WILLIAMSON TEA KENYA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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NOTICE IS HEREBY GIVEN that the 82nd Annual General Meeting of the Shareholders will be held by electronic communication on Thursday 22nd August 2024 at 11.30 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 2024.

2) To declare dividends:

    i) To ratify the payment of Interim dividend of Shs. 10 .00 per share paid on 13th December 2023
    ii) To approve final dividend of Kshs 15.00 per share in respect of the year ended 31st March 2024 payable on 2nd September 2024, to shareholders on the Register of Members as at close of business on 31st July 2024.

3) To re-elect Directors:

i) In accordance with Article 108 of the Company's Articles of Association, Mr. Ezekiel Ndichu Kimati Wanjama and offers himself for re-election.

ii) In accordance with Article 108 of the Company's Articles of Association, Mr. Philip Magor 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 Governance and 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) To note that PriceWaterHouse Coopers LLP continue in office and authorize Directors to agree to their remuneration.

7) To transact such other business as may be brought before the meeting.

8) Special business

To consider and if thought fit to pass the following resolution as ordinary resolution:

i. That in pursuance of article 52 of the company's articles of association, "that the authorized share capital of the company be increased from shillings one hundred nine million four hundred fifty four thousand (Shs 109,454,000) divided into twenty one million eight hundred ninety thousand eight hundred (21,890,800) ordinary shares of shillings five (Shs 5) to shillings two hundred fifty million (Shs 250,000,000) divided into fifty million (50,000,000) ordinary shares of shillings five (Shs 5) each by the creation of twenty eight million one hundred nine thousand two hundred (28,109,200) ordinary shares of shillings five (Shs 5) each to rank pari passu with the existing ordinary shares of the company in all respects."

BY ORDER OF THE BOARD
Gilbert K Masaki
SECRETARY

27th June 2024

Directors	E N K Wanjama	- Chairman
	A L Carmichael	- Managing Director
	S N Thumbi	- Farm Director
	P Magor	
	J P Brooks	
	E C Magor	
	M Koech	
Board Committees:		
Governance & Audit Committee	M Koech	- Chairman
	J P Brooks	
	E C Magor	
Nominating Committee	E N K Wanjama	- Chairman
	A L Carmichael	- Managing Director
	P Magor	- Non-Executive Director
Staff &remuneration committee	E N K Wanjama	- Chairman
	A L Carmichael	- Managing Director
	P Magor	- Non-Executive Director

Company secretary/registrar
G K Masaki
Certified Public Secretary (Kenya)
P O Box 42281 - 00100
Nairobi

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Auditors
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Absa Plaza Business Centre
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Nairobi

Williamson Tea Kenya Plc
Financial Highlights
For the year ended 31 March 2024

		2024	2023	2022	2021	2020
Tea Production						
Area under tea - Hectare		2,131	2,131	2,131	2,130	2,130
Made tea - own	'000 Kgs	7,885	6,448	7,087	6,906	7,511
- bought leaf	'000 Kgs	11,026	8,731	9,592	10,003	8,101
Total	'000 Kgs	18,911	15,179	16,679	16,909	15,612
Tea sold	'000 Kgs	16,986	15,990	16,175	18,817	14,694
Average gross price per Kg (Shs/Ct)		256/30	257/10	216/88	197/93	205/08
Revenue from tea and timber sales (Shs'000)		4,194,358	4,019,821	3,507,898	3,734,037	3,036,905
Profit (Shs'000)						
Profit/ (loss) before tax		684,731	842,275	578,258	(67,269)	116,994
Income tax (expense)/credit		(157,681)	(277,925)	(37,973)	(65,114)	30,386
Profit/(loss) for the year from continuing operations		527,050	564,350	540,285	(132,383)	147,380
Loss from discontinued Operations		(97)	(69)	(10,438)	(13,755)	(10,178)
Profit/(loss) for the year		526,953	564,281	529,847	(146,138)	137,202
Attributable to:						
Non - controlling interests		29,475	49,112	19,582	(568)	4,342
Equity holders of the parent		497,478	515,169	510,265	(145,570)	132,860
Profit/(loss) for the year		526,953	564,281	529,847	(146,138)	137,202
Capital employed (Shs'000)						
Assets (Shs'000)						
Property, plant and equipment		4,459,812	3,800,628	3,981,350	4,188,302	3,865,560
Right-of-use assets		102,511	77,378	83,081	86,530	95,033
Investments and other long-term assets		1,241,170	1,165,811	1,108,136	989,884	1,042,628
Biological assets		736,217	741,063	721,386	685,291	684,567
Current assets		2,491,796	2,643,147	2,259,334	2,098,471	2,212,782
Total assets		9,031,506	8,428,027	8,153,287	8,048,478	7,900,570
Liabilities (Shs'000)						
Medium and short-term borrowings		151,963	195,754	204,040	208,072	-
Long term lease liabilities		28,676	3,528	11,063	16,011	22,325
Other current liabilities		731,697	464,260	472,603	485,733	565,233
Deferred income tax		1,163,505	1,068,928	982,667	1,081,548	876,659
Total liabilities		2,219,908	1,891,362	1,838,656	2,088,582	1,764,395
Net assets		6,811,598	6,536,665	6,314,631	5,959,896	6,136,175

Williamson Tea Kenya Plc
Financial Highlights
For the year ended 31 March 2024

		2024	2023	2022	2021	2020
Financed by (Shs'000)						
Share capital		87,563	87,563	87,563	87,563	87,563
Revaluation surplus		1,620,905	1,205,091	1,256,627	1,320,872	1,036,337
Retained earnings		4,841,572	4,984,848	4,754,004	4,351,292	4,817,422
Equity holders of parent company		6,550,040	6,277,502	6,098,194	5,759,727	5,941,322
Non – controlling interest		261,558	259,163	216,437	200,169	194,853
Shareholders' funds		6,811,598	6,536,665	6,314,631	5,959,896	6,136,175
Earnings/ (Loss) per share	Shs	28.41	29.42	29.14	(8.31)	7.59
Proposed dividend per share (par value)	%		600	200	200	400
Proposed dividend per share	Shs	25	30	20	10	20
Proposed dividend cover	Times	1.13	0.98	1.49	(0.83)	0.38
Closing exchange rates	US $	131.80	132.33	114.95	109.51	104.69
	UK £	166.55	163.67	151.13	150.69	129.87

Results

The Group reported a profit for the year from continuing operations of Shs. 527 million compared to a profit of Shs 564 million in 2023.

Production

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

Record crops are to be celebrated and the critical factors responsible applauded. In this case both our own leaf and leaf from our small holder farmers achieved record levels. Favorable weather, of course, but the human factors of hard work, team work, good decision making and attention to detail matter just as much. So, my congratulations to all those who contributed so effectively and successfully. Our smallholder farmers continue to be critical in delivering good quality leaf in sufficient volumes that enable us, when the time is right, to expand factory capacities, without them, this aspiration would not be possible.

Cost of Production

Many inflationary factors and inefficiencies on power supply beyond our control continue to push up prices of essential inputs. The Russian invasion of Ukraine continues into its second year and once more affecting global inflation.

Significant local unrest earlier in the year around Kericho and Bomet lead to the rule of law being bypassed with escalating incidents of green leaf theft. Neighboring farms suffered from buildings and machinery being attacked and burnt whilst our own security bills increased significantly to protect our property. I am pleased to report that the authorities did react positively and the insurrection and lawlessness has subsided, we have been peaceful for a prolonged period.

KPLC power delivery remains very erratic and once funds allow, we will need to install renewable energy at Tinderet. The Solar at Changoi is keeping power costs under a measure of control and the solar and batteries at Kaimosi is ensuring that late afternoon and evening manufacture is uninterrupted.

Markets

Looking superficially at the financial results the casual observer would be tempted to claim that "all was well". However, the Kenya tea market, just like an iceberg floating in the North Atlantic has a host of dangers lurking above and beneath the surface.

Firstly, to note, our ability to sell our teas in a free, fair and competitive market remains undiminished. During the financial year we and other export companies benefited from a weak shilling. This meant that tea sold in US dollars provided increased income in Kenya shillings that overrode cost increases to inputs. The shilling has now strengthened and alongside declining prices creates an extremely unstable market situation as I explain below.

The global tea market, through the fundamental nature of the commodity is a relatively simple but multifaceted supply and demand economic equation, too much tea means too much supply and without the equivalent increased demand (extremely difficult to achieve so patience is required) the price of tea collapses. Multifaceted because quality, logistics, politics, currencies and efficiency to name a few contribute to the success or failure to selling tea.

Tea is NOT a commodity to store and bet or hedge against future crops or other events raising the price, the "gambler" will get it wrong 9 and a half times out of 10. Tea grows as I write, as I go on holiday, as I drive my car, effected primarily by rainfall and less importantly by temperature variations. So, as I store unsold tea more supply emerges every day into the market from every factory. The price collapses.

In the year under review very high crops have been recorded in Kenya. These high crops alongside a decision from the KTDA to impose minimum prices for all their teas two years ago has resulted in a disastrous cocktail of unforeseen consequences that have resulted in huge quantities of Kenya tea being unsold, simply sitting gathering costs and deteriorating in warehouses. Most of these teas are from KTDA West of the Rift factories, reprinted frequently in auction catalogues but usually remaining unsold to the enormous detriment of the tea market in Kenya. Most of the "commercial" farmers, or large-scale tea

Markets (continued)

producers compete in the market against West of the Rift teas. Even if the minimum prices were to be immediately lifted, the volumes of unsold Kenya tea will remain available to buyers, only too happy to exploit the situation and drive prices down reaching unsustainable levels for producers but providing significant, albeit short term gain for buyers.

High crops alleviated any necessity for buyers buying teas above the actual market levels. So minimum priced West of the Rift teas were overlooked either for cheaper Kenyan teas or cheap tea from other locations; Malawi, Tanzania, South India and Vietnam.

To further complicate an already difficult situation the unsold, reprinted KTDA teas, often 50% of the Mombasa auction offerings are, along with many other teas, being sold in an auction that is currently unfit for purpose. Moving from the current imbalance between supply and demand we find an electronic auction that is uncompetitive, slow (slower than the physical open auction) un-transparent due to being on line and has become a Dutch auction, that is the price of tea is lowered from the original valuation until a bid is registered.

For an auction to function to the benefit of both seller and buyer it must be efficient, efficiency means collecting all interested parties to one place, it must be competitive meaning that the buyer bids up rather than waiting for the price to come down and an auctioneer can SELL through a knowledge of the market, their teas to be sold, the buyers in a room, and adding an essential frisson to proceedings. A distanced, on line auction allows buyers to disengage, to bid at shamefully low prices with no accountability and undermine the process and original purpose of essential efficiently that of gathering together large amounts of tea to be sold to large amounts of collective buyers

Difficult decisions are now required by policy makers in the KTDA and indeed by government. To right a major wrong requires considerable courage and a recognition that previous decisions continue to damage market performance and cost untold amounts of money. To rectify the position will need the situation to be cauterized, the unsold tea removed from the supply chain and a fresh start commencing on the supply side.

Many independent, start-up factories have closed down, unable to survive in the current commercial atmosphere. If nothing is done many more tea producers will also shut. It is as serious as that.

It is important to remember the national importance of Kenya's tea industry, providing around 25% of Kenya's foreign exchange earnings, paying huge amounts of tax and is the critical employer in Western Kenya.

Alongside cauterization there needs to be diplomatic efforts by Kenyan decision makers to increase sales to India and China, both large consumers of tea with protectionist tariffs in place.

There is much written about value addition being the panacea for industry ills and indeed if fiscal or other financial incentives were promulgated a modest and structured increase to value added sales may result. Until then my words on value addition in last year's statement remain relevant.

Politics

As mentioned earlier in the statement all farms have settled down to peaceful operations after a very difficult April to June in 2023. This is very much to be applauded as it allows management, staff and workers to focus on their jobs without the distractions and threats from outside interference.

General Outlook

From a crop perspective very encouraging. We recorded our record crop during the year and weather conditions remain favorable as I write. We have increased manufacturing capacity at Tinderet and subject to market forces have firm plans to do likewise at Changoi and Kaimosi.

Unless there is a genuine effort to resolve the issue of old, tired KTDA stock providing buyers with a safety net of cheap tea to be blended for consumption the market will remain dangerously weak with the many consequences of that still to come.

Dividends

In view of the results, the Directors are recommending a final dividend payment of Shs 15 per share (2023: Shs 30 per share from the reserves.

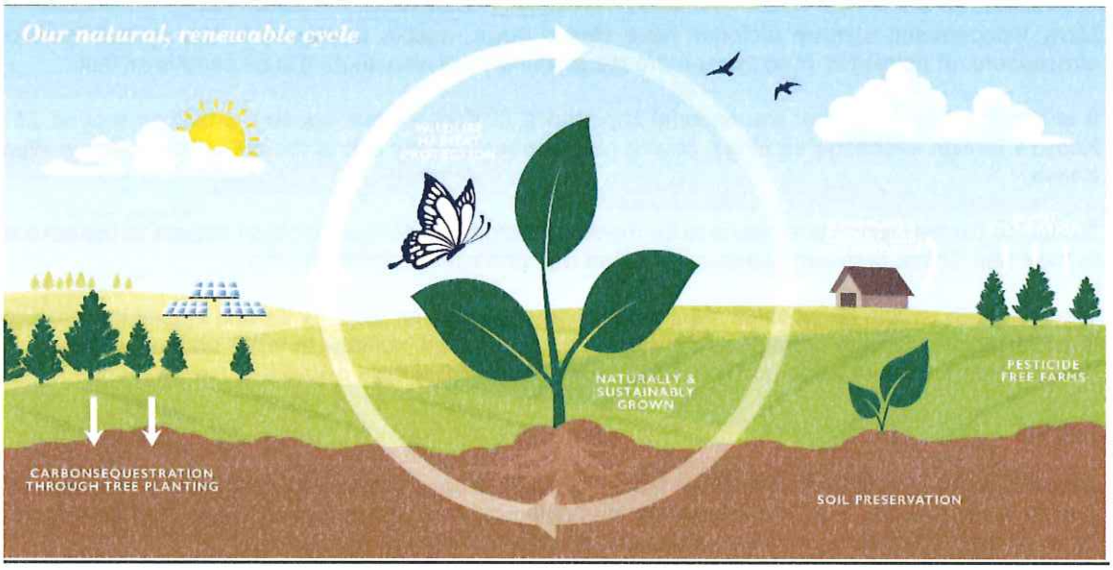
Corporate Social Responsibility

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.

The various farm activities covered in the year are detailed in our website https://www.williamsontea.com/impact-reports/. The activities include building school classrooms, administration blocks, bursaries, and providing surrounding communities with water.

Towards Net Zero

The Kenya Government is a signatory to the Kyoto Accord and Paris Agreement on climate change mitigation.
The Kenya Energy Transition & Investment Plan 2023-2050 identifies the main decarbonisation technologies that will anchor an orderly transition, including renewable energy, green hydrogen, e-mobility, energy storage and clean cooking.
Williamson Tea will harness these opportunities in line with the Kenyan Government strategies although the detail for the agricultural sector needs further amplification.
Kenya has immense green growth opportunities building on a very low carbon footprint of 0.4 metric tons per capita in comparison to nations such as the UK with 4.6 metric tons per capita. (Source The World Bank Data).



The Four Pillar Strategy of Williamson Tea

Agriculture has a unique ability not just to reduce emissions but to act as a sink for the emissions of others but to achieve Net Zero will require a multifaceted approach with four pillars.

Pillar 1; Improving farm resource use efficiency and reducing emissions.

Pillar 2; Improving carbon capture and storage.

Pillar 3; Increasing our use of renewable energy.

Pillar 4: The development of a Carbon Calculator for the Kenyan tea industry.

Within these pillars Williamson Tea focuses on a common-sense approach with prominence given to Productivity, Power and Carbon Sequestration.

Health and Education

The Group continues to provide extensive medical services to its employees, with 4 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, 5 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 1,000 with over 3,000 of their dependents also benefiting from the social and welfare amenities provided.

During the year, the Group spent over Shs 90 million on employees' pension, gratuities, leave and medical expenses over and above employees' direct wages. In addition, the company incurred in excess of Sh 3 million on capital projects relating to employee welfare.

Appreciation

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

Edmon Asugo has overseen a record crop at Changoi in his first year in charge as have Charles Agui and Sospeter Angira at Tinderet and Kaimosi respectively. My thanks and congratulations to them all and all the farm teams.

Our Chief Financial Officer, Angus Omete continues to lead and train his team in exemplary fashion and my thanks also to head office staff in Nairobi.

And lastly to my fellow Directors for their valuable contributions and advice.

ENK Wanjama

Chairman

27th **June 2024**

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 2024 held shares in their individual capacity that were more than 2% of the Company's total equity (2023: None). The Directors' interest in the shares of the Company as at 31st March 2024 is summarized below:

Name	**Number of Shares**	
	2024	**2023**
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 compromises 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 audit reviews policy, systems and procedures on a regular basis and reports to 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 return regularly in line with Capital Markets Authority and the Nairobi Securities Exchange under the listing regulations on transactions related to shareholders.

PRINCIPAL SHAREHOLDERS

At 31 March 2024 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	Baloobhai Chhotabahi Patel& Amarjeet B.Patel	Nairobi	850,705	4.86
3	Upstream Investments Limited	Nairobi	649,346	3.71
4	CTC Global Investment Limited	Mauritius	615,900	3.52
5	Garot International Limited	Nairobi	475,300	2.71
6	Lalitaben Kanaiyalal Shah	Nairobi	313,266	1.79
7	Standard Chartered Nominées A/c 000954	Nairobi	204,700	1.17
8	Standard Chartered Nominees A'c 9280	Nairobi	167,200	0.95
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	96	10,577,006	60.39
Local & East Africa shareholders (Individual)	1,834	5,025,139	28.69
Local & East Africa shareholders (Institutional)	95	1,910,495	10.92
	2,025	17,512,640	100.00

By shares distribution:

	Number	Shares held	%
Less than 501	964	175,779	1.00
501-10,000	961	2,121,296	12.11
10,001- 100,000	89	2,619,268	14.96
100,001-1,000,000	10	3,583,969	20.47
Above 1,000,000	1	9,012,328	51.46
	2,025	17,512,640	100.00

2023/2024 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	4/4	
JP Brooks	Non-executive		Membership	√	√	
			Attendance	4/4	4/4	
P Magor	Non-executive		Membership	√		√
			Attendance	4/4		1/1
E Magor	Non-executive		Membership	√	√	
			Attendance	4/4	4/4	
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
27th June 2024

E C Magor
Director
27th June 2024

The Directors remuneration report sets out the remuneration arrangements for the Directors of Williamson Tea Kenya Plc for the year ended 31 March 2024.

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 DIRECTORS' 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	2024			2023		
	Fees Shs'000	Sitting & other allowances Shs'000	Total Shs'000	Fees Shs'000	Sitting & other allowances Shs'000	Total Shs'000
Phillip Magor	5,408	144	5,552	4,382	144	4,526
Edward Magor	5,408	259	5,667	4,382	259	4,641
Mathew Koech	720	259	979	720	259	979
ENK Wanjama	1,080	273	1,353	1,080	173	1,253
JP Brooks	720	359	1,079	720	259	979
Total	**13,336**	**1,294**	**14,630**	**11,284**	**1,094**	**12,378**

Executive Directors

Name	2024				2023			
	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	33,832	9,142	6,759	49,733	33,068	7,296	7,053	47,417
Samuel Thumbi	25,542	11	3,304	28,857	21,072	4	2,818	23,894
Total	**59,374**	**9,153**	**10,063**	**78,590**	**54,140**	**7,300**	**9,871**	**71,311**

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 Companies Act.

BY ORDER OF THE BOARD

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E N K Wanjama
Chairman

27th **June 2024**

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 2024 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 and investment in property.

GROUP RESULTS

	2024 Shs'000	2023 Shs'000
Profit before income tax	684,731	842,275
Income tax expense	(157,681)	(277,925)
Profit for the year	527,050	564,350
Loss from discontinued operations	(97)	(69)
	526,953	564,281
Attributable to:		
Owners of the company	497,478	515,169
Non-controlling interests	29,475	49,112
Profit for the year	526,953	564,281

DIVIDENDS

The Directors recommend that a final dividend of Shs 15 per share (2023: Shs 30 per share) equivalent to a total sum of Shs 262,689,600 for the year ended 31 March 2023 (2023: Shs 525,379,200) 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 increased by 25% from 15.1 million kilos to 18.9 million kilos of made tea. The volumes of tea sold also increased by 3% from 16.0 million kilos sold last year to 17.0 million kilos sold this year. The turnover for the group increased by 2% to Shs 4.2 billion compared to Shs 4.1 billion reported last year. However, the average tea prices decreased from Shs 257 per kilo of made tea last year to Shs 256 per kilo of made tea realized this year. The Group recorded a total profit from continuing operations of Shs 527 million compared to Shs 564 million in the previous year.

Principal risks & uncertainties

The Directors constantly review whether the policies and risk management programs in place are appropriate and effective to manage and minimize 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 behavior can have a significant impact on the operations of the company. Demands from the labor unions have giving rise to increased labor 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.

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 9 and statement of Corporate Governance on pages 10 to 13.

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 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

27th **June 2024**

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 IFRS Accounting 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 27th June 2024 and signed on its behalf by:

E N K Wanjama
Chairman

E C Magor
Director

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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 24 to 97, which comprise the consolidated statement of financial position at 31 March 2024 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 2024, 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, comprising material accounting policies and other explanatory information.

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 2024 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting 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.

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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 the Company estimate the fair value less costs to sell of biological assets based on the biological transformation of the assets and the prevailing market prices per cubic meter at the valuation date. The Group and the Company applies significant assumptions and estimates in determining the fair value less costs to sell of the biological assets based on both observable and non-observable data. The most significant assumptions and estimates include expected market prices, estimated costs to sell, biological transformation (current annual increment in volume of timber), maturity period for fuel and timber plantations, survival rate of timber trees and the applicable discount rate for calculation of the present value of projected future cash flows. The assumptions and uncertainties involved in these estimates and judgements could have a material impact on the financial results and financial position of the Group and the 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. Performed, on a sample basis, a physical verification of the acreage of the biological asset to confirm the existence of the assets. 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 against the underlying information to assess their accuracy, reliability and completeness. 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 IFRS Accounting 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 IFRS Accounting 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.
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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 16 to 18 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 14 and 15 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

27th June **2024**

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

	Notes	2024 Shs'000	2023 Shs'000
Continuing operations			
Revenue	5	4,194,358	4,019,821
Gains/(losses) from changes in fair value of biological assets			
- Timber trees	19	9,726	(36,286)
- Fuel trees	19	58,285	135,521
- Unharvested green leaf	19	5,601	10,658
Operating income		4,267,970	4,129,714
Cost of sales		(3,400,265)	(3,173,730)
Gross profit		867,705	955,984
Other income	5	28,633	10,858
Distribution costs		(241,384)	(185,836)
Administrative expenses		(250,966)	(224,072)
Operating profit		403,988	556,934
Interest income	6	59,266	70,655
Finance income	6	63,491	90,266
		526,745	717,855
Share of profit after tax of associate accounted for using the equity method	16	157,986	124,420
Profit before income tax		684,731	842,275
Income tax expense	9	(157,681)	(277,925)
Profit from continuing operations		527,050	564,350
Loss from discontinued operations	39	(97)	(69)
Profit for the year		526,953	564,281
Profit for the year comprising:			
Attributable to:			
Owners of the Company		497,478	515,169
Non – controlling interests	24	29,475	49,112
		526,953	564,281
Earnings per share – basic and diluted (Shs per share)	10	28.41	29.42

Consolidated statement of comprehensive income
For the year ended 31 March

	Notes	2024 Shs' 000	2023 Shs' 000
Profit for the year		526,953	564,281
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of property and equipment		619,244	-
Deferred tax in revaluation surplus thereon		(185,773)	-
Share of other comprehensive income of associate accounted for using the equity method	16	24,103	2,183
Re-measurement of post-employment benefits obligation	26	27,515	18,442
Deferred income tax thereon		(8,255)	(5,532)
Total other comprehensive income for the year		476,834	15,093
Total comprehensive income for the year		1,003,787	579,374
Total comprehensive income for the year comprising:			
Attributable to:			
Owners of the company		947,432	529,561
Non - controlling interests	24	56,355	49,813
		1,003,787	579,374

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

	Notes	2024 Shs' 000	2023 Shs' 000
Revenue	5	1,404,731	1,262,276
Gains /(losses) from changes in fair value of biological assets			
- Timber trees	19	2,456	(9,723)
- Fuel trees	19	20,271	37,477
- Unharvested green leaf	19	2,971	4,552
Operating income		1,430,429	1,294,582
Cost of sales		(1,144,442)	(1,074,564)
Gross profit		285,987	220,018
Other income	5	12,412	10,381
Dividend income		473,566	84,012
Distribution costs		(92,845)	(61,090)
Administrative expenses		(113,423)	(96,513)
Operating profit		565,697	156,808
Interest income	6	7,800	25,264
Finance income	6	18,148	31,754
Profit before income tax		591,645	213,826
Income tax expense	9	(27,795)	(86,553)
Profit for the year		563,850	127,273
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of property and equipment		321,516	-
Deferred tax on revaluation surplus		(96,455)	-
Re-measurement of post-employment benefits obligation	26	11,473	6,977
Deferred income tax thereon		(3,442)	(2,093)
		233,092	4,884
Total other comprehensive income for the year		796,942	132,157

Consolidated statement of financial position
At 31 March

		2024	2023
ASSETS	**Notes**	**Shs'000**	**Shs'000**
Non- current assets			
Property, plant, and equipment	12	4,459,812	3,800,628
Intangible assets	13	907	1,480
Right-of-use assets	14	102,512	77,378
Investment properties	15	402,000	398,100
Investments accounted for using the equity method	16	811,756	737,998
Financial assets at fair value through profit or loss	18	26,507	28,233
Biological assets – timber and fuel trees	19	736,217	741,063
		6,539,711	5,784,880
Current assets			
Biological assets – unharvested green leaf	19	32,691	27,088
Inventories	20	1,030,396	650,109
Trade and other receivables	21	628,542	440,657
Current income tax	9	51,243	16,274
Cash and bank balances	22	716,278	1,475,148
		2,459,150	2,609,276
Assets classified as held for sale	39	32,645	33,871
		2,491,795	2,643,147
Total assets		9,031,506	8,428,027
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	87,563	87,563
Other reserves	23	1,595,294	1,205,091
Retained earnings		4,841,571	4,984,848
Capital and reserves attributable to owners of the company		6,524,428	6,277,502
Non – controlling interests	24	287,170	259,163
Shareholders' funds		6,811,598	6,536,665

Consolidated statement of financial position (continued)
At 31 March

	Notes	2024 Shs'000	2023 Shs'000
Non- current liabilities			
Deferred income tax	25	1,163,505	1,068,928
Post-employment benefits obligation	26	144,067	158,892
Borrowings	27	114,123	147,010
Lease liabilities	33	28,676	3,528
		1,450,371	1,378,358
Current liabilities			
Borrowings	27	37,840	48,744
Trade and other payables	28	612,659	387,257
Dividends payable	29	113,433	73,680
Lease liabilities	33	5,605	3,323
		769,537	513,004
Total equity and liabilities		9,031,506	8,428,027

The financial statements on pages 24 to 97 were approved and authorised for issue by the Board of Directors on 27th June 2024 and were signed on its behalf by:

E N K Wanjama
Chairman

E C Magor
Director

Company statement of financial position
At 31 March

	Notes	2024 Shs'000	2023 Shs'000
ASSETS			
Non- current assets			
Property, plant and equipment	12	2,003,680	1,724,124
Intangible assets	13	621	887
Right-of-use assets	14	40,066	12,875
Investment properties	15	402,000	398,100
Investments accounted for using the equity method	16	49,504	49,504
Investment in subsidiaries	17	106,188	106,188
Equity investments	18	10,704	11,401
Biological assets	19	218,909	230,186
		2,831,672	2,533,265
Current assets			
Biological assets- unharvested green leaf	19	17,393	14,422
Inventories	20	385,356	267,248
Trade and other receivables	21	264,180	226,851
Current income tax	9	21,597	23,953
Cash and bank balances	22	148,093	362,314
		836,619	894,788
Total assets		3,668,291	3,428,053
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	87,563	87,563
Other reserves	23	835,533	627,009
Retained earnings		1,850,011	1,962,099
Shareholders' funds		2,773,107	2,676,671
Non- current liabilities			
Deferred income tax	25	476,993	425,692
Post-employment benefits obligation	26	53,809	57,073
Lease liabilities	33	26,727	-
		557,529	482,765
Current liabilities			
Trade and other payables	28	220,196	193,069
Dividends payable	29	113,433	73,680
Lease liabilities	33	4,026	1,868
		337,655	268,617
Total equity and liabilities		3,668,291	3,428,053

The financial statements on pages 24 to 97 were approved and authorised for issue by the Board of Directors on 27th June 2024 and were signed on its behalf by:

E N K Wanjama
Chairman

E C Magor
Director

Consolidated statement of changes in equity

	Notes	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 2023							
At start of year		87,563	1,260,536	4,750,095	6,098,194	216,437	6,314,631
Profit for the year		-	-	515,169	515,169	49,112	564,281
Other comprehensive income		-	14,392	-	14,392	701	15,093
Transfer of excess depreciation		-	(97,385)	97,385	-	-	-
Deferred income tax on excess depreciation		-	27,548	(27,548)	-	-	-
Transaction with owners:							
- Dividend paid	29	-	-	(350,253)	(350,253)	(7,087)	(357,340)
At end of year		87,563	1,205,091	4,984,848	6,277,502	259,163	6,536,665
Year ended 31 March 2024							
At start of year		87,563	1,205,091	4,984,848	6,277,502	259,163	6,536,665
Profit for the year		-	-	497,478	497,478	29,475	526,953
Other comprehensive income:							
Re-measurement of post-employment benefits obligations		-	42,095	-	42,095	1268	43,363
Revaluation surplus		-	582,654	-	582,654	36,589	619,243
Deferred tax on revaluation surplus		-	(174,795)	-	(174,795)	(10,977)	(185,772)
Transfer of excess depreciation		-	(85,358)	85,358	-	-	-
Deferred income tax on excess depreciation		-	25,607	(25,607)	-	-	-
		-	390,203	59,751	449,954	26,880	476,834
Transaction with owners:							
- Dividend paid	29	-	-	(700,506)	(700,506)	(28,348)	(728,854)
At end of year		87,563	1,595,294	4,841,571	6,524,428	287,170	6,811,598

Company statement of changes in equity

	Notes	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Total Shs'000
Year ended 31 March 2023					
At start of year		87,563	649,279	2,157,925	2,894,767
Profit for the year		-	-	127,273	127,273
Other comprehensive income		-	4,884	-	4,884
Transfer of excess depreciation		-	(38,670)	38,670	-
Deferred income tax on excess depreciation		-	11,602	(11,602)	-
Transfer on disposal		-	(123)	123	-
Deferred income tax on disposal		-	37	(37)	-
Transaction with owners:					
Dividend paid	29	-	-	(350,253)	(350,253)
At end of year		87,563	627,009	1,962,099	2,676,671
Year ended 31 March 2024					
At start of year		87,563	627,009	1,962,099	2,676,671
Profit for the year		-	-	563,850	563,850
Other comprehensive income:					
Revaluation surplus		-	321,516	-	321,516
Deferred income tax on revaluation surplus		-	(96,455)	-	(96,455)
Transfer of excess depreciation		-	(35,258)	35,258	-
Deferred income tax on excess depreciation		-	10,577	(10,577)	-
Transfer on disposal		-	161	(161)	-
Deferred income tax on disposal			(48)	48	-
Re-measurement of post-employment benefits obligation		-	8,031	-	8,031
		-	208,524	24,568	233,092
Transaction with owners:					
Dividend paid	29	-	-	(700,506)	(700,506)
At end of year		87,563	835,533	1,850,011	2,773,107

Consolidated statement of cash flows
For the year ended 31 March

	Notes	2024 Shs'000	2023 Shs'000
Cash flows from operating activities			
Cash generated from operations	30	532,781	1,017,091
Interest received	6	59,266	70,655
Interest paid on borrowings	6	(10,738)	(11,234)
Income tax paid	9	(271,307)	(101,454)
Net cash flows from operating activities		310,002	975,058
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(475,577)	(243,346)
Purchase of intangible assets	13	(185)	(1,207)
Proceeds from disposal of property, plant and equipment		22,992	3,011
Additions to biological assets	19	(8,714)	(7,003)
Dividend received from associate		108,331	31,407
Net cash flows from investing activities		(353,153)	(217,138)
Cash flows from financing activities			
Repayment of lease liabilities	33	(8,460)	(8,875)
Repayment of borrowings	27	(49,367)	(40,121)
Proceeds from borrowings	27	1,770	2,056
Dividends paid to shareholders	29	(660,753)	(347,013)
Dividends paid to minority interest	24	(28,348)	(7,087)
Net cash flows from financing activities		(745,158)	(401,040)
(Decrease)/ increase in Cash and Cash equivalents		(788,309)	356,880
Cash and cash equivalents at start of year		1,475,148	1,068,830
Effects of exchange rate changes on cash and cash equivalents		29,414	22,838
Cash and cash equivalents reclassified as held for sale		25	26,600
Cash and cash equivalents at end of year	22	716,278	1,475,148

Company statement of cash flows
For the year ended 31 March

	Notes	2024 Shs'000	2023 Shs'000
Cash flows from operating activities			
Cash generated from operations	30	160,830	235,878
Interest received	6	7,800	25,264
Interest paid on overdrafts	6	-	(155)
Income tax paid	9	(73,622)	(15,224)
Net cash flows from operating activities		95,008	245,763
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(143,520)	(129,862)
Purchase of intangible assets	13	(185)	(691)
Proceeds from disposal of property, plant and equipment		3,200	24,382
Additions to biological assets	19	(4,246)	(2,707)
Dividend received - from subsidiaries and associate		473,566	84,012
Net cash flows from investing activities		328,815	(24,866)
Cash flows from financing activities			
Repayment of lease liabilities	33	(6,705)	(7,120)
Dividends paid to shareholders	29	(660,753)	(347,013)
Net cash flows from financing activities		(667,458)	(354,133)
Decrease in cash and cash equivalents		(243,635)	(133,236)
Cash and cash equivalents at start of year		362,314	472,712
Effects of exchange rate changes on cash and cash equivalents		29,414	22,838
Cash and cash equivalents at end of year	22	148,093	362,314

Notes (continued)

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 and investment in property. 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 MATERIAL ACCOUNTING POLICIES

A. Statement of compliance

The consolidated and company financial statements ("financial statements") have been prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act.

For the 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.

Changes in accounting policy and disclosures

(i) Relevant new standards new standards and amendments effective for the year ended 31 March 2024

Annual improvements cycle 2018 -2020

This amendment was published in May 2020 and was effective for annual periods beginning on or after 1 January 2022.

These amendments include minor changes to:

- IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.
- IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
- IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.
- IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

There was no material impact on the adoption of the standards to the financial statements of the Group and Company.

Notes (continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (Continued)

(i) Relevant new standards and amendments to published standards effective for the year ended 31 March 2024 (continued)

Amendments to IAS 37 Onerous Contracts- Cost of Fulfilling a Contract

This amendment was published in May 2020 and is effective for annual periods beginning on or after 1 January 2022.

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

There was no material impact on the adoption of the standard to the financial statements of the Group and Company.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

This amendment was published in May 2020 and is effective for annual periods beginning on or after 1 January 2022.

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

There was no material impact on the adoption of the standard to the financial statements of the Group and Company.

Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date..

There was no material impact on the adoption of the standard to the financial statements of the Group and Company.

Notes (continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (Continued)

(ii) New and revised IFRS standards issued but not yet effective for the period ended 31 March 2024

Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

This amendment was published in January 2020 and is effective for annual periods beginning on or after 1 January 2023.

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.

Directors do not plan on early adopting the standard until it becomes effective. It is not expected to have any material effect on the Group and Company.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This amendment was published in May 2021 and is effective for annual periods beginning on or after 1 January 2023.

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Directors do not plan on early adopting the standard until it becomes effective. It is not expected to have any material effect on the Group and Company.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

This amendment was published in February 2021 and is effective for annual periods beginning on or after 1 January 2023.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

Directors do not plan on early adopting the standard until it becomes effective. It is not expected to have any material effect on the Group and Company.

(iii) Early adoption of standards

The Group and Company did not early adopt any new or amended standards in the period ended 31 March 2024.

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 Companies Act.

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

Notes (continued)

2 MATERIAL 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 17 to the financial statements and also includes the Group's share of the results of the associate company as disclosed in note 16 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 **MATERIAL 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 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 **MATERIAL 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' 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 goods 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 MATERIAL 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 12). 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 MATERIAL 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 MATERIAL ACCOUNTING POLICIES (Continued)

M. Income tax

Income tax expense represents the sum of the tax currently payable and deferred income tax. Income tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

(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 income tax liabilities are generally recognised for all taxable temporary differences. Deferred income 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 income 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 income 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 income 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. Post-employment benefits obligation

(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 MATERIAL 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 MATERIAL 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 loses.

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 MATERIAL 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 MATERIAL 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 MATERIAL 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 MATERIAL 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

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
2024				
From continuing operations				
Revenues and results				
Revenue	4,192,583	1,775	-	4,194,358
Other income	28,633	-	-	28,633
Interest income	59,266	-	-	59,266
Finance income	63,491	-	-	63,491
Group's share of associate company results after tax	157,986	-	-	157,986
Profit before income tax including associates	683,538	1,193	-	684,731
Income tax expense	222,212	358	-	222,570
Assets and liabilities				
Segment assets	8,809,995	188,866	-	8,998,861
Segment liabilities	2,197,910	21,997	-	2,219,907
Other information				
Depreciation	383,941	-	-	383,941
Amortisation of right of use assets	8,221	-	-	8,221
Amortisation of intangible assets	758	-	-	758
Capital expenditure	475,577	-	-	475,577
From discontinued operations				
Revenues and results				
Revenue	-	-	-	-
Other income	-	-	-	-
Interest income	-	-	-	-
Loss after taxation	-	-	(97)	(97)
Assets and liabilities	-	-	-	-
Segment assets	-	-	32,645	32,645
Segment liabilities	-	-	-	-

Notes (continued)

4 OPERATING SEGMENTS (Continued)

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

2023	Tea	Property	Generator trading	Group
	Shs'000	Shs'000	Shs'000	Shs'000
From continuing operations				
Revenues and results				
Revenue	4,018,046	1,775	-	4,019,821
Other income	10,858	-	-	10,858
Interest income	70,655	-	-	70,655
Finance income	90,267	-	-	90,267
Group's share of associate company results after tax	124,420	-	-	124,420
Loss before tax (including associate)	841,031	1,244	-	842,275
Income tax expense	(201,775)	(373)	-	(202,148)
Assets and liabilities				
Segment assets	8,216,476	177,680	-	8,394,156
Segment liabilities	1,875,798	15,564	-	1,891,362
Other information				
Depreciation	384,057	-	-	384,057
Amortisation of right of use	9,508	-	-	9,508
Amortisation of intangible assets	829	-	-	829
Capital expenditure	243,899	-	-	243,899
From discontinued operations				
Revenues and results				
Revenue	-	-	-	-
Other income	-	-	1,048	1,048
Interest income	-	-	796	796
Loss after taxation	-	-	(69)	(69)
Assets and liabilities				
Segment assets	-	-	33,871	33,871
Segment liabilities	-	-	-	-

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 Nil (2023: Shs 9,000).

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	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Direct export sales	2,798,014	1,906,661	1,160,096	671,347
Local sales at the Mombasa Tea Auction	1,396,344	2,113,160	244,635	590,930
	4,194,358	4,019,821	1,404,731	1,262,277

Notes (continued)

5 a) REVENUE

	Group		Company	
	2024	**2023**	**2024**	**2023**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
The Group's and Company's revenue is derived from point-in-time sale of:				
Tea	4,194,358	4,019,821	1,404,731	1,262,276

b) OTHER INCOME/ (COSTS)

Fair value gain on investment properties	10,150	-	-	-
Rental income	5,670	4,445	5,110	3,874
Stores sales to third parties	1,351	6,589	1,530	6,474
Gain/ (loss) on scrap	2,490	(2,645)	(1,864)	(3,310)
Sale of timber	-	9	-	9
Dividend income	232	666	-	-
Others miscellaneous income	10,466	1,139	8,333	3,307
Gain on financial assets at fair value through profit or loss	(1,726)	655	(697)	27
	28,633	10,858	12,412	10,381

6 FINANCE INCOME/(COSTS)

Interest income:

Interest on short term bank deposits	59,266	70,655	7,800	25,264

Finance income / (costs):				
Interest expense on:				
- bank overdrafts	-	(159)	-	(155)
- bank loans	(10,738)	(11,075)	-	-
-leases liabilities	(2,535)	(784)	(2,235)	(370)
	(13,273)	(12,018)	(2,235)	(525)
Net foreign exchange gains	76,601	101,835	20,226	32,279
Dividend income	163	449	157	-
Finance income	63,491	90,266	18,148	31,754

Notes (continued)

7 PROFIT/ (LOSS) BEFORE TAX

	Group		Company	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'00
The profit before income tax is arrived at after charging/(crediting):				
Depreciation of property and equipment (Note 12)	383,941	384,057	179,305	167,824
Amortization of intangible assets (Note 13)	758	829	451	440
Amortization of right of use assets (Note 14)	8,689	5,703	6,165	5,360
Staff costs (Note 8)	583,422	515,365	200,500	196,689
Directors' remuneration:				
Executive				
- Salaries and allowances	59,374	54,140	59,374	54,140
- Other benefits	10,063	9,871	10,063	9,871
- Pension	9,153	7,300	9,153	7,300
Non – executive				
- Fees	13,336	11,518	13,336	11,284
- Other emoluments	1,294	1,094	1,294	1,094
Loss on disposal of property, plant, and equipment	15,987	33,617	3,044	7,250
Auditors' remuneration	12,887	11,210	3,429	5,715
Operating lease rental income	(4,600)	(3,390)	(4,600)	(3,390)
Dividend income	(395)	(449)	(473,722)	(84,012)

8 STAFF COSTS

	Group 2024	Group 2023	Company 2024	Company 2023
Wages and salaries	493,791	434,039	168,156	162,397
Social security costs (NSSF)	11,964	4,339	4,226	1,563
Pension costs (defined contribution plan)	7,853	6,785	2,314	1,855
Post-employment benefits obligation (Note 26)	32,749	30,504	12,007	12,555
Leave pay provision	22,494	25,645	7,905	9,022
Medical costs	14,591	14,053	5,892	9,297
	583,442	515,365	200,500	196,689

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

	Group		Company	
	2024	2023	2024	2023
Management and administration	17	17	5	6
Factory	418	319	152	126
Field	635	697	232	244
	1,070	1,033	389	376

Notes (continued)

9 INCOME TAX

	Group		Company	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
a) Current income tax				
Current income tax based on taxable profit for the year at 30% (2023: 30%)	222,570	202,148	70,658	68,012
Residential rent final tax charge at 10%	418	352	418	352
Under/ (over) provision in prior years	13,767	(5,303)	5,319	(234)
	236,755	197,197	76,395	68,130
Deferred income tax (Note 25):				
- (Credit)/ charge for the year	(65,950)	75,534	(39,215)	18,423
- Under/ (over) provision in prior years	(13,124)	5,194	(9,385)	-
	(79,074)	80,728	(48,600)	18,423
Income tax expense	157,681	277,925	27,795	86,553
b) Reconciliation of expected income tax based on accounting profit/(loss) to tax charge/(credit)				
Accounting profit before tax	1,240,045	842,275	591,645	213,826
Tax at the applicable rate of 30% (2023:30%)	372,014	252,683	177,494	64,148
Elimination of tax on share of profit from associate	(71,827)	(37,326)	-	-
Residential rent final tax charge at 10%	418	352	418	352
Tax effect of income not taxable:				
- Qualifying dividends	(142,150)	-	(142,116)	(25,203)
- Rental income	(1,380)	(1,017)	(1,380)	(1,017)
- Others	(11,425)	1,613	(11,618)	-
Pension/provident fund contribution	6,069	4,851	5,167	4,160
Donations	827	1,839	155	1,201
Tax effect of expenses not deductible for tax purposes	4,491	3,267	3,740	3,358
Under/ (over) provision of current tax in prior years	13,768	(5,303)	(9,385)	(234)
(Over)/ under provision of deferred income tax in prior years	(13,124)	5,194	5,320	-
Effect of deferred income tax liability arising in change in tax rates on capital gains at 15%	-	51,772	-	39,788
Income tax charge	157,681	277,925	27,795	86,553

Notes (continued)

9 INCOME TAX (continued)

	Group		Company	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
c) Current income tax recoverable				
At start of year	(16,274)	(111,665)	(23,953)	(76,507)
Charge to profit or loss	222,570	202,148	70,658	68,012
(Under) /over provision in prior years	13,768	(5,303)	5,320	(234)
Income tax paid in the year	(271,307)	(101,454)	(73,622)	(15,224)
At end of year	(51,243)	(16,274)	(21,597)	(23,953)

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.

	2024	2023
	Shs'000	Shs'000
Group		
Profit/ (loss) earnings		
Profit from continuing operations attributable to equity holders of the company (Shs'000)	497,381	515,238
Profit for the year attributable to equity holders of the company (Shs'000)	497,381	515,169
Weighted average number of ordinary shares		
Number of ordinary shares (Note 23)	17,512,640	17,512,640
Earnings per share –profit/ (loss) from continuing operations		
Basic and diluted (Shs)	28.41	29.42
Earnings per share – profit for the year		
Basic and diluted (Shs)	28.41	29.42

There were no potentially dilutive shares outstanding at 31 March 2024 and at 31 March 2023. Diluted earnings per share is therefore equal to basic profit /(loss) earnings per share.

11 PROPOSED DIVIDENDS

The directors propose a final dividend of Shs 15 per share in 2024 bringing the total dividend to Shs 25 per share. (2023: Shs 30 per share) amounting to a total of Shs 437,816,000 (2023: Shs 525,379,200) be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting to be held on 22nd August 2024 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 2022	1,305,437	1,605,982	104,737	134,950	42,315	1,666,486	59,342	269,803	5,189,052
Additions	2,113	92,503	3,059	15,895	1,483	-	4,358	124,488	243,899
Transfers	2,154	25,706	-	-	627	42,135	-	(71,175)	(553)
Disposals	(8,719)	(17,755)	(5,278)	(9,695)	(47)	(59,472)	(394)	(11,794)	(113,154)
Reclassified to held for sale assets	-	-	-	-	-	-	(50)	-	(50)
At 31 March 2023	1,300,985	1,706,436	102,518	141,150	44,378	1,649,149	63,256	311,322	5,319,194
Comprising:									
At Valuation - 2023	564,698	(403,065)	-	-	-	-	-	-	161,633
At Cost	736,287	2,109,501	102,518	141,150	44,378	1,649,149	63,256	311,322	5,157,561
Total	1,300,985	1,706,436	102,518	141,150	44,378	1,649,149	63,256	311,322	5,319,194
At 1 April 2023	1,300,985	1,706,436	102,518	141,150	44,378	1,649,149	63,256	311,322	5,319,194
Additions	2,554	305,418	23,705	55,290	733	-	3,020	84,857	475,577
Transfers	22,937	22,533	-	-	-	43,915	-	(89,385)	-
Disposals	(6,738)	(15,696)	(10,218)	(39,783)	(120)	(50,611)	(4,539)	(24,012)	(151,717)
Revaluation Adjustment	12,430	(200,334)	-	-	-	-	-	-	(187,904)
At 31 March 2024	1,332,168	1,818,357	116,005	156,657	44,991	1,642,453	61,737	282,782	5,455,150
Comprising:									
At Valuation - 2024	564,698	(403,065)	-	-	-	-	-	-	161,633
At Cost	767,470	2,221,422	116,005	156,657	44,991	1,642,453	61,737	282,782	5,293,517
Total	1,332,168	1,818,357	116,005	156,657	44,991	1,642,453	61,737	282,782	5,455,150

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 2022	138,040	152,370	88,563	101,460	37,563	625,028	52,836	-	1,195,860
Charge for the year	106,576	168,195	4,466	13,585	1,216	86,766	3,253	-	384,057
Eliminated on disposals	(3,400)	(6,989)	(5,278)	(9,646)	(47)	(35,598)	(393)	-	(61,351)
At 31 March 2023	241,216	313,576	87,751	105,399	38,732	676,196	55,696	-	1,518,566
At 1 April 2023	241,216	313,578	87,749	105,400	38,732	676,197	55,696	-	1,518,568
Charge for the year	91,029	173,981	5,852	25,352	1,212	83,138	3,378		383,942
Eliminated on disposals	(4,491)	(5,165)	(10,219)	(39,504)	(91)	(36,053)	(4,501)	-	(100,024)
Reclassifications	(726)	432	294	-	-		-	-	-
Eliminated on Revaluation	(327,028)	(480,120)	-	-	-	-	-	-	(807,148)
At 31 March 2024	-	2,706	83,676	91,248	39,853	723,282	54,573	-	995,338
NET BOOK VALUE									
At 31 March 2024	1,332,168	1,815,651	32,329	65,409	5,138	919,171	7,164	282,782	4,459,812
At 31 March 2023	1,059,769	1,392,860	14,767	35,751	5,646	972,953	7,560	311,322	3,800,628
NET BOOK VALUE (Cost basis)									
At 31 March 2024	171,978	1,030,140	33,357	65,407	5,137	919,171	7,164	282,784	2,515,138
At 31 March 2023	172,656	948,473	16,174	33,490	4,752	1,041,458	6,453	258,009	2,481,465

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 2022	795,860	613,699	47,636	68,526	30,007	30,321	674,101	82,714	2,342,864
Additions	945	77,134	-	7,361	1,187	1,382	17,274	25,133	130,416
Transfers	-	(5,528)	(3,077)	(4,716)	(47)	(185)	(18,335)	(17,829)	(49,717)
Reclassifications	-	9,929	-	1,102	627	(2,241)	-	(10,558)	(1,141)
At 31 March 2023	796,805	695,234	44,559	72,273	31,774	29,277	673,040	79,460	2,422,422
Comprising:									
At valuation	406,121	126,426	-	-	-	-	-	-	532,547
At cost	390,684	568,808	44,559	72,273	31,774	29,277	673,040	79,460	1,889,875
	796,805	695,234	44,559	72,273	31,774	29,277	673,040	79,460	2,422,422
At 1 April 2023	796,805	695,234	44,559	72,273	31,772	29,277	673,043	79,459	2,422,422
Additions	1,207	80,100	4,411	33,164	408	852	-	23,378	143,520
Reclassifications	16,285	(16,285)	-	-	-	-	9,543	(9,543)	-
Disposals	(3,096)	(5,050)	(7,756)	(20,936)	(121)	(607)	(15,776)	-	(53,342)
Transfers	2,761	4,018	-	-	-	-	-	(6,779)	-
At 31 March 2024	813,962	758,017	41,214	84,501	32,059	29,522	666,810	86,515	2,512,600
Comparing:									
Revaluation Surplus/Loss	39,377	(90,227)	-	-	-	-	-	-	(50,850)
At 31 March 2024	853,339	667,790	41,214	84,501	32,059	29,522	666,810	86,515	2,461,750

Notes (Continued)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company (Continued)

	Land and Buildings	Machinery and equipment	Tractors and accessories	Motor vehicles	Office equipment furniture and fittings	Computers	Bearer plants	Work in progress	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
DEPRECIATION									
At 1 April 2022	63,638	76,158	34,285	56,916	27,352	25,747	267,827	-	551,923
Charge for the year	43,177	75,886	3,361	5,849	802	1,173	37,584	-	167,832
Eliminated on disposals	-	(1,738)	(3,077)	(3,567)	(47)	(326)	(12,834)	-	(21,589)
At 31 March 2023	106,815	150,306	34,569	59,198	28,107	26,594	292,577	-	698,166
At 1 April 2023	106,815	150,306	34,569	59,199	28,107	26,594	292,577	-	698,167
Charge for the year	41,825	82,590	3,069	13,400	789	1,281	36,341	-	179,295
Eliminated on disposals	(3,096)	(3,367)	(7,756)	(20,656)	(91)	(586)	(11,474)	-	(47,026)
Charge due to revaluation	(144,818)	(227,548)	-	-	-	-	-	-	(372,366)
Reclassifications	(726)	726	-	-	-	-	-	-	-
At 31 March 2024	-	2,707	29,882	51,943	28,805	27,289	317,444	-	458,070
NET BOOK VALUE									
At 31 March 2024	853,339	665,083	11,332	32,558	3,254	2,233	349,366	86,515	2,003,680
At 31 March 2023	689,990	544,928	9,990	13,082	3,666	2,543	380,463	79,462	1,724,124
NET BOOK VALUE (Cost basis)									
At 31 March 2024	116,116	333,837	11,332	32,556	3,254	349,365	2,232	86,518	935,210
At 31 March 2023	104,601	347,952	9,992	13,082	3,665	2,542	380,466	79,459	941,759

Notes (continued)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings, machinery and equipment were last revalued as at 31 March 2024 by Knight Frank Valuers Limited, registered valuers and estate agents on depreciated replacement cost basis to arrive at the market value. 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.

Included in property, plant and equipment are assets with an original cost of Shs 683,066,015 which are fully depreciated and whose normal depreciation charge for the year would have been Shs 104,710,625.

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 significant inputs included the estimated construction and purchase costs and other ancillary expenditures, and appropriate depreciation factors. 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. If the revalued buildings and plant and machinery were carried in the financial statements at historical cost, the balances at year-end would have been Shs 171,978,000 (2023: Shs 172,656,000) and Shs 1,030,140,000 (2023: Shs 948,473,000) respectively for Group and Shs 116,116,000 (2023: Shs 104,601,000) and Shs 333,837,000 (2023: Shs 347,952,000) respectively for Company.

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:

a) Level 1 inputs – observable, quoted prices for identical assets or liabilities in active markets;
b) 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
c) 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 2023 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 2024				
Buildings	-	-	1,332,169	1,332,169
Machinery and equipment	-	-	1,817,329	1,817,329
	-	-	3,149,498	3,149,498

Notes (continued)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Fair value as at 31 March Shs'000
Group				
31 March 2023				
Buildings	-	-	1,300,985	1,300,985
Machinery and equipment	-	-	1,706,436	1,706,436
	-	-	3,007,421	3,007,421
Company				
31 March 2024				
Buildings	-	-	853,340	853,340
Machinery and equipment	-	-	665,083	665,083
	-	-	1,518,423	1,518,423
31 March 2023				
Buildings	-	-	689,990	689,990
Machinery and equipment	-	-	544,928	544,928
	-	-	1,234,918	1,234,918

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	Depreciated replacement cost approach	Rate per square feet	Increase/ (decrease) in rate per sq.ft by 5% would decrease/ (increase) fair value by Shs 66.6 million

Notes (continued)

13 INTANGIBLE ASSETS

	Group		Company	
	2024	2023	2024	2023
	Shs' 000	Shs'000	Shs'000	Shs'000
At start of year	24,990	23,783	14,478	13,787
Additions	185	1,207	185	691
At end of year	25,175	24,990	14,663	14,478
AMORTISATION				
At start of year	23,510	22,681	13,591	13,151
Amortisation for the year	758	829	451	440
At end of year	24,268	23,510	14,042	13,591
NET BOOK VALUE				
At end of year	907	1,480	621	887

14 RIGHT-OF-USE ASSETS

GROUP

	Land	Premises	Car park	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Cost				
At 1 April 2023	81,581	26,700	7,185	115,466
Additions	-	24,046	9,309	33,355
At 31 March 2024	81,581	50,746	16,494	148,821
Amortisation				
At 1 April 2022	9,551	14,780	5,073	29,404
Charge for the year	824	6,294	1,566	8,684
At 31 March 2023	10,375	21,074	6,639	38,088
At 1 April 2023	10,375	21,074	6,639	38,088
Charge for the year	824	5,688	1,709	8,221
At 31 March 2024	11,199	26,762	8,348	46,309
Net book value				
At 31 March 2024	70,382	23,984	8,146	102,512
At 31 March 2023	71,206	5,626	546	77,378

Notes (continued)

14 RIGHT-OF-USE ASSETS (Continued)

COMPANY	Land Shs'000	Premises Shs'000	Car park Shs'000	Total Shs'000
At 1 April 2023	12,612	16,951	7,185	36,748
Additions	-	24,046	9,309	33,355
At 31 March 2024	12,612	40,997	16,494	70,103
Amortisation				
At 1 April 2022	1,477	10,695	5,073	17,245
Charge for the year	127	4,934	1,566	6,627
At 31 March 2023	1,604	15,629	6,639	23,872
At 1 April 2023	1,604	15,629	6,639	23,872
Charge for the year	127	4,328	1,710	6,165
At 31 March 2024	1,731	19,957	8,349	30,037
Net book value				
At 31 March 2024	10,880	21,040	8,146	40,066
At 31 March 2023	11,007	1,322	546	12,875

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 2,944,000 (2022: Shs 4,304,000) 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 and Company 2024 Shs'000	2023 Shs'000
At fair value:		
At start of year	398,100	398,100
Fair value gain	3,900	-
At end of year	402,000	398,100
At cost basis	11,591	11,591
Rental income generated from investment property during the year	4,600	3,390
Direct operating expenses from investment property that generated rental income during the year	3,550	6,350

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 2024 and 31 March 2023 were determined by Knight Frank Valuers Limited, 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:

31 March 2024	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Fair value as at 31 March Shs'000
Investment properties	-	-	402,000	402,000
31 March 2023				
Investment properties	-	-	398,100	398,100

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:

	Fair value at			Range of inputs (probability – weighted average)		
Description	**31 March 2024 Shs 000**	**31 March 2023 Shs 000**	**Unobservable input**	**31 March 2024 Shs 000**	**31 March 2023 Shs 000**	**Relationship of unobservable inputs to fair value**
Investment properties	402,000	398,100	Average prices per acre	110,000-150,000 (137,201)	110,000-150,000 (135,870)	The higher the prices the higher the fair value

16 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2024 Shs'000	2023 Shs'000
Group		
Kapchorua Tea Kenya Plc (Quoted) 39.56% owned:		
Carried at share of net assets	811,756	737,998
The movement in Group investment in associate company is as follows:		
At start of year	737,998	642,346
Share of profit for year	157,986	124,420
Share of other comprehensive income	24,103	2,183
Share of total comprehensive income	182,089	126,603
Dividend received	(108,331)	(30,951)
At end of year	811,756	737,998
Share of total comprehensive income comprises of:		
Share of profit	157,986	124,420
Share of other comprehensive income	24,103	2,183
	182,089	126,603

Notes (continued)

16 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

	2024 Shs'000	2023 Shs'000
COMPANY		
Kapchorua Tea Kenya Plc (Quoted) 39.56% owned:		
At cost	49,504	49,504
At fair value – Quoted market price.	710,343	361,181

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 31 March 2024*	*31 March 2023*	*Place of Incorporation*	*Principal activity*
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 2024 in respect of the associate company, Kapchorua Tea Kenya Plc is set out below:

	2024 Shs'000	2023 Shs'000
Non-current assets	1,601,920	1,463,990
Current assets	1,305,580	1,010,676
Non-current liabilities	(457,162)	(449,337)
Current liabilities	(398,380)	(159,094)
Net assets	2,051,958	1,866,235
Group's share of the net assets	811,755	737,997
Revenue	2,193,918	1,773,794
Profit before income tax	573,297	454,721
Income tax expense	(173,939)	(140,211)
Profit for the year	399,358	314,510
Total other comprehensive income	60,928	5,518
Total comprehensive income for the year	460,286	320,028

Notes (continued)

17 INVESTMENT IN SUBSIDIARIES

(a) Investments at cost in wholly owned subsidiaries:

	2024 Shs'000	2023 Shs'000
Kaimosi Tea Estates Limited	2,863	2,863
Williamson Power Limited*	-	-
Tea Properties Limited	2	2
Lelsa Tea Estates Limited*	-	-
	2,865	2,865

(b) Investment at cost in partially owned subsidiaries:

	2024 Shs'000	2023 Shs'000
Tinderet Tea Estates (1989) Limited (82% owned)	103,323	103,323
	106,188	106,188

*Investments in Lelsa Tea Estates Limited and Williamson Power Limited are fully impaired.

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 2024	***31 March 2023***
Kaimosi Tea Estates Limited	2,540,000	Kenya	Cultivation, manufacture and sale of tea	100%	100%
Williamson Power Limited	2,880,000	Kenya	Dormant company	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 2024

	2024 Shs'000	2023 Shs'000
Non-current assets	1,354,839	1,105,738
Current assets	882,675	972,909
Non-current liabilities	(356,835)	(322,054)
Current liabilities	(190,973)	(166,486)
Equity attributable to the owners of the company	1,689,706	1,590,107
Non-controlling interest	18%	18%
Revenue	1,370,992	1,465,361
Expenses	(1,207,244)	(1,192,517)
Profit for the year	163,748	272,844
Profit attributable to the owners of the company	134,273	223,732
Profit attributable to non-controlling interest	29,475	49,112
	163,748	272,844
Other comprehensive income	7,044	3,893
Other comprehensive income attributable to the owners of the company	5,776	3,192
Other comprehensive income to non-controlling interest	1,268	701
	7,044	3,893
Dividends paid to non-controlling interest	28,348	7,087
Net cash inflow from operating activities	37,632	342,425
Net cash outflow from investing activities	(153,663)	(83,589)
Net cash outflow from financing activities	(209,988)	(39,372)
Net cash inflow	(326,019)	219,464

Notes (continued)

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and Company balances relates to an equity investment in 999,326 and 403,545 ordinary shares of Kenya Tea Parkers Limited (KETEPA) respectively, representing 2.00% and 0.81% shareholding, which is carried at fair value through profit or loss. The change in fair value in the year is as follows:

	2024 Shs'000	2023 Shs'000
Group		
At start of year	28,233	28,166
Fair value gain/(loss) to profit or loss	(1,726)	67
	26,507	28,233
Company		
At start of year	11,401	11,374
Fair value gain/(loss)to profit or loss	(697)	27
	10,704	11,401

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 at 30 June 2023.

19 BIOLOGICAL ASSETS

(a) Non – current assets

Group

Year ended 31 March 2024

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
At start of year	67,271	673,793	741,064
Net expenditure on biological assets	-	8,714	8,714
Total cost biological assets	67,271	682,507	749,778
Gains/ (losses) from changes in fair value attributable to:			
-Biological transformation	5,125	58,285	63,410
-Price changes	4,601	-	4,601
Net fair value gain/ (loss)	9,726	58,285	68,011
Decrease due to harvesting for own use	(6,159)	(35,945)	(42,104)
Disposals	-	(39,468)	(39,468)
At end of year	70,838	665,379	736,217

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

(a) Non – current assets (continued)

Group

Year ended 31 March 2023

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
At start of year	104,847	616,539	721,386
Net expenditure on biological assets	-	8,294	8,294
Total cost biological assets	104,847	624,833	729,680
Gains/ (losses) from changes in fair value attributed to;			
- Biological transformation	(4,480)	148,166	143,686
- Price changes	(31,806)	(12,645)	(44,451)
Net fair value gain/ (loss)	(36,286)	135,521	99,235
Decrease due to harvesting for own use	-	(7,350)	(7,350)
Disposals	-	(79,211)	(79,211)
Decrease due to re-class of live fence	(1,291)	-	(1,291)
At end of year	67,270	673,793	741,063

Company

Year ended 31 March 2024

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
At start of year	22,939	207,247	230,186
Net expenditure on biological assets	-	4,246	4,246
	22,939	211,493	234,432
Gains/ (losses) from changes in fair value attributed to;			
- Biological transformation	1,231	20,271	21,502
- Price changes	1,225	-	1,225
Net fair value gain/(loss)	2,456	20,271	22,727
Fair value Disposal	(107)	(1,565)	(1,672)
Decrease due to harvest for own use	(6,052)	(30,526)	(36,578)
	(3,703)	(11,820)	(15,523)
At end of year	19,236	199,673	218,909

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

(a) Non – current assets (continued)

Company (Continued)

Year ended 31 March 2023

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
At start of year	32,663	209,886	242,549
Net expenditure on biological assets	-	2,707	2,707
	32,663	212,593	245,256
Gains/ (losses) from changes in fair value attributed to;			
- Biological transformation	(1,506)	37,477	35,971
- Price changes	(8,217)	-	(8,217)
Net Fair value gain/(loss)	(9,723)	37,477	27,754
Decrease due to harvest for own use	-	(3,021)	(3,021)
Fair Value Disposal	-	(39,803)	(39,803)
	(9,723)	(5,347)	(15,070)
At end of year	22,940	207,246	230,186

(b) Current assets

	Group 2024 Shs'000	Group 2023 Shs'000	Company 2024 Shs'000	Company 2023 Shs'000
At start of year	27,090	16,430	14,422	9,870
Gains/losses arising from changes in fair value attributable to physical changes	5,601	10,660	2,971	4,552
At end of year	32,691	27,090	17,393	14,422

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

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

(c) Significant assumptions

The fair value of biological assets is estimated using the market approach. Timber plantations were revalued at 31 March 2023 by an independent valuation expert, Kenya Forestry Research Institute (KEFRI) using the lumpsum/ liquidation method; by applying the current residual market price of the trees.
The key significant assumptions made to determine the fair values of timber trees, fuel trees and unharvested green leaf are as set out below:

Timber and fuel trees assumptions.

- Firewood (fuel) selling prices represents the value that the Company can fetch (in cubic meters) upon harvest and delivery to a third party
- The selling price for timber represents the unit residual market price per cubic meter. The residual price is derived by taking the market price of processed timber less the transaction costs.
- A discount rate of 14% (2023: 12%) per annum is applied to discount the expected net cash flows arising from the future harvest of fuel plantations upon maturity.
- The maturity period of firewood and timber trees is between 5 and 15 years depending on the species of the tree.

Unharvested green leaf

- The company's average tea harvest cycle is 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.
- The green leaf price that the company pays to its third party out-growers is a reasonable estimate of the price the company expects to fetch for sale of green leaf. Consequently, the out-grower rate has been used to fair value the unharvested 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 86,480,572 (2023: Shs 86,045,090) and Shs 25,163,876 (2023: Shs 26,025,000) (increase/decrease in the fair value of the timber and fuel trees for the Group and the Company respectively.
- A 1 percentage point upward movement in the discount rate used in determining the expected net cash flows would result in a Shs 7,602,425 (2023: Shs 7,506,970) and Shs 2,365,284 (2023: Shs 2,484,089) decrease in the fair value of the fuel trees for the Group and the Company respectively.

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

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

Year ended 31 March 2024	Valuation technique	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	As at 31 March Shs'000
Timber and fuel trees	Market approach	-	-	736,217	736,217
Unharvested green leaf	Market approach	-	32,691	-	32,691
		-	32,691	736,217	768,908
Year ended 31 March 2023					
Timber and fuel trees	Market approach	-	-	741,063	741,063
Unharvested green leaf	Market approach	-	27,088	-	27,088
		-	27,088	741,063	768,151

Company

Year ended 31 March 2024	Valuation technique	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	As at 31 March Shs'000
Timber and fuel trees	Market approach	-	-	218,908	218,908
Unharvested green leaf	Market approach	-	17,393	-	17,393
		-	17,393	218,908	236,301
Year ended 31 March 2023					
Timber and fuel trees	Market approach	-	-	230,186	230,186
Unharvested green leaf	Market approach	-	14,422	-	14,422
		-	14,422	230,186	244,608

Notes (continued)

19 BIOLOGICAL ASSETS (Continued)

Other qualitative and quantitative information

The total timber and fuel trees comprise of approximately 446.38 hectares (2023: 463.95 hectares) of mature trees and 252.10 hectares (2023: 229.61 hectares) of immature trees (less than 5 years old) for Group and 111.22 hectares (2023: 125.48 hectares) for mature and 94.27 hectares (2023: 72.12 hectares) of immature trees for Company.

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:

	Fair value at			**Range of inputs (probability – weighted average)**		
Description	**31 March 2024 Shs 000**	**31 March 2023 Shs 000**	**Unobservable input**	**31 March 2024**	**31 March 2023**	**Relationship of unobservable inputs to fair value**
Biological assets	736,217	741,063	Discount rate	14%	12%	The higher the discount rate the lower the fair value

20 INVENTORIES

	Group		Company	
	2024 Shs'000	**2023 Shs'000**	**2024 Shs'000**	**2023 Shs'000**
Tea stocks	848,385	401,042	288,943	150,197
Firewood	143,925	162,144	126,176	140,023
Stores	89,778	132,773	9,378	9,333
Less: provision for stock obsolescence	(51,692)	(45,850)	(39,141)	(32,305)
	1,030,396	650,109	385,356	267,248

The cost of inventories recognized as an expense during the year was Shs 2.1 billion (2023: Shs 1.8 billion) and Shs 650 million (2023: Shs 534 million) for the Group and Company respectively. The cost of inventories recognized as an expense includes Shs 7.0 million (2023: Shs 8.6) and Shs 6.7 million (2022: Shs 6.1 million) in respect of provisions for slow moving inventory for the group and Company respectively.

Notes (continued)

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	**2023**	**2024**	**2023**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Trade receivables	297,301	157,187	130,227	59,553
Trade receivables – net	297,301	157,187	130,227	59,553
Staff debtors	68,635	71,413	47,972	49,789
VAT recoverable	160,302	105,793	28,214	20,155
Prepayments and other receivables	94,306	96,559	54,107	86,957
Due from related parties (Note 31)	7,998	9,705	3,660	10,397
	628,542	440,657	264,180	226,851

22 CASH AND BANK BALANCES

Cash balances	266	311	247	269
Bank balances	296,731	273,491	147,845	57,355
	296,997	273,802	148,092	57,624
Short term bank deposits	419,281	1,201,346	-	304,690
	716,278	1,475,148	148,092	362,314

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 12.20% (2023: 9.75% per annum).

23 SHARE CAPITAL

	2024	**2023**
	Shs'000	**Shs'000**
Authorized:		
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

Notes (continued)

23 SHARE CAPITAL

OTHER RESERVES

Group	**Revaluation reserve**	**Remeasurement reserve**	**Total**
31 March 2024	**Shs'000**	**Shs'000**	**Shs'000**
At start of year	1,186,790	18,301	1,205,091
Other comprehensive income	-	42,095	42,095
Surplus on revaluation of property and equipment	407,859	-	407,859
Transfer of excess depreciation	(85,358)	-	(85,358)
Deferred income tax on excess depreciation	25,607	-	25,607
	1,534,898	60,396	1,595,294
31 March 2023			
At start of year	1,256,627	3,909	1,260,536
Other comprehensive income	-	14,392	14,392
Transfer of excess depreciation	(97,385)	-	(97,385)
Deferred income tax on excess depreciation	27,548	-	27,548
	1,186,790	18,301	1,205,091

Company

31 March 2024			
At start of year	620,803	6,206	627,009
Other comprehensive income	321,516	8,031	329,547
Transfer of excess depreciation	(35,258)	-	(35,258)
Deferred income tax on excess depreciation	10,577	-	10,577
Transfer on disposal	161	-	161
Deferred income tax on disposal	(48)	-	(48)
Increase in opening deferred tax liability on revaluation surplus arising from change in tax rate	(96,455)	-	(96,455)
	821,296	14,237	835,533
31 March 2023			
At start of year	647,957	1,322	649,279
Other comprehensive income	-	4,884	4,884
Transfer of excess depreciation	(38,670)	-	(38,670)
Deferred income tax on excess depreciation	11,602	-	11,602
Transfer on disposal	(123)	-	(123)
Deferred income tax on disposal	37	-	37
	620,803	6,206	627,009

Notes (continued)

24 NON – CONTROLLING INTERESTS

	2024 Shs'000	2023 Shs'000
At start of year	259,163	216,437
Share of profit/ (loss):		
- arising from operating activities	26,580	37,483
- arising from changes in fair value biological assets	2,895	11,629
	29,475	49,112
Share of other comprehensive income	26,880	701
Share of total comprehensive income	56,355	49,813
Dividends paid by Tinderet Tea Estates (1989) Limited	(28,348)	(7,087)
At end of year	287,170	259,163
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% (2023: 30%). The net deferred taxation liability is attributable to the following items:

	Group		Company	
	2024	**2023**	**2023**	**2022**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Deferred income tax liabilities:				
Property, plant and equipment				
- cost	657,077	682,712	173,105	194,062
- revaluation surplus	328,497	183,886	220,141	134,312
Fair value gains on investment properties and other equities	85,966	62,211	61,906	59,686
Biological assets	204,912	205,642	63,714	66,978
Unrealised exchange gains	2,120	17,432	1,544	3,219
Post-employment benefits obligation	15,274	7,020	6,102	2,660
	1,293,846	1,158,903	526,512	460,917
Deferred taxation assets:				
Unrealised exchange losses	(41,602)	(12,408)	(6,517)	-
Other deductible differences	(88,739)	(77,567)	(43,002)	(35,225)
	(130,341)	(89,975)	(49,519)	(35,225)
Net deferred income tax liability	1,163,505	1,068,928	476,993	425,692

The movement on the deferred income tax is as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
At start of year	1,068,928	982,667	425,692	405,177
(Credit)/charge to profit or loss				
-current year (credit)/ charge (Note 9a)	(65,950)	75,534	(39,215)	18,422
-Prior year (under)/over provision	(13,124)	5,195	(9,385)	-
Remeasurement gain/loss recognized through OCI	8,254	5,532	3,441	2,093
Deferred tax liability on revaluation gain/ (loss) dealt with through OCI	165,397	-	96,455	-
At end of year	1,163,505	1,068,928	476,988	425,692

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	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	158,892	168,283	57,073	61,577
Charge to profit or loss	32,749	28,453	12,007	12,555
Employer contributions- settlements in the year	(20,059)	(19,402)	(3,798)	(10,082)
Re-measurements recognised through OCI	(27,515)	(18,442)	(11,473)	(6,977)
At end of year	144,067	158,892	53,809	57,073

The significant actuarial assumptions used were as follows:

Discount rate (%)	15.9
Future salary increases (% p.a)	10.0
Mortality (pre-retirement)	A1945-1952
Mortality (post-retirement)	N/a
Retirement Age	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 11,302,000 (increase by Shs 12,432,000).
If the expected rate of salary growth increases/ (decreases) by 1%, the defined benefit obligation would increase by Shs 13,229,000 (decrease by Shs 12,165,000).

27 BORROWINGS

a) Loans

	Group		Company	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Bank borrowing	151,963	195,754	-	-
The borrowings are repayable as follows:				
On demand and within one year	37,840	48,744	-	-
Between 1 to 5 years	114,123	147,010	-	-
	151,963	195,754	-	-

Notes (continued)

27 BORROWINGS (continued)

	Group 2024 Shs'000	Group 2023 Shs'000	Company 2024 Shs'000	Company 2023 Shs'000
b) Analysis of changes in bank loan				
At start of year	195,754	204,040	-	-
Repayments in the year	(49,367)	(40,121)	-	-
Additions in the year	1,770	2,056	-	-
Exchange loss on revaluation	3,806	29,779	-	-
At end of year	151,963	195,754	-	-

c) Interest rates

The average interest rates paid by the Group were as follows:	2024	2023
Asset finance loan- US$	3.4% + 90days SOFR	3.4% + 90days Libor

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 SOFR.

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 107 million.
2. Legal mortgage over LR Nos. 1892, 1893, 1894, 1895, 1896 and 1899 (Kaimosi Tea Estates Limited) registered and stamped to cover Shs 107 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 302,556,321 (2023: Shs 345,166,826). 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 (2023: Nil).

Notes (continued)

28 TRADE AND OTHER PAYABLES

	Group		Company	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Trade payables	98,124	42,173	24,790	12,564
Payable to out-growers	149,151	113,815	36,790	32,299
Other payables and accrued expenses	326,078	207,266	119,339	108,023
Due to related parties	39,306	24,003	39,277	40,183
	612,659	387,257	220,196	193,069

29 DIVIDENDS PAYABLE

Group and Company

	2024 Shs'000	2023 Shs'000
At start of year	73,680	70,440
Final dividend declared	700,506	350,253
Dividends paid	(660,753)	(347,013)
At end of year	113,433	73,680

Notes (continued)

30 CASH GENERATED FROM OPERATIONS

	Group		Company	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Profit before income tax	684,731	842,275	591,645	213,826
Adjustments for:				
Depreciation (Note 12)	383,942	384,057	179,295	167,824
Amortisation of right of use asset (Note 14)	8,221	5,703	6,165	4,992
Amortisation of intangible assets (Note 13)	758	829	451	440
Loss on disposal of plant and equipment	29,405	36,402	3,116	366
Share of results of investments accounted for using the equity method	(157,986)	(124,420)	-	-
Dividend income	(157)	(449)	(473,566)	(84,012)
Fair value adjustments - biological assets (Note 19 (a))	(68,011)	(99,235)	(22,727)	(27,754)
Fair value adjustments - unharvested green leaf (Note 19 (b))	(5,601)	10,660	(2,971)	(4,552)
Decrease due to own use - fire wood and fuel trees (note 19 (a))	81,572	42,494	38,250	51,553
Unrealised exchange loss on borrowings (Note 27)	3,806	29,779	-	-
Interest expense on borrowings	10,738	11,235	-	155
Interest expense on lease liabilities (Note 33)	2,535	784	2,235	370
Effect of exchange rate on cash and cash equivalent	(29,414)	(22,838)	(29,414)	(22,838)
Interest income (Note 6)	(59,266)	(70,655)	(7,800)	(25,264)
Fair value gain on investment property	(14,050)	-	(3,900)	-
Fair value gain/(loss) on financial assets (Note 18)	1,726	(67)	697	(15,882)
Changes in working capital items:				
- Inventories	(380,287)	(8,981)	(118,108)	(15,496)
- trade and other receivables	(187,885)	(19,376)	(37,329)	5,041
- trade and other payables	225,402	12,047	27,127	(24,373)
- working capital for the discontinued operations	(25)	(26,600)	-	-
- post-employment benefits obligation	(12,690)	(9,391)	8,209	11,482
Cash generated from operations	532,781	1,017,091	160,830	235,878

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 Ngong Tea Ltd, 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:

	2024 Shs'000	2023 Shs'000
Royalties and licenses (George Williamson & Co Limited – parent)	105,581	109,930
Agency commission and charges received (Kapchorua Tea Company Limited – associate)	88,045	70,343

The outstanding balances with related parties were as follows:

	Group		Company	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Due from associate company				
Kapchorua Tea Kenya Plc	7,998	9,705	4,632	612

	2024 Shs'000	2023 Shs'000
Due from subsidiary companies		
Kaimosi Tea Estates Limited	7,154	4,675
Tinderet Tea Estates (1989) Limited	(3,494)	5,722
	3,660	10,397
Due to subsidiary company		
Tea Properties Limited	15,349	16,183
Williamson Power Limited	23,928	24,000
Due to associate company-Group		
Kapchorua Tea Kenya Plc	39,277	40,183

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)

The movement in the bad debt provision on receivables from related parties is as follows:

	Group		Company	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	-	236	-	-
Credit to profit or loss	-	(236)	-	-
At end of year	-	-	-	-

Compensation of Directors and key management personnel

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

	2024	2023
	Shs'000	Shs'000
Non-executive directors' emoluments		
Fees and allowances for services as directors	14,630	12,378
Executive and key management compensation		
Executive fees and allowances	78,590	71,311
Key management compensation	55,498	54,181
	134,088	125,492

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	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
Authorized but not contracted for	34,863	62,356	31,376	52,258
Authorized and contracted for	349,318	222,797	113,594	106,615
	384,181	285,153	144,970	158,873

Capital commitments include land development activities and 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.

33 LEASE LIABILITIES

	Group		Company	
	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	6,851	14,942	1,868	8,618
Additions	33,355	-	33,355	-
Interest expense on lease liabilities	2,535	784	2,235	370
Lease payments	(8,460)	(8,875)	(6,705)	(7,120)
At end of year	34,281	6,851	30,753	1,868

Notes (continued)

33 LEASE LIABILITIES (Continued)	Group 2024 Shs'000	Group 2023 Shs'000	Company 2024 Shs'000	Company 2023 Shs'000
Maturity analysis				
Year 1	8,446	9,097	6,691	1,868
Year 2	8,781	3,623	7,026	-
Year 3	7,377	1,755	7,377	-
Year 4	7,746	1,755	7,746	-
Year 5	8,133	1,755	8,133	-
Year 6	2,058	-	2,058	-
Undiscounted lease payments at the end of the year	42,541	17,985	39,031	1,868
Less unearned interest	(8,260)	(11,134)	(8,278)	-
	34,281	6,851	30,753	1,868
Analysed as:				
Current	5,605	3,323	4,026	1,868
Non-current	28,676	3,528	26,727	-
	34,281	6,851	30,753	1,868

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 financial statements where, based on the Directors' evaluation, a probable obligation has been established. As at 31 March 2024, there were no material contingent liabilities (2023: Nil).

The Group has guarantees amounting to Shs 12,500,000 (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 27, 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 2024 Shs'000	2023 Shs'000
Share capital	87,563	87,563
Retained earnings	4,841,573	4,984,848
Revaluation surplus	1,620,904	1,205,091
Equity	6,550,040	6,277,502
Total borrowings	151,963	195,754
Total lease liabilities	34,281	6,851
Less: cash and cash equivalents	(716,278)	(1,475,148)
Net debt	(530,034)	(1,272,543)
Gearing ratio	N/A	N/A

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 directors' 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 2024

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)	297,301	-	297,301
Staff receivables	21	Performing	General measurement model	68,635	-	68,635
Due from associate company	31	Performing	General measurement model	7,998	-	7,998
Bank balance	22	Performing	12 months ECL	296,997	-	296,997
Short term deposits	22	Performing	12 months ECL	419,281	-	419,281
				1,090,212	-	1,090,212

31 March 2023

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)	157,187	-	157,187
Staff receivables	21	Performing	General measurement model	71,414	-	71,414
Due from associate company	31	Performing	General measurement model	9,705	-	9,705
Bank balance	22	Performing	12 months ECL	273,802	-	273,802
Short term deposits	22	Performing	12 months ECL	1,201,346	-	1,201,346
				1,713,454	-	1,713,454

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

Financial risks arising from use of financial instruments (continued)

Credit risk (continued)

31 March 2024	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)	130,227	-	130,227
Staff receivables	21	Performing	General measurement model	47,972	-	47,972
Due from associate company	31	Performing	General measurement model	3,660	-	3660
Due from subsidiary companies	31	Performing	Lifetime ECL (simplified approach)	15,349	-	15,349
Bank balance	22	Performing	12 months ECL	147,845	-	147,845
				345,053	-	345,053

31 March 2023	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)	59,553	-	59,553
Staff receivables	21	Performing	General measurement model	49,789	-	49,789
Due from associate company	31	Performing	General measurement model	10,048	-	10,048
Due from subsidiary companies	31	Performing	Lifetime ECL (simplified approach)	16,183	-	16,183
Bank balance	22	Performing	12 months ECL	57,358	-	57,358
Short term deposits	22	Performing	12 months ECL	304,690	-	304,690
				497,621	-	497,621

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 2023 was determined as follows for trade receivables:

Group

Trade and other receivables – days past due

2024	Not Due	< 30	31 – 60	61 - 120	120 - 150	Total
Gross carrying amount -Trade receivables (Shs)	177,577	53,630	63,843	-	2,251	297,301
Expected credit loss allowance (Shs)	-	-	-	-	-	-
Net amount	177,577	53,630	63,843	-	2,251	297,301

Group

Trade and other receivables – days past due

2023	Not Due	< 30	31 – 60	61 - 90	91 - 120	Total
Gross carrying amount -Trade receivables (Shs)	72,325	56,167	24,153	8,516	(3,974)	157,187
Expected credit loss allowance (Shs)	-	-	-	-	-	-
Net amount	72,325	56,167	24,153	8,516	(3,974)	157,187

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 68,635,000.

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 2024, the loss allowance on trade receivables would have been Shs Nil (2023: Nil) and Shs Nil (2023: 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 1month Shs'000	2-3 months Shs'000	4-12 Months Shs'000	1-5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Financial liabilities						
At 31 March 2024						
Trade payables	98,124	-	-	-	-	98,124
Borrowings	4,131	12,483	33,752	101,597	-	151,963
Lease liabilities	2,682	1,014	2,102	26,425	2,058	34,281
	104,937	13,497	35,854	128,022	2,058	284,368
At 31 March 2023						
Trade payables	42,173	-	-	-	-	42,173
Borrowings	6,047	11,413	31,284	147,010	-	195,754
Lease liabilities	1,121	7,976	3,623	3,510	1,755	17,985
	49,341	19,389	34,907	150,520	1,755	255,912

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

Financial risks arising from use of financial instruments (continued)

Liquidity risk (continued)

Company	Up to 1month 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 2024						
Trade payables	24,790	-	-	-	-	24,790
Lease liabilities	910	1,014	2,102	24,669	2,058	30,753
Due to associate company	15,349	-	-	-	-	15,349
	41,049	1,014	2,102	24,669	2,058	70,892
At 31 March 2023						
Trade payables	12,564	-	-	-	-	12,564
Lease liabilities	623	1,245	-	-	-	1,868
Due to associate company	16,183	-	-	-	-	16,183
	29,370	1,245	-	-	-	30,615

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

2024	USD Shs'000	GBP Shs'000	EURO Shs'000
Financial assets			
Bank and cash balances	546,628	6,163	11,975
Trade receivables	286,723	-	-
Financial liabilities			
Trade payables	(29,024)	-	-
Borrowings	(151,963)	-	-
Net assets	652,364	6,163	11,975

Notes (continued)

36 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(i) Foreign exchange risk (Continued)

2023	USD Shs'000	GBP Shs'000	EURO Shs'000
Financial assets			
Bank and cash balances	878,013	884	537
Trade receivables	156,988	54	60
Financial liabilities			
Trade payables	(7,256)	-	-
Borrowings	(195,754)	-	-
Net assets	831,991	938	597

Company

	USD Shs'000	GBP Shs'000	EURO Shs'000
2024			
Financial assets			
Bank and cash balances	56,175	889	11,974
Trade receivables	123,777	-	-
Financial liabilities			
Trade payables	(13,730)	-	-
Net assets	166,222	889	11,974
2023			
Financial assets			
Bank and cash balances	22,453	341	537
Trade receivables	59,469	-	-
Financial liabilities			
Trade payables	(992)	-	-
Net assets	80,930	341	537

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.

		2024 Shs'000		**2023 Shs'000**
	Effect on profit	**Effect on equity**	**Effect on Profit**	**Effect on equity**
Currency - GB pounds				
+ 1 percentage point movement	61	43	9	6
- 1 percentage point movement	(61)	(43)	(9)	(6)
Currency - US dollars				
+ 1 percentage point movement	6,524	4,567	8,342	5,839
- 1 percentage point movement	(6,524)	(4,567)	(8,342)	(5,839)
Currency - Euro				
+ 1 percentage point movement	120	84	6	4
- 1 percentage point movement	(120)	(84)	(6)	(4)

(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.

		2024 Shs'000		**2023 Shs'000**
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
+ 1 percentage point movement	786	550	903	632
- 1 percentage point movement	(786)	(550)	(903)	(632)

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 2024			
Assets			
Investment properties	-	402,000	-
Property, plant and equipment			
-Buildings	-	-	1,332,169
-Machinery and equipment	-	-	1,814,623
Biological assets:			
-Timber and fuel trees	-	-	736,217
-Un-harvested green leaf	-	32,691	-
31 March 2023			
Assets			
Investment properties	-	398,100	-
Property, plant and equipment			
-Buildings	-	-	1,059,770
-Machinery and equipment	-	-	1,392,858
Biological assets:			
-Timber and fuel trees	-	-	721,063
-Un-harvested green leaf	-	27,088	-

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 2024			
Assets			
Investment properties	-	402,000	-
Property, plant and equipment			
-Buildings	-	-	813,962
-Machinery and equipment			758,017
Biological assets			
- Timber and fuel trees	-	-	218,909
- Un-harvested green leaf	-	17,393	-
31 March 2023			
Assets			
Investment properties	-	398,100	-
Property, plant and equipment			
- Buildings	-	-	689,990
- Machinery and equipment	-	-	544,928
Biological assets			
- Timber and fuel trees	-	-	218,876
- Un-harvested green leaf	-	14,442	-

38 OPERATING LEASE COMMITMENTS

The Group as a lessor

Property rental income earned during the year amounted to Shs 4,600,000 (2023: Shs 3,390,000). At the end of the reporting period, the Group had contracted with tenants for the following future lease receivables.

	2024 Shs'000	**2023 Shs'000**
Within one year	1,000	1,000
	1,000	1,000

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 of focusing on its core business of cultivation, manufacture and sale of tea. Williamson Power operations have since 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:

	2024 Shs'000	2023 Shs'000
Revenue	-	-
Cost of sales	-	-
Gross loss	-	-
Other income	-	1,048
Administrative expenses	(97)	(1,548)
Interest income	-	796
(Loss)/Profit before income tax	(97)	296
Tax expense	-	(365)
Loss after income tax	(97)	(69)
Trade and other receivables	597	1,697
Due from group companies	23,928	24,000
Tax recoverable	6,385	6,414
Cash and bank balances	1,735	1,760
Assets classified as held for sale	32,645	33,871
Due to related parties	-	-
Trade and other payables	-	-
Liabilities directly associated with assets classified as held for sale	-	-
Net assets classified as held for sale	32,645	33,871

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