

WILLIAMSON TEA KENYA PLC

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 2022**

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY

PHYSICAL CHEMISTRY

10191700

CONTENTS	PAGES
Notice of annual general meeting	2
Corporate information	3
Financial highlights	4
Chairman's statement	6
Statement of corporate governance	11
Directors' remuneration report	15
Report of the Directors	17
Statement of directors' responsibilities	20
Report of the independent auditor	21
Financial statements:	
Consolidated statement of profit or loss and other comprehensive income	25
Consolidated statement of comprehensive income	26
Company statement of profit or loss and other comprehensive income	27
Consolidated statement of financial position	28
Company statement of financial position	30
Consolidated statement of changes in equity	31
Company statement of changes in equity	32
Consolidated statement of cash flows	33
Company statement of cash flows	34
Notes	35

Williamson Tea Kenya Plc
Notice of annual general meeting
For the year ended 31 March 2022

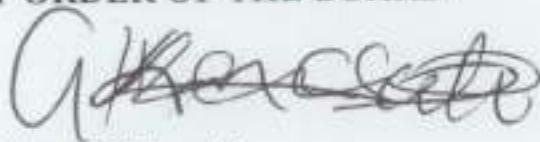
NOTICE IS HEREBY GIVEN that the 80th Annual General Meeting of the Shareholders will be held by electronic communication on Thursday 4th August 2022 at 11.15 a.m. for the following purpose:

Ordinary Business:

- 1) To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 2022.
- 2) To approve dividend of Sh.20 per share in respect of the year ended 31st March 2022 payable on 19th August 2022, to shareholders on the Register of Members as at close of business on 29th July 2022.
- 3) To re-elect Directors:
 - i) In accordance with Article 108 of the Company's Articles of Association, Mr. Philip Magor retires by rotation and offers himself for re-election.
 - ii) In accordance with Article 108 of the Company's Articles of Association, Mr. James Patrick Brooks retires by rotation and offers himself for re-election.
- 4) In accordance with the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit Committee, be appointed individually to continue to serve as members of the said committee:
 - i) Mr. Mathew Koech
 - ii) Mr. James Patrick Brooks
 - iii) Mr. Edward Charles Magor
- 5) To approve the Directors' remuneration.
- 6) Appointment of Auditors

To ratify the appointment PricewaterhouseCoopers LLP as the Auditors of the Company having replaced Deloitte & Touche during the year.
- 7) To transact such other business as may be brought before the meeting.

BY ORDER OF THE BOARD


Gilbert K Masaki

SECRETARY

30th June 2022

Notes:

1. Shareholders wishing to participate in the meeting should register for the AGM by doing the following:
 - a) Dialling *483*903# for all networks and follow the various prompts regarding the registration process; or
 - b) Sending an email request to be registered to williamsonagm@image.co.ke; or
 - c) Shareholders with email addresses will receive a registration link via email through which they can use to register.

In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders (whether in Kenya or outside) should dial the following helpline number: (+254) 709 170 000 from 8:00 a.m. to 5:00 p.m. from Monday to Friday. A Shareholder domiciled outside of Kenya can send an email to Image Registrars via williamsonagm@image.co.ke.

2. Registration for the AGM opens on Wednesday 13th July, 2022 at 9:00 am and will close on Tuesday 02nd August 2022 at 10:00 am.
3. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - a) sending their written questions by email to williamsonagm@image.co.ke;
 - b) shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialing the USSD code above and selecting the option (ask Question) on the prompts
 - c) to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars offices at 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
 - d) sending their written questions with a return physical address or email address by registered post to Image Registrars' address at P.O. Box 9287 – 00100 Nairobi.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

4. In accordance with Section 298(1) of the Companies Act, Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.

A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such corporation or Government office.

A completed form of proxy should be emailed to williamsonagm@image.co.ke or delivered



to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 02nd August 2022 at 10.00 am.

5. In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.williamsontea.com (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year 2022.

The reports may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

6. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting.
7. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the chairman) via the USSD prompts.
8. Results of the poll shall be published on the Company's website within 24 hours following conclusion of the Annual General Meeting.



**PROXY FORM FOR WILLIAMSON TEA KENYA PLC ANNUAL
GENERAL MEETING**

Please complete in BLOCK CAPITALS

Full name of
member(s):

Address:

CDSC No (if known) _____

(This can be found on your CDSC Statement)

Mobile

Number

Date: _____

Signature: _____

Please tick **ONE** of the boxes below and return to Image Registrars at P.O. Box 9287-00100 Nairobi, 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration

I/WE approve to register to participate in the virtual Annual General Meeting to be held on 4th August 2021.

Consent for use of the Mobile Number provided

I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM.

* NOTE: Unless otherwise directed, a Proxy holder will vote as he thinks fit and in respect of the member's total holding.



Williamson Tea Kenya Plc
Corporate Information
For the year ended 31 March 2022

DIRECTORS	E N K Wanjama A L Carmichael S N Thumbi P Magor J P Brooks E C Magor M Koech	- Chairman - Managing Director - Farm Director
BOARD COMMITTEES		
Governance & Audit Committee	M Koech J P Brooks E C Magor	- Chairman
Nominating Committee	E N K Wanjama A L Carmichael P Magor	- Chairman - Managing Director - Non Executive Director
Staff & Remuneration Committee	E N K Wanjama A L Carmichael P Magor	- Chairman - Managing Director - Non Executive Director
COMPANY SECRETARY/REGISTRAR	G K Masaki Certified Public Secretary (Kenya) P O Box 42281 - 00100 Nairobi	
REGISTERED OFFICE	The Acacia Block, 2nd Floor, Karen Office Park, Langata Road P O Box 42281 - 00100 Nairobi	
AUDITORS	PricewaterhouseCoopers LLP Certified Public Accountants (Kenya) PwC Tower, Waiyaki Way P O Box 43963 - 00100 Nairobi	
BANKERS	Absa Bank Kenya Plc Absa Plaza Business Centre P O Box 30120 - 00100 Nairobi Standard Chartered Bank Kenya Limited Kenyatta Avenue Branch P O Box 40310 - 00100 Nairobi NCBA Bank Kenya Plc NCBA Centre P O Box 44599 - 00100 Nairobi	
LAWYERS	Kaplan & Stratton Williamson House, 9th Floor 4th Ngong Avenue P O Box 40111 - 00100 Nairobi Walker Kontos Hakika House Bishops Road P O Box 60680 - 00200 Nairobi	

Williamson Tea Kenya Plc
Financial Highlights
For the year ended 31 March 2022

		2022	2021	2020	2019	2018
Tea Production						
Area under tea - Hectare		2,131	2,130	2,130	2,129	2,102
Made tea - own	*000 Kgs	7,087	6,906	7,511	7,310	7,997
- bought leaf	*000 Kgs	9,592	10,003	8,101	7,598	8,023
Total	*000 Kgs	16,679	16,909	15,612	14,908	16,020
Tea sold	*000 Kgs	16,175	18,817	14,694	14,226	15,514
Average price per Kg gross Sh/Ct		216/88	197/93	205/08	232/46	256/97
Revenue from tea and timber sales (Shs'000)		3,507,898	3,734,037	3,036,905	3,326,057	3,984,971
Profit (Shs'000)						
Profit/ (loss) before tax		578,258	(67,269)	116,994	(212,415)	810,056
Income tax (expense)/credit		(37,973)	(65,114)	30,386	40,053	(307,287)
Profit/ (loss) for the year from continuing operations		540,285	(132,383)	147,380	(172,362)	502,769
Loss from discontinued Operations		(10,438)	(13,755)	(10,178)	-	-
Profit/(loss) for the year		529,847	(146,138)	137,202	(172,362)	502,769
Attributable to:						
Non - controlling interests		19,582	(568)	4,342	(7,950)	14,825
Equity holders of the parent		510,265	(145,570)	132,860	(164,412)	487,944
Profit/(Loss) for the year		529,847	(146,138)	137,202	(172,362)	502,769
Capital employed (Shs'000)						
Assets (Shs'000)						
Property, plant and equipment		3,981,350	4,188,302	3,865,560	3,672,274	3,968,782
Right-of-use assets		83,081	86,530	95,033	-	-
Investments and other long term assets		1,108,136	989,884	1,042,628	1,092,177	1,175,988
Biological assets		721,386	685,291	684,567	699,684	703,168
Current assets		2,259,334	2,098,471	2,212,782	2,807,783	3,657,136
Total assets		8,153,287	8,048,478	7,900,570	8,271,918	9,505,074
Medium and short-term borrowings		204,040	208,072	-	37,380	97,481
Long term lease liabilities		11,063	16,011	22,325	-	-
Post-employment benefits obligation		168,283	297,218	300,178	291,157	297,969
Other current liabilities		472,603	485,733	565,233	658,271	1,164,892
Deferred income tax		982,667	1,081,548	876,659	967,735	1,097,375
Total liabilities		1,838,656	2,088,582	1,764,395	1,954,543	2,657,717
Net assets		6,314,631	5,959,896	6,136,175	6,317,375	6,847,357

Williamson Tea Kenya Plc
Financial Highlights
For the year ended 31 March 2022

		2022	2021	2020	2019	2018
Financed by (Shs'000)						
Share capital		87,563	87,563	87,563	87,563	87,563
Revaluation surplus		1,256,627	1,320,872	1,036,337	1,030,507	1,085,535
Retained earnings		4,754,004	4,351,292	4,817,422	5,001,707	5,461,624
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity holders of parent company		6,098,194	5,759,727	5,941,322	6,119,777	6,634,722
Non – controlling interest		216,437	200,169	194,853	197,598	212,635
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Shareholders' funds		<u>6,314,631</u>	<u>5,959,896</u>	<u>6,136,175</u>	<u>6,317,375</u>	<u>6,847,357</u>
Earnings/ (Loss) per share	Shs	29.73	(8.31)	7.59	(9.39)	27.86
Proposed dividend per share (par value)	%	200	200	400	400	400
Proposed dividend per share	Shs	20	10	20	20	20
Proposed dividend cover	Times	1.49	(0.83)	0.38	(0.49)	1.39
Closing exchange rates	US \$	114.95	109.51	104.69	100.75	100.84
	UK £	151.13	150.69	129.87	131.85	142.31
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Results

The Group reported a profit for the year from continuing operations of Shs 493 million compared to a loss of Shs 132 million in 2021.

Production

The crop production figures for the financial year are given on page 4.

The crop production figures show some mixed results but are following a year of exceptional crop production. Changoi increased its crop beyond the current year estimate and last year's crop levels. Kaimosi's crop decreased in comparison to the estimated crop and the previous year while Tinderet's crop was above the estimate but below last year's crop levels.

The truisms of rain fed agriculture remain, crop will come with rain and generally this has been true for the year. A marginal decline in rainfall, but with similar distribution lead to decent results but a drier end to the year than the previous year, the nuances associated with a pruning cycle, 4 years in our business and the competitive nature of purchasing green leaf all contributed to the decrease in crop witnessed in Tinderet and Kaimosi.

Our introduction of propelled tea harvesters has proved a wise investment with the machines providing extremely good quality green leaf, as long as the relevant section is harvested on time. Long leaf in the field will be long leaf plucked and arrives in the factory to make substandard teas. Supervision and logistical planning remains a key task for management in the field.

Smallholder Farmers

Smallholders remain a critical part of our business and indeed a critical part of Western Kenya's economy. This is perhaps best illustrated by the visible, tangible evidence of increased prosperity around Tinderet. The UN Food and Agriculture Organization (FAO) define 3 critical aspects in alleviating low productivity, drudgery of work and the departure of rural youth to urban environments: -

- Sufficient levels of income
- Market opportunities
- Sound cash crop

With Tinderet as our example, one would need to go back about ten years ago. At the factory gate each day more than 100 local residents would turn up early in the morning seeking casual work.

It is impossible for a farm to provide this additional employment. High levels of unemployment are socially damaging and breed instability for the region. We then set about a plan for Tinderet to turn the unemployed local resident into a rural farmer, smallholder by providing millions of plants over 5 years from our nursery to be sold to them at Sh 1 per plant. Two points on this peppercorn price. It is first of all important to focus minds on the task ahead and by paying just a little money the "soon to be" local tea farmer is focused and serious. Secondly Tinderet factory would hope to be the beneficiary of the green leaf once the plants were mature having subsidized the sale price to such an extent.

Ten or so years on, what has happened?

There are no local residents outside the factory gate on any morning asking for a job.

Have the 3 FAO principles been achieved?

The sufficient levels of income have been provided by a sound cash crop. The market opportunities provided by the factory buying the smallholder leaf which have ensured a sound return to the farmer within the business relationship. Not all the green leaf comes to Tinderet, it remains as it should be, a competitive environment "willing buyer, willing seller". But Tinderet is working on it and provides the knowledge, skills and finance to exploit market opportunities.

Cost of Production

Years of experience tells us we can only control our costs, not the price of tea, the market being dominated by the law of supply and demand.

The control of costs means being efficient with sufficient volumes of green leaf being processed in a factory operating at optimum limits. The harvesting by a harvester is an example of cost control. It is one of the most critical aspects of our business.

What can't we control?

We have navigated our way through a global pandemic, this is clearly not over but most of the world realizes we have to live with it and manage. We managed and are indeed grateful to the MOH for their clarity of thought and instruction and to all our staff for their (continued) attention to detail and implementation of sanitary protocols.

Then at the end of the year Russia invaded Ukraine. So what some may ask?

Our supply of fertilizer has doubled in cost indeed the supply is threatened. Oil based energy prices are rising all the time. Food supplies are under threat, Ukraine exports 10% of the world's grain and is the breadbasket for the Western world and beyond. Trade has diminished, shipping routes disrupted, Russia no longer buys tea from Mombasa. The old presumption of globalization and world trade is under threat with economies shrinking, inflation rising and imports under threat. We wait to see who will emerge as being resilient to this threat.

These are massive challenges to a business taking place beyond our borders yet having direct consequences to our success and survival.

And yet the risks to our business also exist closer to home.

Local Political rhetoric tends to ramp up populist emotions which are heightened further when elections are round the corner. Insurance costs increase and management time is distracted. I remind you every year, that since August 27th 2010 our freehold titles and 999 year leases were removed and are still to be replaced by the long promised 99 year leases. Yes, land is a sensitive issue all over the world however our track record and contribution to the national revenue, the very visible and successful results of our economic efforts and investment significantly assisting Western Kenya prosperity demand to be heard and taken seriously. The leases should be delivered.

Power is a problem. KPLC supply is erratic, we have so far invested huge amounts in two solar farms at Changoi and Kaimosi. A factory cannot function without reliable delivery of power.

These are old domestic risks mentioned every year and we have survived them before. But there is a new risk that has emerged from an unexpected quarter. The Kenyan tea industry is well-regulated with multiple governance controls operating within the laws of a sovereign country.

And yet there are increasingly and often so it would seem, self-serving third-party audit organizations, specifically Rainforest Alliance wishing to benefit from our efforts by adding layers of bureaucracy and cost to our business.

These audits have been around for years and exist because some buyers demand them. We voluntarily agree to undertake the audit as some of our customers' desire third party verification of good practices, no problem - until the narrative and the costs shift.

The narrative shift is often subtle and will always take the form of a towering, good intention without any recognition of cost, consequence or commercial impact. The Rainforest Alliance "Living Wage" has taken a life of its own, a crusade to further the influence of unaccountable third parties. The proposed process interferes with Government economists who have set and gazetted regional wages that are then subjected to collective bargaining agreements on a bi-annual basis.

The audit target can only be businesses that have existing good governance and best practice within a well-regulated package already supporting thousands of individuals directly and indirectly. Otherwise, the platform is too shaky, too uncertain and will collapse immediately.

Cost of Production (continued)

The proposal deceit lies in audit charges beyond the means of businesses - an 80% increase in audit fee whilst transitioning and simultaneously taking credit should implementation follow. Be under no illusion, this is a threat to the cost of doing business from a non-commercial organization wishing to further their own trade and influence whilst stepping way beyond the remit of evaluating good practice.

An audit by definition is not contributing to those decisions merely taking a third-party view of actions already carried out. Any attempts to extend beyond this generalized remit is interference.

Markets

As explained in some detail in my report last year the Tea Act 2020 continues to dominate the landscape and the way that we sell our tea.

The Act itself remains in court with challenges to three critical areas. 100% of tea sold should be through the Mombasa auction. Within 8 years 40% of tea purchases must be in value added form. A new Levy will be imposed to pay for a price stabilization fund. We await judgement on these clauses but each in their way carry consequences should they be implemented.

Our target markets have changed significantly in the past 12 months. The Mombasa auction is now a critical focus with two key players buying tea, Pakistan and Egypt capturing around 60% of all purchases. We have refocused our attention to selling main grades tea to them.

Our quality efforts have been enhanced by the aforementioned harvesters we purchased from Japan. The operational and logistic changes have ensured that plucking rounds can be carefully monitored and controlled. Once this has happened the opportunity to make teas that are competed for by the two main demand markets is possible. We can never rest easily but our achievements have generally outshone expectations, and we are progressing well.

We are also competing consistently with our competitors who have been selling in the Pakistan and Egyptian markets a lot longer than we have. Breaking down buyers' loyalty and perception is no easy task, but the hard work is paying off.

Following multiple newspaper articles, It may be important to explain that the KTDA control at least 65% of Kenya's tea production. This means that any buyer operating in Kenya cannot ignore them! The KTDA therefore are able to place minimum prices on their teas secure that the two main demand destinations will continue to buy. For your company, we are not able to compel buyers to purchase our teas, we must convince. This is an entirely different dynamic and requires quality, consistency, marketing and efficiency to achieve success. An auction system does not guarantee a sale. A disastrous scenario of not selling for a number of weeks would mean no cash, and no cash means after time no business thus a minimum price is out of the question.

We must capture the loyalty of hitherto unknown buyers, both large and small to generate demand and sell at a profitable rate. Our efforts continue.

Market Outlook

An election frequently brings with it change; however, our hope is that stability in a very unstable world is achieved. We know what to do, we are good at what we do, let us do it.

Demand for Kenya tea remains concentrated on Pakistan and Egypt. It would be hugely encouraging if national efforts to negotiate demand from a still very protectionist India were taken. The population is increasing and will overtake China soon. The culture from North to South is tea drinking but at some point, there will be insufficient tea produced locally to provide for the domestic Indian market. Kenya can provide.

Europe, the UK and North America are in transition with retailers continuing to demand a large percentage for sales. With inflationary pressures and higher prices (KTDA minimum price) for Kenya teas these packers are turning to inferior destinations, Malawi, Tanzania and South India. The probability is that sales will therefore continue to decline in the Western world as customers turn to alternative beverages.

Market Outlook (continued)

From the large volumes of tea printed in the auction on a weekly basis we can speculate that there is more than sufficient supply to meet current demand.

For your company it is critical to continue to take a larger slice of the existing cake by sticking to the basics of consistent quality.

We have rebranded our door sales packaging and hope to generate a little more demand. A number of new start up factories in Kericho and Nandi are concentrating on door and local sales. One of the reasons for this is the quality demands locally are less stringent than for export and this means that a lower standard of purchased green leaf can be tolerated.

For us we have set our course on gaining sales in Pakistan and Egypt. Door sales are packed from the same leaf that makes all our invoices.

General Outlook

The liquidator completed the winding up of Williamson Power Limited during the year. The plot from which WPL operated remains with the Company.

We are constantly looking to improve our core business in a measured manner. Improvement is often associated with increased productivity, which is of course achieved by technology, machinery and investment.

Renewable energy in the fight against climate change is essential. Investing in our farms and tea production is desirable. Improved capacity in a factory increases output and quality by avoiding the days a factory is over loaded.

This does mean a gradual reduction in our workforce through retirement over time. For context let us return to the FAO briefly, the removal of drudgery and the reversal of rural youth emigrating to urban areas is a prime concern for them.

Why? Everybody is aspirational, nobody wants a job that day in and day out involves drudgery. For agricultural companies to attract migrating rural youth we need to offer employment that is challenging, enjoyable and rewarding. They represent the future and only by youth remaining in rural areas will those areas continue to prosper.

By definition the jobs available will gradually change from the historical norm. This evolution is required for progress and prosperity. We operate in rural areas where the infrastructure is of course different to urban areas. This is recognized by government of Kenya research and therefore we must prepare accordingly. Blueprints for new, environmentally friendly model villages to cater to ideal worker numbers on each farm are in the pipeline with a view to the future. More later!

Dividends

In view of the results, the Directors are recommending a final dividend payment of Shs 20 per share (2021: Shs 10 per share from the reserves).

Corporate Social Responsibility

The Group continues to embrace social enhancing ethics, food safety standards and sustainable agricultural practices. The Group is still certified by ISO 22000:2005, FSSC 22000, Rainforest Alliance and UTZ.

The various farm activities covered in the year are detailed in our website <http://williamson-tea.blogspot.co.uk/>. The activities include building school classrooms, administration blocks, bursaries, and providing surrounding communities with water.

Health and Education

The Group continues to provide extensive medical services to its employees, with 5 Health Clinics and actively participates in the various Doctors' schemes, including visiting Doctor Services and HIV/AIDS prevention programs. Contribution has also been given in the form of equipment to hospitals which treat some of our workers and the surrounding communities. Distribution of treated water to communities is high on the agenda.

Through the Kenya Tea Growers Association, the Group continues to support the running and development of various sponsored Primary and Secondary Schools in Kericho and Nandi counties. We continue to operate several crèches, 4 Primary Schools and 1 Secondary School together with bursary schemes for gifted students proceeding to Secondary education.

Welfare

The number of permanent and seasonal employees exceeded 1,100 with over 3,000 of their dependents who also benefit from the social and welfare amenities provided.

During the year, the Group spent over Shs 76 million on employees' pension, gratuities, leave and medical expenses over and above employees' direct wages. In addition, the company incurred in excess of Sh 1 million on capital projects relating to employee welfare.

Appreciation

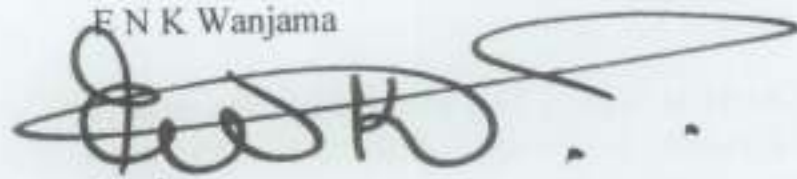
I would like to thank all our management staff led by the Managing Director Alan Carmichael and the Visiting Agent Samuel Thumbi.

The farm management under the charge of Ishmael Sang, Charles Agui and Sospeter Angira at Changoi, Tinderet and Kaimosi respectively.

My thanks also to the Chief Financial Officer Angus Nyariki, all our staff at the Nairobi Head Office and all our staff on the farms.

Last but not least, I would like to thank my fellow Directors for the valuable contribution and advice.

E N K Wanjama



Chairman

30 June 2022

Corporate Governance is the process and structure used to direct and manage business affairs of the Group and the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholders long-term value while taking into account the interest of other stakeholders. The principles and standards adhered to by the Board have been developed with close reference to guidelines on corporate governance issued by the Capital Markets Authority, Code of Corporate Governance Practices for Issuers of Securities to The Public 2015 ("the Code") and other global best practices.

The Group continues to consider recommendations of the "Code" and implement them where appropriate.

BOARD OF DIRECTORS

The Board consists of seven directors, five of whom are non-executive Directors including the Chairman. Among the non-executive directors are three independent Directors. All the non-executive Directors are subject to retirement by rotation and must seek re-election by shareholders at least once every three years in accordance with the Company's Articles of Association.

The composition of the Board is set with the aim of having a Board with an appropriate balance of skills and experience to support the Group and the Company's strategy and to lead the Company effectively.

There's a clear division of responsibility between the Chairman and the Managing Director. The Chairman is responsible for the leadership of the Board ensuring its effectiveness; and he sees that they are given appropriate and timely information to enable them to properly discharge their responsibilities. He also ensures effective communication with shareholders and facilitates relations between the different Board Members. The Managing Director is responsible for the day-to-day management of the Group and the Company and the execution of the strategy agreed by the Board.

The Board is responsible for formulating policies and strategies and ensuring that the business objectives aimed at promoting and protecting the shareholders' value while taking into account the interest of other stakeholders, are achieved. The Board ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The Board meets to review annual budget and half-year and annual accounts and to monitor operational performance. The Directors are given appropriate and timely information to enable them to maintain full and effective control. Except for direction and guidance on general policy, the Board has delegated authority for conduct of the day-to-day business to the Managing Director assisted by a team of able managerial staff.

The full Board meets at least once every quarter for scheduled meetings and on other occasions as required for consideration of exceptional matters. A timetable of calendar dates for Board meetings to be held during the year is circulated in advance to the Board. The notice of board meetings is distributed together with the agenda and Board papers to all Directors beforehand.

The Company Secretary is always available to the Board of Directors and is a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Public Secretaries of Kenya (ICS). The Group Chief Financial Officer is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Public Secretaries of Kenya (ICS).

BOARD REMUNERATION

Non-executive Directors are paid an annual fee together with a sitting allowance for every meeting attended. The aggregate amount of emoluments paid to Directors for services rendered during the financial year are disclosed in note 7 to the financial statements.

DIRECTORS' SHAREHOLDING

None of the Directors as at end of the year 31 March 2022 held shares in their individual capacity that were more than 2% of the Company's total equity (2021: None). The Directors' interest in the shares of the Company as at 31st March is summarised below:

Name	Number of Shares	
	2022	2021
E N K Wanjama	200	200

COMMITTEES OF THE BOARD

The Board has three standing committees, which meet under the terms of reference set by the Board.

GOVERNANCE AND AUDIT COMMITTEE

The Governance and Audit committee was constituted by the Board in 1998 and comprises three non-executive Directors and professionals. The committee meets at least four times in the year.

The responsibilities of the committee include:

- All areas of corporate governance, with specific reference to issues of risk management;
- Review of interim and annual financial statements to ensure compliance with disclosure requirements;
- Maintenance and review of Group's system of accounting and internal controls; and
- Liaising with external auditors of the Group.

Every year, the committee visits each of the Group's farms for a full day. In addition, the committee meets with the external auditors once every year and other times when deemed necessary.

The Board of the Group has a nominating committee consisting of independent and non-executive Directors. This committee is responsible for proposing new nominees for the Board and for assessing the performance and effectiveness of all the Directors.

STAFF AND REMUNERATION COMMITTEE

There is a staff and remuneration committee consisting of one executive and two non-executive Directors. The committee is responsible for the remuneration and incentives for the Board and the senior management and for the structure of remuneration packages and submits its recommendations to the Board.

INTERNAL CONTROLS

The Board is responsible for the Group's and the Company's system of internal controls and for reviewing their effectiveness. The Group and Company has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information.

The systems in place are designed to ensure that authority is obtained for any major transaction and that the Group and the Company comply with all Kenyan laws and regulations, including those that govern sound financial management. Procedures are in place to ensure that all assets are subject to proper physical controls and these are professionally re-valued every three years.

The Group's internal auditor reviews policy, systems and procedures on a regular basis and reports to the Managing Director and the Governance and Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

The Group is committed to ensuring that there's open and good communication with investors through the Annual General Meeting, distribution of the Group's annual report and the release of notices of its half-yearly and annual results in the press and the Company website: www.williamsontea.com.

SHAREHOLDING PROFILES

The Company through its registrar, files returns regularly in line with Capital Markets Authority and the Nairobi Securities Exchange under the listing regulations on transactions related to shareholders.

PRINCIPAL SHAREHOLDERS

As at 31 March 2022 the top 10 major shareholders were as follows;

	Name	Location	No of shares	%
1.	Ngong Tea Holdings Limited	London	9,012,328	51.46
2.	Upstream Investments Limited	Nairobi	649,346	3.71
3.	CTC Global Investment Limited	Mauritius	615,900	3.52
4.	Baloobhai Chhotabhai Patel&Amarjeet B Patel	Nairobi	501,005	2.86
5.	Garot International Limited	Nairobi	475,300	2.71
6.	Kanaiyalal Mansukhalal & Shah Lalitaben Kanaiyalal	Nairobi	329,066	1.88
7.	Standard Chartered Nominées A/c 000954	Nairobi	204,700	1.17
8.	Standard Chartered Nominees A'c 9280	Nairobi	172,700	0.99
9.	Mohammed Aslam Alimohamed Adam	Nairobi	103,912	0.59
10.	Thutuma Limited	Nairobi	103,500	0.59

Analysis of shareholders

By region:

	Number	Shares held	%
Foreign shareholders	95	10,664,556	60.90
Local & East Africa shareholders (Individual)	1,727	4,883,494	27.89
Local & East Africa shareholders (Institutional)	91	1,964,590	11.21
	<u>1,913</u>	<u>17,512,640</u>	<u>100</u>

By shares distribution:

Less than 501	818	152,008	0.87
501-10,000	982	2,171,990	12.40
10,001- 100,000	102	2,920,745	16.68
100,001-1,000,000	10	3,255,569	18.59
Above 1,000,000	1	9,012,328	51.46
	<u>1,913</u>	<u>17,512,640</u>	<u>100</u>

2021/2022 BOARD & BOARD COMMITTEES MEMBERSHIP AND ATTENDANCE

Director	Classification	Designation		Board	Governance & Audit	Nominating and Staff & Remuneration
Ezekiel N K Wanjama	Non-executive	Chairman of Board; Nominating and staff & remuneration committee	Membership	√		√
			Attendance	4/4		1/1
Alan L Carmichael	Executive	Managing Director	Membership	√		√
			Attendance	4/4		1/1
Mathew Koech	Non-executive	Chairman of Governance & Audit Committee	Membership	√	√	
			Attendance	4/4	2/2	
JP Brooks	Non-executive		Membership	√	√	
			Attendance	4/4	2/2	
P Magor	Non-executive		Membership	√		√
			Attendance	4/4		1/1
E Magor	Non-executive		Membership	√	√	
			Attendance	4/4	2/2	
S N Thumbi	Executive	Farm Director	Membership	√		
			Attendance	4/4		

√ Member of respective committee

- Where a director has missed a Board or Board Committee meeting, an acceptable apology had been received by the Chairman well in advance of the scheduled meeting; and
- The Managing Director and Chief Financial Officer are not members of the Governance and audit committee but attend by invitation.



E N K Wanjama
Chairman

30/6 June 2022



Mathew Koech
Director

30/6 June 2022

Williamson Tea Kenya Plc
Directors' Remuneration Report
For the year ended 31 March 2022

The Directors remuneration report sets out the remuneration arrangements for the Directors of Williamson Tea Kenya Plc for the year ended 31 March 2022.

REMUNERATION POLICY FOR EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The Group and the Company seeks to provide remuneration packages that will attract, retain and motivate the right people with the necessary experience and ability to oversee the business. The remuneration package includes salaries, allowances, pension and other non-cash benefits for the executive Directors. The value of benefits provided are reasonable in the market context and take account of the individual circumstances and benefits provided in comparable roles for companies within the Industry.

The non-executive directors are paid annual fees plus allowances for attending meetings. The amount of fees reflects the attached responsibility and time commitment. Additional fees are paid for further responsibilities such as visiting the farms and attending other meetings as may be required for the business.

Travel and other costs incurred in the course of performing their duties are reimbursed in cash.

CHANGES TO DIRECTOR'S REMUNERATION

The remuneration package is subject to annual review, which considers both internal and external factors, responsibilities, inflation and company performance.

The auditable part of the Directors' Remuneration Report
Directors' remuneration
Non-Executive Directors

Name	2022			2021		
	Fees Shs'000	Sitting & other allowances Shs'000	Total Shs'000	Fees Shs'000	Sitting & other allowances Shs'000	Total Shs'000
Phillip Magor	4,499	144	4,643	4,260	173	4,433
Edward Magor	4,499	201	4,700	4,260	230	4,490
Mathew Koech	720	278	998	720	202	922
ENK Wanjama	1,080	144	1,224	1,080	202	1,282
JP Brooks	720	202	922	720	230	950
Total	11,518	969	12,487	11,040	1,037	12,077

Executive Directors

Name	2022				2021			
	Salaries & allowances Shs'000	Pension Shs'000	Non-cash benefits Shs'000	Total Shs'000	Salaries & allowances Shs'000	Pension Shs'000	Non-cash benefits Shs'000	Total Shs'000
Alan Carmichael	29,997	7,564	6,522	44,083	24,237	7,119	4,195	35,551
Samuel Thumbi	19,115	2	3,085	22,202	15,288	2	2,732	18,022
Total	49,112	7,566	9,607	66,285	39,525	7,121	6,927	53,573

There were no other sums paid to third parties in respect of Directors' fees.

APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act.

BY ORDER OF THE BOARD



E N K Wanjama
Chairman

30/6 June 2022

Williamson Tea Kenya Plc
Report of the Directors
For the year ended 31 March 2022

The Directors present their report together with the audited financial statements of Williamson Tea Kenya Plc (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2022 which show the state of financial affairs of the Group and the Company.

ACTIVITIES

The principal activities of the Group are the cultivation, manufacture and sale of tea, investment in property and the sale and servicing of generators.

GROUP RESULTS

	2022	2021
	Shs'000	Shs'000
Profit/ (loss) before tax	578,258	(67,269)
Income tax expense	(37,973)	(65,114)
Profit/ (loss) for the year	540,285	(132,383)
Loss from discontinued operations	(10,438)	(13,755)
	529,847	(146,138)
Attributable to:		
Owners of the company	510,265	(145,570)
Non-controlling interests	19,582	(568)
Profit/ (loss) for the year	529,847	(146,138)

DIVIDENDS

The Directors recommend that a first and final dividend of Shs 20 per share (2021 – Shs 10 per share) equivalent to a total sum of Shs 350,252,800 for the year ended 31 March 2022 (2021 – Shs 175,126,400) be paid to the shareholders. The dividend is subject to approval by the shareholders at the next Annual General Meeting.

DIRECTORS

The current Board of Directors is shown on page 3.

BUSINESS REVIEW

Performance

The Group crop production decreased by 1% from 16.9 million kilos to 16.7 million kilos of made tea. The volumes of tea sold also decreased from 18.8 million kilos sold last year to 16.2 million kilos sold this year, an equivalent of 14%. The turnover on the other hand decreased by 6% to Shs 3.5 billion compared to Shs 3.7 billion reported last year. However, the average tea prices increased from Shs 197 per kilo of made tea last year to Shs 216 per kilo of made tea realised this year. The Group recorded a total profit from continuing operations of Shs 529 Million compared to a loss of Shs 146 Million in the previous year.

Principal risks & uncertainties

The Directors constantly review whether the policies and risk management programmes in place are appropriate and effective to manage and minimise the exposure in the long term.

BUSINESS REVIEW (Continued)

Principal risks & uncertainties (Continued)

The risks that the Group is exposed to include:

- Agricultural risk, which mainly entails climatic changes ranging from drought, floods and other adverse weather conditions that have a significant impact on the crop production. The Group has put in place sound agricultural practices to mitigate this agricultural risk.
- Financial risks which span across the markets and the financial aspects of the Group. These include the market risks, price risk, credit risk, currency risk, foreign exchange fluctuations exposure, liquidity risk, interest rate risk and other regulatory and taxation risks, both national and local, that affect the market and financial sector operations that could have a ripple effect on the Group.
- Operational risks mainly include both internal and external factors that affect the Group processes, personnel, technology and infrastructure. The legal and regulatory requirements plus other generally acceptable standards of corporate behaviour can have a significant impact on the operations of the company. Demands from the Labour Unions giving rise to increased labour costs, land tenure issues that affect the investment decisions of the Group, various internal and external political risks, and different levels of governance structures that affect the state of the infrastructure among others affect the operations of the Group.
- Environmental and social sustainability risks, which require development of policies and practices, that promote co-existence of the Group with both internal and external stakeholders. The Group continues to be actively and seriously involved in Corporate Social responsibilities with the local communities and preserve the environment as a critical aspect of sustainability and growth.
- In March 2021, the World Health Organisation (WHO) officially declared COVID-19 as a pandemic. This health hazard has resulted in significant government measures and caused disruption to the financial markets and global economy however, this has not significantly affected the tea industry.

The Directors recognise the long-term nature of the business, its risks and uncertainties and retain a clear commitment to progress with emphasis on the human capital, which remains the most prized asset of the Group. The Directors and the management team continuously explore new ideas in order to fit in with the changing environment as they focus on enhancing shareholder value.

More details on the business review have been covered under the Chairman's Statement on pages 6 to 10 and statement of Corporate Governance on pages 11 to 14.

DIRECTORS' STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

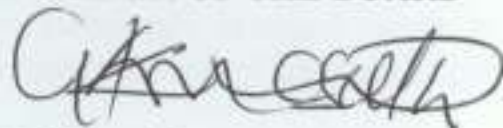
Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

TERMS OF APPOINTMENT OF THE AUDITORS

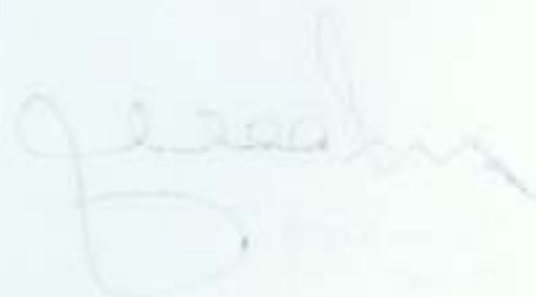
PricewaterhouseCoopers LLP, having expressed their willingness, will continue in office in accordance with the provisions of section 721 (2) of the Kenyan Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD



G K Masaki
Secretary

30th June 2022



Williamson Tea Kenya Plc
Statement of Directors' Responsibilities
For the year ended 31 March 2022

The Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of Company as at the end of the financial year and of their profit or loss for that year. It also requires the Directors to ensure that the Group and Company maintain proper accounting records that are sufficient to show and explain the transactions of the Group and of Company and disclose, with reasonable accuracy, their financial position. The Directors are also responsible for safeguarding the assets of the Group and the Company, and for taking reasonable steps for the prevention and detection of fraud and error.

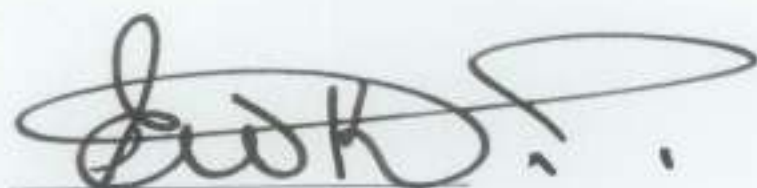
The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act. They also accept responsibility for:

- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying them consistently; and
- (iii) making accounting estimates and judgments that are reasonable in the circumstances.

Having assessed the Group's and Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 30th June 2022 and signed on its behalf by:



E N K Wanjama
Chairman



Mathew Koech
Director



Independent auditor's report to the Shareholders of Williamson Tea Kenya Plc
Report on the audit of the financial statements

Our Opinion

We have audited the accompanying financial statements of Williamson Tea Kenya Plc (the Company) and its subsidiaries (together, the Group) set out on pages 25 to 100, which comprise the consolidated statement of financial position at 31 March 2022 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 March 2022, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and the Company at 31 March 2022 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP, PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P O Box 43963 – 00100 Nairobi, Kenya
T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke

Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti

Independent auditor's report to the Shareholders of Williamson Tea Kenya Plc (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of biological assets As disclosed in note 3(ii) and 19 of the financial statements, the Group and the Company have significant biological assets consisting of unharvested green leaf and tree plantations for fuel and timber sales. The biological assets are carried at fair value less estimated costs to sell. The Group and Company use internally developed models to estimate the fair value less costs to sell of biological assets based on the biological transformation of the assets rather than the price at the time of harvest. This was considered an areas of most significance because Group and Company apply significant assumptions and estimates, based on both observable and non-observable data, in determining the fair value less costs to sell of the biological assets at the year-end.. The most significant assumptions and estimates include expected market prices, estimated costs to sell, biological transformation, maturity period for fuel and timber plantations, and the applicable discount rate for calculation of the present value of projected future cash flows. The underlying assumptions and uncertainties in these estimates and judgements could have a material impact on the reported financial results and financial positions of the Group and Company.	We assessed management's process and controls for determination of the fair value of the biological assets, including oversight from those charged with governance. Validated the significant assumptions in the valuation models against available market information or other independent sources of information. Tested the non-observable inputs used in the model to underlying financial information on a sample basis. Subjected the key assumptions used in the model to a sensitivity analysis. Tested the mathematical accuracy of the valuation models. Assessed the adequacy and consistency of the related disclosures in the financial statements in accordance with the requirements of International Financial Reporting Standards.

Other information

The other information comprises the Notice of the Annual General Meeting, Corporate Information, Financial Highlights, Chairman's Statement, Statement of Corporate Governance, Directors' Remuneration Report, Report of the Directors and Statement of Directors' Responsibilities, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

Independent auditor's report to the Shareholders of Williamson Tea Kenya Plc (continued)

Other information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent auditor's report to the Shareholders of Williamson Tea Kenya Plc (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the report of the directors on pages 17 to 19 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 15 and 16 has been properly prepared in accordance with the Companies Act, 2015.



FCPA Michael Mugasa, Practicing Certificate Number 1478
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

30th June 2022

Consolidated statement of profit or loss
For the year ended 31 March

	Notes	2022 Shs'000	2021 Shs'000
Continuing operations			
Revenue	5	3,507,898	3,734,037
Gain/(losses) from changes in fair value of biological assets			
- Timber trees	19	51,920	12,888
- Fuel trees	19	63,701	75,730
- Unharvested green leaf	19	(10,198)	(13,854)
Operating income		3,613,321	3,808,801
Cost of sales		(2,795,170)	(3,465,687)
Gross profit		818,151	343,114
Other income/ (costs)	5	42,291	(91,417)
Distribution costs		(183,520)	(192,242)
Administrative expenses		(205,934)	(147,890)
Operating profit/(loss)		470,988	(88,435)
Finance income	6	30,033	19,573
Finance cost	6	(7,428)	(1,201)
		493,593	(70,063)
Share of net profit of associate accounted for using the equity method	16	84,665	2,794
Profit/ (loss) before tax		578,258	(67,269)
Income tax expense	9	(37,973)	(65,114)
Profit/(loss) from continuing operations		540,285	(132,383)
Loss from discontinued operations	39	(10,438)	(13,755)
Profit/(loss) for the year		529,847	(146,138)
Profit/(loss) for the year			
Attributable to owners of the Company		510,265	(145,570)
Non – controlling interests	24	19,582	(568)
		529,847	(146,138)
Earnings/ (loss) per share – basic and diluted (Shs per share)	10	29.73	(8.31)

Consolidated statement of comprehensive income
For the year ended 31 March

	Notes	2022 Shs' 000	2021 Shs' 000
Profit/(loss) for the year		529,847	(146,138)
Other comprehensive income/ (loss), net of tax:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain revaluation of property and equipment		-	466,988
Deferred income tax on revaluation surplus		-	(191,433)
Share of other comprehensive income of associate accounted for using the equity method		667	51,644
Re-measurement of post-employment benefits obligation	26	4,958	-
Deferred income tax on re-measurement of benefits obligation		(1,487)	-
Total other comprehensive income for the year		<u>4,138</u>	<u>327,199</u>
Total comprehensive income for the year		<u>533,985</u>	<u>181,061</u>
Profit/ (loss) for the year comprising:			
<i>Attributable to:</i>			
Owners of the company		514,174	168,658
Non - controlling interests	24	19,811	12,403
		<u>533,985</u>	<u>181,061</u>

Company statement of profit or loss and other comprehensive income
For the year ended 31 March

	Note	2022 Shs' 000	2021 Shs' 000
Revenue	5	1,257,252	1,259,511
Gains /(losses) from changes in fair value of biological assets			
- Timber trees	19	8,610	10,939
- Fuel trees	19	18,768	34,171
- Unharvested green leaf	19	(3,712)	(5,131)
Operating income		1,280,918	1,299,490
Cost of sales		(981,870)	(1,185,492)
Gross profit		299,048	113,998
Other income/(expense)	5	24,680	(93,533)
Dividend income		58,037	83,561
Distribution costs		(66,105)	(65,951)
Administrative expenses		(103,864)	(53,460)
Operating profit/(loss)		211,796	(15,385)
Interest income	6	13,093	11,990
Finance income	6	3,481	4,659
Profit before tax		228,370	1,264
Income tax expense/(credit)	9	34,896	(36,034)
Profit/ (loss) for the year		263,266	(34,770)
Other comprehensive income/ (loss), net of tax:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of property and equipment		-	167,080
Deferred income tax on revaluation surplus		-	(72,730)
Re-measurement of post-employment benefits obligation	26	1,889	-
Deferred income tax on re-measurement of benefits obligation		(567)	-
		1,322	94,350
Total other comprehensive income for the year		264,588	59,580

Consolidated statement of financial position
At 31 March

	Notes	2022 Shs'000	2021 Shs'000
ASSETS			
Non- current assets			
Property, plant and equipment	12	3,981,350	4,188,302
Intangible assets	13	1,102	789
Right-of-use assets	14	83,081	86,530
Investment properties	15	398,100	399,781
Investments accounted for using the equity method	16	642,346	587,965
Equity investments	18	28,166	1,349
Biological assets	19	721,386	685,291
		<u>5,855,531</u>	<u>5,950,007</u>
Current assets			
Biological assets	19	16,430	26,625
Inventories	20	641,128	522,217
Trade and other receivables	21	421,281	504,174
Current income tax	9	111,665	240,177
Cash and bank balances	22	1,068,830	756,255
		<u>2,259,334</u>	<u>2,049,448</u>
Assets classified as held for sale	39	38,422	49,023
		<u>2,297,756</u>	<u>2,098,471</u>
Total assets		<u>8,153,287</u>	<u>8,048,478</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	87,563	87,563
Other reserves	23	1,260,536	1,320,872
Retained earnings		4,750,095	4,351,292
Capital and reserves attributable to owners of the company		<u>6,098,194</u>	<u>5,759,727</u>
Non – controlling interests	24	216,437	200,169
Shareholders' funds		<u>6,314,631</u>	<u>5,959,896</u>

Consolidated statement of financial position (continued)
At 31 March

Non- current liabilities

Deferred income tax	25	982,667	1,081,548
Post-employment benefits obligation	26	168,283	297,218
Borrowings	27	169,649	176,424
Lease liabilities	33	11,063	16,011

1,331,662 1,571,201

Current liabilities

Borrowings	27	34,391	31,648
Trade and other payables	28	393,652	414,783
Dividends payable	29	70,440	60,489
Lease liabilities	33	3,879	6,247

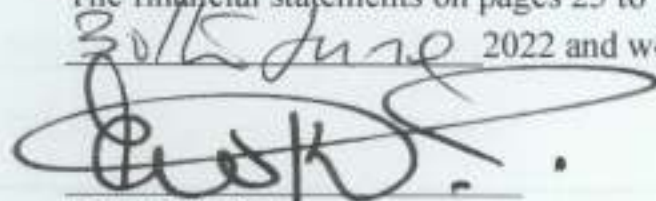
Liabilities directly associated with assets classified as held for sale	39	502,362 4,632	513,167 4,214
---	----	------------------	------------------

506,994 517,381

Total equity and liabilities

8,153,287 8,048,478

The financial statements on pages 25 to 100 were approved and authorised for issue by the Board of Directors on 30/6 June 2022 and were signed on its behalf by:



E N K Wanjama
Chairman

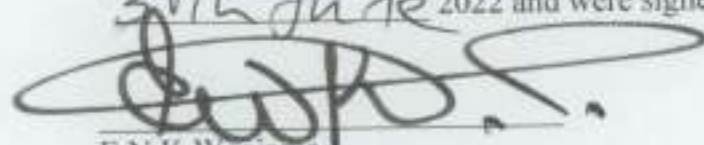


Mathew Koech
Director

**Company statement of financial position
At 31 March**

	Note	2022 Shs'000	2021 Shs'000
ASSETS			
Non- current assets			
Property, plant and equipment	12	1,788,701	1,904,980
Intangible assets	13	636	420
Right-of-use assets	14	18,235	23,227
Investment properties	15	398,100	399,781
Investments accounted for using the equity method	16	49,504	49,479
Investment in subsidiaries	17	106,188	106,188
Equity investments	18	11,374	546
Biological assets	19	242,548	251,282
		<u>2,615,286</u>	<u>2,735,903</u>
Current assets			
Biological assets	19	9,872	13,581
Inventories	20	251,752	203,629
Trade and other receivables	21	207,892	267,066
Current income tax	9	76,507	146,714
Cash and bank balances	22	472,712	357,715
		<u>1,018,735</u>	<u>988,705</u>
Assets classified as held for sale	39	-	3,689
		<u>1,018,735</u>	<u>992,394</u>
Total assets		<u>3,634,021</u>	<u>3,728,297</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	87,563	87,563
Other reserves	23	649,279	685,460
Retained earnings		2,157,925	2,032,282
		<u>2,894,767</u>	<u>2,805,305</u>
Shareholders' funds			
Non- current liabilities			
Deferred income tax	25	405,177	519,115
Post-employment benefits obligation	26	61,577	131,929
Lease liabilities	33	6,080	9,590
		<u>472,834</u>	<u>660,634</u>
Current liabilities			
Trade and other payables	28	193,442	196,761
Dividends payable	29	70,440	60,489
Lease liabilities	33	2,538	5,108
		<u>266,420</u>	<u>262,358</u>
Total equity and liabilities		<u>3,634,021</u>	<u>3,728,297</u>

The financial statements on pages 25 to 100 were approved and authorised for issue by the Board of Directors on 30 June 2022 and were signed on its behalf by:


E N K Wanjama
Chairman


Mathew Koech
Director

Williamson Tea Kenya Plc
Financial Statements
For the year ended 31 March 2022

Consolidated statement of changes in equity

	Note	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Equity attributable to owners of the company Shs'000	Non – controlling interests Shs'000	Total Shs'000
Year ended 31 March 2021							
At start of year		87,563	1,036,337	4,817,422	5,941,322	194,853	6,136,175
Loss for the year		-	-	(145,570)	(145,570)	(568)	(146,138)
Other comprehensive income		-	314,228	-	314,228	12,971	327,199
Transfer of excess depreciation		-	(42,218)	42,218	-	-	-
Deferred income tax on excess depreciation		-	12,525	(12,525)	-	-	-
Transaction with owners:							
- Dividend paid	24 & 29	-	-	(350,253)	(350,253)	(7,087)	(357,340)
At end of year		87,563	1,320,872	4,351,292	5,759,727	200,169	5,959,896
Year ended 31 March 2022							
At start of year		87,563	1,320,872	4,351,292	5,759,727	200,169	5,959,896
Profit for the year		-	-	510,265	510,265	19,582	529,847
Other comprehensive income	23	-	3,909	-	3,909	229	4,138
Transfer of excess depreciation		-	(87,680)	87,680	-	-	-
Deferred income tax on excess depreciation		-	23,435	(24,016)	(581)	-	(581)
Transaction with owners:							
- Dividend paid	24 & 29	-	-	(175,126)	(175,126)	(3,543)	(178,669)
At end of year		87,563	1,260,536	4,750,095	6,098,194	216,437	6,314,631

Williamson Tea Kenya Plc
Financial Statements
For the year ended 31 March 2022

Company statement of changes in equity

	Note	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Total Shs'000
Year ended 31 March 2021					
At start of year		87,563	589,097	2,419,318	3,095,978
Loss for the year		-	-	(34,770)	(34,770)
Other comprehensive income		-	94,350	-	94,350
Transfer of excess depreciation		-	2,876	(2,876)	-
Deferred income tax on excess depreciation		-	(863)	863	-
Transaction with owners:	29	-	-	(350,253)	(350,253)
- Dividend paid		-	-	-	-
At end of year		87,563	685,460	2,032,282	2,805,305
Year ended 31 March 2022					
At start of year		87,563	685,460	2,032,282	2,805,305
Profit for the year		-	-	263,266	263,266
Other comprehensive income	23	-	1,322	-	1,322
Transfer of excess depreciation		-	(46,510)	46,510	-
Deferred income tax on excess depreciation		-	13,953	(13,953)	-
Transfer on disposal		-	(3,805)	3,805	-
Deferred income tax on disposal		-	(1,141)	1,141	-
Transaction with owners:	29	-	-	(175,126)	(175,126)
- Dividend paid		-	-	-	-
At end of year		87,563	649,279	2,157,925	2,894,767

Williamson Tea Kenya Plc
Financial Statements
For the year ended 31 March 2022

Consolidated statement of cash flows
For the year ended 31 March

	Note	2022 Shs'000	2021 Shs'000
Cash flows from operating activities			
Cash generated from operations	30	688,078	608,774
Interest received	6	30,033	19,578
Interest paid on borrowings	6	(10,468)	(11,514)
Tax paid	9	(11,016)	(11,051)
Net cash flows from operating activities		696,627	605,787
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(225,720)	(274,390)
Purchase of intangible assets	13	(893)	(48)
Proceeds from disposal of property, plant and equipment		17,912	93
Additions to biological assets	19	(5,635)	(7,046)
Dividend received from associate		31,734	30,951
Net cash flows from investing activities		(182,602)	(250,440)
Cash flows from financing activities			
Payment of lease liabilities	33	(8,735)	(8,213)
Repayment of borrowings	27	(34,620)	-
Borrowings received	27	22,532	201,735
Dividends paid to shareholders	29	(165,175)	(342,570)
Dividends paid to minority interest	24	(3,543)	(7,087)
Net cash flows from financing activities		(189,541)	(156,135)
Increase in cash and cash equivalents		324,484	199,212
Cash and cash equivalents at start of year		756,255	562,683
Effects of exchange rate changes on cash and cash equivalents		3,508	7,303
Cash and cash equivalents reclassified as held for sale		(15,417)	(12,943)
Cash and cash equivalents at end of year	22	<u>1,068,830</u>	<u>756,255</u>

Williamson Tea Kenya Plc
Financial Statements
For the year ended 31 March 2022

Company statement of cash flows
For the year ended 31 March

	Note	2022 Shs'000	2021 Shs'000
Cash flows from operating activities			
Cash generated from operations	30	301,150	317,619
Interest received	6	13,093	11,990
Interest paid on borrowings	6	(123)	(148)
Taxation paid	9	(9,049)	(9,566)
		<u>305,071</u>	<u>319,895</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(82,600)	(113,269)
Purchase of intangible assets	13	(488)	(48)
Proceeds from disposal of property, plant and equipment		7,044	-
Additions to biological assets	19	(1,526)	(2,490)
Dividend received - from subsidiaries and associate		58,037	83,561
		<u>(19,533)</u>	<u>(32,246)</u>
Cash flows from financing activities			
Payment of lease liabilities	33	(6,980)	(6,458)
Dividends paid to shareholders	29	(165,175)	(342,570)
		<u>(172,155)</u>	<u>(349,028)</u>
Decrease in cash and cash equivalents		113,383	(61,379)
Cash and cash equivalents at start of year		357,715	415,772
Effects of exchange rate changes on cash and cash equivalents		1,614	3,322
		<u>472,712</u>	<u>357,715</u>
Cash and cash equivalents at end of year	22	<u>472,712</u>	<u>357,715</u>

Notes

1 REPORTING ENTITY

Williamson Tea Kenya Plc (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 Plc 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 Plc 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
Nairobi
P O Box 42281 - 00100

2 ACCOUNTING POLICIES

A. Statement of compliance

The consolidated and company financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

For the Kenyan Companies Act reporting purposes the balance sheet is represented by the statement of financial position and the profit and loss account is represented in the statement of profit or loss and other comprehensive income.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

- (i) *Relevant new standards and amendments to published standards effective for the year ended 31 March 2022*

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition..

The transition from LIBOR to Secured Overnight Finance Rate (SOFR) commenced on 31 December 2021 but the USD LIBOR rates will continue to be published until 30th June 2023. Williamson Tea Kenya Plc has facilities with lenders are pegged on LIBOR and in readiness for the above transition by 2023, has commenced discussions with the lenders on the transition to a new benchmark.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)

- (i) *Relevant new standards and amendments to published standards effective for the year ended 31 March 2022 (continued)*

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued *Covid-19-Related Rent Concessions (Amendment to IFRS 16)* that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- There is no substantive change to other terms and conditions of the lease.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 April 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual framework

The Group has adopted the amendments included in Amendments to References Conceptual Framework in IFRS to the Conceptual Framework in IFRS Standards for the first time in the current Standards year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)

- (i) *Relevant new standards and amendments to published standards effective for the year ended 31 March 2022 (continued)*

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year (continued)

Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time Definition of material in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)

- (i) *Relevant new standards and amendments to published standards effective for the year ended 31 March 2022 (continued)*

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year (continued)

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and amendments to Standards	Effective date on annual periods beginning on or after
IFRS 17: <i>Insurance Contracts</i>	1 January 2023
IFRS 10 and IAS 28 (amendments): <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2023, with early application permitted.
Amendments to IAS 1: <i>Classification of Liabilities as Current or Non-current</i>	One year deferral to 1 January 2023
Amendments to IFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022, with early application permitted.
Amendments to IAS 16: <i>Property, Plant and Equipment—Proceeds before Intended Use</i>	1 January 2022, with early application permitted.
Amendments to IAS 37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022, with early application permitted.
Annual Improvements to IFRS Standards 2018-2020 Cycle: <i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i>	1 January 2022, with early application permitted.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)

- (ii) *Relevant new standards and amendments to published standards effective for the year ended 31 March 2022 (continued)*

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year (continued)

IFRS 17 *Insurance Contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued *Amendments to IFRS 17* to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

- (iii) *Early adoption of standards*

The Group did not early adopt any new or amended standards in the period ended 31 March 2022.

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

Basis of preparation

The financial statements are prepared in terms of IFRS and the requirements of the Kenyan Companies Act.

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

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(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.

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 to 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 financial statements are carried at cost less provision for impairment.

- 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.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

- 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

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.

(b) 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.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

C. Investments in associate companies (Continued)

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's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

D. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax (VAT), rebates and discounts.

Revenue is recognized when the Group satisfies the performance obligation and transfers control of the goods or services to the customer at the amount to which the company expects to be entitled and that is allocated to that specific performance obligation.

Revenue is recognised as follows:

- (a) Sales of goods (teas) are recognised at a point in time when the control of the promised goods transfers to the customer and the entity has satisfied its performance obligations under the contract with the customer. The point of transfer of control is determined as the date of delivery of goods to the customer for local sales and date of bill of lading for export sales. For auction sales, revenue is recognised when control of the tea has transferred, being at the fall of the hammer.
- (b) Dividends receivable are recognized as income in the period in which the right to receive payment is established.
- (c) Interest income is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Under the Group's standard contract terms, customers do not have a right to return due to the nature of the agricultural produce.

E. 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.

Obsolete and defective inventories are fully provided for. Spare parts are fully provided for if not used for 3 years and over.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

F. Biological assets

Biological assets (unharvested green leaf, fuel plantations and timber plantations) have been stated at their fair value less estimated point-of-sale costs. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell are recognised through profit or loss in the year in which they arise. The tea bushes are bearer plants and are therefore presented and accounted for as property, plant and equipment (see note 13). However, the produce growing on these trees is accounted for as biological assets until the point of harvest. Harvested produce is transferred to inventory at fair value less costs to sell when harvested.

The un-harvested green leaf on tea bushes at the reporting date are measured at fair value less costs to sell using IAS 41- Agriculture. 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 is recognised as an expense in the profit or loss. The gain or loss in valuation of biological assets and agricultural produce is dealt with in the profit or loss.

G. 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 Group and the Company's policy of revaluing certain items of property, plant and equipment after every three years.

Buildings, Plant and Machinery – depreciation replacement cost.

Any revaluation increase arising on the revaluation of Buildings, Plant and Machinery 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.

Bearer plants are classified as immature until the produce can be commercially harvested. At that point they are reclassified and depreciation commences. Immature plantations are measured at accumulated cost.

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.

H. 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.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

I. 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:

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%
Bearer plants	2% (50 years)
Solar Plant	5.26% (19 years)

Bearer plants are depreciated on a straight line basis over the estimated productive lives of the tea bushes.

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.

J. 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. Amortisation period and method are reviewed at each year end.

K. Right of use asset - land

Payments to acquire interest in land are treated as right of use asset and amortised over the period of the contract.

L. 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 derecognized 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 derecognized.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

M. Income tax

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

(i) Current income tax

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 and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred income tax

Deferred income 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 and the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

N. 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.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

N. Employee benefits costs (Continued)

(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 two 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.

O. Impairment of tangible and intangible assets

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 unless it relates to a revalued asset.

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.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

(a) The Group as lessee

The Group assesses whether a contract is or contains a right of use asset or/and lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

(b) The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

P. 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.

Q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition

Financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Q. Financial instruments (Continued)

Financial assets

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

- Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include Loans and receivables, cash and cash equivalents, deposits with financial institutions, commercial papers, corporate bonds, other receivables, government securities at amortised cost and due from related parties.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms to identify whether they meet the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest is set.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Q. Financial instruments (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group has classified quoted equity instruments and investments in collective investment scheme in this category.

Derecognition

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as derecognition gain or loss. When assessing whether or not to derecognise an instrument, amongst others, the Group considers the following factors: introduction of an equity feature, change in counterparty and if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result into cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss.

Notes (continued)

2 ACCOUNTING POLICIES (Continued)

Q. Financial instruments (Continued)

Impairment 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 and the Company 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. Reversal of an impairment loss is recognised in the profit or loss unless it relates to a revalued asset.

R. 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.

S. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Executive 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).

T. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The following comparative figures and presentations have been made:

- Net foreign exchange gains and losses have been included within the finance income/ cost;
- Due from related parties has been included within trade and other receivables
- Due to related parties has been included within trade and other payables

Notes (continued)

3 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's and the Company 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 and the Company's accounting policies

Impairment

At the end of each reporting period, the Group and the Company review 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. The recoverable amount is the higher of the asset's fair value less costs to sale and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate 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.

Revaluation of assets

Some of the Group and Company's assets are stated as professionally valued every three years. The board of directors of the company determine the appropriate valuation techniques and inputs for fair value measurements and frequency of the asset valuation. The board of directors engages third party qualified and registered valuers to perform valuation. The board and management work closely with the external valuers 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 disclosed in notes 12.

Land tenure

The new constitution that was promulgated in August 2010 provided that a person who is not a citizen may hold land on the basis of leasehold tenure only and such leases, however granted, shall not exceed 99 years. The Group's land titles in Kenya, which were originally either freehold or leases in excess of 900 years, were converted to 99 year leases with effect from 27th August 2010. In the current year, the Group has effected accrual for the amortisation of the land over the resultant remaining lease period under right of use assets. The Group has yet to receive the new title deeds.

Notes (continued)

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

(ii) Key sources of estimation uncertainty

Biological assets(timber and fuel trees)

The most significant assumptions and estimates include use of estimate of the costs to sell, biological transformation and maturity period for the fuel and timber trees, and the discount rate for the expected cashflows. In determining the fair value less costs to sell of biological assets, the company uses the expected cash flows from the sale of the asset discounted at the current market determined pretax rate. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition. The directors use estimates based on historical data relating to yields, selling prices, harvesting, and biological transformation. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimates and actual experience.

Property, plant and equipment and intangible assets

Critical estimates are made by directors in determining the useful lives and residual values to property, plant and equipment and intangible assets 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.

Lease discount rate

The discount rate used in the calculation of the lease liability involves estimation. Discount rates are calculated on a lease by lease basis. For property leases that make up substantially all of the Group's lease portfolio, the discount rate is the estimated property yield over a similar lease term assessed at commencement date. Otherwise for any other lease, the rate used is the incremental borrowing rate.

4 OPERATING SEGMENTS

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 (Executive Directors) for the purposes of resource allocation and assessment of segment performance is focused on the principal activities and the products offered by the Group. The identifiable reporting segments of the Group are:

- Tea: The cultivation, manufacture and sale of tea.
- Property: Investment in property.
- Generator trading: Sale and servicing of generators. This segment was discontinued in the year 2021.

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.

Notes (continued)

4 OPERATING SEGMENTS (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 Shs'000	Property Shs'000	Generator trading Shs'000	Group Shs'000
2022				
From continuing operations				
Revenues and results				
Revenue	3,506,123	1,775	-	3,507,898
Other costs	42,291	-	-	14,513
Interest income	30,033	-	-	30,033
Finance costs	(7,428)	-	-	(7,428)
Group's share of associate company results after tax	84,665	-	-	84,665
(Loss)/profit before taxation (including associate)	577,255	1,004	-	578,258
Income tax expense	(61,086)	24,116	-	(37,973)
Assets and liabilities				
Segment assets	7,955,101	177,187	-	8,132,288
Segment liabilities	1,845,810	5,635	-	1,851,445
Investment in associate	-	-	-	-
Other information				
Depreciation	403,752	-	-	403,752
Amortisation of right of use assets	1,465	-	-	1,465
Amortisation of intangible assets	580	-	-	580
Capital expenditure	225,720	-	-	225,720
From discontinued operations				
Revenues and results				
Revenue	-	-	4,236	4,236
Other income	-	-	(5,399)	(5,399)
Interest income	-	-	1,221	1,221
Loss after taxation	-	-	(10,438)	(10,438)
Assets and liabilities				
Segment assets	-	-	38,422	38,422
Segment liabilities	-	-	4,632	4,632
Other information				
Depreciation	-	-	-	-
Capital expenditure	-	-	-	-

Notes (continued)

4 OPERATING SEGMENTS (Continued)

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

2021	Tea	Property	Generator trading	Group
	Shs'000	Shs'000	Shs'000	Shs'000
From continuing operations				
Revenues and results				
Revenue	3,506,052	1,775	-	3,507,827
Other income	(15,521)	-	-	(15,521)
Interest income	30,033	-	-	30,033
Finance costs	(7,428)	-	-	(7,428)
Group's share of associate company results after tax	79,056	-	-	79,056
Loss before taxation (including associate)	544,804	1,004	-	545,808
Assets and liabilities				
Segment assets	7,979,354	177,187	-	8,156,540
Segment liabilities	1,858,580	5,635	-	1,864,215
Other information				
Depreciation	403,752	-	-	403,752
Amortisation of prepaid operating lease	1,465	-	-	1,465
Amortisation of intangible assets	580	-	-	580
Capital expenditure	225,720	-	-	225,720
From discontinued operations				
Revenues and results				
Revenue	-	-	4,236	4,236
Other income	-	-	(5,399)	(5,399)
Interest income	-	-	1,221	1,221
Loss after taxation	-	-	(10,419)	(10,419)
Assets and liabilities				
Segment assets	-	-	39,014	39,014
Segment liabilities	-	-	4,623	4,623
Other information				
Depreciation	-	-	-	-
Amortisation of intangible assets	-	-	-	-
Capital expenditure	-	-	-	-

Revenue reported above represents revenue generated from external customers. Included in the revenue generated from the tea segment are sales of trees amounting to Shs 9,992,782 (2021: Shs 41,700,000).

d) Information on major customers

In both years, no single customer contributed 10% or more to the Group's revenue.

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:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Offshore markets	1,590,375	2,355,411	583,911	816,144
Kenya	1,917,523	1,378,626	673,341	443,367
	<u>3,507,898</u>	<u>3,734,037</u>	<u>1,257,252</u>	<u>1,259,511</u>

Notes (continued)

5 a) REVENUE

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
The Group's and Company's revenue is derived from point-in-time sale of:				
Tea	3,507,898	3,734,037	1,257,252	1,259,511

b) OTHER INCOME/ (COSTS)

Fair value loss on investment properties (note 15)	(1,681)	(75,219)	(1,681)	(75,219)
Other rental income	4622	1,046	4,150	463
Stores sales to third parties	1,547	1,826	759	647
Profit /loss on scrap	(3,685)	(15,393)	-	(16,041)
Sale of timber	9,830	-	8,844	-
Dividend income	1,150	-	-	-
Others miscellaneous income	3,667	(3,677)	1,757	(3,383)
Equities revaluation	26,841	-	10,851	-
	<u>42,291</u>	<u>(91,417)</u>	<u>24,680</u>	<u>(93,533)</u>

6 FINANCE INCOME AND COSTS

Finance costs:

Interest expense on:				
- bank overdrafts	(123)	(508)	(123)	(148)
- bank loans	(10,345)	(10,390)	-	-
-leases liabilities	(1,419)	(1,966)	(900)	(1,350)
	<u>(11,887)</u>	<u>(12,864)</u>	<u>(1,023)</u>	<u>(1,498)</u>
Net foreign exchange gains	3,676	11,663	4,504	6,157
Dividend income	783	-	-	-
Finance (Cost)/ Income	<u>(7,428)</u>	<u>(1,201)</u>	<u>3,481</u>	<u>4,659</u>
Interest on short term bank deposits	<u>30,033</u>	<u>19,573</u>	<u>13,093</u>	<u>11,990</u>

Notes (continued)

7 PROFIT/ (LOSS) BEFORE TAX

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
The profit before tax is arrived at after charging/(crediting):				
Depreciation of property and equipment (note 12)	403,752	324,331	190,829	164,728
Amortisation of intangible assets (note 13)	580	1,060	272	718
Amortisation of right of use assets (note 14)	7,863	8,503	5,806	5,806
Staff costs (note 8)	567,514	579,607	221,688	226,175
Directors' remuneration:				
Executive				
- Salaries and allowances	49,112	39,525	49,112	39,525
- Other benefits	9,607	6,927	9,607	6,927
- Pension	7,566	4,800	7,566	4,800
Non – executive				
- Fees	11,418	11,040	11,518	11,040
- Other emoluments	969	1,037	969	1,037
Loss on disposal of property, plant and equipment	22,614	53,643	9,477	22,166
Auditors' remuneration	12,842	8,681	4,140	4,367
Fair value loss on investment properties	-	75,219	-	75,219
Operating lease rental income	(3,650)	(1,256)	3,650	(1,256)
Dividend income	(31,734)	(30,951)	58,037	(82,279)
Fair value loss on investment properties (note 15)	(1,681)	(75,219)	(1,681)	(75,219)

8 STAFF COSTS

Wages and salaries	488,007	452,336	191,266	165,028
Social security costs (NSSF)	3,222	3,125	1,318	1,737
Pension costs (defined contribution plan)	6,463	16,919	1,392	11,701
Post-employment benefits obligation (Note 27)	35,515	40,951	14,014	20,534
Leave pay provision	22,491	33,903	7,588	14,236
Medical expenses	11,816	21,884	4,783	11,944
Other staff costs	-	10,489	1,327	995
	567,514	579,607	221,688	226,175

The average number of employees during the year ended 31 March were as follows:

Management and administration	17	16	6	6
Factory	369	430	133	152
Field	719	1,086	267	500
	1,105	1,532	406	658

Notes (continued)

9 INCOME TAX

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
a) Current income tax				
Current income tax based on taxable profit for the year at 30% (2021:26.25%)	124,582	70,029	65,937	31,625
Residential rent final tax charge at 10%	352	-	352	-
Prior year under/ (over) provision	14,698	(12,800)	13,319	(13,365)
	<u>139,633</u>	<u>57,229</u>	<u>79,608</u>	<u>18,260</u>
Deferred income tax (note 26):				
- Charge/ (credit) for the year	26,572	(85,745)	(9,951)	(45,344)
- Prior year (over)/ under provision	-	(6,614)	-	2
- Impact of change in tax rate	(128,231)	100,244	(104,553)	63,116
	<u>(101,660)</u>	<u>7,885</u>	<u>(114,504)</u>	<u>17,774</u>
Taxation charge/(credit)	<u>37,973</u>	<u>65,114</u>	<u>(34,896)</u>	<u>36,034</u>
b) Reconciliation of expected income tax based on accounting profit/(loss) to tax charge/(credit)				
Accounting profit/ (loss) before tax	<u>578,258</u>	<u>(67,269)</u>	<u>228,370</u>	<u>1,264</u>
Tax at the applicable rate of 30% (2021:26.25%)	200,556	(17,658)	68,511	332
Residential rent final tax charge at 10%	352	-	352	-
Tax effect of income not taxable:				
- Qualifying dividends	(17,177)	(21,935)	(17,177)	(21,935)
- Rental income	(1,095)	(788)	(1,095)	(788)
- Others	1,278	1,402	-	-
Pension/provident fund contribution	4,662	3,499	3,953	3,047
Donations	1,233	465	613	194
Depreciation in excess of capital allowances	1,667	9,036	1,551	8,833
Tax effect of other expenses not deductible for tax purposes	(4,176)	7,250	408	2,266
Share of associate's tax	(35,207)	(10,701)	-	-
Prior year over/(under) provision of current tax	14,698	(12,800)	13,319	(13,365)
Prior year (over)/under provision of deferred income tax	(128,230)	(6,614)	(104,554)	2
Impact of change in tax rate*	-	100,244	-	63,116
Tax effect of deferred income tax computed at 30%	-	13,714	-	(5,668)
Adjustment in respect of tax rates - OCI	(588)	-	(777)	-
Tax charge/(credit)	<u>(37,973)</u>	<u>65,114</u>	<u>(34,896)</u>	<u>36,034</u>

* In prior year a composite rate of 26.25% was applied reflecting the impact of changes in tax rate for the year. The tax rate applicable for the first nine months to 31 December 2020 was 25%. Effective 1 January 2021, the tax rate was reverted back to 30% following enactment of the Tax Laws (Amendment) (No. 2) Bill, 2020.

Notes (continued)

9 INCOME TAX (continued)

	2022 Shs'000	Group 2021 Shs'000	2022 Shs'000	Company 2021 Shs'000
c) Current income tax recoverable				
At start of year	(239,929)	(292,430)	(146,714)	(155,408)
Charge to profit or loss	124,582	70,029	65,937	31,625
Prior year over/ (under) provision	14,698	(12,800)	13,319	(13,365)
Reclassified as held for sale	-	6,546	-	-
Tax paid in the year	(11,016)	(11,522)	(9,049)	(9,566)
At end of year	<u>(111,665)</u>	<u>(240,177)</u>	<u>(76,507)</u>	<u>(146,714)</u>

10 EARNINGS PER SHARE

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

	2022 Shs'000	2021 Shs'000
Group		
Profit/ (loss) earnings		
Profit/ (loss) from continuing operations attributable to equity holders of the company (Shs'000)	<u>531,141</u>	<u>(131,815)</u>
Profit/ (loss) for the year attributable to equity holders of the company (Shs'000)	<u>520,703</u>	<u>(145,570)</u>
Weighted average number of ordinary shares		
Number of ordinary shares (note 23)	<u>17,512,640</u>	<u>17,512,640</u>
Earnings per share – profit/ (loss) from continuing operations Basic and diluted (Shs)	<u>30.33</u>	<u>(7.53)</u>
Earnings per share – profit/ (loss) for the year Basic and diluted (Shs)	<u>29.73</u>	<u>(8.31)</u>

There were no potentially dilutive shares outstanding at 31 March 2022 and at 31 March 2021. Diluted earnings per share is therefore same as basic profit/(loss) earnings per share.

11 PROPOSED DIVIDENDS

The directors propose a dividend of Shs 20 per share (2021: Shs 10 per share) amounting to a total of Shs 350,253,000 (2021: Shs 175,126,500) be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting to be held on 4th August 2022 and has therefore not been included as a liability in these financial statements.

Notes (Continued)

12 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings Shs'000	Machinery & equipment Shs'000	Tractors & accessories Shs'000	Motor vehicles Shs'000	Office equipment furniture & fittings Shs'000	Bearer plants Shs'000	Computers Shs'000	Work in progress Shs'000	Total Shs'000
COST OR VALUATION									
At 1 April 2020	1,353,964	1,236,024	105,302	120,937	44,363	1,677,596	60,497	602,263	5,200,946
Additions	3,669	54,537	2,800	12,080	114	-	187	201,003	274,390
Transfers	(2,862)	138,386	-	-	-	49,460	318	(185,302)	-
Disposals	(35,265)	(17,297)	-	-	-	(63,175)	(307)	-	(116,044)
Reclassified to held for sale assets	(636)	(4,698)	-	(13,216)	(2,238)	-	(3,359)	-	(24,147)
Revaluation adjustments	(35,812)	(267,745)	-	-	-	-	-	-	(303,557)
At 31 March 2021	1,283,058	1,139,207	108,102	119,801	42,239	1,663,881	57,336	617,964	5,031,588
Comprising: At Valuation-2018 At Cost	561,678 721,380	(412,443) 1,551,650	108,102	119,801	42,239	1,663,881	57,336	617,964	4,882,353
Total	1,283,058	1,139,207	108,102	119,801	42,239	1,663,881	57,336	617,964	5,031,588
At 1 April 2021	1,283,058	1,139,207	108,102	119,801	42,239	1,663,881	57,336	617,964	5,031,588
Additions	7,160	91,571	954	17,973	99	-	4,210	103,753	225,720
Transfers	17575	390,542	578	-	-	43,061	158	(451,914)	(0)
Disposals	(2,356)	(15,338)	(4,897)	(2,824)	(23)	(40,456)	(2,275)	(11,794)	(79,963)
Reclassified to held for sale assets	-	-	-	-	-	-	(140)	-	(140)
At 31 March 2022	1,305,437	1,605,982	104,737	134,950	42,315	1,666,486	59,289	258,009	5,177,205
Comprising: At Valuation - 2021 At Cost	564,698 740,739	(403,065) 2,009,047	104,737	134,950	42,315	1,666,486	59,289	258,009	5,015,572
Total	1,305,437	1,605,982	104,737	134,950	42,315	1,666,486	59,289	258,009	5,177,205

Notes (Continued)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group Continued)	Land and buildings Shs 000	Machinery & equipment Shs 000	Tractors & accessories Shs 000	Motor vehicles Shs 000	Office equipment furniture & fittings Shs 000	Bearer plants Shs 000	Computers Shs 000	Work in progress Shs 000	Total Shs 000
DEPRECIATION									
At 1 April 2020	297,662	270,456	83,645	88,518	34,516	482,289	50,626	12,749	1,320,461
Charge for the year	84,007	158,770	5,079	14,221	2,957	93,877	4,302	-	363,213
Eliminated on disposals	(19,108)	(11,761)	-	-	-	(31,319)	(120)	-	(62,308)
Reclassifications	-	-	-	-	-	12,749	-	(12,749)	-
Reclassified to held for sale assets	(591)	(3,606)	-	(13,111)	(2,117)	-	(3,034)	-	(22,459)
Revaluation adjustments	(361,970)	(408,575)	-	-	-	-	-	-	(770,545)
At 31 March 2021	-	5,284	88,724	89,628	35,356	557,596	51,774	-	828,362
At 1 April 2021	-	5,284	88,724	89,627	35,356	557,596	51,774	-	828,361
Charge for the year	138,039	149,344	4,736	14,657	2,226	91,412	3,335	-	403,749
Eliminated on disposals	-	(2,258)	(4,897)	(2,824)	(23)	(23,980)	(2,273)	-	(36,255)
At 31 March 2022	138,039	152,370	88,563	101,460	37,559	625,028	52,836	-	1,195,855
NET BOOK VALUE									
At 31 March 2022	1,167,398	1,453,612	16,174	33,490	4,756	1,041,458	6,453	258,009	3,981,350
At 31 March 2021	1,284,556	1,124,572	18,893	30,070	8,256	1,094,211	5,690	622,054	4,188,302
NET BOOK VALUE (Cost basis)									
At 31 March 2022	172,656	948,473	16,174	33,490	4,752	1,041,458	6,453	258,009	2,481,465
At 31 March 2021	179,970	649,448	19,378	30,174	6,883	1,106,285	5,562	617,964	2,356,618

Buildings and machinery were last revalued as at 31 March 2021 by an independent valuer, Knight Frank, Registered Valuers and Estate Agents, on the basis of depreciated replacement cost basis for the existing use.

Included in property, plant and equipment are assets with an original cost of Shs 221,885,000 which are fully depreciated and whose normal depreciation charge for the year would have been Shs 67,162,000

Notes (Continued)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

The capital work in progress comprises costs incurred in the construction of plant and machinery at the tea estates and costs incurred on immature tea bushes (bearer plants).

Company

	Land and buildings Shs'000	Machinery and equipment Shs'000	Tractors and accessories Shs'000	Motor vehicles Shs'000	Office equipment furniture and fittings Shs'000	Computers Shs'000	Bearer plants Shs'000	Work in progress Shs'000	Total Shs'000
COST OR VALUATION									
At 1 April 2020	885,643	548,494	46,962	60,923	29,838	29,829	671,322	119,422	2,392,438
Additions	-	306	1,773	4,026	114	128	-	106,920	113,269
Disposals	(27,584)	(10,565)	-	-	-	-	(15,393)	-	(53,542)
Transfers	3,003	102,349	-	-	-	318	-	-	105,670
Reclassifications	(5,865)	6,856	-	-	-	-	16,934	(122,604)	(104,679)
Revaluation adjustments	(78,696)	(92,461)	-	-	-	-	-	-	(171,157)
At 31 March 2021	776,501	554,979	48,735	64,949	29,952	30,275	672,863	103,738	2,281,992
Comprising:									
At valuation	406,121	126,426	-	-	-	-	-	-	532,547
At cost	370,380	428,553	48,735	64,956	30,378	28,123	672,864	103,736	1,747,725
At 1 April 2021	776,501	554,979	48,735	64,956	30,378	28,123	672,864	103,736	2,280,272
Additions	3,101	48,821	524	3,577	78	1,132	-	103,738	2,281,992
Disposals	-	(4,615)	(2,201)	-	(23)	(1,154)	(13,645)	25,367	82,600
Transfers	16,258	14,514	578	-	-	158	14,883	(46,391)	(21,638)
Reclassifications	-	-	-	-	-	(90)	-	-	(90)
Revaluation adjustments	-	-	-	-	-	-	-	-	-
At 31 March 2022	795,860	613,699	47,636	68,526	30,007	30,321	674,101	82,714	2,342,864
Comprising:									
At valuation	776,501	554,979	48,735	64,949	29,952	30,275	672,863	103,738	2,281,992

Notes (Continued)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company (Continued)

	Land and buildings Shs '000	Machinery and equipment Shs '000	Tractors and accessories Shs '000	Motor vehicles Shs '000	Office equipment furniture and fittings Shs '000	Computers Shs '000	Bearer plants Shs '000	Work in progress Shs '000	Total Shs '000
DEPRECIATION									
At 1 April 2020	150,269	109,959	29,365	38,523	23,224	26,493	204,335	-	582,168
Charge for the year	41,404	65,515	3,794	9,698	2,408	1,533	40,108	-	164,460
Eliminated on disposals	(16,481)	(7,199)	-	-	-	-	(7,696)	-	(31,376)
Revaluation adjustments	(175,192)	(163,045)	-	-	-	-	-	-	(338,237)
At 31 March 2021	-	5,230	33,159	48,221	25,632	28,026	236,747	-	377,015
At 1 April 2021	-	5,230	33,159	48,221	25,632	28,026	236,747	-	377,015
Charge for the year	63,638	73,186	3,327	8,695	1,743	1,168	39,072	-	190,829
Eliminated on disposals	-	(2,258)	(2,201)	-	(23)	(1,207)	(7,992)	-	(13,681)
At 31 March 2022	63,638	76,158	34,285	56,916	27,352	27,987	267,827	-	554,163
NET BOOK VALUE									
At 31 March 2022	732,222	537,541	13,352	11,609	2,654	2,334	406,276	82,713	1,788,701
At 31 March 2021	776,501	549,749	15,574	16,730	4,321	2,251	436,118	103,736	1,904,980
NET BOOK VALUE (Cost basis)									
At 31 March 2022	-	-	13,352	11,609	2,654	2,333	406,276	82,713	536,358
At 31 March 2021	80,075	374,089	15,574	16,730	4,321	2,251	436,118	103,736	1,032,894

Notes (continued)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Land, building and machinery were last revalued as at 31 March 2021 by an independent valuer, Knight Frank, Registered Valuers and Estate Agents, on the depreciated replacement cost basis for the existing use.

Included in property, plant and equipment are assets with an original cost of Shs 212,885,000 which are fully depreciated and whose normal depreciation charge for the year would have been Shs 67,162,000

The capital work in progress comprises costs incurred in the construction of plant and machinery and costs incurred on immature tea bushes (bearer plants).

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 2021 was performed by Knight Frank Limited, registered and independent valuers. The significant inputs included the estimated construction and purchase costs and other ancillary expenditures, and appropriate depreciation factors. Knight Frank 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 buildings, machinery and equipment in the various locations in Kenya. The fair value of buildings, machinery and equipment was determined on the depreciated replacement cost basis. The fair value measurements is based on level 3 and the significant unobservable inputs included the estimated construction and purchase costs and other ancillary expenditures, and appropriate depreciation factors.

The fair value hierarchy prioritises the inputs used to measure fair value into three broad Levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3. The levels are as defined below:

- Level 1 inputs – observable, quoted prices for identical assets or liabilities in active markets;
- Level 2 inputs – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices e.g. interest rates and yield curves; and
- Level 3 inputs – unobservable inputs for the asset or liability. These should be based on the best information available. The Group and the Company should utilise all reasonably available information, but need not incur excessive cost or effort to do so. However, it should not ignore information that can be obtained without undue cost and effort. As such, the reporting entity's own data should be adjusted if information is reasonably available without undue cost and effort.

Details of the Group's buildings and machinery and equipment and information about fair value hierarchy as at 31 March 2022 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 31 March
	Shs'000	Shs'000	Shs'000	Shs'000
Group				
31 March 2022				
Buildings	-	-	1,305,437	1,305,437
Machinery and equipment	-	-	1,605,982	1,605,982
	<u>-</u>	<u>-</u>	<u>2,911,419</u>	<u>2,911,419</u>

Notes (continued)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Fair value as at 31 March Shs'000
31 March 2021				
Buildings	-	-	1,284,556	1,284,556
Machinery and equipment	-	-	1,124,572	1,124,572
	<u>-</u>	<u>-</u>	<u>2,409,128</u>	<u>2,409,128</u>
Company				
31 March 2022				
Buildings	-	-	732,222	732,222
Machinery and equipment	-	-	537,541	537,541
	<u>-</u>	<u>-</u>	<u>1,269,763</u>	<u>1,269,763</u>
31 March 2021				
Buildings	-	-	776,501	776,501
Machinery and equipment	-	-	549,749	549,749
	<u>-</u>	<u>-</u>	<u>1,326,250</u>	<u>1,326,250</u>

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

Instrument	Level	Valuation basis	Significant unobservable Inputs	Sensitivity of input to the fair value
Property, plant and equipment	3	Market approach	Rate per square feet	Increase/ (decrease) in rate per sq.ft by 5% would decrease/ (increase) fair value by Shs 23.4 million

Notes (continued)

	Group		Company	
	2022 Shs' 000	2021 Shs'000	2022 Shs'000	2021 Shs'000
13 INTANGIBLE ASSETS (COMPUTER SOFTWARE)				
At start of year	22,890	22,842	13,299	13,251
Additions	893	48	488	48
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	23,783	22,890	13,787	13,299
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
AMORTISATION				
At start of year	22,101	21,041	12,879	12,161
Amortisation for the year	580	1,060	272	718
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	22,681	22,101	13,151	12,879
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At end of year	<u>1,102</u>	<u>789</u>	<u>636</u>	<u>420</u>
At start of year	22,890	22,842	13,299	13,251
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
14 RIGHT-OF-USE ASSETS				
GROUP				
Cost				
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	81,581	26,700	7,185	115,466
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amortisation				
At 1 April 2020	10,669	5,348	1,691	17,708
Charge for the year	4,190	5,348	1,691	11,229
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	14,859	10,696	3,382	28,937
At 1 April 2021	14,859	10,696	3,382	28,937
Charge for the year	824	5,348	1,691	7,863
Alignment to 99 years	(4,415)	-	-	(4,415)
	<u>11,268</u>	<u>16,044</u>	<u>5,073</u>	<u>32,385</u>
Net book value				
At 31 March 2022	<u>70,313</u>	<u>10,656</u>	<u>2,112</u>	<u>83,081</u>
At 31 March 2021	<u>11,268</u>	<u>18,861</u>	<u>3,672</u>	<u>86,530</u>

Notes (continued)

	Land Shs'000	Premises Shs'000	Car park Shs'000	Total Shs'000
14 RIGHT-OF-USE ASSETS (Continued)				
COMPANY				
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	12,612	16,951	7,185	36,748
	—	—	—	—
Amortisation				
At 1 April 2020-as previously reported	2,036	3,988	1,691	7,715
Charge for the year	127	3,988	1,691	5,806
	—	—	—	—
At 31 March 2021	2,163	7,976	3,382	13,521
	—	—	—	—
At 1 April 2021	2,163	7,976	3,382	13,521
Charge for the year	127	3,988	1,691	5,806
Prepaid Leasehold land adjustment	(814)	-	-	(814)
	—	—	—	—
At 31 March 2022	1,476	11,964	5,073	18,513
	—	—	—	—
Net book value				
At 31 March 2022	11,136	4,987	2,112	18,235
	=====	=====	=====	=====
At 31 March 2021	10,449	8,975	3,803	23,227
	=====	=====	=====	=====

Right of use assets relate to leasehold land located in Williamson Tea Kenya Plc Changoi Estate, Tinderet Tea Estates (1989) Limited and Kaimosi Tea Estates Limited.

Leasehold land belonging to Kaimosi Tea Estates with net book value Shs 8,337,000 (2020: Shs 8,442,000) have been charged to secure banking facilities granted to the Group as disclosed in Note 27.

The right of use assets are prepaid operating leases which do not have a resulting lease liability.

The Group's land titles in Kenya, which were originally on leases of 999 years, were converted to 99-year leases with effect from 27th August 2010. In the prior year, the Group effected accrual for the amortisation charge of the operating leases over the remaining lease period.

Notes (continued)

15 INVESTMENT PROPERTIES

	Group & Company	
	2022 Shs'000	2021 Shs'000
At fair value:		
At start of year	399,781	475,000
Fair value loss (note 7)	(1,681)	(75,219)
	<u>398,100</u>	<u>399,781</u>
At end of year		
At cost basis	<u>11,591</u>	<u>11,591</u>
Rental income generated from investment property		
Rental income generated from investment property during the year	<u>3,650</u>	<u>1,256</u>
Direct operating expenses arising from investment property		
Direct operating expenses from investment property that generated rental income during the year	<u>1,313</u>	<u>330</u>

Fair value measurement of the Group's investment properties

The Group's investment properties relate to two properties LR No 1160/197 and LR No 330/490, both located in the Nairobi area.

The Investment properties are stated at fair value at the end of year. The fair value measurements of the investment properties as at 31 March 2022 and 31 March 2021 were determined by Knight Frank, Registered and independent Valuers and Estate Agents. Knight Frank 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 the investment properties is determined using either the market approach or the income approach (discounted cash flows).

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

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Fair value as at 31 March Shs'000
31 March 2022				
Investment properties	<u>-</u>	<u>-</u>	<u>398,100</u>	<u>398,100</u>
31 March 2021				
Investment properties	<u>-</u>	<u>-</u>	<u>399,781</u>	<u>399,781</u>

There were no transfers between level 1, level 2 and level 3 during the year.

Notes (continued)

15 INVESTMENT PROPERTIES (continued)

Fair value measurement of the Group's investment properties

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

Description	Fair value at		Unobservable input	Range of inputs (probability – weighted average)		Relationship of unobservable inputs to fair value
	31 March 2022 Shs 000	31 March 2021 Shs 000		2022 Shs 000	2021 Shs 000	
Investment properties	398,100	399,781	Average prices per acre	110,000-150,000 (135,870)	110,000-150,000 (136,444)	The higher the prices the higher the fair value

16 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2022 Shs'000	2021 Shs'000
Group		
Kapchorua Tea Kenya Plc (Quoted) - 39.56% owned:		
Carried at share of net assets	642,346	587,965
The movement in Group investment in associate company is as follows:		
At start of year	587,965	564,478
Share of total profit/total comprehensive income	84,665	2,794
Share of other comprehensive income	667	51,644
Share of total comprehensive income	85,332	54,438
Dividend received	(30,951)	(30,951)
At end of year	642,346	587,965
Share of total comprehensive income comprises of:		
Share of profit	84,665	2,794
Share of other comprehensive income	667	51,644
	85,332	54,438

Notes (continued)

16 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

COMPANY

Kapchorua Tea Kenya Plc (Quoted) 39.56% owned:

At cost	49,504	49,479
At fair value – Quoted market price.	308,782	259,995

The details of the above associate company are as follows:

Company	Share capital Shs	Proportion of ownership interest and voting power held by the group		Place of Incorporation	Principal activity
		31 March 2022	31 March 2021		
Kapchorua Tea Kenya Plc	39,120,000	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 summarised financial information as of 31 March 2022 in respect of the associate company, Kapchorua Tea Kenya Plc is set out below:

	2022 Shs'000	2021 Shs'000
Non-current assets	1,240,705	1,210,079
Current assets	908,375	871,626
Non-current liabilities	(374,531)	(409,505)
Current liabilities	(150,825)	(185,939)
Net assets	1,623,724	1,486,261
Group's share of the net assets	642,345	587,965
Revenue	1,415,471	1,445,640
Profit before tax	303,013	34,114
Tax expense	(88,997)	(27,049)
Profit for the year	214,016	7,065
Total other comprehensive income	1,687	130,545
Total comprehensive income for the year	215,703	137,610

Notes (continued)

17 INVESTMENT IN SUBSIDIARIES

(a) Investments at cost in wholly owned subsidiaries:

Kaimosi Tea Estates Limited	2,863	2,863
Williamson Power Limited**	-	-
Tea Properties Limited	2	2
Lelsa Tea Estates Limited*	-	-
	<u>2,865</u>	<u>2,865</u>

(b) Investment at cost in partially owned subsidiaries:

Tinderet Tea Estates (1989) Limited (82% owned)	103,323	103,323
	<u>106,188</u>	<u>106,188</u>

*Investment in Lelsa Tea Estates Limited is fully impaired.

** Investment in Williamson Power Limited is fully impaired as the company is under liquidation.

The details of the above subsidiary companies are as follows:

Company	Share capital Shs	Place of Incorporation and operation	Principal activity	Proportion of ownership interest and voting power held by the group	
				31 March 2022	31 March 2021
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 subsidiary's 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.

Notes (continued)

17 INVESTMENT IN SUBSIDIARIES (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
At 31 March 2022

	2022 Shs'000	2021 Shs'000
Non-current assets	1,101,403	1,191,393
Current assets	699,247	567,318
	<u>1,800,650</u>	<u>1,758,711</u>
Non-current liabilities	(322,191)	(370,979)
Current liabilities	(125,718)	(125,364)
	<u>(447,909)</u>	<u>(496,343)</u>
Equity attributable to the owners of the company	<u>1,352,741</u>	<u>1,262,368</u>
Non-controlling interest	18%	18%
Revenue	1,187,268	1,236,710
Expenses	(1,078,480)	(1,239,863)
Profit/ (loss) for the year	<u>108,788</u>	<u>(3,153)</u>
Profit/ (loss) attributable to the owners of the company	89,206	(2,585)
Profit/ (loss) attributable to non-controlling interest	19,582	(568)
	<u>108,788</u>	<u>(3,153)</u>
Other comprehensive income	<u>1,272</u>	<u>72,063</u>
Other comprehensive income attributable to the owners of the company	1,043	59,092
Other comprehensive income to non-controlling interest	229	12,971
	<u>1,272</u>	<u>72,063</u>
Dividends paid to non-controlling interest	<u>3,543</u>	<u>7,087</u>
Net cash inflow from operating activities	182,191	236,312
Net cash outflow from investing activities	(29,186)	(75,011)
Net cash outflow from financing activities	(19,686)	(39,372)
Net cash inflow	<u>133,319</u>	<u>121,929</u>

Notes (continued)

18 EQUITY INVESTMENTS

	2022 Shs'000	2021 Shs'000
Unquoted investments at fair value through profit or loss:		
Group		
999,326 (2021 – 999,326) shares of Shs 10 each (Fair value of Shs. 28.18 each) in Kenya Tea Packers Limited	28,166	1,349
	<u> </u>	<u> </u>
Company		
	2022 Shs'000	2021 Shs'000
403,545 (2021 – 403,545) shares of Shs 10 each in Kenya Tea Packers Limited	11,374	546
	<u> </u>	<u> </u>

Kenya Tea Packers Limited (KETEPA) is the largest tea packaging company in Kenya.
The fair value of the investments is based on the net assets in the audited financial statements of KETEPA as
at 30 June 2021.

19 BIOLOGICAL ASSETS

(a) *Non – current assets*

Group

Year ended 31 March 2022

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
Carrying amount at start of year	69,770	615,521	685,291
Net expenditure on biological assets	162	5,473	5,635
	<u> </u>	<u> </u>	<u> </u>
Total cost biological assets	69,932	620,994	690,926
	<u> </u>	<u> </u>	<u> </u>
(Losses)/ gains from changes in fair value attributable to:			
-Biological transformation	1,902	63,701	65,603
-Price changes	50,018	-	50,018
Disposal	(16,366)	(62,294)	(78,660)
	<u> </u>	<u> </u>	<u> </u>
Net Fair value gain/ (loss)	35,554	1,407	36,961
Decrease due to own use	(533)	(5,861)	(6,394)
Decrease due to sale to third parties	(107)	-	(107)
	<u> </u>	<u> </u>	<u> </u>
Carrying amount at end of year	104,846	616,540	721,386
	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

(a) Non – current assets (continued)

Group

Year ended 31 March 2021

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
Carrying amount at start of year	80,328	604,239	684,567
Net expenditure on biological assets	58	6,988	7,046
	<u>80,386</u>	<u>611,227</u>	<u>691,613</u>
Gains/ (losses) from changes in fair value attributed to;			
- Biological transformation	1,442	75,730	77,172
- Price changes	11,446	-	11,446
Decrease due to harvest for own use	(189)	(27,044)	(27,233)
Decrease due to sale to third parties	(22,904)	(44,803)	(67,707)
	<u>70,181</u>	<u>615,110</u>	<u>685,291</u>

Company

Year ended 31 March 2022

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
Carrying amount at start of year	38,193	213,095	251,288
Net expenditure on biological assets	-	1,526	1,526
	<u>38,193</u>	<u>214,621</u>	<u>252,814</u>
Gains/ (losses) from changes in fair value attributable to biological transformation	(2,380)	18,768	16,388
Gains arising from changes in fair value attributable to price changes	10,990	-	10,990
Decrease due to harvest for own use	(14,072)	(23,504)	(37,576)
Decrease due to sale to third parties	(68)	-	(68)
	<u>32,663</u>	<u>209,885</u>	<u>242,548</u>

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

(a) Non – current assets (continued)

Company (Continued)

Year ended 31 March 2021

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
Carrying amount at start of year	42,884	201,888	244,772
Net expenditure on biological assets	-	2,490	2,490
	<u>42,884</u>	<u>204,378</u>	<u>247,262</u>
Gains arising from changes in fair value attributable to physical changes	4,635	34,171	38,806
Losses arising from changes in fair value attributable to price changes	6,304	-	6,304
	<u>10,939</u>	<u>34,171</u>	<u>45,110</u>
Decrease due to harvest for own use	-	(25,460)	(25,460)
Decrease due to sale to third parties	(15,630)	-	(15,630)
	<u>38,193</u>	<u>213,089</u>	<u>251,282</u>

(b) Current assets

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Carrying amount at start of year	26,628	40,479	13,584	18,712
Losses arising from changes in fair value attributable to physical changes	(10,198)	(13,854)	(3,712)	(5,131)
	<u>16,430</u>	<u>26,625</u>	<u>9,872</u>	<u>13,581</u>

Current assets comprise unharvested green leaf while the fuel and timber plantations are classified as non-current assets.

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

Valuation assumptions

Biological assets are carried at fair value at the end of each reporting period. The fair value of biological assets is estimated using the market approach.

Significant assumptions made in determining the fair values of timber trees, fuel trees and unharvested green leaf are as set out below:

- Firewood and timber selling prices are expected to remain relatively constant;
- A discount rate of 12.0% (2021: 13.0%) per annum is applied in discounting the expected net cash flows arising from the asset;
- The maturity period of firewood and timber trees is between 5 and 15 years depending on the species of the tree;
- The Group's and the Company's average tea harvest cycle is 15 days (2021: 15 days). There is sufficient actual data immediately following the reporting date to be able to reliably estimate the agricultural produce at the reporting date;
- The harvest cycle is short enough (15 days) not to require discounting; and
- The green leaf price that the Group and the Company pays to its third party out-growers (less plucking cost and transport) is a reasonable estimate of the price the Group and the Company expects to fetch for final product sold in the market (black tea) less processing and other incidental costs. Consequently, the out-grower rate has been used to fair value the un-harvested green leaf at the reporting date.

The fair value of biological assets is sensitive to these assumptions, the more significant of which are as follows:

- A 10% movement in the market price for trees would result in a Shs 82,461,000 (2021: Shs 68,456,700) and Shs 27,864,000 (2021: Shs 25,128,200) (increase/decrease in the fair value of the timber and fuel trees for the Group and the Company respectively).
- A 1 percentage point movement in the discount rate used in determining the expected net cash flows would result in a Sh. 2,639,000 (2021: Sh. 36,720,000) and Shs 450,000 (2021: Shs 7,112,000) increase//decrease in the fair value of the timber and fuel trees for the Group and the Company respectively.

The following table presents Group's biological assets that are measured at fair value:

Year ended 31 March 2022	Valuation technique	Level 1	Level 2	Level 3	As at 31 March
		Shs'000	Shs'000	Shs'000	Shs'000
Timber and fuel trees	Market approach	-	-	721,386	721,386
Unharvested green leaf	Market approach	-	16,430	-	16,430
		-	16,430	721,386	737,816
Year ended 31 March 2021					
Timber and fuel trees	Market approach	-	-	685,291	685,291
Unharvested green leaf	Market approach	-	26,625	-	26,625
		-	26,625	685,291	711,916

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

Year ended 31 March 2022	Valuation technique	Level 1	Level 2	Level 3	As at 31 March
		Shs'000	Shs'000	Shs'000	Shs'000
Timber and fuel trees	Market approach	-	-	242,548	242,548
Unharvested green leaf	Market approach	-	9,872	-	9,872
		-	9,872	242,548	252,420
Year ended 31 March 2021					
Timber and fuel trees	Market approach	-	-	251,282	251,282
Unharvested green leaf	Market approach	-	13,581	-	13,581
		-	13,581	251,282	264,863

Other qualitative and quantitative information

The total timber and fuel trees comprise of approximately 487.42 hectares (2021 – 475.5 hectares) including 213.62 hectares (2021: 204.34 hectares) of immature trees (less than 5 years old) and 142.48 hectares (2021 – 141.19 Hectares) for mature and 71.17 hectares (2021: 55.49 hectares) of immature trees for Group and Company respectively.

The group is exposed to risks arising from environmental and climatic changes, commodity prices and financing risks. The group's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as droughts and floods and disease outbreaks. The group has strong environmental policies and procedures in place to comply with environmental and other laws. The group is exposed to risks arising from fluctuations in the price of Timber trees. Sales of Timber is widely advertised and done competitively to get the best possible sales price. Planting and upkeep of Timber and firewood trees require substantial capital in the first two years. The group actively manages the working capital requirements and has secured sufficient credit facilities to meet the cash flow requirements.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

Description	Fair value at		Unobservable input	Range of inputs (probability – weighted average)		Relationship of unobservable inputs to fair value
	31 March 2022 Shs 000	31 March 2021 Shs 000		2022	2021	
Biological assets	721,386	685,291	Discount rate	10%-14% (12%)	9%- 15% (13%)	The higher the discount rate the lower the fair value

Notes (continued)

20 INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Tea stocks	462,697	369,530	173,918	137,808
Firewood	117,818	24,592	6,627	6,396
Stores	97,850	153,894	97,439	75,744
Less: provision for stock obsolescence	(37,237)	(25,799)	(26,232)	(16,319)
	<u>641,128</u>	<u>522,217</u>	<u>251,752</u>	<u>203,629</u>

The cost of inventories recognised as an expense during the year was Shs 1,552,442,000 (2021: Shs 1,564,224,000) and Shs 494,447,000 (2021: Shs 489,834,000) for the Group and Company respectively. The cost of inventories recognised as an expense includes Shs 11,654,000 (2021: Shs 37,236,000) and Shs 9,913,000 (2021: Shs 6,884,000) in respect of provisions for slow moving inventory for the group and Company respectively.

The carrying amount of inventories carried at fair value less costs to sell during the year was Shs 462,697,000 (2021: Shs 173,918,000) and Shs 173,918,000 (2021: Shs 137,807,579) for both Group and Company.

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Trade receivables	169,865	221,342	56,218	82,726
Provision for expected credit losses	-	(236)	-	-
Trade receivables – net	<u>169,865</u>	<u>221,106</u>	<u>56,218</u>	<u>82,726</u>
Staff debtors	75,246	92,143	51,065	62,302
VAT recoverable	99,232	89,774	21,521	20,903
Prepayments and other receivables	56,944	67,146	52,899	34,218
Due from related parties (Note 31)	19,994	34,005	26,189	66,917
	<u>421,281</u>	<u>504,174</u>	<u>207,892</u>	<u>267,066</u>

22 CASH AND BANK BALANCES

Cash balances	448	168	283	166
Bank balances	<u>227,508</u>	<u>443,329</u>	<u>93,443</u>	<u>184,629</u>
	<u>227,956</u>	<u>443,497</u>	<u>93,726</u>	<u>184,795</u>
Short term bank deposits	<u>840,874</u>	<u>312,758</u>	<u>378,986</u>	<u>172,920</u>
	<u>1,068,830</u>	<u>756,255</u>	<u>472,712</u>	<u>357,715</u>

The short-term bank deposits were maturing within 90 days after the year end. The average effective interest rate on the short-term deposits at the year end was 8.5% (2021: 6.2%) per annum.

Notes (continued)

23 SHARE CAPITAL

	2022 Shs'000	2021 Shs'000
Authorised:		
17,512,640 shares of Shs 5 each	87,563	87,563
Issued and fully paid:		
17,512,640 shares of Shs 5 each	87,563	87,563

OTHER RESERVES

Group	Revaluation reserve Shs'000	Remeasurement reserve Shs'000	Total Shs'000
31 March 2022			
At start of year	1,320,872	-	1,320,872
Other comprehensive income	-	3,909	3,909
Transfer of excess depreciation	(87,680)	-	(87,680)
Deferred income tax on excess depreciation	23,435	-	23,435
	<u>1,256,627</u>	<u>3,909</u>	<u>1,260,536</u>
31 March 2021			
At start of year	1,036,337	-	1,036,337
Other comprehensive income	314,228	-	314,228
Transfer of excess depreciation	(42,218)	-	(42,218)
Deferred income tax on excess depreciation	12,525	-	12,525
	<u>1,320,872</u>	<u>-</u>	<u>1,320,872</u>
Company			
31 March 2022			
At start of year	685,460	-	685,460
Other comprehensive income	-	1,322	1,322
Transfer of excess depreciation	(46,510)	-	(46,510)
Deferred income tax on excess depreciation	13,953	-	13,953
Transfer on disposal	(3,805)	-	(3,805)
Deferred income tax on disposal	(1,141)	-	(1,141)
	<u>647,957</u>	<u>1,322</u>	<u>649,279</u>
31 March 2021			
At start of year	685,460	-	685,460
Other comprehensive income	-	-	-
Transfer of excess depreciation	(46,510)	-	(46,510)
Deferred income tax on excess depreciation	13,953	-	13,953
Transfer on disposal	(3,805)	-	(3,805)
Deferred income tax on disposal	(1,141)	-	(1,141)
	<u>267,066</u>	<u>-</u>	<u>267,066</u>

Notes (continued)

24 NON – CONTROLLING INTERESTS

	2022 Shs'000	2021 Shs'000
At start of year	200,169	194,853
Share of profit/ (loss):		
- arising from operating activities	17,152	(1,981)
- arising from changes in fair value biological assets	2,430	1,413
	19,582	(568)
Share of other comprehensive income	229	12,971
Share of total comprehensive income	19,811	12,403
Dividends paid by Tinderet Tea Estates (1989) Limited	(3,543)	(7,087)
At end of year	216,437	200,169
Represented by:		
Holding in Tinderet Tea Estates (1989) Limited	18%	18%

Notes (continued)

25 DEFERRED INCOME TAX

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30% (2021: 30%). The net deferred taxation liability is attributable to the following items:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities:				
Property, plant and equipment				
- At costs	710,559	427,325	202,945	195,809
- On revaluation surplus	202,723	474,505	145,876	186,626
Investment properties	20,734	116,457	19,894	116,457
Biological assets	196,436	213,575	69,227	79,459
Unrealised exchange gains	878	22	361	1
Post-employment benefits obligation	1,487	-	567	-
	<u>1,132,817</u>	<u>1,231,884</u>	<u>438,870</u>	<u>578,352</u>
Deferred taxation assets:				
Unrealised exchange losses	(3,884)	(2,422)	(91)	(195)
Reclassified as held for sale	-	5,471	-	-
Other deductible differences	(146,266)	(153,385)	(33,602)	(59,042)
	<u>(150,150)</u>	<u>(150,336)</u>	<u>(33,693)</u>	<u>(59,237)</u>
Net deferred taxation liability	<u>982,667</u>	<u>1,081,548</u>	<u>405,177</u>	<u>519,115</u>

The movement on the deferred income tax is as follows:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	1,081,548	876,659	519,115	428,611
(Credit)/charge to profit or loss				
-current year (credit)/charge (note 9a)	26,572	(85,745)	(9,951)	(45,344)
-Prior year (over)/under provision	(126,940)	(6,614)	(104,554)	2
Deferred income tax on revaluation surplus through OCI	-	191,433	-	72,730
Impact of change in tax rate through profit or loss	-	100,244	-	63,116
Reclassified as held for sale	-	5,471	-	-
Over-provision in prior year	-	-	-	-
Post-employment benefits obligation	1,487	-	567	-
At end of year	<u>982,667</u>	<u>1,081,548</u>	<u>405,177</u>	<u>519,115</u>

Notes (continued)

26 POST-EMPLOYMENT BENEFITS OBLIGATION

The Group provides service gratuity to its employees upon retirement or completion of service contracts based on the number of years of service and the terminal salary. The obligation for the service gratuity is based on an independent actuarial valuation, using the projected unit credit method, at the end of year. The movement in the balance in the year is as follows:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	207,812	300,178	131,929	125,256
Charge to profit or loss	35,516	40,951	(24,501)	20,534
Employer contributions- settlements in the year	(70,088)	(43,911)	(43,962)	(13,861)
Re-measurements recognised through OCI	(4,958)	-	(1,889)	-
At end of year	<u>168,283</u>	<u>297,218</u>	<u>61,577</u>	<u>131,929</u>

The significant actuarial assumptions used were as follows:

Discount rate (%)	13.7	13.3
Future salary increases (% p.a)	10.0	10.0
Mortality (pre-retirement)	A1949-1952	A1949-1952
Mortality (post-retirement)	N/a	N/a
Retirement Age	Age 55	Age 55

A sensitivity analysis has been determined on the discount rate and the future salary increase assumptions based on reasonably possible changes of the assumption occurring at the end of the reporting period, while holding all other assumptions constant:

If the discount rate is 1% higher (lower), the defined benefit obligation would decrease by Shs 4,343,000 (increase by Shs 4,902,000).

If the expected rate of salary growth increases (decreases) by 1%, the defined benefit obligation would increase by Shs 5,018,000 (decrease by Shs 5,018,000).

27 BORROWINGS

a) Loans

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Bank borrowing	<u>204,040</u>	<u>208,072</u>	<u>-</u>	<u>-</u>
On demand and within one year	34,391	31,648	-	-
Between 1 to 5 years	169,649	176,424	-	-
	<u>204,040</u>	<u>208,072</u>	<u>-</u>	<u>-</u>

The borrowings are repayable as follows:

Notes (continued)

27 BORROWINGS (continued)

	Group 2022 Shs'000	2021 Shs'000	Company 2022 Shs'000	2021 Shs'000
b) Analysis of changes in bank loan				
At start of year	208,072	-	-	-
Repayments in the year	(34,620)	-	-	-
Additions in the year	22,532	201,735	-	-
Exchange loss on revaluation	8,056	6,337	-	-
At end of year	204,040	208,072	-	-

c) Interest rates

	2022	2021
The average interest rates paid by the Group were as follows:		
Asset finance loan- US\$	3.4%	3.4%

d) Details of securities for loans and bank overdrafts

Borrowings relate to a secured asset finance credit facility of USD 1,900,000 from Absa Bank Kenya Plc taken out in April 2020. The purpose of the loan was to finance the acquisition of solar panels and battery storage equipment. The loan carries interest at 3.4% above the 3 months USD LIBOR.

The loan securities are as follows:

Group

1. Joint and several debentures between Kaimosi Tea Estates Limited and Williamson Tea Kenya Plc to Absa Bank Kenya Plc stamped and registered to cover Shs 104 million.
2. Legal mortgage over LR Nos. 1892, 1893, 1894, 1895, 1896 and 1899 (Kaimosi Tea Estates Limited) registered and stamped to cover Shs 104 million supplemental to the debenture.
3. Fixed and Floating debenture in the bank's standard form covering the assets of Kaimosi Tea Estates Limited, Williamson Tea Kenya Plc and Tea Properties Limited registered and stamped to cover Shs 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 Limited registered and stamped to cover Shs 318,676,140.

e) Undrawn facilities

The Group had undrawn committed borrowing facilities with various bankers amounting to Shs 267,906,037 (2021 – Shs 178,589,000). The borrowing facilities consist of loans, bank overdrafts, letters of credit and guarantees.

There has not been any breach of loan covenants in the year (2021: nil).

Notes (continued)

28 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Trade payables	61,010	43,266	26,798	16,488
Payable to out-grower farmers	116,947	106,376	31,074	23,126
Other payables and accrued expenses	214,261	264,497	118,148	138,881
Due from related parties (note 31)	1,434	644	17,422	18,266
	<u>393,652</u>	<u>414,783</u>	<u>193,442</u>	<u>196,761</u>

29 DIVIDENDS PAYABLE

Group & Company

	2022	2021
	Shs'000	Shs'000
At start of year	60,489	52,806
Final dividend declared	175,126	350,253
Dividends paid	(159,490)	(331,560)
Amount remitted to unclaimed assets authority	(5,685)	(11,010)
	<u>70,440</u>	<u>60,489</u>
At end of year		

Notes (continued)

30 CASH GENERATED FROM OPERATIONS

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Profit/ (loss) before tax	578,258	(67,269)	228,370	1,264
Adjustments for:				
Depreciation (note 12)	403,749	363,755	190,829	164,728
Amortisation of operating lease	4,262	7,693	5,806	5,806
Amortisation of intangible assets (note 13)	580	1,033	272	718
Loss on disposal of plant and equipment	12,918	53,643	-	22,166
Share of results of investments accounted for using the equity method	(84,665)	(2,794)	-	-
Dividend income	(783)	-	(58,037)	(83,561)
Changes in fair value of biological assets	(16,882)	20,176	17,359	1,111
Fair value loss on investment properties	1,681	75,219	1,681	75,219
Unrealised exchange loss on borrowings (note 27)	8,056	6,337	-	-
Interest expense on borrowings	10,986	12,130	123	148
Interest expense on lease liabilities	1,044	1,350	1,044	1,350
Interest income (note 6)	(30,033)	(19,573)	(13,093)	(11,990)
Effects of exchange rate changes on cash and cash equivalents	(3,508)	(7,303)	(1,614)	(3,322)
Gain on disposal of assets- discontinued operations	5,322	-	-	-
Equities revaluation	(26,841)	-	(10,851)	-
Changes in working capital items:				
- inventories	(118,911)	333,403	(48,123)	123,737
- trade and other receivables	82,893	(67,530)	59,174	14,363
- trade and other payables	(21,131)	(82,932)	(3,327)	(791)
- working capital for the discontinued operations	10,018	(15,603)	-	-
- post-employment benefits obligation	(128,935)	(2,960)	(68,463)	6,673
Cash generated from operations	<u>688,078</u>	<u>608,774</u>	<u>301,150</u>	<u>317,619</u>

Notes (continued)

31 RELATED PARTY TRANSACTIONS

The immediate holding company is Ngong Tea Holdings Limited, a company incorporated in the United Kingdom. The ultimate holding company is George Williamson & Co Limited, a company incorporated in the United Kingdom. The Group and Company transacts with other companies related to them by virtue of common shareholding.

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

	2022 Shs'000	2021 Shs'000
Royalties and licences (George Williamson & Co Limited – parent)	84,006	93,084
Agency commission and charges received (Kapchorua Tea Company Limited – associate)	55,128	58,434

The outstanding balances with related parties were as follows:

	2022 Shs'000	Group 2021 Shs'000	2022 Shs'000	Company 2021 Shs'000
Due from associate company Kapchorua Tea Kenya Plc	19,994	34,005	9,525	34,005
Due from subsidiary companies				
Kaimosi Tea Estates Limited			4,367	24,594
Tinderet Tea Estates (1989) Limited			8,865	5,552
Williamson Power Limited			3,432	2,766
			16,664	32,912
Due to subsidiary company Tea Properties Limited			17,422	18,266
Due to associate company-Group Kapchorua Tea Kenya Plc			1,434	644

Terms of the related party balances

The above related party balances arise from normal course of business and are interest free, unsecured and have no fixed repayment terms.

Notes (continued)

31 RELATED PARTY TRANSACTIONS (Continued)

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
The in movement in the bad debt provision on receivables from related parties is as follows:				
1 April	236	2,243	-	-
Credit to profit or loss	-	(2,007)	-	-
At 31 March	236	236	-	-

Compensation of Directors and key management personnel

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

	2022	2021
	Shs'000	Shs'000
Non-executive directors' emoluments		
Fees and allowances for services as directors	12,487	12,077
Executive and key management compensation		
Executive fees and allowances	66,285	53,573
Key management compensation	71,326	65,685
	137,611	119,258

The remuneration for Directors and key management is determined by the Board members having regard to the performance of individuals and market trends.

32 CAPITAL COMMITMENTS

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Authorized but not contracted for	150,697	596,475	86,799	136,429
Authorized and contracted for	81,545	31,088	33,812	32,002
	232,242	627,563	120,611	168,431

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.

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
33 LEASE LIABILITIES				
At start of year	22,258	28,505	14,698	19,806
Interest expense on lease liabilities	1,419	1,966	900	1,350
Lease payments	(8,735)	(8,213)	(6,980)	(6,458)
At end of year	14,942	22,258	8,618	14,698

Notes (continued)

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
33 LEASE LIABILITIES (Continued)				
Maturity analysis				
Year 1	8,585	8,141	6,830	6,386
Year 2	9,097	8,585	7,342	6,830
Year 3	3,623	9,097	1,868	7,342
Year 4	1,755	3,623	-	1,868
Year 5	1,755	3,510	-	-
Undiscounted lease payments at the end of the year	24,815	32,956	16,040	22,426
Less unearned interest	(9,873)	(10,698)	(7,422)	(7,728)
	<u>14,942</u>	<u>22,258</u>	<u>8,618</u>	<u>14,698</u>
Analysed as:				
Current	3,879	6,247	2,538	5,108
Non-current	11,063	16,011	6,080	9,590
	<u>14,942</u>	<u>22,258</u>	<u>8,618</u>	<u>14,698</u>

34 CONTINGENT LIABILITIES

The Group and the Company are 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 legal advisors to assess the probability of the company incurring related liabilities. However, provisions are only made in the consolidated and company financial statements where, based on the directors' evaluation, a probable obligation has been established. As at 31 March 2022, there were no material contingent liabilities (2021: Nil).

The Group has guarantees amounting to Shs 11,000,000 (Company: nil), issued on its behalf by banks in the normal course of business from which it is anticipated that no material liabilities will arise.

35 CAPITAL MANAGEMENT

The Group and the Company 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 and the Company consist of debt, which includes the borrowings disclosed in Note 29, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, revaluation reserve and retained earnings.

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

Notes (continued)

35 CAPITAL MANAGEMENT (Continued)

	Group	
	2022 Shs'000	2021 Shs'000
Share capital	87,563	87,563
Retained earnings	4,754,004	4,351,292
Revaluation surplus	1,256,627	1,320,872
	<u> </u>	<u> </u>
Equity	6,098,194	5,759,727
	<u> </u>	<u> </u>
Total borrowings	204,040	208,072
Total lease liabilities	14,942	22,258
Less: cash and cash equivalents	(1,068,830)	(756,255)
	<u> </u>	<u> </u>
Net debt	(849,848)	(525,925)
	<u> </u>	<u> </u>
Gearing ratio	Nil	Nil
	<u> </u>	<u> </u>

36 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 and
- 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.

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 – month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

31 March 2022

Group	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net amount Shs'000
Trade and other receivables	21	Performing	Lifetime ECL (simplified approach)	169,865	-	169,865
Staff receivables	21	Performing	General measurement model	75,246	-	75,246
Due from associate company	31	Performing	General measurement model	19,994	-	19,994
Bank balance	22	Performing	12 months ECL	227,956	-	227,956
Short term deposits	22	Performing	12 months ECL	840,874	-	840,874
				<u>1,333,563</u>	<u>-</u>	<u>1,333,563</u>

31 March 2021

Group	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net amount Shs'000
Trade and other receivables	21	Performing	Lifetime ECL (simplified approach)	221,342	(236)	221,106
Staff receivables	21	Performing	General measurement model	92,143	-	92,143
Due from associate company	31	Performing	General measurement model	34,005	-	34,005
Bank balance	22	Performing	12 months ECL	443,329	-	443,329
Short term deposits	22	Performing	12 months ECL	312,758	-	312,758
				<u>1,103,577</u>	<u>(236)</u>	<u>1,103,341</u>

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

Financial risks arising from use of financial instruments (continued)

Credit risk (continued)

31 March 2022	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net amount Shs'000
Company						
Trade and other receivables	21	Performing	Lifetime ECL (simplified approach)	56,218	-	56,218
Staff receivables	21	Performing	General measurement model	51,065	-	51,065
Due from associate company	31	Performing	General measurement model	19,994	-	19,994
Due from subsidiary companies	31	Performing	Lifetime ECL (simplified approach)	17,440	-	17,440
Bank balance	22	Performing	12 months ECL	93,443	-	93,443
Short term deposits	22	Performing	12 months ECL	379,061	-	379,061
				<u>617,221</u>	<u>-</u>	<u>617,221</u>
31 March 2021						
Company						
Trade and other receivables	21	Performing	Lifetime ECL (simplified approach)	82,726	-	82,726
Staff receivables	21	Performing	General measurement model	62,302	-	62,302
Due from associate company	31	Performing	General measurement model	34,005	-	34,005
Due from subsidiary companies	31	Performing	Lifetime ECL (simplified approach)	32,912	-	32,912
Bank balance	22	Performing	12 months ECL	184,629	-	184,629
Short term deposits	22	Performing	12 months ECL	172,920	-	172,920
				<u>569,494</u>	<u>-</u>	<u>569,494</u>

Bank Balances

Bank balances and bank deposits are not restricted and include deposits held with banks that have high credit ratings. Bank balances and bank deposits are thus considered as performing.

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

Financial risks arising from use of financial instruments (continued)

Credit risk (continued)

Trade receivables

For trade receivables, the company has applied the simplified approach in the IFRS 9 to measure the loss allowance. All receivables are within 90 days from the end of the reporting period and thus no need for impairment.

Trade receivables are considered to be low risk as the Group and Company mainly makes sales through auctions which have a short credit period and are regulated and to export customers who are required to make payments before the goods can be collected at the port. On that basis, the loss allowance as at 31 March 2022 was determined as follows for trade receivables:

Group	Trade and other receivables – days past due						
2022	Not Due	< 30	31 – 60	61 - 90	91 - 120	> 120	Total
Gross carrying amount - Trade receivables (Shs)	146,198	21,550	672	1,445	-	-	169,865
Expected credit loss allowance (Shs)	-	-	-	-	-	-	-
Net amount	<u>146,448</u>	<u>21,550</u>	<u>672</u>	<u>1,445</u>	<u>(9)</u>	<u>(241)</u>	<u>169,865</u>
Group	Trade and other receivables – days past due						
2021	Not Due	< 30	31 – 60	61 - 90	91 - 120	> 120	Total
Gross carrying amount - Trade receivables (Shs)	182,222	37,978	1,142	-	-	-	221,342
Expected credit loss allowance (Shs)	-	-	(236)	-	-	-	(236)
Net amount	<u>182,222</u>	<u>37,978</u>	<u>906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,106</u>

Staff receivables

The company has applied the general measurement model in the IFRS 9 to measure the loss allowance for staff receivables. The company has put in place measures to ensure all amounts due from members of staff are recovered over a maximum of 6 years or upon separation, whichever comes earlier. Motor Vehicle purchased is co-owned with the company and therefore forms collateral for the loan. The value of other loans granted is capped at 75% of pension saved with the staff provident fund, and therefore the savings form collateral for the loan(s). On this basis, therefore, the company has not provided for impairment losses. The collateral for the employees with development loans as at year end amounted to Shs 200,579,000.

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

Financial risks arising from use of financial instruments (continued)

Credit risk (continued)

Credit risk – Increase/decrease of ECL rate by 10%.

If the ECL rates on trade receivables had been 10% higher (lower) as of 31 March 2022, the loss allowance on trade receivables would have been Shs Nil (2021: Shs 23,600) and Nil (2021 -Nil) higher (lower) for Group and Company respectively.

The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings and are fully performing.

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 company'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 to ensure it has sufficient cash to meet its operational needs.

The following table analyses the Group's financial liabilities and assets that will be settled/mature on a net basis into relevant maturity groupings based on the remaining period at the end of the financial statement position date 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

Group	Up to 1 month Shs'000	2-3 months Shs'000	4-12 months Shs'000	2-5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Financial liabilities						
At 31 March 2022						
Trade payables	61,010	-	-	-	-	61,010
Borrowings	2,808	5,660	25,923	169,649	-	204,040
	<u>63,818</u>	<u>5,660</u>	<u>25,923</u>	<u>169,649</u>	<u>-</u>	<u>265,050</u>
At 31 March 2021						
Trade payables	43,266	-	-	-	-	43,266
Borrowings	2,579	5,204	23,865	176,424	-	208,072
Lease liability	678	2,035	5,428	24,815	-	32,956
Due to associate company	644	-	-	-	-	644
	<u>47,167</u>	<u>7,239</u>	<u>29,293</u>	<u>201,239</u>	<u>-</u>	<u>284,938</u>

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

Financial risks arising from use of financial instruments (continued)

Liquidity risk (continued)

Company	Up to 1 month Shs'000	2-3 months Shs'000	4-12 months Shs'000	2-5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Financial liabilities						
At 31 March 2022						
Trade payables	26,798	-	-	-	-	26,798
Lease liability	2,538	-	-	-	6,080	8,618
Due to associate company	17,422	-	-	-	-	17,422
Due to subsidiaries	5,108	-	-	-	-	5,108
	<u>51,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,080</u>	<u>57,946</u>
At 31 March 2021						
Trade payables	16,488	-	-	-	-	16,488
Lease liability	5,108	-	-	-	9,590	14,698
Due to associate company	18,266	-	-	-	-	18,266
Due to subsidiaries	5,108	-	-	-	-	5,108
	<u>44,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,590</u>	<u>54,560</u>

Market risk

Market Risk is the risk of loss arising from potential adverse changes in the value of the group assets and liabilities due to fluctuations in market risk factors such as interest rate risk (IRR) and foreign exchange rates (FX risk)

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. In order to manage the foreign exchange risk, the group deal with the major currency that can withstand market pressures. Exchange rate exposures are also managed within approved policy parameters and hedging. The sensitivity analysis below shows the Company did not have material exposure to foreign exchange risk.

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

Group	USD Shs'000	GBP Shs'000	EURO Shs'000
2022			
Financial assets			
Bank and cash balances	168,534	2,658	158
Trade receivables	186,844	17,611	-
Financial liabilities			
Trade payables	(6,146)	(373)	-
Borrowings	(204,040)	-	-
Net assets	<u>145,192</u>	<u>19,896</u>	<u>158</u>

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(i) Foreign exchange risk (Continued)

	USD Shs'000	GBP Shs'000	EURO Shs'000
2021			
Financial assets			
Bank and cash balances	273,047	2,889	1,272
Trade receivables	221,327	-	-
Financial liabilities			
Trade payables	(5,389)	(374)	-
Borrowings	(208,072)	-	-
Net assets	<u>280,913</u>	<u>2,515</u>	<u>1,272</u>
Company			
2022			
Financial assets			
Bank and cash balances	44,523	520	158
Trade receivables	56,113	-	-
Financial liabilities			
Trade payables	(37)	-	-
Net assets	<u>100,599</u>	<u>520</u>	<u>158</u>
2021			
Financial assets			
Bank and cash balances	95,628	568	1,272
Trade receivables	82,620	-	-
Financial liabilities			
Trade payables	(2,881)	-	-
Net assets	<u>175,367</u>	<u>568</u>	<u>1,272</u>

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

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.

	2022 Shs'000		2021 Shs'000	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
Currency - GB pounds				
+ 1 percentage point movement	199	140	25	18
- 1 percentage point movement	(199)	(140)	(25)	(18)
Currency - US dollars				
+ 1 percentage point movement	1,452	1,017	2,809	1,966
- 1 percentage point movement	(1,452)	(1,017)	(2,809)	(1,966)
Currency - Euro				
+ 1 percentage point movement	2	1	13	9
- 1 percentage point movement	(2)	(1)	(13)	(9)

(iii) Interest rate risk

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates. This risk may 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 assumed movement in interest rate sensitivity analysis is based on the currently observable market environment. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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.

	2022 Shs'000		2021 Shs'000	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
+ 1 percentage point movement	74	52	67	47
- 1 percentage point movement	(74)	(52)	(67)	(47)

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (Continued)

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.

37 FAIR VALUE OF ASSETS AND LIABILITIES

a) Fair value hierarchy

The table below shows an analysis of all assets and liabilities measured at fair value in the financial statements or for which fair values are disclosed in the financial statements by level of the fair value hierarchy. These are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and
- iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
31 March 2022			
Assets			
Investment properties	-	398,100	-
Property, plant and equipment			
-Buildings	-	-	1,284,556
-Machinery and equipment	-	-	1,453,612
Biological assets:			
-Timber and fuel trees	-	-	721,386
-Un-harvested green leaf	-	16,430	-
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>Shs'000</u>	<u>Shs'000</u>	<u>Shs'000</u>
31 March 2021			
Assets			
Investment properties	-	399,781	-
Property, plant and equipment			
-Buildings	-	-	1,284,556
-Machinery and equipment	-	-	1,124,572
Biological assets:			
-Timber and fuel trees	-	-	685,291
-Un-harvested green leaf	-	26,625	-
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>Shs'000</u>	<u>Shs'000</u>	<u>Shs'000</u>

Notes (continued)

37 FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

a) Fair value hierarchy (Continued)

Company	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
31 March 2022			
Assets			
Investment properties	-	398,100	-
Property, plant and equipment			
- Buildings	-	-	-
- Machinery and equipment	-	-	-
Biological assets			
- Timber and fuel trees	-	-	231,558
- Un-harvested green leaf		13,717	-
31 March 2021			
Assets			
Investment properties	-	399,781	-
Property, plant and equipment			
- Buildings	-	-	776,501
- Machinery and equipment	-	-	549,749
Biological assets			
- Timber and fuel trees	-	-	251,282
- Un-harvested green leaf	-	13,581	-

38 OPERATING LEASE COMMITMENTS

The Group as a lessor

Property rental income earned during the year amounted to Shs 3,650,000 (2021 – Shs 1,256,000). At the end of the reporting period, the Group had contracted with tenants for the following future lease receivables.

	2022 Shs'000	2021 Shs'000
Within one year	1,140	720
Over one year	-	-
	<u>1,140</u>	<u>720</u>

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.

Notes (continued)

39 DISCONTINUED OPERATIONS

In the financial year ended 31 March 2021, the directors resolved to offer Williamson Power as a going concern to its management and staff, and the entity effectively ceasing to be a subsidiary of Williamson Tea Kenya Plc. The decision to dispose Williamson Power Limited was consistent with the Group's long-term policy to focus on its core tea business activities. These operations have been classified as a disposal held for sale and presented separately in the Group statement of financial position. In the current year, the liquidators issued their final report and a shareholders' meeting has been scheduled for purposes of concluding the winding up process.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2022 Shs'000	2021 Shs'000
Revenue	4,236	35,410
Cost of sales	(9,045)	(39,208)
Gross loss	(4,809)	(3,798)
Other income	(5,399)	8,063
Administrative expenses	(1,445)	(13,023)
Interest income	1,221	474
Loss before tax	(10,432)	(8,284)
Tax charge	(6)	(5,471)
Loss after tax	(10,438)	(13,755)
Group		
Plant and equipment	-	10,856
Inventories	-	9,042
Trade and other receivables	3,838	3,905
Due from group companies	-	5,695
Tax recoverable	6,224	6,582
Cash and bank balances	28,360	12,943
Assets classified as held for sale	38,422	49,023
Due to related parties	3,660	2,992
Trade and other payables	972	1,222
Liabilities directly associated with assets classified as held for sale	4,632	4,214
Net assets classified as held for sale	33,790	44,809
Investment in subsidiaries	-	3,689

The investment in Williamson Power Limited is fully impaired.

Notes (continued)

40 COVID CONSIDERATIONS

In March 2021, the World Health Organisation (WHO) officially declared COVID-19 as a pandemic. This health hazard has resulted in significant government measures and caused disruption to the financial markets and global economy. The Group and Company have however been able to navigate through the pandemic. There was no significant impact of Covid 19 to the Group's and Company's performance in the current year.

41 EVENTS AFTER PERIOD END

We have assessed the impacts of the Russian invasion of Ukraine and other than the general impact on the global economy, no specific impacts of the invasion have been identified on the Group and Company.

--000--