WILLIAMSON TEA KENYA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 Sh'000	20 Sh'(
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32(a)	79,587	575,
Interest received		93,833	63,
Interest paid	6	(19,825)	(11,
Taxation paid	9(c)	(115,936)	(354,
Net cash generated from operating activities		37,659	273,
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(208,030)	(265,
Purchase of intangible assets	14	(4,635)	(
Proceeds from disposal of property, plant and equipment		4,508	4,
Net expenditure on biological assets	20	(26,485)	(8,
Dividend received - from associate company	17	7,798	11,
Dividends received from other investments	5	496	
Net cash used in investing activities		(226,348)	(257,
CASH FLOWS FROM FINANCING ACTIVITIES			
Asset finance loans repaid	32(b)	(17,123)	(6,
Asset finance loan received	32(b)	52,608	178,
Dividends paid to shareholders	31	(58,987)	(67,
Dividends paid to minority interest	26	(6,494)	(6,
Net cash (used in)/generated from financing activities		(29,996)	98,
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(218,685)	113,
CASH AND CASH EQUIVALENTS AT START OF YEAR		1,212,045	1,098,
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(c)	993,360	1,212,

1 REPORTING ENTITY

Williamson Tea Kenya Limited (The "Company/parent") and its subsidiaries (together, the Group) have the following principal activities; the cultivation, manufacture and sale of tea, investment in property and the sale and servicing of generators. Williamson Tea Kenya Limited is incorporated in Kenya under the Kenyan Companies Act as a public limited liability company and is domiciled in Kenya. The company's shares are listed on the Nairobi Securities Exchange (NSE). Williamson Tea Kenya Limited and its subsidiaries operate in Kenya.

The address of the Group's registered office is as follows:

The Acacia Block, 2nd Floor,
Karen Office Park, Langata Road
P O Box 42281 - 00100
Nairobi.

2 ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is represented by/is equivalent to the statement of financial position and the profit and loss account is presented in the statement of comprehensive income.

(b) Application of new and revised International Financial Reporting Standards (IFRSs)

(i) New standards and amendments to published standards effective for the year ended 31 March 2015

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
IFRIC 21 Levies	IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2 ACCOUNTING POLICIES (Continued)

(b) Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(i) New standards and amendments to published standards effective for the year ended 31 March 2015 (Continued)

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. As the Group does not have any cash-generating units (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
Annual Improvements 2010-2012 Cycle	The annual improvements 2010-2012 cycle makes amendments to the following standards: •IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' •IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date •IFRS 8 — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly •IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only) •IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount •IAS 24 — Clarify how payments to entities providing management services are to be disclosed These IFRS improvements are effective for accounting periods beginning on or after 1 July 2014. The new terminologies have been adopted in these financial statements. In other respects the application of the amendments does not result in any impact on consolidated profit or loss, other comprehensive income and total comprehensive income.

2 ACCOUNTING POLICIES (Continued)

(b) Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(i) New standards and amendments to published standards effective for the year ended 31 March 2015 (Continued)

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application. The application of the new standard has not had any impact on the disclosures or the amounts recognised in these consolidated financial statements as the Group does not have any derivatives.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 31 March 2015

New and Amendments to standards	Effective for annual periods beginning on or after
IFRS 9	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2017
Amendments to IFRS 11	1 January 2016
Amendments to IAS 16 and IAS 38	1 January 2016

(iii) Relevant new and revised IFRSs in issue but not yet effective for the year ended 31 March 2015

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2 ACCOUNTING POLICIES (Continued)

(b) Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(iii) Relevant new and revised IFRSs in issue but not yet effective for the year ended 31 March 2015

IFRS 9 Financial Instruments (Continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the Group do not anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Groups's financial assets and financial liabilities. However, it is not practible to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

2 ACCOUNTING POLICIES (Continued)

(b) Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(iii) Relevant new and revised IFRSs in issue but not yet effective for the year ended 31 March 2015(Continued)

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation (Continued)*

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively.

The directors of the Group do not anticipate that the application of the standard will have a significant impact on the Group's consolidated financial statements.

Annual Improvements 2010-2012 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below:

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.
The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of IAS 40; and
(b) the transaction meets the definition of a business combination under IFRS 3

The directors of the Group do not anticipate that the application of these amendments will have a significant impact on the Group's financial statements.

(iv) Early adoption of standards

The Group did not early-adopt any new or amended standards in 2015.

The Group's principal accounting policies are set out below:

Basis of preparation

The Group prepares its financial statements under the historical cost convention as modified by revaluation of certain assets.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

(b) Subsidiaries (Continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of subsidiaries is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiaries acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.
Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries, details of which are disclosed in note 18 to the financial statements and also includes the Group's share of the results of the associate company as disclosed in note 17 to the financial statements, all made up to 31 March.

Investments in subsidiary companies in the company's books are carried at cost less provision for impairment.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 ACCOUNTING POLICIES (Continued)

Investments in associate companies

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount; Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.
Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate. When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Sales are recognised upon despatch of products and are stated net of returns, discounts and value added tax.

Rental income is recognised on the accruals basis and dividend income is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2 ACCOUNTING POLICIES (Continued)

Inventories

Made tea inventories are stated at the lower of cost and net realisable value. Made tea inventory costs comprise fair value of tea leaf less point of sale costs at the point of harvest and actual costs incurred at the factory in the processing of made tea from tea leaf. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Firewood is stated at the lower of production cost and net realizable value.

Consumable stores inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method.

Biological assets

Biological assets (tea bushes, fuel plantations and timber plantations) and agricultural produce have been stated at their fair value less estimated point-of-sale costs. The fair value of tea bushes is determined based on the present value of expected net cash flows discounted at a current market-determined pre-tax rate. The fair values of fuel and timber plantations are determined based on the prices existing in the market. The cost of replanting, infilling and upkeep are recognised as an expense through profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost or as professionally revalued less accumulated depreciation and any impairment losses. Professional valuations are carried out in accordance with the company's policy of revaluing certain items of property, plant and equipment after every three years.

The bases of valuation are as follows:

Land – open market value for the existing use (highest and best use)
Other assets – net current replacement cost.

Any revaluation increase arising on the revaluation of such land and other assets is recognized in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluations of such land and other assets is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus reserve relating to a previous revaluation of that asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to rise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work in progress

Capital work in progress relates to property and plant under construction. Cost includes materials, direct labour and any other direct expenses incurred in respect of the project. The amounts are transferred to the appropriate property, plant and equipment categories once the project is completed and commissioned.

Depreciation

No depreciation is provided on freehold land. Capital work in progress is not depreciated until the asset is brought into use. Other items of property, plant and equipment are depreciated on a straight line basis to write off the cost or valuation over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual rates generally in use are as follows:

2 ACCOUNTING POLICIES (Continued)

Depreciation (Continued)

Buildings	5%
Dams	2.5%
Machinery and equipment	10%
Tractors and accessories	10 - 25%
Motor vehicles	25%
Office equipment, furniture and fittings	10%
Computers	25%
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Depreciation on revalued building and other property is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. Each year, the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged to the profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation surplus to revenue reserves, net of related deferred taxation.

Intangible assets-computer software costs

Costs incurred on computer software are accounted for at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over the estimated useful lives not exceeding a period of 3 years.

Leasehold land

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and amortised over the period of the lease. When a lease includes land and buildings elements, the Group assess the classification of each element as either finance lease or operating lease. In determining classification of the land element, an important consideration is that land normally has an indefinite economic life. Therefore the finance lease or operating lease classification of the land is considered a critical area of judgement. See note 3 to these financial statements.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2 ACCOUNTING POLICIES (Continued)

Taxation (Continued)

(ii) Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

Employee benefits costs

(i) Group's defined contribution retirement benefit scheme

The Group operates a defined contribution scheme for eligible non-unionisable employees. The assets of the scheme are held in a separate trustee administered fund. The Group's contributions to the defined contribution plan are charged to the profit or loss in the year to which they relate.

(ii) Statutory defined contribution pension scheme

The Group also contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The Group's obligations under the scheme are limited to specific contributions legislated from time to time. The Group's contribution in respect of retirement benefit costs are charged to the profit or loss account in the year which they relate.

(iii) Other employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave or compensated absences accrued at the end of the reporting period.

The Group's unionisable staff who resign or whose services are terminated either due to illness or other reasons after completion of ten years of continuous and meritorious service are entitled to twenty one day's pay for each completed year of service by way of gratuity, based on the wages or salary at the time of such resignation or termination of services, as provided for in the trade union agreement. An employee who is dismissed or terminated for gross misconduct is not entitled to gratuity. The service gratuity is provided for in the financial statements at present value of benefits payable as it accrues to each employee.

2 ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the terms of the relevant leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Financial instruments

A financial asset or liability is recognised when the Group becomes party to the contractual provisions of the instrument.

2 ACCOUNTING POLICIES (Continued)

Financial assets

Classification

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans and receivables; held- to- maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in fair value are recognised in the profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

(iii) Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity where the Group has the positive intent and ability to hold to maturity other than loans and receivables originated by the Group are classified as held to maturity investments and are measured at amortised cost using effective interest rate method less any impairment with revenue recognised on an effective yield basis.

(iv) Available-for-sale financial assets

Financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity are classified as available-for-sale.

Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of “financial assets at fair value through profit or loss” are included in the profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of, or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group’s right to receive the dividends is established.

2 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment and uncollectability of financial assets

At the end of each reporting period, all financial assets are subject to review for impairment. If it is probable that the Group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount either directly or through use of an allowance account. The amount of the loss incurred is dealt with through profit or loss for the year.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised in other comprehensive income is removed and recognised in the profit or loss for the period even though the financial asset has not been derecognised.

Financial liabilities

De-recognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Recognition and measurement

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise.

Trade payables

Trade payables are carried at cost which is measured at the fair or contracted value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed or not, to the Group.

Derecognition of financial liabilities

A financial liability is derecognised when its contractual obligations are redeemed or otherwise extinguished. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities (Continued)

Offsetting

Financial instrument are set off and the net amount reported in the statement of financial position when there is a legal right to set off the amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

Dividends payable

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Group Board of directors). The directors then allocate resources to and assess the performance of the operating segments of the Group. The operating segments are based on the Group's internal reporting structure. In accordance with IFRS 8, the Group has the following operating segments; cultivation, sale and manufacture of tea, investment in property and the sale and servicing of generators.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property, plant and equipment).

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
These are dealt with below:

(i) Critical judgments in applying the Group's accounting policies

Impairment losses

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment losses are recognised immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss other than that arising from goodwill, is recognised as income immediately.

3 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgments in applying the Group's accounting policies (Continued)

Classification of leases on land and buildings as finance or operating leases

At the inception of each lease of land or building, the Group considers the substance rather than the form of the lease contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

The Group also considers indicators of situations that individually or in combination could also lead to a lease being classified as a finance lease. Examples of such indicators include:

- If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equaling most of the sales proceeds at the end of the lease); and the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Key sources of estimation uncertainty

Biological assets

In determining the fair value of biological assets, the Group uses the present value of expected discounted cash flows from the assets in their present location and condition. The discounted cash flows are estimates based on historical data relating to yields, prices of made tea and exchange rates, and on any projected changes in point of sale costs. The methodology and assumptions used are reviewed regularly to try to minimize differences between estimates and actual experience, but material differences can and do arise.

The significant assumptions, and a note as to an instance where there has been a material change as a result of reviewing the assumptions, are set out in note 20.

Property, plant and equipment

Critical estimates are made by directors in determining the useful lives and residual values to property, plant and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

3 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgments in applying the Group's accounting policies (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurement and valuation

Some of the Group's assets and liabilities are measured at fair values for financial reporting purposes. In estimating the fair values of an asset or a liability, the Group uses market observable data to the extent it is available. Where level I inputs are not available the Group engages third party qualified valuers to perform the valuation. The board and management work closely to establish the appropriate valuation techniques and inputs to the model.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 13 and 16.

4 SEGMENTAL INFORMATION

a) Products and services from which reportable segments derive their revenues

In accordance with IFRS 8, Operating segments, information reported to the Group's Chief Operating Decision Makers (the Board of Directors) for the purposes of resource allocation and assessment of segment performance is focussed on the principal activities and the products offered by the Group.

The identifiable reporting segments of the Group therefore are:

- The cultivation, manufacture and sale of tea.
- Investment in property.
- Sale and servicing of generators.

b) Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in note 2.

4 SEGMENTAL INFORMATION (Continued)

c) Segment revenues and results, assets and liabilities and other information

The segment information provided to the Group board of directors for the reportable segments is as follows:-

	Tea Sh'000	Property Sh'000	Generator trading Sh'000	Group Sh'000
2015				
Revenues and results				
Revenue	2,532,496	2,988	54,932	2,590,416
Fair value gain on investment property	-	25,000	-	25,000
Other income	68,719	46,597	164	115,480
Finance costs	(19,822)	(3)	-	(19,825)
Group's share of associate company results before tax	(11,684)	-	-	(11,684)
(Loss)/profit before taxation (including associate)	(465,295)	161,340	5,390	(298,565)
Assets and liabilities				
Segment assets	6,932,605	1,575,827	50,126	8,558,558
Segment liabilities	1,373,076	597,473	4,973	1,975,522
Other information				
Depreciation	174,429	6,300	2,221	182,950
Amortisation of prepaid operating lease	84	-	-	84
Amortisation of intangible assets	689	889	143	1,721
Capital expenditure	201,064	2,525	4,441	208,030
	======	======	======	======
2014				
Revenues and results				
Revenue	3,440,098	3,553	68,435	3,512,086
Fair value gain on investment property	-	15,000	-	15,000
Other income	89,111	-	-	89,111
Finance costs	(11,242)	-	-	(11,242)
Group's share of associate company results before tax	72,030	-	-	72,030
Profit before taxation (including associate)	875,654	162,476	2,903	1,041,033
Assets and liabilities				
Segment assets	8,413,825	73,277	52,098	8,539,200
Segment liabilities	1,946,251	87	12,335	1,958,673
Other information				
Depreciation	189,700	-	1,906	191,606
Amortisation of prepaid operating lease	84	-	-	84
Amortisation of intangible assets	1,664	-	-	1,664
Capital expenditure	202,080	-	5,950	214,820
	======	======	======	======

Revenue reported above represents revenue generated from external customers.

4 SEGMENTAL INFORMATION (continued)

d) Information on major customers

Included in total revenue of Sh 2,590,416,000 (2014: Sh 3,512,086,000) is revenue of approximately Sh 488,530,000 (2014: Sh 3,404,690,000) which relates to sales made through the parent company, George Williamson & Co Ltd.

e) Geographical information

The Group is based in Kenya and hence all its assets are located in Kenya. However, the Group's revenue is derived from the following markets:

	2015 Sh'000	2014 Sh'000
Global markets- exports	2,508,538	3,404,690
Kenya- domestic	81,878	107,396
	2,590,416	3,512,086

5 OTHER INCOME

	2015	2014
Fair value gain on investment properties (note 16)	25,000	15,000
Interest on short term deposits	90,370	63,419
Dividend income from unquoted investments	496	693
Miscellaneous income	8,126	6,142
(Loss)/gain on disposal of property, plant and equipment	(4,047)	3,857
	119,945	89,111

6 FINANCE COSTS

	2015	2014
Interest expense on:		
- bank overdrafts	2,054	1,829
- bank loans	17,771	9,413
	19,825	11,242

		2015 Sh'000	2014 Sh'000
7	(LOSS)/PROFIT BEFORE TAXATION		
	The (loss)/profit before taxation is arrived at after charging:		
	Depreciation of property and equipment (note 13)	182,950	191,606
	Amortisation of intangible assets (note 14)	1,721	1,664
	Amortisation of leasehold property (note 15)	84	84
	Directors' remuneration:		
	Non – executive		
	Fees	4,084	4,383
	Other emoluments	-	-
	Executive	23,626	18,370
	Loss on disposal of property, plant and equipment	4,047	-
	Auditors' remuneration	8,111	7,615
	And after crediting:		
	Operating lease rental income	2,988	3,553
	Fair value of agricultural produce harvested during the year	210,010	524,229
	Dividend income	7,798	11,607
	Gain on disposal of property, plant and equipment	-	3,857
	Fair value gain on investment properties	25,000	15,000
8	STAFF COSTS		
	Wages and salaries	536,534	521,107
	Social security costs (NSSF)	4,215	7,212
	Pension costs (defined contribution plan)	9,840	8,153
	Service gratuity and other terminal benefits (note 28)	42,797	32,131
	Leave pay	27,690	28,153
	Medical expenses	17,987	16,061
		639,063	612,817

	GROUP 2015 Sh'000	GROUP 2014 Sh'000	COMPANY 2015 Sh'000	COMPANY 2014 Sh'000
9 TAXATION				
(a) TAXATION (CREDIT)/CHARGE				
Current taxation based on the adjusted profit at 30%				
- current year	61,046	208,550	27,474	124,994
- prior year under provision	331	4,259	336	3,092
	61,377	212,809	27,810	128,086
Deferred taxation (credit)/charge (note 27)				
- current year	(108,168)	59,889	(23,886)	(10,166)
- prior year (over)/under provision	(21,467)	5,484	(21,336)	5,366
	(129,635)	65,373	(45,222)	(4,800)
	(68,258)	278,182	(17,412)	123,286
Share of associate company's taxation (note 17):				
Current taxation	11,179	17,635	-	-
Deferred taxation (credit)/charge	(13,850)	4,495	-	-
	(2,671)	22,130	-	-
Taxation (credit)/charge	(70,929)	300,312	(17,412)	123,286
(b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAX CHARGE				
Accounting (loss)/profit before taxation	(298,565)	1,041,033	(12,282)	533,380
Tax at the applicable rate of 30%	(89,570)	312,310	(3,685)	160,014
Tax effect of expenses not deductible for tax purposes	69,931	29,212	34,356	5,767
Tax effect of income not taxable	(30,154)	(50,953)	(27,083)	(50,953)
Prior year under provision of current tax	331	4,259	336	3,092
Prior year (over)/under provision of deferred tax	(21,467)	5,484	(21,336)	5,366
Taxation (credit)/charge	(70,929)	300,312	(17,412)	123,286

	GROUP 2015 Sh'000	GROUP 2014 Sh'000	COMPANY 2015 Sh'000	COMPANY 2014 Sh'000
9 TAXATION (Continued)				
(c) TAX MOVEMENT				
At beginning of the year:				
Taxation payable	-	41,527	-	-
Taxation recoverable	(106,616)	(6,469)	(55,602)	(3,692)
	(106,616)	35,058	(55,602)	(3,692)
Taxation charge	61,377	212,809	27,810	128,086
Taxation paid	(115,936)	(354,483)	(68,734)	(179,996)
At end of the year				
Net tax recoverable	(161,175)	(106,616)	(96,526)	(55,602)

10 PROFIT FOR THE YEAR - COMPANY

The company profit for the year of Sh 5,130,000 (2014: Sh 410,094,000) has been dealt with in the separate financial statements of Williamson Tea Kenya Limited.

11 (LOSS)/EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2015	2014
(Loss)/earnings		
(Loss)/earnings for purposes of basic and diluted earnings per share (Sh'000)	(208,107)	712,380
Number of shares		
Number of ordinary shares (note 25)	8,756,320	8,756,320
(Loss)/earnings per share		
Basic and diluted (Sh)	(23.77)	81.36

There were no potentially dilutive shares outstanding at 31 March 2015 and at 31 March 2014.

12 PROPOSED DIVIDENDS

The Group did not pay an interim dividend in 2015 (2014 - Sh nil).

In respect of the current year, the Directors propose that a dividend of Sh 40 per share (2014 – Sh 7.00 per share) amounting to a total of Sh 350,252,800 (2014 – Sh 61,294,240) be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has therefore not been included as a liability in these financial statements.

13 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land and buildings Sh 000	Machinery and equipment Sh 000	Tractors and accessories Sh 000	Motor vehicles Sh 000	Office equipment furniture and fittings Sh 000	Computers Sh 000	Work in progress Sh 000	Total Sh 000
COST OR VALUATION								
At 1 April 2013	1,197,531	609,350	96,264	84,786	38,601	41,614	80,323	2,148,469
Additions	13,235	9,949	6,067	16,265	1,860	3,026	214,721	265,123
Disposals	(1,410)	(28,586)	(9,726)	(2,905)	(223)	(412)	-	(43,262)
Transfer from work in progress	40,686	38,863	-	-	-	50	(79,599)	-
Reclassification from intangible assets (note 14)	-	-	-	-	-	549	-	549
At 31 March 2014	1,250,042	629,576	92,605	98,146	40,238	44,827	215,445	2,370,879
Comprising:								
At valuation 2012	611,727	305,003	-	-	-	-	-	916,730
At cost	638,315	324,573	92,605	98,146	40,238	44,827	215,445	1,454,149
	1,250,042	629,576	92,605	98,146	40,238	44,827	215,445	2,370,879
At 1 April 2014	1,250,042	629,576	92,605	98,146	40,238	44,827	215,445	2,370,879
Additions	16,064	66,516	6,700	4,034	710	2,377	111,629	208,030
Disposals	(3,981)	(12,323)	(3,763)	(4,919)	(634)	(619)	-	(26,239)
Transfer from work in progress	6,894	34,300	-	-	-	-	(41,194)	-
Reclassification	374	220,381	-	-	226	-	(224,446)	(3,465)
Transfers	-	(370,271)	-	-	370,271	-	-	-
Surplus/(deficit) on revaluation	7,183	(84,045)	-	-	-	-	-	(76,862)
At 31 March 2015	1,276,576	484,134	95,542	97,261	410,811	46,585	61,434	2,472,343
Comprising:								
At valuation - 2015	1,267,684	484,134	-	-	-	-	-	1,751,818
At cost	8,892	-	95,542	97,261	410,811	46,585	61,434	720,525
	1,276,576	484,134	95,542	97,261	410,811	46,585	61,434	2,472,343

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP

	Land and buildings Sh 000	Machinery and equipment Sh 000	Tractors and accessories Sh 000	Motor vehicles Sh 000	Office equipment furniture and fittings Sh 000	Computers Sh 000	Work in progress Sh 000	Total Sh 000
DEPRECIATION								
At 1 April 2013	148,295	122,107	64,718	46,702	17,435	28,572	-	427,829
Charge for the year	79,044	77,635	8,849	17,483	2,724	5,871	-	191,606
Eliminated on disposal	(1,150)	(28,477)	(9,726)	(2,899)	(190)	(411)	-	(42,853)
At 31 March 2014	226,189	171,265	63,841	61,286	19,969	34,032	-	576,582
At 1 April 2014	226,189	171,265	63,841	61,286	19,969	34,032	-	576,582
Charge for the year	76,704	71,648	8,915	17,979	2,740	4,964	-	182,950
Eliminated on disposal	(2,097)	(6,075)	(3,763)	(4,918)	(220)	(611)	-	(17,684)
Written back on revaluation	(295,478)	(156,502)	-	-	-	-	-	(451,980)
Transfers	-	(80,336)	-	-	80,336	-	-	-
At 31 March 2015	5,318	-	68,993	74,347	102,825	38,385	-	289,868
NET BOOK VALUE								
At 31 March 2015	1,271,258	484,134	26,549	22,914	307,986	8,200	61,434	2,182,475
At 31 March 2014	1,023,853	458,311	28,764	36,860	20,269	10,795	215,445	1,794,297
NET BOOK VALUE (Cost basis)								
At 31 March 2015	7,395	-	26,549	22,914	307,986	8,200	61,434	434,478
At 31 March 2014	521,504	205,160	28,764	36,860	20,269	10,795	215,445	1,038,797

Land, building and machinery were last revalued as at 31 March 2015 by Lloyd Masika Limited, Registered Valuers and Estate Agents, on the basis of open market value for the existing use.

Included in property, plant and equipment are assets with an original cost of Sh 195,607,310 (2014 - Sh 195,908,734) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 23,812,126 (2014 –Sh 56,719,521).

Land and buildings with net book value of Sh 1,482,164,000 (2014 – Sh 1,482,164,000) have been charged to secure banking facilities granted to the Group as disclosed in note 29.

The capital work in progress comprises costs incurred in the construction and installation of plant and machinery at the tea estates.

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

	Land and buildings Sh'000	Machinery and equipment Sh'000	Tractors and accessories Sh'000	Motor vehicles Sh'000	Office equipment furniture and fittings Sh'000	Computers Sh'000	Work in progress Sh'000	Total Sh'000
COST OR VALUATION								
At 1 April 2013	793,934	204,276	36,018	40,483	25,625	20,250	1,944	1,122,530
Additions	1,974	4,322	846	5,210	1,499	1,281	167,687	182,819
Disposals	(952)	(20,469)	(3,975)	(1,940)	(5)	(412)	-	(27,753)
Transfer from work in progress	969	-	-	-	-	-	(969)	-
At 31 March 2014	795,925	188,129	32,889	43,753	27,119	21,119	168,662	1,277,596
Comprising:								
At valuation 2012	319,829	117,744	-	-	-	-	-	437,573
At cost	476,096	70,385	32,889	43,753	27,119	21,119	168,662	840,023
	795,925	188,129	32,889	43,753	27,119	21,119	168,662	1,277,596
At 1 April 2014	795,925	188,129	32,889	43,753	27,119	21,119	168,662	1,277,596
Additions	2,980	43,510	3,345	428	503	1,318	87,248	139,332
Disposals	(1,266)	-	-	(2,284)	-	(226)	-	(3,776)
Transfer from work in progress	-	3,634	-	-	-	-	(3,634)	-
Reclassification	374	219,929	-	-	226	-	(224,446)	(3,917)
Surplus/(deficit) on revaluation	34,766	(13,754)	-	-	-	-	-	21,012
At 31 March 2015	832,779	441,448	36,234	41,897	27,848	22,211	27,830	1,430,247
Comprising:								
At valuation 2015	829,885	136,526	-	-	-	-	-	966,411
At cost	2,894	304,922	36,234	41,897	27,848	22,211	27,830	463,836
	832,779	441,448	36,234	41,897	27,848	22,211	27,830	1,430,247

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

	Land and buildings Sh'000	Machinery and equipment Sh'000	Tractors and accessories Sh'000	Motor vehicles Sh'000	Office equipment furniture and fittings Sh'000	Computers Sh'000	Work in progress Sh'000	Total Sh'000
DEPRECIATION								
At 1 April 2013	67,267	51,444	22,429	19,166	7,454	13,178	-	180,938
Charge for the year	46,411	28,523	2,708	8,651	2,262	3,086	-	91,641
Eliminated on disposal	(952)	(20,469)	(3,975)	(1,934)	(4)	(411)	-	(27,745)
At 31 March 2014	112,726	59,498	21,162	25,883	9,712	15,853	-	244,834
At 1 April 2014	112,726	59,498	21,162	25,883	9,712	15,853	-	244,834
Charge for the year	43,995	23,490	2,751	8,620	2,306	2,585	-	83,747
Eliminated on disposal	(1,266)	-	-	(2,284)	-	(226)	-	(3,776)
Eliminated on revaluation	(154,227)	(53,731)	-	-	-	-	-	(207,958)
At 31 March 2015	1,228	29,257	23,913	32,219	12,018	18,212	-	116,847
NET BOOK VALUE (Valuation)								
At 31 March 2015	831,551	412,191	12,321	9,678	15,830	3,999	27,830	1,313,400
At 31 March 2014	683,199	128,631	11,727	17,869	17,407	5,266	168,662	1,032,761
NET BOOK VALUE (Cost basis)								
At 31 March 2015	207,831	92,065	12,321	9,678	15,830	3,999	27,830	520,827
At 31 March 2014	266,583	101,874	11,727	17,869	17,407	5,266	168,662	589,388

Land, building and machinery were last revalued as at 31 March 2015 by Lloyd Masika Limited, Registered Valuers and Estate Agents, on the basis of open market value for the existing use.

Included in property, plant and equipment are assets with an original cost of Sh 37,056,125 (2014 - Sh 70,041,757) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 8,508,530 (2014 - Sh 10,969,408).

Land, buildings and development with net book value of Sh 683,199,0000 (2014 – Sh 683,199,000) have been charged to secure banking facilities granted to the company as disclosed in note 29.

The capital work in progress comprises costs incurred in the construction of plant and machinery and hydrum pump at Kaimosi tea estates.

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of the Group's buildings and machinery and equipment

The Group's buildings and machinery and equipment are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's buildings and machinery & equipment as at 31 March 2015 was performed by Lloyd Masika Limited, registered and independent valuers. Lloyd Masika Limited are registered valuers with the Valuers Registration Board and they have appropriate qualifications and relevant and recent experience in the fair value measurement of properties in the various locations in Kenya. The fair value of buildings was determined by reference to market evidence of recent transactions for similar properties.

Details of the Group's buildings and machinery and equipment and information about fair value hierarchy as at 31March 2015 are as follows:

	Level 1 Sh'000	Level 2 Sh '000	Level 3 Sh'000	Fair value as at 31 March Sh '000
GROUP				
31 March 2015				
Buildings	-	1,271,258	-	1,271,258
Machinery and equipment	-	484,134	-	484,134
	-	1,755,392	-	1,755,392
31 March 2014				
Buildings	-	1,023,853	-	1,023,853
Machinery and equipment	-	458,311	-	458,311
	-	1,482,164	-	1,482,164
COMPANY				
31 March 2015				
Buildings	-	831,551	-	831,551
Machinery and equipment	-	412,191	-	412,191
	-	1,243,742	-	1,243,742
31 March 2014				
Buildings	-	683,199	-	683,199
Machinery and equipment	-	128,631	-	128,631
	-	811,830	-	811,830

There were no transfers between level 1 and level 2 during the year.

		GROUP		COMPANY	
		2015	2014	2015	2014
14	INTANGIBLE ASSETS (COMPUTER SOFTWARE)	Sh'000	Sh'000	Sh'000	Sh'000
	COST				
	At beginning of year	14,585	14,774	7,270	6,993
	Additions	4,635	360	2,610	277
	Reclassification to computer (note 13)	-	(549)	-	-
	At end of year	19,220	14,585	9,880	7,270
	AMORTISATION				
	At beginning of year	12,692	11,028	5,976	4,979
	Amortisation for the year	1,721	1,664	1,186	997
	At end of year	14,413	12,692	7,162	5,976
	NET BOOK VALUE				
	At end beginning of year	4,807	1,893	2,718	1,294
15	PREPAID OPERATING LEASES				
	COST				
	At beginning of year	81,581	81,581	12,612	12,612
	AMORTISATION				
	At beginning of year	4,871	4,787	866	853
	Amortisation for the year	84	84	13	13
	At end of year	4,955	4,871	879	866
	NET BOOK VALUE				
	At end of year	76,626	76,710	11,733	11,746

Prepaid operating leases relate to leasehold land located in Williamson Tea Kenya Limited Changoi Estate, Tinderet Tea Estates (1989) Limited and Kaimosi Tea Estates Limited. Leasehold land have been charged to secure banking facilities granted to the Group as disclosed in note 29. Leasehold land were last revalued as at 31 March 2015 by Lloyd Masika Ltd, Registered Valuers and Estate Agents, based on open market value.

		GROUP & COMPANY	
		2015	2014
		Sh'000	Sh'000
16	INVESTMENT PROPERTIES		
	At fair value:		
	At beginning of year	380,000	365,000
	Fair value gain (note 5)	25,000	15,000
	At end of year	405,000	380,000
	At cost basis	11,591	11,591

16 INVESTMENT PROPERTIES (Continued)

Locations and details of the investment property are LR No 1160/197 and LR No 330/490 all located in the Nairobi area.

Fair value measurement of the Group's investment properties

The Group's Investments Property are stated at their revalued amounts, being the fair values at the date of revaluation, less any impairment losses. The fair value measurements of the Group's investment property as at 31 March 2015 were performed by Lloyd Masika Limited, Registered and independent Valuers and Estate Agents. Lloyd Masika Limited, are members of the Institute of Surveyors of Kenya and they have appropriate qualifications and relevant and recent experience in the fair value measurement of properties in the various locations in Kenya. The fair value of buildings was determined by reference to market evidence of recent transactions for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about fair value hierarchy as at 31 March 2015 are as follows:

	Level 1 Sh'000	Level 2 Sh'000	Level 3 Sh'000	Fair value as At 31 March Sh'000
31 March 2015				
Investment property (all located in Nairobi area)	-	405,000	-	405,000
	=====	======	====	=======
31 March 2014				
Investment property (all located in Nairobi area)	-	380,000	-	380,000
	=====	======	====	=======

There were no transfers between level 1 and level 2 during the year.

	2015 Sh'000	2014 Sh'000
17 INVESTMENT IN ASSOCIATE COMPANY		
GROUP		
Kapchorua Tea Company Limited (Quoted) - 39.56% owned:		
At share of net assets	564,790	546,249
	=======	=======
The movement in Group investment in associate company is as follows:		
At beginning of year	546,249	507,956
Share of (loss)/profit before taxation	(11,684)	72,030
Share of tax charge (note 9(a))	2,671	(22,130)
Share of gain on property revaluation	35,350	-
Dividend received	(7,798)	(11,607)
At end of year	564,790	546,249
	=======	=======

17 INVESTMENT IN ASSOCIATE COMPANY (Continued)

	2015 Sh'000	2014 Sh'000
COMPANY		
Kapchorua Tea Company Limited (Quoted);		
39.56% owned:		
At cost	49,479	49,479

The details of the above associate company are as follows:

Company	*Share capital Sh*	*Proportion of ownership interest and voting power held by the group*		*Place of Incorporation*	*Principal activity*
		31 March 2015	*31 March 2014*		
Kapchorua Tea Company Ltd	19,560,000	39.56%	39.56%	Kenya	Cultivation, manufacture and sale of tea

The associate company is accounted for using the equity method in these consolidated financial statements.

The audited summarized financial information as of 31 March 2015 in respect of the associate company, Kapchorua Tea Company Limited is set out below:

	2015 Sh'000	2014 Sh'000
Total assets	1,983,239	1,929,160
Total liabilities	(555,560)	(548,347)
Net assets	1,427,679	1,380,813
Group's share of the net assets	564,790	546,249
Revenue	1,073,989	1,296,057
(Loss)/profit before taxation	(29,536)	182,079
Taxation credit/(charge)	6,751	(55,940)
(Loss)/profit for the year	(22,785)	126,139
Total comprehensive income for the year	66,574	126,139

		2015 Sh'000	2014 Sh'000
18	INVESTMENT IN SUBSIDIARY COMPANIES		
(a)	**Unquoted investments at cost in wholly owned subsidiaries:**		
	Kaimosi Tea Estates Limited	2,863	2,863
	Williamson Power Limited	3,689	3,689
	Tea Properties Limited	2	2
	Lelsa Tea Estates Limited*	-	-
		6,554	6,554
(b)	**Unquoted investment at cost in partially owned subsidiaries:**		
	Tinderet Tea Estates (1989) Limited (82% owned)	103,323	103,323
		109,877	109,877

*Investment in Lelsa Tea Estates Limited is fully impaired.

The details of the above subsidiary companies are as follows:

Company	*Share capital Sh*	*Place of Incorporation and operation*	*Principal activity*	*Proportion of ownership interest and voting power held by the group 31 March 2015*	*31 March 2014*
Kaimosi Tea Estates Limited	2,540,000	Kenya	Cultivation, manufacture and sale of tea	100%	100%
Williamson Power Limited	2,880,000	Kenya	Sale, installation and servicing of generators	100%	100%
Tea Properties Limited	2,000	Kenya	Property investment	100%	100%
Lelsa Tea Estates Limited	4,000,000	Kenya	Dormant company	100%	100%
Tinderet Tea Estates (1989) Limited	100,000	Kenya	Cultivation, manufacture and sale of tea	82%	82%

The proportion of voting rights in the subsidiaries undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The directors of the Group concluded that the parent company has control over the subsidiary companies.

18 INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

Summarised financial information on subsidiaries with material non- controlling interest

The summarised financial information below represents amounts before intragroup eliminations.

Tinderet Tea Estates (1989) Limited
As at 31 March

	2015 Sh'000	2014 Sh'000
Assets	1,746,174	1,899,916
Liabilities	567,394	628,585
Equity attributable to the owners of the company	1,178,779	1,271,331
Non-controlling interest	18%	18%
Revenue	794,691	1,128,568
Expenses	(946,563)	(901,283)
(Loss)/profit for the year	(151,872)	227,285
(Loss)/profit attributable to the owners of the company	(106,129)	129,109
(Loss)/profit attributable to non-controlling interest	(19,529)	28,341
	(171,401)	157,450
Dividends paid to non-controlling interest	6,494	6,479
Net cash outflow from operating activities	(24,688)	(22,489)
Net cash outflow from investing activities	(32,705)	(12,176)
Net cash outflow from financing activities	(1,075)	(41,811)
Net cash outflow	(58,468)	(76,476)

		2015 Sh'000	2014 Sh'000
19	UNQUOTED INVESTMENTS		
	Available for sale: At cost		
	GROUP		
	999,326 (2014 – 999,326) shares of Sh 10 each in Kenya Tea Packers Limited	1,349	1,349
	COMPANY		
	403,545 (2014 – 403,545) shares of Sh 10 each in Kenya Tea Packers Limited	546	546

20 BIOLOGICAL ASSETS

GROUP

	Tea bushes Sh'000	Timber trees Sh'000	Fuel trees Sh'000	Total 2015 Sh'000	Total 2014 Sh'000
Carrying amount at beginning of year	2,429,827	177,112	412,320	3,019,259	2,663,985
Expenditure on biological assets	20,138	906	6,284	27,328	11,866
Decrease due to harvest	-	(186)	(657)	(843)	(3,252)
Net expenditure on biological assets	20,138	720	5,627	26,485	8,614
	2,449,965	177,832	417,947	3,045,744	2,672,599
Gains arising from changes in fair value attributable to physical changes	(29,940)	3,627	38,486	12,173	89,503
(Losses)/gains arising from changes in fair value attributable to price changes	(452,452)	-	-	(452,452)	336,222
Disposals	-	(8,026)	(23,377)	(31.403)	(79,065)
Net fair value (losses)/gains	(482,392)	(4,399)	15,109	(471,682)	346,660
Carrying amount at end of year	1,967,573	173,433	433,056	2,574,062	3,019,259

COMPANY

	Tea bushes Sh'000	Timber trees Sh'000	Fuel trees Sh'000	Total 2015 Sh'000	Total 2014 Sh'000
Carrying amount at beginning of year	1,002,659	62,417	161,344	1,226,420	1,095,271
Increase in actual cost of biological assets	11,628	-	1,407	13,035	6,700
Decrease due to harvest	-	(186)	(657)	(843)	(1,534)
Net expenditure on biological assets	11,628	(186)	750	12,192	5,166
	1,014,287	62,231	162,094	1,238,612	1,100,437
(Losses)/gains arising from changes in fair value attributable to physical changes	(60,826)	7,281	15,029	(38,516)	26,197
(Losses)/gains arising from changes in fair value attributable to price changes	(179,124)	-	-	(179,124)	136,187
Disposals	-	(8,026)	(9,116)	(17,142)	(36,401)
Net fair value (losses)/gains	(239,950)	(745)	5,913	(234,782)	125,983
Carrying amount at end of year	774,337	61,486	168,007	1,003,830	1,226,420

20 BIOLOGICAL ASSETS (Continued)

Significant assumptions made in determining the fair values of biological assets are:

- Tea bushes are considered to be productive for an estimated period of 30 years from the year of first harvest. After an average of 30 years of production, the yields become sub-optimal and are uprooted and replaced.
- The expected market price of tea will remain constant, based on the dollar average price for the last five years and the ruling rate of exchange at year end. Firewood and timber prices are also expected to remain constant.
- Based on the biological transformation which the tea bushes and tea leaf undergo, 60% of future cash flows less point of sale costs and tea processing income are discounted to determine the fair value of mature tea bushes. The remaining 40% of net market value is assigned to regeneration of tea leaf.
- Discount rate applied to discount the expected net cash flows arising from the asset was 14.8% per annum (2014 – 14.8%).
- Point-of-sale and tea-processing costs are the same as in 2014 except where there are material projected changes in operational procedures.
- The maturity period of firewood and timber trees is between 5 and 25 years depending on the species of the tree.

	GROUP		COMPANY	
	2015	2014	2015	2014
	Sh'000	Sh'000	Sh'000	Sh'000
21 INVENTORIES				
Tea stocks	315,378	365,186	142,848	122,558
Firewood	27,222	24,857	5,658	5,071
Stores	108,474	144,879	54,087	71,771
Other inventories	984	984	-	-
Consumables	314	331	314	331
	452,372	536,237	202,907	199,731
22 TRADE AND OTHER RECEIVABLES				
Trade	869,276	645,911	304,227	232,281
Staff	87,187	65,706	71,574	50,302
VAT recoverable	171,834	129,402	95,669	83,711
Other	14,245	18,992	8,165	8,607
	1,142,542	860,011	479,635	374,901
23 BALANCES WITH RELATED COMPANIES				
(a) DUE FROM ASSOCIATE COMPANIES				
Kapchorua Tea Company Limited	-	4,534	9,414	14,637

	2015 Sh'000	2014 Sh'000

23 BALANCES WITH RELATED COMPANIES (Continued)

(b) DUE FROM SUBSIDIARY COMPANIES

COMPANY

	2015 Sh'000	2014 Sh'000
Kaimosi Tea Estates Limited	38,214	65,499
Tinderet Tea Estates (1989) Limited	62,598	84,988
	100,812	150,487

(c) LOANS TO SUBSIDIARIES

	2015 Sh'000	2014 Sh'000
Kaimosi Tea Estates	14,000	-
Tinderet Tea Estates	93,000	-
	107,000	-

(d) DUE TO SUBSIDIARY COMPANIES

COMPANY

	2015 Sh'000	2014 Sh'000
Tea Properties Limited	22,016	22,678
Williamson Power Limited	658	1,013
	22,674	23,691

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(e) DUE TO ASSOCIATE COMPANY – GROUP

	2015 Sh'000	2014 Sh'000
Kapchorua Tea Company Limited	6,371	-

(f) TERMS OF THE RELATED PARTY BALANCES

The above related party balances are interest free, unsecured and have no fixed repayment period.

		GROUP		COMPANY	
		2015	2014	2015	2014
		Sh'000	Sh'000	Sh'000	Sh'000
24	SHORT TERM DEPOSITS – Held to maturity				
	At amortised cost				
	Maturing within 90 days				
	NIC Bank Limited	319,828	635,348	319,828	635,348
	Bank of Africa Limited	338,948	202,789	369,415	202,789
	At 31 March	658,776	838,137	658,776	838,137

The effective interest rates on fixed deposits at 31 March 2015 were as shown below:

	2015	2014
	Sh'000	Sh'000
NIC Bank Limited	12%	11%
Bank of Africa Limited	12%	11%

25 SHARE CAPITAL

	2015	2014
Authorised:		
17,512,640 shares of Sh 5 each	87,563	87,563
Issued and fully paid:		
8,756,320 shares of Sh 5 each	43,782	43,782

26 NON – CONTROLLING INTERESTS

	2015	2014
At beginning of year	214,003	192,141
Share of (loss)/profit - arising from operating activities	3,141	19,479
- arising from changes in biological assets	(22,670)	8,862
	(19,529)	28,341
Dividend paid by Tinderet Tea Estates (1989) Limited	(6,494)	(6,479)
At 31 end of year	187,980	214,003
Represented by:		
Holding in Tinderet Tea Estates (1989) Limited	18.00%	18.00%

27 DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%.

	GROUP		COMPANY	
	2015	2014	2015	2014
	Sh'000	Sh'000	Sh'000	Sh'000
The net deferred taxation liability is attributable to the following items:				
Deferred tax liabilities:				
Accelerated capital allowances	659,193	416,859	377,720	227,722
Revaluation of investment properties	7,500	4,500	7,500	4,500
Revaluation surplus – property and equipment	112,535	190,046	68,691	79,312
Fair value adjustments - biological assets	591,276	722,685	223,077	293,538
Unrealised exchange gains	266	178	172	60
	1,370,770	1,334,268	677,160	605,132
Deferred taxation assets:				
Unrealised exchange losses	(5,696)	(1,099)	(5,230)	(550)
Service gratuity provision	(68,299)	(59,648)	(25,367)	(22,531)
Leave pay provision	(7,478)	(7,723)	(3,833)	(4,032)
Inventories general provision	(12,382)	(868)	(10,624)	(1,206)
Doubtful debts provision	(4,411)	(5,641)	-	-
Tax losses available for future relief	(32,401)	(2,086)	(31,909)	-
	(130,667)	(77,065)	(76,963)	(28,319)
Net deferred taxation liability	1,240,103	1,257,203	600,197	576,813

As at 31 March 2015, the Group had accumulated tax losses of Sh 1,640,000 relating to Williamson Power Limited (Sh 6,953,000) and Williamson Tea Kenya Limited (Sh 106,363,000).

27 DEFERRED INCOME TAXATION (Continued)

The movement on the deferred taxation account is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
	Sh'000	Sh'000	Sh'000	Sh'000
At beginning of year	1,257,203	1,245,530	576,813	635,313
Taxation (credit)/charge (note 9a)				
-current year (credit)/charge	(108,168)	59,889	(23,886)	(10,166)
-Prior year (over)/under provision	(21,467)	5,484	(21,336)	5,366
Deferred taxation on revaluation surplus dealt with through other comprehensive income	112,535	(53,700)	68,606	(53,700)
At end of year	1,240,103	1,257,203	600,197	576,813

	GROUP		COMPANY	
	2015	2014	2015	2014
	Sh'000	Sh'000	Sh'000	Sh'000
28 SERVICE GRATUITY PROVISION				
At beginning of year	198,826	181,428	75,104	65,027
Provision during the year	42,797	32,131	13,590	14,854
Payments in the year	(13,961)	(14,733)	(4,137)	(4,777)
At end of year	227,662	198,826	84,557	75,104

29 BORROWINGS

a) Loans

2015				
Asset finance loan	231,265	180,291	231,265	180,291
The borrowings are repayable as follows:				
On demand and within one year	43,772	-	43,772	-
On demand and within 2 to 5 years	187,493	180,291	187,493	180,291
	231,265	180,291	231,265	180,291

Analysis of borrowings by currency

GROUP

	Borrowings in KES	Borrowings in USD	Total
	Sh'000	Sh'000	Sh'000
2015			
Asset finance loan	-	231,265	-
2014			
Asset finance loan	-	180,291	-

29 BORROWINGS (Continued)

b) Interest rates

	2015	2014
The average interest rates paid by the Group were as follows:		
Asset finance Loan- US$	7.5%	7.5%
	======	======

c) Details of securities for loans and bank overdrafts

The loan facilities with Barclays Bank of Kenya Limited are secured by:

GROUP

1. Joint and several debentures between Kaimosi Tea Estates Limited and Williamson Tea Kenya Limited to Barclays Bank of Kenya Limited stamped and registered to cover Sh 104 million.
2. Legal mortgage over LR Nos. 1892, 1893, 1894, 1895, 1896 and 1899 (Kaimosi Tea Estates) registered and stamped to cover Sh 104 million supplemental to the debenture.
3. Fixed and Floating debenture in the bank's standard form covering the assets of Kaimosi tea Estates ltd, Williamson Tea Kenya Ltd and Tea Properties Ltd registered and stamped to cover Sh 318,876,140
4. Charge over Property Title No. 1989 Kaimosi, 1896 Kaimosi, 1895 Kaimosi, 1894 Kaimosi, 1899 Kaimosi and 1892 Kaimosi in the name of Kaimosi Tea Estates Ltd registered and stamped to cover Sh 318,676,140

COMPANY

1. Joint and several debentures between Kaimosi Tea Estates Limited and Williamson Tea Kenya Limited to Barclays Bank of Kenya Limited stamped and registered to cover KSh 104 million.
2. Legal mortgage over LR Nos. 1892, 1893, 1894, 1895, 1896 and 1899 (Kaimosi Tea Estates) registered and stamped to cover KSh 104 million supplemental to the debenture.
3. Fixed and Floating debenture in the bank's standard form covering the assets of Kaimosi tea Estates ltd, Williamson Tea Kenya Ltd and Tea Properties Ltd registered and stamped to cover Sh 318,876,140
4. Charge over Property Title No. 1989 Kaimosi, 1896 Kaimosi, 1895 Kaimosi, 1894 Kaimosi, 1899 Kaimosi and 1892 Kaimosi in the name of Kaimosi Tea Estates Ltd registered and stamped to cover Sh 318,676,140

d) Undrawn facilities

The Group had undrawn committed borrowing facilities with various bankers amounting to Sh 203,798,000 (2014 – Sh 237,066,000). The borrowing facilities consist of loans, bank overdrafts, letters of credit and guarantees.

	GROUP 2015 Sh'000	GROUP 2014 Sh'000	COMPANY 2015 Sh'000	COMPANY 2014 Sh'000
30 TRADE AND OTHER PAYABLES				
Trade payables	68,673	77,994	38,426	18,284
Leave provision	24,928	25,743	12,776	13,440
Accruals and other payables	172,212	216,615	65,691	81,141
	265,813	320,352	116,893	112,865

31 UNCLAIMED DIVIDENDS

	2015 Sh'000	2014 Sh'000
GROUP & COMPANY		
At beginning of the year	2,001	4,224
Declared in the year		
- Final	61,294	65,672
Dividends paid	(58,987)	(67,895)
At end of year	4,308	2,001

32 NOTES TO THE CASH FLOW STATEMENT

	2015 Sh'000	2014 Sh'000
GROUP		
(a) Reconciliation of (loss)/profit before taxation to cash generated from operations		
(Loss)/profit before taxation	(298,565)	1,041,033
Adjustments for:		
Depreciation	182,950	191,606
Amortisation of prepaid operating leases	84	84
Amortisation of intangible assets	1,721	1,664
Loss/(gain) on disposal of plant and equipment	4,047	(3,857)
Share of results of associates	11,684	(72,030)
Dividends received from other investments	(496)	(693)
Fair value adjustment on biological assets	471,682	(346,660)
Fair value gain on investment properties	(25,000)	(15,000)
Exchange differences on asset finance loans (note 32(b))	15,489	1,833
Interest paid	19,825	11,242
Interest received	(90,370)	(63,419)
	293,051	745,803
Working capital changes:		
Decrease in inventories	83,865	79,501
(Increase)/decrease in trade and other receivables	(282,531)	13,460
Decrease in trade and other payables	(54,539)	(361,733)
Movement in associate company balances	10,905	81,059
Increase in service gratuity provision	28,836	17,398
Cash generated from operations	79,587	575,488
(b) Analysis of changes in asset finance loan		
At beginning of year	180,291	6,033
Loan received	52,608	178,458
Asset finance loans repaid	(17,123)	(6,033)
Exchange losses (note 32(a))	15,489	1,833
At end of year (note 29)	231,265	180,291
(c) Analysis of cash and cash equivalents		
Cash and bank balances	334,584	373,908
Short term deposits (note 24)	658,776	838,137
At 31 March	993,360	1,212,045

For the purpose of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired, less advances from banks repayable within three months from the date of the advance.

33 RELATED PARTY TRANSACTIONS

The Group transacts with the ultimate holding company, George Williamson & Co Ltd and other companies which are also subsidiaries of George Williamson & Co Ltd.

During the year, the following transactions were entered into with related parties:

	2015 Sh'000	2014 Sh'000
Sales through a related party (George Williamson & Co Ltd – parent)	488,530	3,404,690
Agency commission and charges received (Kapchorua Tea Company Limited – associate)	42,288	41,033
Agency fees-Cohen & Griffiths Limited	14,656	125,284
Green leaf purchases from Kapchorua Tea Company Limited	8,468	38,802
	=======	=======

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

Directors' emoluments

	2015 Sh'000	2014 Sh'000
Salaries and benefits	23,626	18,370
Fees and allowances for services as directors	4,084	4,383
	27,710	22,753
	======	======

Key management remuneration

	2015 Sh'000	2014 Sh'000
Salaries and other benefits	76,577	82,967
	======	======

34 CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2015 Shs'000	2014 Shs'000	2015 Shs'000	2014 Shs'000
Authorised but not contracted for	22,099	165,819	8,321	6,619
Authorised and contracted for	221,890	54,933	92,163	1,791
	243,989	220,752	100,484	8,410
	======	======	======	======

Capital commitments include purchase of various machines for production purposes. The Group intends to finance these commitments from internally generated funds, asset financing from the banks and loans from overseas Shareholders.

35 OPERATING LEASE COMMITMENTS

The Group as a lessee

Property rental expense incurred during the year amounted to Sh 4,338,640 (2014 – Sh 4,079,196). At the end of the reporting period the Group had outstanding commitments under operating leases which fall due as follows:

	2015 Sh'000	2014 Sh'000
Within one year	4,618	4,475
In the second to fifth years inclusive	6,166	11,299
	10,784	15,774
	======	======

35 OPERATING LEASE COMMITMENTS (Continued)

The Group as a lessor

Property rental income earned during the year amounted to Sh 2,988,000 (2014 – Sh 3,553,000). At the end of the reporting period, the Group had contracted with tenants for the following future lease receivables.

	2015	2014
	Sh'000	Sh'000
Within one year	1,740	2,558
In the second to fifth years inclusive	1,879	-
	3,619	2,558

Leases are negotiated for an average term of six years for both residential properties and non-residential properties, and rentals are reviewed annually. The leases are cancellable with no penalty when the tenants give three months' notice to vacate the premises.

36 CONTINGENT LIABILITIES

The Group is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis based on advice from the company's legal advisors to assess the probability of the company incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

37 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 29, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

	GROUP	
	2015	2014
	Sh	Sh
Share capital	43,782	43,782
Retained earnings	5,518,553	5,681,819
Revaluation surplus	832,721	640,923
Equity	6,395,056	6,366,524
Total borrowings	231,265	180,291
Less: cash and cash equivalents	(993,360)	(1,212,045)
Net debt	(762,095)	(1,031,754)
Gearing	Nil	Nil

38 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance department identifies, evaluates and hedges financial risks as appropriate. The Board guidance on the overall risk management, as well as director's policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

Financial risks arising from use of financial instruments

The Group has exposure to the following risks due to its use of financial instruments;

- credit risk
- liquidity risk
- market risk

Credit risk

Credit risk is managed on a Group-wide basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade receivables. The credit risk on liquid funds and bank balances is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies. The Group management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The amount that best represents the Group's maximum exposure to credit risk as at 31 March 2015 is made up as follows:

	Fully performing Sh'000	Past due Sh'000	Impaired Sh'000	Total Sh'000
Trade receivables	867,633	1,643	4,519	873,795
Provision for impairment	-	-	(4,519)	(4,519)
	867,633	1,643	-	869,276
Short term deposits	658,776	-	-	658,776
Bank balances	328,226	-	-	328,226
	1,854,635	1,643	-	1,856,278

The amount that best represents the Group's maximum exposure to credit risk as at 31 March 2014 is made up as follows:

	Fully performing Sh'000	Past due Sh'000	Impaired Sh'000	Total Sh'000
Trade receivables	644,759	1,152	13,025	658,936
Provision for impairment	-	-	(13,025)	(13,025)
	644,759	1,152	-	645,911
Short term deposits	838,137	-	-	838,137
Bank balances	334,584	-	-	334,584
Due from associate company	4,534	-	-	4,534
	1,822,014	1,152	-	1,823,166

The customers under the fully performing category are paying their debts as they continue trading.

38 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The receivables that are past due relate to trade receivables overdue by over 60 days. The receivables are not impaired and continue to be paid. The finance department is actively following these receivables. No collateral is held with respect to the debt. The debt that is overdue is not impaired and continues to be paid. The finance department is actively following this debt. The debt that is impaired has been fully provided for. However, the finance department are following up on the impaired debt.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Up to 1month Sh'000	1-3 months Sh'000	3-12 months Sh'000	1-5 years Sh'000	Over 5 years Sh'000	Total Sh'000
Financial liabilities						
At 31 March 2015						
Trade payables	65,920	271	2,482	-	-	68,673
Due to associate company	6,371	-	-	-	-	6,371
Borrowings	-	-	43,772	187,493	-	231,265
	72,291	271	46,254	187,493	-	306,309
At 31 March 2014						
Trade payables	76,265	330	45	1,354	-	77,994
Borrowings	-	-	-	180,291	-	180,291
	76,265	330	45	181,645	-	258,285

Market risk

(i) Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	USD Sh'000	GBP Sh'000	EURO Sh'000
2015			
Financial assets			
Bank and cash balances	72,268	77,914	13,071
Trade receivables	636,532	199,835	27,117

38 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(i) Foreign exchange risk (Continued)

	USD Sh'000	GBP Sh'000	EURO Sh'000
Financial liabilities			
Trade payables	(1,498)	-	-
Net exposure	707,302	277,749	40,188
2014			
Financial assets			
Bank and cash balances	205,894	114,504	1,447
Trade receivables	521,317	103,437	14,275
Financial liabilities			
Trade payables	(26,853)	-	-
Net exposure	700,358	217,941	15,722

Foreign exchange risk – appreciation/depreciation of Ksh against other currencies by 1%

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different at the end of the reporting period with all other variables held constant.

	2015 Sh'000		**2014 Sh'000**	
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
Currency - GB pounds				
+ 1 percentage point movement	379	265	313	456
- 1 percentage point movement	(379)	(265)	(313)	(456)
Currency - US dollars				
+ 1 percentage point movement	653	457	651	219
- 1 percentage point movement	(653)	(457)	(651)	(219)
Currency - Euro				
+ 1 percentage point movement	40	28	19	13
- 1 percentage point movement	(40)	(28)	(19)	(13)

(iii) Interest rate risk

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. The Group closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes.

Interest rate risks – increase / decrease of 1% in net interest margin

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different at the end of the reporting period with all other variables held constant.

38 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Interest rate risk (Continued)

	2015 Sh'000 Effect on profit	2015 Sh'000 Effect on equity	2014 Sh'000 Effect on profit	2014 Sh'000 Effect on equity
+ 1 percentage point movement	705	494	525	367
- 1 percentage point movement	(705)	(494)	(525)	(367)

Financial risks arising from involvement in agricultural activity

The Group is exposed to financial risks arising from changes in tea prices. The Group reviews its outlook for tea prices regularly in considering the need for active financial risk management. This is achieved through the marketing agent based in the United Kingdom.

39 COUNTRY OF INCORPORATION

All the companies in the Group are incorporated and domiciled in Kenya under the Kenyan Companies Act.

40 ULTIMATE HOLDING COMPANY

The immediate holding company is Ngong Tea Holdings Limited, incorporated in the United Kingdom. The ultimate holding company is George Williamson & Co Ltd, a company incorporated in the United Kingdom.

41 CURRENCY

These financial statements are presented in Kenya Shillings thousands (Sh'000).

WILLIAMSON TEA KENYA LIMITED

COMPANY DETAILED INCOME STATEMENT (measurement of biological assets and agricultural produce at actual cost for tax purposes)
FOR THE YEAR ENDED 31 MARCH 2015

	2015 Sh	2014 Sh
TURNOVER	883,568,613	1,288,100,811
COST OF SALES	(749,429,330)	(940,671,347)
GROSS PROFIT	134,139,283	347,429,464
OTHER INCOME	120,519,411	139,850,096
DISTRIBUTION COSTS	(93,867,929)	(122,821,201)
ADMINISTRATIVE EXPENSES	(11,614,979)	(14,417,639)
NET FINANCE COSTS	(16,953,525)	(10,829,072)
DIVIDENDS RECEIVABLE	90,278,230	68,185,150
PROFIT BEFORE TAXATION	222,500,491	407,396,798

Reconciliation of results at fair valuation of biological and agricultural produce to results based on actual cost of biological assets and agricultural produce:

	2015 Sh'000	2014 Sh'000
PROFIT BEFORE TAXATION AS ABOVE	222,500	407,397
Fair value adjustment	(234,782)	125,983
(LOSS)/PROFIT BEFORE TAXATION AS PER INCOME STATEMENT	(12,282)	533,380
CURRENT TAXATION CHARGE	(27,810)	(128,086)
DEFERRED TAXATION CREDIT	45,222	4,800
	17,412	(123,286)
PROFIT FOR THE YEAR	5,130	410,094

APPENDIX II

WILLIAMSON TEA KENYA LIMITED
HEAD OFFICE

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	Sh	Sh
TURNOVER		
Rental income	2,987,750	3,553,150
Repairs and maintenance	(517,596)	(217,021)
	2,470,154	3,336,129
ADMINISTRATIVE COSTS		
Professional fees	1,431,684	373,310
Donations	1,054,659	477,491
Auditors' remuneration	2,313,704	2,152,410
Registrars fees expenses	1,822,141	2,790,852
Directors' fees	1,612,000	1,752,000
Bank charges	545,620	96,799
Subscriptions	83,667	21,500
Central recharges	(5,856,109)	(48,460,766)
	3,007,366	(40,796,404)
OTHER INCOME		
Fair value gain on investment property	25,000,000	15,000,000
Miscellaneous receipts	969,920	3,668,816
Interest receivable	45,627,193	29,773,513
Gain on sale of equipment	17,201	63,137
	71,614,314	48,505,466
FINANCE COSTS		
Interest payable	15,741	4,326
DIVIDENDS RECEIVABLE		
Dividend from subsidiary companies	82,203,500	56,576,800
Dividend from associate company	8,074,730	11,608,350
	90,278,230	68,185,150
PROFIT BEFORE TAXATION	161,339,591	160,818,823

APPENDIX III

WILLIAMSON TEA KENYA LIMITED
CHANGOI ESTATE
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	2015 Sh	2014 Sh
TURNOVER	880,580,863	1,284,547,662
COST OF SALES		
Depreciation	77,664,713	85,669,169
Direct tea production expenditure	690,457,820	799,918,662
Loss/(profit) on sale of plant and equipment	1,079,164	(2,401,723)
Tea stocks-opening	122,558,253	179,826,471
Tea stocks-closing	(142,848,216)	(122,558,253)
	748,911,734	940,454,326
GROSS PROFIT	131,669,129	344,093,336
OTHER INCOME		
Miscellaneous receipts	5,552,829	2,920,211
Interest receivable	43,352,268	27,579,241
	48,905,097	30,499,452
ADMINISTRATIVE EXPENSES		
Professional fees	4,206,685	3,125,809
Auditors remuneration	1,252,369	1,377,479
Head office and general expenses	3,149,459	2,249,989
	8,608,513	6,753,277
DISTRIBUTION COSTS		
Agency fees	33,908,100	50,650,759
Ocean freight and marine insurance	20,523,073	26,853,140
Transport to coast and coast charges	39,436,756	45,317,302
	93,867,929	122,821,201
FINANCE COSTS		
Net loss/(gain) on foreign exchange	1,495,697	(10,833,398)
Interest on bank overdraft	662,378	-
Interest on loan	-	140,274
Dividends receivable	-	(279,859)
Asset finance charges	14,779,709	9,413,317
	16,937,784	(1,559,666)
PROFIT BEFORE TAXATION	61,160,000	246,577,976
	========	=========

APPENDIX IV

WILLIAMSON TEA KENYA LIMITED
CHANGOI ESTATE

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

Reconciliation of results at fair valuation of biological and agricultural produce to results based on actual cost of biological assets and agricultural produce:

	2015 Sh'000	2014 Sh'000
PROFIT BEFORE TAXATION AS ABOVE	61,160	246,578
FAIR VALUE ADJUSTMENT	(234,782)	125,983
(LOSS)/PROFIT BEFORE TAXATION AS PER INCOME STATEMENT (ACCOUNTS)	(173,622)	372,561