 1999	-	30,758	8,666	8,695
Cost	<u>2,538</u>	<u>4,146</u>	<u>14,689</u>	<u>15,301</u>
Total	<u>37,711</u>	<u>34,904</u>	<u>23,355</u>	<u>23,996</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.

(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</b>	<b>Buildings</b>
	<b>£'000</b>	<b>£'000</b>
Cost	5,551	17,453
Accumulated depreciation	<u>-</u>	<u>5,385</u>
Book value at 31 March 2002	<u>5,551</u>	<u>12,068</u>
Book value at 31 March 2001	<u>5,354</u>	<u>12,073</u>

(e) The land in India and Kenya consists of

	<b>2002</b>		<b>2001</b>	
	<b>Hectares</b>		<b>Hectares</b>	
	<b>Grant Area</b>	<b>Tea Area</b>	<b>Grant Area</b>	<b>Tea Area</b>
Freehold	1,091	965	1,091	946
Long lease (over 50 years)	3,969	2,191	3,969	2,186
Short lease (under 50 years)	<u>15,442</u>	<u>9,322</u>	<u>15,725</u>	<u>9,300</u>
	<u>20,502</u>	<u>12,478</u>	<u>20,785</u>	<u>12,432</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.



# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### TANGIBLE FIXED ASSETS (CONTINUED)

#### (f) Parent

	Vehicles, plant and equipment £'000
Cost	
At 1 April 2001	349
Additions	72
Disposals	<u>(72)</u>
At 31 March 2002	<u>349</u>
Depreciation	
At 1 April 2001	312
Disposals	(65)
Charge for year	<u>35</u>
At 31 March 2002	<u>282</u>
Net book value	
At 31 March 2002	<u>67</u>
At 31 March 2001	<u>37</u>

### 10. FIXED ASSET INVESTMENTS

#### GROUP

	Other Investments listed overseas £'000	Other investments unlisted £'000	Total £'000
Cost			
At 1 April, 2001	1,815	1,164	2,979
Exchange differences	(60)	(26)	(86)
Additions	-	828	828
Disposals	-	(1,250)	(1,250)
At 31 March 2002	<u>1,755</u>	<u>716</u>	<u>2,471</u>
Amounts written off			
At 1 April 2001	1,096	228	1,324
Exchange differences	(47)	(3)	(50)
Disposals	-	(103)	(103)
Provided in year	<u>270</u>	<u>12</u>	<u>282</u>
At 31 March 2002	<u>1,319</u>	<u>134</u>	<u>1,453</u>
Net book value			
At 31 March 2002	<u>436</u>	<u>582</u>	<u>1,018</u>
At 31 March 2001	<u>719</u>	<u>936</u>	<u>1,655</u>
Market value at			
At 31 March 2002	<u>427</u>	<u>582</u>	<u>1,009</u>
At 31 March 2001	<u>1,268</u>	<u>936</u>	<u>2,204</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### FIXED ASSET INVESTMENTS (CONTINUED)

Unlisted investments are at Directors' valuation.

#### PARENT

#### Investment in Subsidiaries £'000

Cost	
At 1 April 2001	12,165
Additions	-
At 31 March 2002	<u>12,165</u>
Amounts written off	
At 1 April 2001	3,600
Provided in the year	<u>1,400</u>
At 31 March 2002	<u>5,000</u>
Net book amount at 31 March 2002	<u>7,165</u>
Net book amount at 31 March 2001	<u>8,565</u>

### 11. CURRENT ASSET INVESTMENTS

	Group Cost		Group Market Value		Parent Cost		Parent Market Value	
	2002	2001	2002	2001	2002	2001	2002	2001
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investments listed in UK	1	1	3	2	-	-	-	-
Investments unlisted	<u>2,025</u>	<u>2,133</u>	<u>1,990</u>	<u>2,149</u>	<u>128</u>	<u>221</u>	<u>128</u>	<u>221</u>
	<u>2,026</u>	<u>2,134</u>	<u>1,993</u>	<u>2,151</u>	<u>128</u>	<u>221</u>	<u>128</u>	<u>221</u>

The market value for Unlisted Investments is at Directors' valuation.

### 12. STOCKS

	Group	
	2002	2001
	£'000	£'000
Unsold tea crop	1,682	2,526
Stocks, stores and work in progress	<u>2,932</u>	<u>3,416</u>
	<u>4,614</u>	<u>5,942</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### 13. DEBTORS

	Group		Parent	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Trade debtors	5,807	6,713	632	579
Amounts owed by subsidiary undertakings	-	-	2,274	2,966
Other debtors	5,362	4,478	147	962
Deposits with Agricultural Board	1,983	2,458	-	-
Prepayments	<u>559</u>	<u>573</u>	<u>30</u>	<u>75</u>
	<u>13,711</u>	<u>14,222</u>	<u>3,083</u>	<u>4,582</u>
Including amounts due after more than one year of	<u>3,388</u>	<u>2,455</u>	<u>-</u>	<u>-</u>

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

	Group		Parent	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Bank loans & overdrafts (secured)	473	2,357	-	357
Other loans (part secured)	835	600	-	-
Trade creditors	7,297	9,036	3,186	3,963
Amounts due to subsidiary undertakings	-	-	276	162
Social security	115	17	99	-
Taxation	-	937	-	132
Other creditors	766	1,073	2,041	218
Accruals	843	1,524	114	148
Proposed dividend - minority	344	1,496	-	-
Proposed dividend	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>
	<u>10,673</u>	<u>17,240</u>	<u>5,716</u>	<u>5,180</u>

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

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

	Group		Parent	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Bank loans (secured)	741	1,814	-	1,250
Term loans (part secured)	-	850	-	-
Taxation - overseas	2,181	2,259	-	-
Other creditors	<u>1,047</u>	<u>959</u>	<u>-</u>	<u>-</u>
	<u>3,969</u>	<u>5,882</u>	<u>-</u>	<u>1,250</u>

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

	Group		Parent	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Within one year	1,308	3,850	-	357
Between one and two years	252	917	-	357
Between two and five years	489	216	-	536
Over five years	<u>-</u>	<u>281</u>	<u>-</u>	<u>-</u>
	<u>2,049</u>	<u>5,264</u>	<u>-</u>	<u>1,250</u>

Loans carry interest at rates varying from 8% to 16.5% 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.

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

#### The Group

	Deferred Taxation (Note 17) £'000
At 1 April 2001 previously stated	1,903
Prior year adjustment	<u>874</u>
At 1 April 2001 as re-stated	2,777
Exchange differences	(8)
Reversed during the year	<u>(3)</u>
At 31 March 2002	<u>2,766</u>

### 17. DEFERRED TAXATION

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

	As re-stated	
The Group	2002	2001
	£'000	£'000
Accelerated capital allowances	3,418	3,158
Other timing differences	<u>(652)</u>	<u>(381)</u>
	<u>2,766</u>	<u>2,777</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.

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### 18. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'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>

### 19. PROFIT AND LOSS ACCOUNT

	Group £'000	Parent £'000
At 1 April 2001	24,059	8,843
Prior year adjustment	<u>(413)</u>	<u>-</u>
As re-stated	23,646	8,843
Exchange differences	(77)	-
Retained loss for the year	<u>(4,208)</u>	<u>(1,584)</u>
At 31 March 2002	<u>19,361</u>	<u>7,259</u>

The loss for the financial year dealt with in the financial statements of the parent company (which includes the provision of £1,400,000 against the investment in North Standen Estate Limited and Little Bedwyn Estate Limited) was £2,066,000 (2001: loss £1,769,000). The cumulative amount of goodwill written off to reserves resulting from acquisitions amounts to £2,508,000 (2001: £2,508,000). In accordance with Financial Reporting Standard No.10, negative goodwill, being fully realised, has been credited to the profit and loss reserve from 1 April 1998.

### 20. GROUP REVALUATION RESERVE

	£'000
Balance at 1 April 2001	13,920
Exchange differences	(438)
Surplus on revaluation	<u>2,438</u>
Balance at 31 March 2002	<u>15,920</u>
Overseas Reserves	

The reserves of the Williamson Tea Holdings plc group include approximately £25 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 £16,000 (2001: £21,000) in respect of overseas bank advances have been given by members of the Williamson Tea Holdings plc group.

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### 22. CONTINGENT LIABILITIES

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

### 23. CONSOLIDATED CASH FLOW STATEMENT

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

	2002 £'000	2001 £'000
Operating profit	402	7,966
Depreciation on fixed assets	3,385	2,493
Decrease/(increase) in stocks	1,328	(1,852)
Decrease in debtors	367	4,152
(Decrease)/Increase in creditors	(2,544)	1,610
Profit on sale of fixed assets	-	(134)
Amortisation	148	34
	<u>3,086</u>	<u>14,269</u>

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

	£'000	£'000
(Decrease)/increase in cash net of overdrafts during the year	(7,304)	2,680
Cash flow from repayment of borrowing	2,536	2,812
Cash inflow from increase in liquid resources	<u>27</u>	<u>250</u>
Change in net funds resulting from cash flows	(4,741)	5,742
Effect of foreign exchange movement	(130)	(3)
Other non cash items	<u>-</u>	<u>(114)</u>
Movement in net funds in the year	(4,871)	5,625
Net funds at 1 April 2001	<u>10,108</u>	<u>4,483</u>
Net funds at 31 March 2002	<u>5,237</u>	<u>10,108</u>

(c) Analysis of changes in net funds:-

	At 1 April 2001 £'000	Cash flow £'000	Exchange Movement £'000	At 31 March 2002 £'000
Cash in hand at bank	13,595	(8,193)	(142)	5,260
Bank overdrafts	<u>(1,224)</u>	<u>889</u>	<u>47</u>	<u>(288)</u>
	12,371	(7,304)	(95)	4,972
Debt	(4,397)	2,536	100	(1,761)
Current asset investments	<u>2,134</u>	<u>27</u>	<u>(135)</u>	<u>2,026</u>
	<u>10,108</u>	<u>(4,741)</u>	<u>(130)</u>	<u>5,237</u>

Current asset investments are treated as liquid resources under the definition of Financial Reporting Standard 1 (revised).

# GEORGE WILLIAMSON & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2002

### 23. CONSOLIDATED CASH FLOW STATEMENT - continued

#### (d) Acquisition

On 1 August 2001 the group acquired a further 4,800 ordinary shares of KShs. 100/- in Subati Ltd. for a consideration of £368,000. The group now holds 68% of the nominal share capital of Subati Ltd.

This increased goodwill arising on the original purchase of 52% of the equity in July 2000 by £115,000 to £972,000. Amortisation charged to date amounts to £84,000.

Goodwill arising on the acquisition of Subati Ltd has been capitalised. The purchase of Subati Ltd. has been accounted for by the acquisition method of accounting.

### 24. CAPITAL COMMITMENTS

	Group		Parent	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Contracted	<u>96</u>	<u>43</u>	<u>-</u>	<u>-</u>

#### GROUP

Annual Commitments of the group in respect of operating leases which expire:

	Property leases 2002 £'000	Property leases 2001 £'000	Other leases 2002 £'000	Other leases 2001 £'000
Within 1 year	86	-	-	-
Between 2 and 5 years	271	-	53	53
Over five years	<u>171</u>	<u>171</u>	<u>-</u>	<u>-</u>

### 25. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS AT 31 MARCH 2002

	% 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	68*	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 & Magor Ltd	100	England & Wales	Tea Trading and Packing
Williamson Tea Investments Ltd	100	England & Wales	Holding company
Brock Investments Ltd	100	Guernsey	Holding company
Forest Investments Ltd	100	Guernsey	Holding company
George Williamson (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 (formerly George Williamson Kenya Ltd)	51	Kenya	Managing Agents & Tea producers

\* Held by Parent

# **GEORGE WILLIAMSON & CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2002

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### **25. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS AT 31 MARCH 2002 - continued**

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.

The financial year end of Subati Ltd. does not end with that of the company. On acquisition Subati Ltd. had a year end of 30 June and this has not been changed due to the earn out agreement that exists in relation to the acquisition of the remaining shares.

At 31 March 2002 the group held 26.89% of the ordinary share capital of Williamson Magor & Co. Limited, a company incorporated in India. The group does not consider that it is sufficiently actively involved in the direction of this company through participation in relevant policy decisions on strategic issues to warrant it being accounted for as an associate and it is therefore accounted for as a trade investment.