WILLIAMSON TEA KENYA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

WILLIAMSON TEA KENYA PLC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

CONTENTS

WILLIAMSON TEA KENYA PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 79th Annual General Meeting of the Shareholders will be held by electronic communication on Friday 23rd July 2021 at 11.00 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 2021.

2) To approve a dividend of Sh10 per share in respect of the year ended 31st March 2021, and for the purpose of determining shareholders qualifying for dividend to approve closure of register for two days, from 22nd to 23rd July 2021.

3) To re-elect Directors:

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

   ii) In accordance with Article 108 of the Company's Articles of Association, Mr. Mathew Koech retires by rotation and offers himself for re-election.

4) In accordance with the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit Committee, be appointed individually to continue to serve as members of the said committee:

   i) Mr.Mathew Koech
   ii) Mr.James Patrick Brooks
   iii) Mr.Edward Charles Magor

5) To approve the remuneration of the Directors.

6) To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Kenyan Companies Act, 2015 and to authorize the Directors to fix the Auditors' remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Kenyan Companies Act, 2015.

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

BY ORDER OF THE BOARD

Gilbert K Masaki
Secretary

29TH June 2021

WILLIAMSON TEA KENYA PLC

CORPORATE INFORMATION

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

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

AUDITORS
Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P O Box 40092 - 00100
Nairobi

BANKERS
Absa Bank Kenya Plc
Absa Plaza Business Centre
P O Box 30120 - 00100
Nairobi

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
P O Box 40310 - 00100
Nairobi

NCBA Bank Kenya Plc
NCBA Centre
P O Box 44599 - 00100
Nairobi

LAWYERS
Kaplan & Stratton
Williamson House, 9th Floor
4th Ngong Avenue
P O Box 40111 - 00100
Nairobi

Walker Kontos
Hakika House
Bishops Road
P O Box 60680 - 00200
Nairobi

WILLIAMSON TEA KENYA PLC

FINANCIAL HIGHLIGHTS - CONSOLIDATED

		2021	2020	2019	2018	2017
Tea Production						
Area under tea - Hectare		2,130	2,130	2,129	2,102	2,128
Made tea - own	'000 Kgs	6,906	7,511	7,310	7,997	6,987
- bought leaf	'000 Kgs	10,003	8,101	7,598	8,023	7,951
Total	'000 Kgs	16,909	15,612	14,908	16,020	14,938
Tea sold	'000 Kgs	18,817	14,694	14,226	15,514	16,603
Average price per Kg gross Sh/Ct		197/93	205/08	232/46	256/97	201/74
Revenue from tea and timber sales (Sh'000)		3,734,037	3,036,905	3,326,057	3,984,971	3,416,340
Profit (Sh'000)						
(Loss)/profit before taxation		(67,269)	116,994	(212,415)	810,056	(351,944)
Taxation (charge)/credit		(65,114)	30,386	40,053	(307,287)	90,351
(Loss)/profit for the year from continuing operations		(132,383)	147,380	(172,362)	502,769	(261,593)
Loss from discontinued operations		(13,755)	(10,178)	-	-	-
(Loss)/profit for the year		(146,138)	137,202	(172,362)	502,769	(261,593)
Attributable to:						
Non - controlling interests		(568)	4,342	(7,950)	14,825	(21,099)
Equity holders of the parent		(145,570)	132,860	(164,412)	487,944	(240,494)
(Loss)/profit for the year		(146,138)	137,202	(172,362)	502,769	(261,593)
Capital employed (Sh'000)						
Assets (Sh'000)						
Property, plant and equipment		4,188,302	3,865,560	3,672,274	3,968,782	3,614,543
Right of use assets		86,530	95,033	-	-	-
Investments and other long term assets		989,884	1,042,628	1,092,177	1,175,988	1,075,903
Biological assets		685,291	684,567	699,684	703,168	660,562
Current assets		2,098,471	2,212,782	2,807,783	3,657,136	3,013,119
Total assets		8,048,478	7,900,570	8,271,918	9,505,074	8,364,127
Medium and short-term borrowings		208,072	-	37,380	97,481	156,432
Long term lease liabilities		16,011	22,325	-	-	-
Service gratuity		297,218	300,178	291,157	297,969	310,440
Other current liabilities		485,733	565,233	658,271	1,164,892	800,989
Deferred tax liabilities		1,081,548	876,659	967,735	1,097,375	1,001,994
Total liabilities		2,088,582	1,764,395	1,954,543	2,657,717	2,269,855
Net assets		5,959,896	6,136,175	6,317,375	6,847,357	6,094,272

WILLIAMSON TEA KENYA PLC

FINANCIAL HIGHLIGHTS – CONSOLIDATED (Continued)

		2021	2020	2019	2018	2017
Financed by (Sh'000)						
Share capital		87,563	87,563	87,563	87,563	87,563
Revaluation surplus		1,320,872	1,036,337	1,030,507	1,085,535	718,612
Retained earnings		4,351,292	4,817,422	5,001,707	5,461,624	5,110,096
Equity holders of parent company		5,759,727	5,941,322	6,119,777	6,634,722	5,916,271
Non – controlling interest		200,169	194,853	197,598	212,635	178,001
Shareholders' funds		5,959,896	6,136,175	6,317,375	6,847,357	6,094,272
(Loss)/earnings per share	Sh	(8.31)	7.59	(9.39)	27.86	(13.73)
Proposed dividend per share (par value)	%	200	400	400	400	200
Proposed dividend per share	Sh	10	20	20	20	10
Proposed dividend cover	Times	(0.83)	0.38	(0.49)	1.39	(1.37)
Closing exchange rates	US $	109.51	104.69	100.75	100.84	103.00
	UK £	150.69	129.87	131.85	142.31	128.83

WILLIAMSON TEA KENYA PLC

CHAIRMAN'S STATEMENT

RESULTS

The Group reported a loss for the year from continuing operations of Sh 132 million in 2021 compared to a profit for the year from continuing operations of Sh 147 million reported in 2020.

Please refer to pages 24 and 25 of the consolidated financial statements.

Crops

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

These figures tell their own tale and are a record for the group with weather patterns continuing from last year's statement where I reported "we had seen unprecedented rain from October 2019 to March 2020". April 2020 to March 2021 saw, if not an abundance, sufficient rainfall to enable good crops to be reported. A look back at the figures show less rainfall than the previous year but totals very much in line with the 10 year average rainfall.

Rain fed agriculture will prosper if it rains and whilst a certain caveat must accompany our record crop report, that is the volumes of our smallholder leaf were the key to achieving a record crop, the farms were nonetheless not far behind their own very high crop figures of the previous financial year.

Smallholders are very much a critical part of our business and by delivering green leaf to us, on a willing buyer/willing seller basis and contract as a collective they endorse and validate our systems and principles by partnering and trusting us for mutual gain.

Cost of Production

With good rains and higher crop we can better manage our costs by operating at optimum limits much of the time rather than witnessing costly, under used factories unproductively making tea.

However, with a global pandemic and massive uncertainties it is inevitable that with inflationary pressures, costs rise.

Local and national pressures on tax rises, the costs of trying to settle land matters through our Association, The Kenya Tea Growers Association (KTGA) and various Court petitions and additional questions raised over some parts of the new Tea Act, all represent external pressures on the business and remain a threat.

The 2010 Constitution remains a grey area apropos land matters, even for publicly quoted Kenya Companies. Our belief remains that one day we shall be granted 99 year leases following the removal of freehold titles and 999 year leases on August 27th 2010, in the certain knowledge that we are responsible custodians of the land.

In spite of this land title uncertainty and the occasional populist political threat we continue to invest and have completed our second solar farm at Kaimosi which unlike our first solar farm at Changoi is equipped with battery storage so as to further mitigate against the vast disruptions to factory processing created by inefficiencies from Kenya Power & Lighting Company (KPLC) Plc.

To become more cost effective it is essential that factory processing is uninterrupted. One power cut disrupts our factory for 20 minutes. This one power cut can be followed by multiple power cuts the same evening. This negatively impacts on made tea quality which then reduces the price of tea sold.

By investing in sustainable and renewable energy we are furthering our desire to leave as small a footprint as possible on the climate and release as little carbon as possible into the atmosphere.

We have recently prepared sections of our farms to be suitable for harvesters. These harvesters are now operational and very productive. With hard work and training these harvesters are now harvesting very good quality leaf and have become a vital part of improving our leaf quality whilst greatly assisting in the inescapable necessities of battling rising costs and ensuring the farms remain viable and sustainable.

Markets

For as many years as I can remember the policy of your company was to try and sell tea "before it was made". In other words, utilize a well-established network of mostly global tea buyers to enter into forward or spot contracts which were then negotiated and delivered on the agreed date. You can imagine that accurate logistics and shipping performance in this example is almost as critical as the quality of the tea sold, and we became rather good at it. During the financial year under review attempts to reform the way the industry goes about its business were commenced with the publication of new regulations that were to accompany the hitherto dormant Tea Act of 2018.

It emerged clearly that the National Government are intent on redefining the way that the Kenya Tea Development Authority (KTDA) was structured and delivering more power and voting rights to the smallholders delivering green leaf to the KTDA factory of their choice.

Change is never easy however worthy the cause.

There are multiple challenges both legal and verbal related to the regulations taking place as I write. Whilst the aim of the regulations was to assist in creating more transparency and democracy in the small holder sector some of the regulations were naturally to impact on the whole of the Kenya tea trade.

This is a trade employing thousands and certainly since the travails of the travel industry following the Coronavirus (Covid 19) disease and the reduction of transferred funds from the Kenyan diaspora, tea is comfortably the largest forex earner for Kenya. An important industry.

Whereas before the regulations, there was a certain commercial reluctance by your company to utilize the Mombasa auction, for reasons of tea quality, existing long standing client contracts, flexibility in price negotiation, not wishing to be sidelined in a terminal market, being some of the reasons, the regulations now demanded that save from some exceptional tea items all teas from Kenya must be sold through the auction system.

So, in the time it took the financial year to pass, that is what we are now doing. Although, not 100% as yet but for the majority of what we produce as we await the Judicial decisions on various court petitions against some of the sections in the Tea Act, 2020.

Naturally, the KTDA are foremost in their wish to dilute and challenge some of the regulations (which along the way were incorporated into the Tea Act, 2020) but for the commercial Tea Companies, questions over the viability of only selling in an auction rather than deciding to sell through an auction and the re-imposition of a cess on the value of tea sold (thereby perhaps devaluing high value tea) have been questioned through the courts.

A change to an "i" trading auction system from an analogue open cry auction system has also been implemented in the past few months. It is not without controversy, cost or dissenting voices, but it is there and will be there to stay. It is easy to write; we are now selling the majority of our produce through the Mombasa auction when 12 months previously the majority of teas were sold by private contract. It is quite another to implement and achieve the change with adequate commercial reward and without many problems.

Factor in the weakest market in living memory and difficulties begin to multiply.

Tea manufacture and marketing retains some of its fascination through the many variables that exist when setting out a vision and plan best fitted to provide a decent return for the Company in question. For your Group to have to abruptly change a long standing policy and decision making as to what type of tea to make and to whom should this tea be sold has been an interesting and challenging journey, not I hasten to add without some bumps in the road.

Change is often necessary but never easy.

We can be proud of the immense efforts made by the farm and marketing teams responsible and a growing, gradual success in enticing new buyers to buy our teas they may have previously ignored or not seen. In a short time frame we have witnessed a price premium to old established auction marks.

These words are a somewhat crude and condensed explanation of what has been, and will continue to be, a somewhat protracted endeavour to place our teas at the top of our target markets within the guidelines recently set. However, if I was to explain every twist, turn and nuance in achieving so much in a short space of time, the reader would be fast asleep before the page was turned.

Market Outlook

Over the year there have been multiple press articles, opinion pieces and speculation as to how the overall governance and regulatory structures for the tea industry should be managed through new regulations.

It is easy to become side-tracked by opinion, however we have endeavoured to change when instructed and required but otherwise steer a steady management course through tried and trusted means.

The facts of the market place are such that through high production leading to global over supply, reduced demand in some key markets and economic weaknesses in others, coupled with Covid – 19 disruptions have left average Mombasa auction pricing at an all-time low. New Tea Acts and new regulations are unlikely to impact the harsh realities of the most basic economic equation of supply and demand. If dry weather or significantly better demand were to affect the supply side then we shall see some improved prices, without those elements we will not.

The price drop is out of our hands therefore improving operational efficiencies and curbing costs in key areas are non-negotiable.

The outlook remains very much the same as I wrote last year, tough times ahead.

Other selling opportunities slowly emerge. There is growing demand in blending and repacking operations from Eastern and Southern India. We provide some orthodox tea grades to eastern Europe and the Middle East. Small pockets of interest in green teas are occurring. We are challenging our factories to generate factory gate sales demand for national and regional sellers. At this stage black tea is the main percentage of our production, however marginal gains are being witnessed elsewhere which we shall continue to monitor and pursue.

General

During the year a decision was taken to offer Williamson Power Limited as a going concern to its management and staff and for the company to cease being a subsidiary of Williamson Tea Kenya PLC.

The time spent managing the core tea business and current economic difficulties persuaded the Directors this was a wise decision. The offer was not taken up by the employees and as a consequence a decision was made to liquidate the company. A liquidator was appointed and is expected to sell the assets and settle obligation in accordance with the statutory requirements before winding up. This have been accounted for as discontinued operations.

By 2021 the world had become fully aware of the unstoppable spread of coronavirus, the virus's ability to constantly mutate and the difficulties and costs associated with creating and rolling out vaccinations as a major control point.

Wealthy nations proved that by spending enormous sums of money the development of vaccines was entirely possible very quickly. Clearly the logistics of delivering vaccinations to populations is a costly and difficult task, and we hope that wealthy nations are prepared to assist those who are less fortunate so that everybody, not just a select number may be protected and perhaps a new normality will evolve.

The advice from the Ministry of Health (MOH) has been clear and we have followed the guidelines with as strict controls as possible. Each farm continues to report weekly, verbally and pictorially on the progress made and to create a large database of information that will continue to educate us all on how best to achieve successful preventive methods. Our key concern has always been to keep all our employees safe and well, and whilst we all recognize the virus may strike at any time I can report since the start of this financial year we had only one confirmed case of Covid-19 on one farm to date.

We remain grateful to the Government for a clear and settled instruction on the continuation of essential businesses, our business partners, our smallholders, our essential suppliers and providers for all acting in a diligent and responsible manner.

General Outlook

None of us know what the future holds, but if we can continue to operate in the same responsible manner going forward that has prevailed for the past year relating to Covid-19 in the knowledge that thus far we have successfully managed our business aspirations as best we can, we can be reasonably confident that we are on the right path.

What else are we doing? We produce products that are certified by third parties. We are pesticide free, we plant trees, we preserve our soils, we educate and practice sustainable values, we have invested in renewable energy, we provide indigenous areas serving as wildlife habitats. We shall continue to explore ways of capturing and benefitting from carbon credits and assist smallholders to do the same for mutual and regional benefit.

We have pushed on with our investment in satellite technology to assist us to observe which tea section is healthy and which may require a helping hand. Healthy tea bushes provide better opportunities making good teas and assisting in delivering more successful and sustainable companies.

We will continue to invest in mechanical harvesters, providing more skills to the workforce and more productivity which is critical in ensuring Kenya tea remains competitive in the global market place.

Dividends

In view of the results, the Directors are recommending a final dividend payment of Sh 10 per share (2020: Sh 10 per share) from revenue 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 2200:2005, FSSC 22000, Rainforest Alliance and UTZ.

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

HEALTH AND EDUCATION

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

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

In addition, the Williamson Tea Foundation will be used to contribute even more to our workers and our neighbouring communities and in particular over issues concerning female health care.

WELFARE

The number of permanent and seasonal employees exceeded 1,500 with over 3,100 of their dependents who also benefit from the social and welfare amenities provided.

During the year, the Group spent over Sh 85 million on employees' pension, gratuities, leave and medical expenses over and above employees' direct wages. In addition, the company incurred in excess of Sh 6 million on capital projects relating to employee welfare.

APPRECIATION

I would like to thank all our management staff led by the Managing Director Mr. Alan Carmichael and the Visiting Agent Mr. Samuel Thumbi, the farm management of Ishmael Sang, Charles Agui and Sospeter Angira at Changoi, Tinderet and Kaimosi respectively. My thanks also go to our Nairobi Head Office staff and all our staff up country.

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

E N K Wanjama

Chairman

29th June 2021

WILLIAMSON TEA KENYA PLC

STATEMENT OF CORPORATE GOVERNANCE

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 Head of finance is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

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 2021 held shares in their individual capacity that were more than 2% of the Company's total equity (2020: None). The Directors' interest in the shares of the Company as at 31 March is summarised below:

Name	**Number of Shares**	
	2021	**2020**
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.

Nominating committee

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

Staff and remuneration committee

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

INTERNAL CONTROLS

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

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

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

Communication with shareholders

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

SHAREHOLDING PROFILES

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

Principal shareholders

As at 31 March 2021 the top 10 major shareholders were as follows;

	Name	Location	No of shares	%
1.	Ngong Tea Holdings Limited	London	9,012,328	51.46
2.	Upstream Investments Limited	Nairobi	649,346	3.71
3.	Baloobhai Chhotabhai Patel & Amarjeet B Patel	Nairobi	501,005	2.86
4.	CTC Global Investment Limited	Mauritius	490,900	2.80
5.	Garot International Limited	Nairobi	475,300	2.71
6.	Kanaiyalal Mansukhalal & Shah Lalitaben Kanaiyalal	Nairobi	329,066	1.88
7.	Standard Chartered Nominées A/c 000954	Nairobi	204,700	1.17
8.	Standard Chartered Nominees A'c 9280	Nairobi	172,700	0.99
9.	Bid Plantations Limited	Nairobi	145,900	0.83
10.	Mohammed Aslam Alimohamed Adam	Nairobi	103,912	0.59

Analysis of shareholders

By region:

	Number	Shares held	%
Foreign shareholders	89	10,521,986	60.08
Local & East Africa shareholders (Individuals)	1,717	4,864,644	27.78
Local & East Africa shareholders (Institutional)	95	2,126,010	12.14
	1,901	17,512,640	100

By shares distribution:

Less than 501	804	150,786	0.86
501-10,000	986	2,220,746	12.68
10,001- 100,000	99	2,852,311	16.29
100,001-1,000,000	11	3,276,469	18.71
Above 1,000,000	1	9,012,328	51.46
	1,901	17,512,640	100

2020/2021 BOARD & BOARD COMMITTEES MEMBERSHIP AND ATTENDANCE

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

√ Member of respective committee

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

E N K Wanjama
Chairman

A L Carmichael
Managing Director

29th June 2021

2021

WILLIAMSON TEA KENYA PLC

DIRECTORS' REMUNERATION REPORT

The Directors remuneration report sets out the remuneration arrangements for the Directors of Williamson Tea Kenya Plc for the year ended 31 March 2021.

Remuneration policy for Executive and Non-Executive Directors

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

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

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

Changes to Director's remuneration

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

The auditable part of the Directors' Remuneration Report is as follows:

Directors' remuneration during the year

Non-Executive Directors

Name	2021			2020		
	Fees Sh'000	Sitting & other allowances Sh'000	Total Sh'000	Fees Sh'000	Sitting & other allowances Sh'000	Total Sh'000
Phillip Magor	4,260	173	4,433	3,915	86	4,001
Edward Magor	4,260	230	4,490	3,915	86	4,001
Mathew Koech	720	202	922	720	230	950
ENK Wanjama	1,080	202	1,282	1,080	244	1,324
JP Brooks	720	230	950	720	202	922
Total	**11,040**	**1,037**	**12,077**	**10,350**	**848**	**11,198**

Executive Directors

	2021				2020			
Name	Salaries & allowances Sh'000	Pension Sh'000	Non-cash benefits Sh'000	Total Sh'000	Salaries & allowances Sh'000	Pension Sh'000	Non-cash benefits Sh'000	Total Sh'000
Alan Carmichael	24,237	2,400	4,195	30,832	25,247	-	5,390	30,637
Samuel Thumbi	15,288	2,400	2,732	20,420	17,043	-	2,689	19,732
Total	**39,525**	**4,800**	**6,927**	**51,252**	**42,290**		**8,079**	**50,369**

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

Approval of the Directors remuneration report

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

BY ORDER OF THE BOARD

E N K Wanjama
Chairman

29th June 2021

WILLIAMSON TEA KENYA PLC

REPORT OF THE DIRECTORS

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 2021 which show the state of financial affairs of the Group and the Company.

ACTIVITIES

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

GROUP RESULTS FOR THE YEAR

	2021 Sh'000	2020 Sh'000
(Loss)/profit before taxation	(67,269)	116,994
Taxation (charge)/credit	(65,114)	30,386
(Loss)/profit for the year from continuing operations	(132,383)	147,380
Loss from discontinued operations	(13,755)	(10,178)
	(146,138)	137,202
Attributable to:		
Owners of the company	(145,570)	132,860
Non-controlling interests	(568)	4,342
(Loss)/profit for the year	(146,138)	137,202

DIVIDENDS

The Directors recommend that a first and final dividend of Sh 10 per share (2020 – Sh 20 per share) equivalent to a total sum of Sh 175,126,400 (2020 – Sh 350,252,800) 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 faced various challenges during the year including volatile market conditions and climatic changes which impacted on the overall performance for the period. The Group crop production however increased by 8% from 15.6 million kilos to 16.9 million kilos of made tea. The volumes of tea sold increased from 14.7 million kilos sold last year to 18.8 million kilos sold this year, an equivalent of 21.8%. The turnover on the other hand increased by 22.9% to Sh 3.7 billion compared to Sh 3.0 billion reported last year. However, the average tea prices declined from Sh 205 per kilo of made tea fetched last year to Sh 197 per kilo of made tea realised this year.

The Group recorded a total loss from continuing operations of Sh 146 million compared to a profit from continuing operations of Sh 137 million reported in the previous year. The drop in profitability is largely attributable to a loss in revaluation of investment properties and the drop in the average tea prices coupled with increased cost of production.

Principal risks & uncertainties

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

BUSINESS REVIEW (Continued)

Principal risks & uncertainties (Continued)

The risks that the Group is exposed to include:

- Agricultural risk, which mainly entails climatic changes ranging from drought, floods and other adverse weather conditions that have a significant impact on the crop production. The Group has put in place sound agricultural practices to mitigate this agricultural risk.

- Financial risks which span across the markets and the financial aspects of the Group. These include the market risks, price risk, credit risk, currency risk, foreign exchange fluctuations exposure, liquidity risk, interest rate risk and other regulatory and taxation risks, both national and local, that affect the market and financial sector operations that could have a ripple effect on the Group.

- Operational risks mainly include both internal and external factors that affect the Group processes, personnel, technology and infrastructure. The legal and regulatory requirements plus other generally acceptable standards of corporate behaviour can have a significant impact on the operations of the company. Demands from the Labour Unions giving rise to increased labour costs, land tenure issues that affect the investment decisions of the Group, various internal and external political risks, and different levels of governance structures that affect the state of the infrastructure among others affect the operations of the Group.

- Environmental and social sustainability risks, which require development of policies and practices, that promote co-existence of the Group with both internal and external stakeholders. The Group continues to be actively and seriously involved in Corporate Social responsibilities with the local communities and preserve the environment as a critical aspect of sustainability and growth.

- In March 2021, the World Health Organisation (WHO) officially declared COVID-19 as a pandemic. This health hazard has resulted in significant government measures and caused disruption to the financial markets and global economy however, this has not significantly affected the tea industry.

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

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

DIRECTORS' STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

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

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

AUDITORS

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

BY ORDER OF THE BOARD

G K Masaki
Secretary
29th June 2021

WILLIAMSON TEA KENYA PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the Directors to prepare consolidated and company 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 consolidated and company financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of consolidated and company 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.

In preparing the consolidated and company financial statements, the Directors have assessed the Group's and the Company's ability to continue as going concerns and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the consolidated and company financial statements. Nothing has come to the attention of the Directors to indicate that the Group and the Company will not remain going concerns for at least the next twelve months from the date of this statement.

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

Approved by the Board of Directors on 29th June 2021 and signed on its behalf by:

E N K Wanjama	A L Carmichael
Chairman	Managing Director

Deloitte.

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF WILLIAMSON TEA KENYA PLC

Report on the Audit of the Consolidated and Company Financial Statements

Opinion

We have audited the accompanying consolidated and company financial statements of Williamson Tea Kenya Plc ("the Group"), set out on pages 24 to 92, which comprise the consolidated and company statements of financial position as at 31 March 2021 and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and company financial statements give a true and fair view of financial position of the Group and the Company as at 31 March 2021 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"s). Our responsibilities under those standards are further described in the *Auditors' responsibilities for Audit of the consolidated and company Financial Statements* section of our report.

We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with other ethical requirements that are relevant to our audit of the consolidated and company financial statements in Kenya, and have fulfilled our ethical responsibilities in accordance with these requirements and 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

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated and company financial statements of the current period.

The key audit matter described below was addressed in the context of our audit of the consolidated and company financial statements as a whole, and in forming our opinion thereon, and we therefore do not provide a separate opinion on this matter.

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Key Audit Matter (Continued)

Valuation and measurement of biological assets Significant judgements and estimates are required by the Directors in determining the valuation and measurements of the biological assets comprising fuel and timber plantations, which are measured at fair value less costs to sell. The assumptions and uncertainties involved in these estimates and significant judgements could have a material impact on the financial position and the results of the Group and Company and therefore the related valuation and measurement of biological assets is a key audit matter. At the end of year, the carrying value of the biological assets amounted to Sh 685,291,000 and Sh 684,567,000 for the Group and the Company respectively as disclosed in note 20 of the consolidated and separate financial statements. As disclosed in note 20 in the financial statements, biological assets comprise trees for timber and fuel, which are measured at fair value less costs to sell. The fair value models accrue the additional value related to the biological asset as biological transformation takes place rather than at the time of harvest. As disclosed in note 3(ii) significant assumptions and estimates are made in determining the fair value of the biological assets. The most significant assumptions and estimates include expected future market prices, estimate of the costs to sell, biological transformation and maturity period for the fuel and timber trees, and the discount rate for the expected cash flows. The determination of these assumptions and estimates involve significant judgment by the directors and any uncertainty could lead to material adjustments to the financial statements. Refer to note 1 for the accounting policy on biological assets; note 3(ii) for the significant estimates used in determining the fair values of the biological assets; and note 20 for the disclosure on biological assets.	We focused our attention on the significant assumptions, estimates and key judgments made by Directors by performing the following: We tested the design, implementation and operating effectiveness of controls over the review of the fair value model. We performed an analysis of the significant assumptions made in the valuation models and tested them against available market information. We subjected the key assumptions to sensitivity analysis. We assessed the reasonableness of the assumptions used in deriving the expected yield, the future market prices and cost to sell to actual yields during the year, market prices and actual costs to sell. In addition, we tested a selection of data inputs used against Directors' financial and operational information and external sources, to assess the accuracy, reliability and completeness thereof. We verified the consistency of application of the fair value approaches and models over the years. We evaluated the sufficiency and accuracy of the disclosures in the notes of the consolidated and separate financial statements. We also validated the underlying data in respect of forestry acreage and age of plantations used by the valuer to the Directors' operational independent information, including comparison with historical trends. We found that the models used for the valuation of the biological assets to be appropriate and reasonable. In addition, the disclosures in the consolidated and separate financial statements pertaining to the valuation and measurement of biological assets were found to be appropriate.

Other information

The Directors are responsible for the other information. The other information comprises Notice of the Annual General Meeting, Financial Highlights, Chairman's Statement, Statement of Corporate Governance, Directors' Remuneration Report, Statement of Directors' Responsibilities and Report of the Directors which were obtained prior to the date of this auditors' report. The other information does not include the consolidated and company financial statements and our auditors' report thereon.

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and company 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 consolidated and company 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 that we obtained prior to the date of this auditors' 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.

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Responsibilities of the Directors for the consolidated and company financial statements

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

In preparing the consolidated and company financial statements, the Directors are responsible for assessing the Group's and Company'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 and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company 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 consolidated and company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and company 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 and the Company'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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and company 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 auditors' report. However, future events or conditions may cause the Group and/or the Company to cease to continue as going concerns;

- Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on the Audit of the Consolidated and Company Financial Statements (Continued)

Auditors' responsibilities for the audit of the consolidated and company financial statements (Continued)

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 the 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 consolidated and company 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 Kenya Companies Act, 2015

Report of the Directors

In our opinion, the information given in the Report of the Directors on pages 17 to 18 is consistent with the consolidated and company financial statements.

Directors' Remuneration Report

In our opinion, the auditable part of the Directors' Remuneration report presented on pages 15 to 16 has been prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is
CPA Fred Aloo, Practicing Certificate No. 1537.

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants
Nairobi, Kenya

29 June **2021**

WILLIAMSON TEA KENYA PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 Sh' 000	2020 (Restated)* Sh' 000
CONTINUING OPERATIONS			
REVENUE	4(e)	3,734,037	3,036,905
FAIR VALUE GAINS/(LOSSES)			
- Timber trees	20(a)	12,888	(1,674)
- Fuel trees	20(a)	75,730	64,226
- Unharvested green leaf	20(b)	(13,854)	18,956
OPERATING INCOME		3,808,801	3,118,413
COST OF SALES		(3,465,687)	(2,731,024)
GROSS PROFIT		343,114	387,389
OTHER (COSTS)/INCOME	5	(91,417)	52,572
DISTRIBUTION COSTS		(192,242)	(157,554)
ADMINISTRATIVE EXPENSES		(147,890)	(238,566)
INTEREST INCOME	6	19,573	55,818
FINANCE COSTS	6	(12,864)	(4,615)
NET FOREIGN EXCHANGE GAINS		11,663	7,149
SHARE OF PROFIT OF ASSOCIATE COMPANY	17	2,794	14,801
(LOSS)/PROFIT BEFORE TAXATION	7	(67,269)	116,994
TAXATION (CHARGE)/CREDIT	9(a)	(65,114)	30,386
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	10	(132,383)	147,380
LOSS FROM DISCONTINUED OPERATIONS	41	(13,755)	(10,178)
(LOSS)/PROFIT FOR THE YEAR		(146,138)	137,202
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may not be reclassified subsequently to profit or loss			
Surplus/(deficit) on revaluation of property and equipment		466,988	(400)
Deferred tax on revaluation surplus		(140,096)	100
(Increase)/decrease in opening deferred tax liability on revaluation surplus arising from change in tax rate	27	(51,337)	39,238
Share of other comprehensive income of associate company		51,644	-
TOTAL OTHER COMPREHENSIVE INCOME		327,199	38,938
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		181,061	176,140

*FY2020 restated on the classification of Williamson Power Limited as a discontinued operation. Refer to note 41 Discontinued operations.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

	Note	2021 Sh' 000	2020 Sh' 000
(LOSS/PROFIT FOR THE YEAR COMPRISING:			
Attributable to the equity holders of the Company:			
(Loss)/profit arising from operating activities		(196,492)	79,232
Gains arising from changes in fair value of biological assets (net of attributable taxation)		50,922	53,628
		(145,570)	132,860
Non - controlling interests:			
(Loss)/profit arising from operating activities		(1,981)	914
Gains arising from changes in fair value of biological assets (net of attributable taxation)		1,413	3,428
	26	(568)	4,342
(LOSS)/PROFIT FOR THE YEAR		(146,138)	137,202
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the company		314,228	38,238
Non - controlling interests	26	12,971	-
		327,199	38,938
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the company		168,658	171,798
Non - controlling interests	26	12,403	4,342
		181,061	176,140
(LOSS)/EARNINGS PER SHARE – Basic and diluted	11	(8.31)	7.59

WILLIAMSON TEA KENYA PLC

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 Sh' 000	2020 Sh' 000
REVENUE	4(e)	1,259,511	1,066,841
FAIR VALUE GAINS/(LOSSES)			
- Timber trees	20(a)	10,939	(876)
- Fuel trees	20(a)	34,171	19,085
- Unharvested green leaf	20(b)	(5,131)	3,462
OPERATING INCOME		1,299,490	1,088,512
COST OF SALES		(1,185,492)	(946,862)
GROSS PROFIT		113,998	141,650
OTHER (LOSS)/INCOME	5	(93,533)	47,858
DIVIDEND INCOME		83,561	82,279
DISTRIBUTION COSTS		(65,951)	(53,125)
ADMINISTRATIVE EXPENSES		(53,460)	(140,366)
INTEREST INCOME	6	11,990	43,151
FINANCE COSTS	6	(1,498)	(2,897)
NET FOREIGN EXCHANGE GAINS		6,157	1,833
PROFIT BEFORE TAXATION	7	1,264	120,383
TAXATION (CHARGE)/CREDIT	9(a)	(36,034)	34,117
(LOSS)/PROFIT FOR THE YEAR	10	(34,770)	154,500
OTHER COMPREHENSIVE INCOME			
Items that may not be reclassified subsequently to profit or loss			
Gain on revaluation of property and equipment		167,080	-
(Increase)/decrease in opening deferred tax liability on revaluation surplus arising from change in tax rate	27	(22,606)	23,369
Deferred tax on revaluation surplus		(50,124)	-
TOTAL OTHER COMPREHENSIVE INCOME		94,350	23,369
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		59,580	177,869
(LOSS)/PROFIT FOR THE YEAR			
Attributable to the equity holders of the company:			
(Loss)/profit arising from operating activities		(62,755)	138,247
(Losses)/gains arising from changes in fair value of biological assets (net of attributable taxation)		27,985	16,253
(LOSS)/PROFIT FOR THE YEAR		(34,770)	154,500

WILLIAMSON TEA KENYA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 Sh'000	2020 Sh'000
ASSETS			
Non- current assets			
Property, plant and equipment	13	4,188,302	3,865,560
Intangible assets	14	789	1,801
Right of use assets	15	86,530	95,033
Investment properties	16	399,781	475,000
Investment in associate company	17	587,965	564,478
Unquoted investments	19	1,349	1,349
Biological assets – timber and fuel trees	20(a)	685,291	684,567
		5,950,007	5,687,788
Current assets			
Un-harvested green leaf	20(b)	26,625	40,479
Inventories	21	522,217	865,805
Trade and other receivables	22	470,169	432,970
Due from an associate company	23(a)	34,005	18,415
Corporate tax recoverable	9(c)	240,177	292,430
Short term investments	24	312,758	371,341
Cash and bank balances	32(b)	443,497	191,342
		2,049,448	2,212,782
Assets classified as held for sale	41	49,023	-
		2,098,471	2,212,782
Total assets		8,048,478	7,900,570
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	87,563	87,563
Revaluation surplus		1,320,872	1,036,337
Retained earnings		4,351,292	4,817,422
Equity attributable to owners of the company		5,759,727	5,941,322
Non – controlling interests	26	200,169	194,853
Shareholders' funds		5,959,896	6,136,175
Non- current liabilities			
Deferred tax liability	27	1,081,548	876,659
Service gratuity provision	28	297,218	300,178
Borrowings	29(a)	176,424	-
Lease liabilities	35	16,011	22,325
		1,571,201	1,199,162
Current liabilities			
Due to an associate company	23(d)	644	2,174
Borrowings	29	31,648	-
Trade and other payables	30	414,139	504,073
Dividends payable	31	60,489	52,806
Lease liabilities	35	6,247	6,180
		513,167	565,233
Liabilities directly associated with assets classified as held for sale	41	4,214	-
		517,381	565,233
Total equity and liabilities		8,048,478	7,900,570

The financial statements on pages 24 to 92 were approved and authorised for issue by the Board of Directors on 29th June 2021 and were signed on its behalf by:

E N K Wanjama
Chairman

A L Carmichael
Managing Director

WILLIAMSON TEA KENYA PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 Sh'000	2020 Sh'000
ASSETS			
Non- current assets			
Property, plant and equipment	13	1,904,980	1,811,525
Intangible assets	14	420	1,090
Right of use asset	15	23,227	29,033
Investment properties	16	399,781	475,000
Investment in associate company	17	49,479	49,479
Investment in subsidiary companies	18	106,188	109,877
Unquoted investments	19	546	546
Biological assets – timber and fuel trees	20	251,282	244,772
		2,735,903	2,721,322
Current assets			
Unharvested green leaf	20	13,581	18,712
Inventories	21	203,629	327,366
Trade and other receivables	22	200,149	156,101
Due from an associate company	23(a)	34,005	18,415
Due from subsidiary companies	23(b)	32,912	107,977
Corporate tax recoverable	9(c)	146,714	155,408
Short term investments	24	172,920	282,613
Cash and bank balances	32(b)	184,795	133,159
		988,705	1,199,751
Assets classified as held for sale	41	3,689	-
		992,394	-
Total assets		3,728,297	3,921,073
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	87,563	87,563
Revaluation surplus		685,460	589,097
Retained earnings		2,032,282	2,419,318
Shareholders' funds		2,805,305	3,095,978
Non- current liabilities			
Deferred tax liability	27	519,115	428,611
Service gratuity provision	28	131,929	125,256
Lease liabilities	35	9,590	14,770
		660,634	568,637
Current liabilities			
Due to a subsidiary company	23(c)	18,266	19,330
Trade and other payables	30	178,495	179,286
Dividends payable	31	60,489	52,806
Lease liabilities	35	5,108	5,036
		262,358	256,458
Total equity and liabilities		3,728,297	3,921,073

The financial statements on pages 24 to 92 were approved and authorised for issue by the Board of Directors on 29th June 2021 and were signed on its behalf by:

E N K Wanjama
Chairman

A L Carmichael
Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Note	Share capital Sh'000	Revaluation surplus Sh'000	Retained earnings Sh'000	Equity attributable to owners of the company Sh'000	Non – controlling interests Sh'000	Total Sh'000
At 1 April 2019		87,563	1,030,507	5,001,707	6,119,777	197,598	6,317,375
Profit for the year		-	-	132,860	132,860	4,342	137,202
Other comprehensive income		-	38,938	-	38,938	-	38,938
Total comprehensive income for the year		-	38,938	132,860	171,798	4,342	176,140
Excess depreciation transfer		-	(44,145)	44,145	-	-	-
Deferred tax on excess depreciation		-	11,037	(11,037)	-	-	-
Final dividends declared – 2019	26 & 31	-	-	(350,253)	(350,253)	(7,087)	(357,340)
At 31 March 2020		87,563	1,036,337	4,817,422	5,941,322	194,853	6,136,175
At 1 April 2020		87,563	1,036,337	4,817,422	5,941,322	194,853	6,136,175
Loss for the year		-	-	(145,570)	(145,570)	(568)	(146,138)
Other comprehensive income		-	314,228	-	314,228	12,971	327,199
Total comprehensive income/(loss) for the year		-	314,228	(145,570)	168,658	12,403	181,061
Excess depreciation transfer		-	(42,218)	42,218	-	-	-
Deferred tax on excess depreciation		-	12,525	(12,525)	-	-	-
Final dividends declared – 2020	26 & 31	-	-	(350,253)	(350,253)	(7,087)	(357,340)
At 31 March 2021		87,563	1,320,872	4,351,292	5,759,727	200,169	5,959,896

Revaluation surplus is made up of the periodic adjustment arising from the revaluation of property, plant and equipment. The reserve is not available for distribution to the shareholders.

WILLIAMSON TEA KENYA PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Share capital Sh'000	Revaluation surplus Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 April 2019		87,563	577,162	2,603,637	3,268,362
Profit for the year		-	-	154,500	154,500
Other comprehensive income		-	23,369	-	23,369
Total comprehensive income for the year		-	23,369	154,500	177,869
Excess depreciation transfer		-	(15,246)	15,246	-
Deferred tax on excess depreciation		-	3,812	(3,812)	-
Final dividends declared – 2019	31	-	-	(350,253)	(350,253)
At 31 March 2020		87,563	589,097	2,419,318	3,095,978
At 1 April 2020		87,563	589,097	2,419,318	3,095,978
Loss for the year		-	-	(34,770)	(34,770)
Other comprehensive income		-	94,350	-	94,350
Total comprehensive income for the year		-	683,447	2,384,548	3,155,558
Excess depreciation transfer		-	2,876	(2,876)	-
Deferred tax on excess depreciation		-	(863)	863	-
Final dividends declared – 2020	31	-	-	(350,253)	(350,253)
At 31 March 2021		87,563	685,460	2,032,282	2,805,305

Revaluation surplus is made up of the periodic adjustment arising from the revaluation of property, plant and equipment. The reserve is not available for distribution to the shareholders.

WILLIAMSON TEA KENYA PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 Sh'000	2020 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32(a)	615,937	207,399
Interest received		19,573	55,851
Interest paid on borrowings	6	(10,898)	(2,174)
Taxation paid	9(c)	(11,522)	(24,759)
Net cash generated from operating activities		613,090	236,317
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (note 13)	13	(274,390)	(616,817)
Purchase of intangible assets (note 14)	14	(48)	(959)
Proceeds from disposal of property, plant and equipment		93	6,867
Expenditure on biological assets	20(a)	(7,046)	(7,502)
Dividend received - from associate company	17	30,951	30,951
Net cash used in investing activities		(250,440)	(587,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	35	(8,213)	(7,805)
Repayment of borrowings	29(b)	-	(37,380)
Borrowings received	29(b)	201,735	-
Dividends paid to shareholders	31	(342,570)	(344,445)
Dividends paid to minority interest	26	(7,087)	(7,087)
Net cash used in financing activities		(156,135)	(396,717)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		206,515	(747,860)
CASH AND CASH EQUIVALENTS AT START OF YEAR		562,683	1,310,543
Cash and cash equivalents reclassified as held for sale		(12,943)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	756,255	562,683

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 Sh'000	2020 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	32(a)	320,941	(27,317)
Interest received	6	11,990	43,151
Interest paid on borrowings	6	(148)	(1,161)
Taxation paid	9(c)	(9,566)	(13,179)
Net cash generated from operating activities		323,217	1,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(113,269)	(169,076)
Purchase of intangible assets	14	(48)	(496)
Proceeds from disposal of property, plant and equipment		-	2,487
Expenditure on biological assets	20(a)	(2,490)	(1,072)
Dividend received - from subsidiaries and associate		83,561	82,279
Net cash used in investing activities		(32,246)	(85,878)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	35	(6,458)	(6,067)
Asset finance loans repaid	29(b)	-	(37,380)
Dividends paid to shareholders	31	(342,570)	(344,445)
Net cash used in financing activities		(349,028)	(387,892)
DECREASE IN CASH AND CASH EQUIVALENTS		(58,057)	(472,276)
CASH AND CASH EQUIVALENTS AT START OF YEAR		415,772	888,048
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	357,715	415,772

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 REPORTING ENTITY

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

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

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

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

2 ACCOUNTING POLICIES

Statement of compliance

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

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

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

(i) Relevant new standards and amendments to published standards effective for the year ended 31 March 2021

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

In September 2019, the IASB issued *Interest Rate Benchmark Reform* (*Amendments to IFRS 9, IAS 39 and IFRS 7*). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are irrelevant to the Company in the current financial (annual) period given that it did not hold benchmark interest rate exposures with respect to hedges. Although the Group is exposed to interest rate risk because the Group may borrow and place funds at both fixed and floating interest rates, the risk is not managed by use of hedging activities.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9. The new disclosure requirements are not applicable to the Group for the financial year just ended.

2 ACCOUNTING POLICIES (Continued)

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

(i) Relevant new standards and amendments to published standards effective for the year ended 31 March 2021 (continued)

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

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

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

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

In the current financial year, the Group has not applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date – 1 June 2020.

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

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual framework

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

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

2 ACCOUNTING POLICIES (Continued)

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

(i) Relevant new standards and amendments to published standards effective for the year ended 31 March 2021 (continued)

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

Amendments to IFRS 3 Definition of a business

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

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

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

Amendments to IAS 1 and IAS

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

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

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

New and amendments to Standards	**Effective date on annual periods beginning on or after**
IFRS 17: *Insurance Contracts*	1 January 2023
IFRS 10 and IAS 28 (amendments): *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2023, with early application permitted.
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	One year deferral to1 January 2023
Amendments to IFRS 3: *Reference to the Conceptual Framework*	1 January 2022, with early application permitted.
Amendments to IAS 16: *Property, Plant and Equipment— Proceeds before Intended Use*	1 January 2022, with early application permitted.

2 ACCOUNTING POLICIES (Continued)

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

(i) Relevant new standards and amendments to published standards effective for the year ended 31 March 2021 (continued)

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

New and amendments to Standards (continued)	Effective date on annual periods beginning on or after
Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022, with early application permitted.
Annual Improvements to IFRS Standards 2018-2020 Cycle: *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*	1 January 2022, with early application permitted.

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

IFRS 17 *Insurance Contracts*

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

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

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

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

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

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

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

(ii) Early adoption of standards

The Group did not early adopt any new or amended standards in the period ended 31 March 2021.

2 ACCOUNTING POLICIES (Continued)

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

Basis of preparation

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

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

Basis of consolidation

(a) Subsidiaries

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

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

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

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiaries acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

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

Investments in subsidiary companies in the Company's financial statements are carried at cost less provision for impairment.

2 ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

(b) 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.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as

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

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

2 ACCOUNTING POLICIES (Continued)

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.

Revenue recognition

The Group recognises revenue mainly from sale of made tea to the export and local markets. Revenue is shown net of value added tax (VAT), returns and discounts and after eliminating sales within the Group.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer.

For the sale of made tea, revenue is recognised when control of the tea has transferred, being at the fall of the hammer for confirmed bids at the auction, or at the point when the customer purchases the tea at the farm or the tea is delivered to the customer or on the date of bill of lading for direct exports. Payment is due immediately at the point the customer takes control of the tea.

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

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.

Biological assets

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

The un-harvested green leaf on tea bushes at the reporting date are measured at fair value less costs to sell using IAS 41- Agriculture. The fair values of fuel and timber plantations are determined based on the prices existing in the market.

The cost of replanting, infilling and upkeep is recognised as an expense in the profit or loss. The gain or loss in valuation of biological assets and agricultural produce is dealt with in the profit or loss.

2 ACCOUNTING POLICIES (Continued)

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.

Capital work in progress

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

Depreciation

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

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)

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.

2 ACCOUNTING POLICIES (Continued)

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.

Leasehold land

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

Investment properties

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

Taxation

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

(i) Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 taxation

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group 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.

2 ACCOUNTING POLICIES (Continued)

Employee benefits costs

(i) Group's defined contribution retirement benefit scheme

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

(ii) Statutory defined contribution pension scheme

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

(iii) Other employee entitlements

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

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

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.

2 ACCOUNTING POLICIES (Continued)

(a) The Group as lessee

The Group assesses whether a contract is or contains a 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.

2 ACCOUNTING POLICIES (Continued)

(b) The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

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

Foreign currencies

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

Financial instruments

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

Financial assets

Classification

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

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

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

(ii) Loans and receivables

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

2 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Recognition and measurement

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

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

Impairment and uncollectability of financial assets

At the end of each reporting period, all financial assets are subject to review for impairment.
If it is probable that the Group 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.

De-recognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or where the Group and the Company has transferred substantially all risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities

Recognition and measurement

Bank borrowings

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

2 ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Recognition and measurement (Continued)

Trade and other payables

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

Derecognition of financial liabilities

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

Offsetting

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

Dividends payable

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

Operating segments

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

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property, plant and equipment).

Comparatives

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

- the carrying value of the unharvested green leaf has been reclassified from other cost/income to fair value change in the statement of profit or loss and other comprehensive income in order to enhance disclosure;
- the presentation of the statement of profit or loss and segment reporting has been changed to present loss/profit for the year separately from continuing and discontinued operations in accordance with IAS 1:98 and notes to the statement of cash flows has been changed to present and reconcile profit after tax from continuing and discounting operations; and
- Statement of Changes in Equity has been updated to present retained earnings as a single consolidated figure. The presentation previously included a split of the retained earnings between the portion related to fair value changes in biological assets and the portion related to other operating activities. The split is no longer required under IFRS.

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.

Calculation of Expected credit loss

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The measurement of impairment losses across all categories of financial assets requires judgement and the assessment of a significant increase in credit risk (SICR). These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's Expected Credit Losses (ECL) calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Historical default and expected loss rates;
- The Group's criteria for assessing if there has been a significant increase in credit risk; and
- Development of ECL models, including the various formulas and the choice of inputs.

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 13

Control over subsidiaries

Note 18 describes that Kaimosi Tea Estates Limited, Williamson Power Limited, Tea Properties Limited; Lelsa Tea Estates Limited and Tinderet Tea Estates (1989) Limited are subsidiaries of the Company as the Group has 100% ownership interest and voting right in all the companies except for Tinderet Tea Estates (1989) Limited where it has 82% of the ownership and voting rights.

The Directors assessed whether or not the Group has control over Kaimosi Tea Estates Limited, Williamson Power Limited, Tea Properties Limited; Lelsa Tea Estates Limited and Tinderet Tea Estates (1989) Limited based on whether the Group has the practical ability to direct the relevant activities of the subsidiaries unilaterally. In making their decisions the Directors considered the proportion of voting rights in the subsidiaries undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The Directors of the Group concluded that the parent company has control over the subsidiary companies.

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

(ii) Key sources of estimation uncertainty

Biological assets(timber and fuel trees)

The fair values of fuel and timber plantations are determined based on the selling prices existing in the market. The un-harvested green leaf on tea bushes at the reporting date are measured at fair value less costs to sell using IAS 41. The most significant assumptions and estimates include use of forecast market prices for tea, estimate of the costs to sell, biological transformation and maturity period for the fuel and timber trees, and the discount rate for the expected cash flows. The determination of these assumptions and estimates require careful judgment by the Directors and any uncertainty could lead to material adjustments to the financial statements. The methodology and assumptions used are reviewed regularly to try to minimize differences between estimates and actual experience.
The significant assumptions are set out in note 20.

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.

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 affected accrual for the amortisation of the operating leases over the resultant remaining lease period. The Group has yet to receive the new title deeds.

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 SEGMENTAL INFORMATION

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

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

The identifiable reporting segments of the Group therefore are:

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

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

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

4 SEGMENTAL INFORMATION (Continued)

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

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

	Tea Sh'000	Property Sh'000	Generator trading Sh'000	Group Sh'000
2021				
From continuing operations				
Revenues and results				
Revenue	3,732,262	1,775	-	3,734,037
Other costs	(16,198)	(75,219)	-	(91,417)
Interest income	19,573	-	-	19,573
Finance costs	(12,864)	-	-	(12,864)
Group's share of associate company results after tax	2,794	-	-	2,794
(Loss)/profit before taxation (including associate)	(68,574)	1,305	-	(67,269)
Assets and liabilities				
Segment assets	7,822,962	176,493	-	7,999,455
Segment liabilities	2,078,655	5,713	-	2,084,368
Other information				
Depreciation	363,212	-	-	363,212
Amortisation of right of use assets	11,360	-	-	11,360
Amortisation of intangible assets	1,060	-	-	1,060
Capital expenditure	274,390	-	-	274,390
From discontinued operations				
Revenues and results				
Revenue	-	-	35,410	35,410
Other income	-	-	8,063	8,063
Interest income	-	-	474	474
Loss after taxation	-	-	(13,755)	(13,755)
Assets and liabilities				
Segment assets	-	-	49,023	49,023
Segment liabilities	-	-	4,214	4,214
Other information				
Depreciation	-	-	291	291
Capital expenditure	-	-	4	4

4 SEGMENTAL INFORMATION (Continued)

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

	Tea Sh'000	Property Sh'000	Generator trading Sh'000	Group Sh'000
2020				
From continuing operations				
Revenues and results				
Revenue	3,035,130	1,775	-	3,036,905
Other income	13,572	39,000	-	52,572
Interest income	55,818	-	-	55,818
Finance costs	(4,615)	-	-	(4,615)
Group's share of associate company results after tax	14,801	-		14,801
				-
Loss before taxation (including associate)	115,342	1,652	-	116,994
Assets and liabilities				-
Segment assets	7,726,555	102,407	-	7,828,962
Segment liabilities	1,744,256	7,093	-	1,751,349
Other information				-
Depreciation	366,450	-	-	366,450
Amortisation of prepaid operating lease	11,229	-	-	11,229
Amortisation of intangible assets	983	-	-	983
Capital expenditure	616,797	-	-	616,797
From discontinued operations				
Revenues and results				
Revenue	-	-	32,201	32,201
Other income	-	-	65	65
Interest income	-	-	1,939	1,939
Loss after taxation	-	-	(10,178)	(10,178)
Assets and liabilities				
Segment assets	-	-	71,608	71,608
Segment liabilities	-	-	13,046	13,046
Other information				
Depreciation	-	-	291	291
Amortisation of intangible assets	-	-	4	4
Capital expenditure	-	-	20	20

Revenue reported above represents revenue generated from external customers. Included in the revenue generated from the tea segment are sales of trees amounting to Sh 41,700,000 (2020: Sh 17,607,000).

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	
	2021 Sh'000	2020 Sh'000	2021 Sh'000	2020 Sh'000
Global markets - exports	3,234,920	2,486,444	1,189,806	990,947
Kenya- domestic	499,117	550,461	69,705	75,894
	3,734,037	3,036,905	1,259,511	1,066,841

5 OTHER (COSTS)/INCOME

	GROUP		COMPANY	
	2021 Sh'000	2020 Sh'000	2021 Sh'000	2020 Sh'000
Fair value (loss)/gain on investment properties (note 16)	(75,219)	39,000	(75,219)	39,000
Other rental income	1,046	592	463	347
Miscellaneous (loss)/income	(17,244)	12,980	(18,777)	8,511
	(91,417)	52,572	(93,533)	47,858

6 FINANCE INCOME AND COSTS

Finance costs:

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
Interest expense on:				
- bank overdrafts	(508)	(1,196)	(148)	(183)
- bank loans	(10,390)	(978)	-	(978)
-leases liabilities	(1,966)	(2,441)	(1,350)	(1,736)
	(12,864)	(4,615)	(1,498)	(2,897)

Interest income:

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
Interest on short term investments	19,573	55,818	11,990	43,151

7 (LOSS)/PROFIT BEFORE TAXATION

The (loss)/profit before taxation is arrived at after charging/(crediting):

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
Depreciation of property and equipment (note 13)	324,331	366,741	164,728	167,125
Amortisation of intangible assets (note 14)	1,060	987	718	725
Amortisation of right of use assets (note 15)	8,503	11,229	5,806	5,801
Staff costs (note 8)	579,607	678,187	226,175	237,247
Directors' remuneration:				
Executive				
- Salaries and allowances	39,525	42,290	39,525	42,290
- Other benefits	6,927	8,079	6,927	8,079
- Pension	4,800	-	4,800	-
Non – executive				
- Fees	11,040	10,350	11,040	10,350
- Other emoluments	1,037	848	1,037	848
Loss on disposal of property, plant and equipment	53,643	49,923	22,166	17,137
Auditors' remuneration	8,681	8,681	4,367	4,367
Fair value loss on investment properties	75,219	-	75,219	-
Operating lease rental income	(1,256)	(3,000)	(1,256)	(3,000)
Dividend income	(30,951)	(30,951)	(82,279)	(82,279)
Fair value gain on investment properties	-	(39,000)	-	(39,000)

8 STAFF COSTS

	GROUP		COMPANY	
	2021	2020	2021	2020
	Sh'000	Sh'000	Sh'000	Sh'000
Wages and salaries	452,336	554,268	165,028	182,704
Social security costs (NSSF)	3,125	4,704	1,737	1,823
Pension costs (defined contribution plan)	16,919	18,058	11,701	12,677
Service gratuity and terminal benefits (Note 28)	40,951	42,596	20,534	17,836
Leave pay provision	33,903	26,367	14,236	9,331
Medical expenses	21,884	20,371	11,944	11,286
Other staff costs	10,489	11,823	995	1,590
	579,607	678,187	226,175	237,247

9 TAXATION

a) TAXATION CHARGE/(CREDIT)

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
Current taxation based on the adjusted profit at 26.25% (2020:25%)				
- current year charge	70,029	17,381	31,625	13,105
- prior year (over)/under provision	(12,800)	1,706	(13,365)	(13,365)
	57,229	19,087	18,260	(260)
Deferred taxation (note 27):				
Current year (credit)/charge	(85,745)	11,460	(45,344)	944
Prior year (over)/under provision	(6,614)	68,178	2	27,363
Increase/(decrease) in deferred tax liability arising from change in tax rate*	100,244	(131,498)	63,116	(62,164)
	7,885	(51,860)	17,774	(33,857)
Taxation charge/(credit)	65,114	(30,386)	36,034	(34,117)

9 TAXATION

	GROUP		COMPANY	
	2021 Sh'000	2020 Sh'000	2021 Sh'000	2020 Sh'000
b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING (LOSS)/ PROFIT TO TAX CHARGE/(CREDIT)				
Accounting (loss)/profit before taxation	(67,269)	116,994	1,264	120,383
Tax at the applicable rate of 26.25% (2020:30%)	(17,658)	26,032	332	30,096
Tax effect of income not taxable				
- qualifying dividends	(21,935)	(20,570)	(21,935)	(20,570)
- Rental income	(788)	(750)	(788)	(750)
- Others	1,402	(1,801)	-	(10)
Pension/provident fund contribution	3,499	3,640	3,047	2,816
Donations	465	1,063	194	378
Depreciation in excess of capital allowances	9,036	2,393	8,833	1,493
Tax effect of other expenses not deductible for tax purposes	7,250	15,298	2,266	596
Share of associate's tax	(10,701)	3,210	-	-
Prior year over/(under) provision of current tax	(12,800)	1,706	(13,365)	(13,365)
Prior year (over)/under provision of deferred tax	(6,614)	68,178	2	27,363
Decrease (Increase) in deferred tax liability arising from change in tax rate*	100,244	(131,498)	63,116	(62,164)
Tax effect of deferred tax computed at 30%	13,714	-	(5,668)	-
Taxation charge /(credit)	65,114	(30,386)	36,034	(34,117)

* Tax for the current year has been computed using a composite rate of 26.25% to reflect the impact of changes in tax rate for the year; the tax applicable for the first nine months to 31 December 2020 was 25%. Effective 1 January 2021, the tax rate was increased to 30% following enactment of the Tax Laws (Amendment) (No. 2) Bill, 2020.

	GROUP		COMPANY	
	2021 Sh'000	2020 Sh'000	2021 Sh'000	2020 Sh'000
c) CORPORATE TAX BALANCES				
At beginning of the year:				
Taxation recoverable	(292,430)	(286,758)	(155,408)	(141,969)
Taxation charge	70,029	17,381	31,625	13,105
Prior year (under)/over provision	(12,800)	1,706	(13,365)	(13,365)
Reclassified as held for sale	6,546	-	-	-
Taxation paid	(11,522)	(24,759)	(9,566)	(13,179)
At end of the year	(240,177)	(292,430)	(146,714)	(155,408)
Consisting of:				
Tax payable	-	-	-	-
Tax recoverable	(240,177)	(292,430)	(146,714)	(155,408)
	(240,177)	(292,430)	(146,714)	(155,408)

10 (LOSS)/PROFIT FOR THE YEAR - COMPANY

The Company loss for the year of Sh 34,770,000 (2020: profit of Sh 154,500,000) has been dealt with in the company financial statements of Williamson Tea Kenya Plc.

11 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.

	2021	2020
Group		
(Loss)/profit earnings		
(Loss)/profit attributable to equity holders of the company (Sh'000)	(145,570)	132,860
Weighted average number of ordinary shares		
Number of ordinary shares (note 25)	17,512,640	17,512,640
Earnings per share – (loss)/profit		
Basic and diluted (Sh)	(8.31)	7.59

There were no potentially dilutive shares outstanding at 31 March 2021 and at 31 March 2020. Diluted earnings per share is therefore same as basic (loss)/profit earnings per share.

12 PROPOSED DIVIDENDS

The Group did not pay an interim dividend in 2021 (2020 – Sh nil).

In respect of the current year, the Directors propose that a dividend of Sh 10 per share (2020 – Sh 20 per share) amounting to a total of Sh 175,126,500 (2020 – Sh 350,253,000) be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting to be held on 23 July 2021 and has therefore not been included as a liability in these financial statements.

13 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land and buildings Sh 000	Machinery & equipment Sh 000	Tractors & accessories Sh 000	Motor vehicles Sh 000	Office equipment furniture & fittings Sh 000	Bearer plants Sh 000	Computers Sh 000	Work in progress Sh 000	Total Sh 000
COST OR VALUATION									
At 1 April 2019	1,377,074	1,003,469	116,741	117,870	45,740	1,722,625	54,610	274,816	4,712,945
Additions	1,506	75,336	293	19,823	629	-	3,599	515,631	616,817
Transfer from WIP	3,043	153,204	2,099	-	-	25,095	653	(184,094)	-
Disposals	(26,161)	(5,899)	(16,231)	(14,344)	(603)	(77,060)	(785)	-	(141,083)
At 31 March 2020	1,355,462	1,226,110	102,902	123,349	45,766	1,670,660	58,077	606,353	5,188,679
Comprising:									
At Valuation-2018	1,291,397	580,802	-	-	-	-	-	-	1,872,199
At Cost	64,065	645,308	102,902	123,349	45,766	1,670,660	58,077	606,353	3,316,480
Total	1,355,462	1,226,110	102,902	123,349	45,766	1,670,660	58,077	606,353	5,188,679
At 1 April 2020	1,355,462	1,226,110	102,902	123,349	45,766	1,670,660	58,077	606,353	5,188,679
Additions	3,669	54,537	2,800	12,080	114	-	187	201,003	274,390
Transfer from WIP	(2,862)	138,386	-	-	-	49,460	318	(185,302)	-
Disposals	(35,265)	(17,297)	-	-	-	(63,175)	(307)	-	(116,044)
Reclassified to held for sale assets	(636)	(4,698)	-	(13,216)	(2,238)	-	(3,359)	-	(24,147)
Revaluation adjustment	(35,812)	(267,745)	-	-	-	-	-	-	(303,557)
At 31 March 2021	1,284,556	1,129,293	105,702	122,213	43,642	1,656,945	54,916	622,054	5,019,321
Comprising:									
At Valuation - 2021	1,182,087	314,549	-	-	-	-	-	-	1,496,636
At Cost	102,469	814,744	105,702	122,213	43,642	1,656,945	54,916	622,054	3,522,685
Total	1,284,556	1,129,293	105,702	122,213	43,642	1,656,945	54,916	622,054	5,019,321

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP (Continued)	Land and buildings Sh 000	Machinery & equipment Sh 000	Tractors & accessories Sh 000	Motor vehicles Sh 000	Office equipment furniture & fittings Sh 000	Bearer plants Sh 000	Computers Sh 000	Work in progress Sh 000	Total Sh 000
DEPRECIATION									
At 1 April 2019	218,192	134,401	91,274	91,060	32,247	416,880	43,868	12,749	1,040,671
Charge for the year	100,832	137,295	6,684	14,318	2,802	99,824	4,986	-	366,741
Eliminated on disposals	(21,362)	(1,803)	(16,228)	(14,344)	(503)	(29,277)	(776)	-	(84,293)
Eliminated on revaluation	(100)	-	-	-	-	-	-	-	(100)
At 31 March 2020	297,662	269,893	81,730	91,034	34,546	487,427	48,078	12,749	1,323,119
At 1 April 2020	297,662	269,893	81,730	91,034	34,546	487,427	48,078	12,749	1,323,119
Charge for the year	84,007	158,770	5,079	14,220	2,957	93,877	4,302	-	363,212
Eliminated on disposals	(19,108)	(11,761)	-	-	-	(31,319)	(120)	-	(62,308)
Reclassifications	-	-	-	-	-	12,749	-	(12,749)	-
Reclassified to held for sale assets	(591)	(3,606)	-	(13,111)	(2,117)	-	(3,034)	-	(22,459)
Revaluation adjustments	(361,970)	(408,575)	-	-	-	-	-	-	(770,545)
At 31 March 2021	-	4,721	86,809	92,143	35,386	562,734	49,226	-	831,019
NET BOOK VALUE									
At 31 March 2021	1,284,556	1,124,572	18,893	30,070	8,256	1,094,211	5,690	622,054	4,188,302
At 31 March 2020	1,057,800	956,217	21,172	32,315	11,220	1,183,233	9,999	593,604	3,865,560
NET BOOK VALUE (Cost basis)									
At 31 March 2021	159,811	416,097	17,120	30,175	8,376	1,109,200	6,015	609,824	2,356,618
At 31 March 2020	247,272	384,962	21,172	32,315	11,220	1,183,233	9,999	593,604	2,483,777

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

Included in property, plant and equipment are assets with an original cost of Sh 318,087,099 (2020 - Sh 337,973,027) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 107,357,727 (2020 – Sh 118,881,715).

13 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 Sh 000	Machinery and equipment Sh 000	Tractors and accessories Sh 000	Motor vehicles Sh 000	Office equipment furniture and fittings Sh 000	Computers Sh 000	Bearer plants Sh 000	Work in progress Sh 000	Total Sh 000
COST OR VALUATION									
At 1 April 2019	886,630	467,227	53,005	55,920	31,316	26,661	687,031	69,020	2,276,810
Additions	-	114	-	13,943	542	1,061	-	153,416	169,076
Disposals	(4,030)	(2,995)	(8,142)	(8,935)	(603)	(698)	(28,781)	-	(54,184)
Transfer from work in progress	3,043	84,148	2,099	-	-	653	13,073	(103,016)	-
At 31 March 2020	885,643	548,494	46,962	60,928	31,255	27,677	671,323	119,420	2,391,702
Comprising:									
At valuation – 2018	863,313	55,842	-	-	-	-	-	-	919,155
At cost	22,330	492,652	46,962	60,928	31,255	27,677	671,323	119,420	1,472,547
	885,643	548,494	46,962	60,928	31,255	27,677	671,323	119,420	2,391,702
At 1 April 2020	885,643	548,494	46,962	60,928	31,255	27,677	671,323	119,420	2,391,702
Additions	-	306	1,773	4,028	114	128	-	106,920	113,269
Disposals	(27,584)	(10,565)	-	-	-	-	(15,393)	-	(53,542)
Transfer from work in progress	3,003	102,349	-	-	-	318	16,934	(122,604)	-
Reclassifications	(5,865)	6,856	-	-	(991)	-	-	-	-
Revaluation adjustment	(78,696)	(92,461)	-	-	-	-	-	-	(171,157)
At 31 March 2021	776,501	554,979	48,735	64,956	30,378	28,123	672,864	103,736	2,280,272
Comprising:									
At valuation – 2021	406,121	126,426	-	-	-	-	-	-	532,547
At cost	370,380	428,553	48,735	64,956	30,378	28,123	672,864	103,736	1,747,725
	776,501	554,979	48,735	64,956	30,378	28,123	672,864	103,736	2,280,272

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company (Continued)

	Land and buildings Sh 000	Machinery and equipment Sh 000	Tractors and accessories Sh 000	Motor vehicles Sh 000	Office equipment furniture and fittings Sh 000	Computers Sh 000	Bearer plants Sh 000	Work in progress Sh 000	Total Sh 000
DEPRECIATION									
At 1 April 2019	100,191	55,203	33,929	38,463	21,715	23,273	174,839	-	447,613
Charge for the year	54,108	54,937	3,580	9,000	2,437	1,755	41,308	-	167,125
Eliminated on disposals	(4,030)	(749)	(8,142)	(8,935)	(503)	(689)	(11,513)	-	(34,561)
At 31 March 2020	150,269	109,391	29,367	38,528	23,649	24,339	204,634	-	580,177
At 1 April 2020	150,269	109,391	29,367	38,528	23,649	24,339	204,634	-	580,177
Charge for the year	41,404	66,083	3,794	9,698	2,408	1,533	39,808	-	164,728
Eliminated on disposals	(16,481)	(7,199)	-	-	-	-	(7,696)	-	(31,376)
Revaluation adjustment	(175,192)	(163,045)	-	-	-	-	-	-	(338,237)
At 31 March 2021	-	5,230	33,161	48,226	26,057	25,872	236,746	-	375,292
NET BOOK VALUE									
At 31 March 2021	776,501	549,749	15,574	16,730	4,321	2,251	436,118	103,736	1,904,980
At 31 March 2020	735,374	439,103	17,595	22,400	7,606	3,338	466,689	119,420	1,811,525
NET BOOK VALUE (Cost basis)									
At 31 March 2021	80,075	374,089	15,574	16,730	4,321	2,251	436,118	103,736	1,032,894
At 31 March 2020	352,133	370,215	17,595	22,400	7,606	3,338	466,689	119,420	1,359,396

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Included in property, plant and equipment are assets with an original cost of Sh 153,009,534 (2020 - Sh 144,401,346) which are fully depreciated and whose normal depreciation charge for the year would have been Sh 34,313,759 (2020 – Sh 29,319,551).

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

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

The Group's buildings and machinery and equipment are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's buildings and machinery & equipment as at 31 March 2021 was performed by Knight Frank Limited, registered and independent valuers. The significant inputs included the estimated construction and purchase costs and other ancillary expenditures, and appropriate depreciation factors. Knight Frank Limited are registered valuers with the Valuers Registration Board and they have appropriate qualifications and relevant and recent experience in the fair value measurement of buildings, machinery and equipment in the various locations in Kenya. The fair value of buildings, machinery and equipment was determined on the depreciated replacement cost basis. The fair value measurements is based on level 3 and the significant unobservable inputs included the estimated construction and purchase costs and other ancillary expenditures, and appropriate depreciation factors.

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

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 2021 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 31 March
	Sh'000	Sh '000	Sh'000	Sh '000
GROUP				
31 March 2021				
Buildings	-	-	1,284,556	1,284,556
Machinery and equipment	-	-	1,124,572	1,124,572
	-	-	2,409,128	2,409,128

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Level 1 Sh'000	Level 2 Sh '000	Level 3 Sh'000	Fair value as at 31 March Sh '000
GROUP (Continued)				
31 March 2020				
Buildings	-	-	1,057,800	1,057,800
Machinery and equipment	-	-	956,217	956,217
	-	-	2,014,017	2,014,017
COMPANY				
31 March 2021				
Buildings	-	-	776,501	776,501
Machinery and equipment	-	-	549,749	549,749
	-	-	1,326,250	1,326,250
31 March 2020				
Buildings	-	-	735,374	735,374
Machinery and equipment	-	-	439,103	439,103
	-	-	1,174,477	1,174,477

A 10% increase in the depreciation factor for the Group and Company would result in Sh 24,278,000 (2020: Sh 23,813,000) and Sh 10,748,700 (2020: 16,712,500) decrease in the fair value of the buildings and machinery respectively.

		GROUP		COMPANY	
		2021	2020	2021	2020
		Sh'000	Sh'000	Sh'000	Sh'000
14	INTANGIBLE ASSETS (COMPUTER SOFTWARE)				
	COST				
	At beginning of year	25,143	24,184	13,251	12,755
	Additions	48	959	48	496
	At end of year	25,191	25,143	13,299	13,251
	AMORTISATION				
	At beginning of year	23,342	22,355	12,161	11,436
	Amortisation for the year	1,060	987	718	725
	At end of year	24,402	23,342	12,879	12,161
	NET BOOK VALUE				
	At end of year	789	1,801	420	1,090

		Prepaid operating lease	Premises	Car park	Total
		Sh'000	Sh'000	Sh'000	Sh'000
15	RIGHT OF USE ASSETS				
	GROUP				
	Cost				
	At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	81,581	26,700	7,185	115,466
	Amortisation				
	At 1 April 2019	9,204	-	-	9,204
	Charge for the year	4,190	5,348	1,691	11,229
	At 31 March 2020	13,394	5,348	1,691	20,433
	At 1 April 2020	13,394	5,348	1,691	20,433
	Charge for the year	4,190	2,491	1,822	8,503
	At 31 March 2021	17,584	7,839	3,513	28,936
	Net book value				
	At 31 March 2021	63,997	18,861	3,672	86,530
	At 31 March 2020	68,181	21,352	5,494	95,033

15 RIGHT OF USE ASSETS (Continued)

	Prepaid operating lease	Premises	Car park	Total
	Sh'000	Sh'000	Sh'000	Sh'000
COMPANY				
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	12,612	16,951	7,185	36,748
Amortisation				
At 1 April 2019-as previously reported	1,914	-	-	1,914
Charge for the year	122	3,988	1,691	5,801
At 31 March 2020	2,036	3,988	1,691	7,715
At 1 April 2020	2,036	3,988	1,691	7,715
Charge for the year	127	3,988	1,691	5,806
At 31 March 2021	2,163	7,976	3,382	13,521
Net book value				
At 31 March 2021	10,449	8,975	3,803	23,227
At 31 March 2020	10,576	12,963	5,494	29,033

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 Sh 8,337,000 (2020: Sh 8,442,000) have been charged to secure banking facilities granted to the Group as disclosed in Note 29.

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.

16 INVESTMENT PROPERTIES

	GROUP & COMPANY	
	2021 Sh'000	2020 Sh'000
At fair value:		
At beginning of year	475,000	436,000
Fair value (loss)/gain (note 5)	(75,219)	39,000
At end of year	399,781	475,000
At cost basis	11,591	11,591

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

Rental income generated from investment property

	2021 Sh'000	2020 Sh'000
Rental income generated from investment property during the year	1,256	3,000

Direct operating expenses arising from investment property

	2021 Sh'000	2020 Sh'000
Direct operating expenses from investment property that generated rental income during the year	330	322

Fair value measurement of the Group's investment properties

The Investment properties are stated at their revalued amounts, being the fair values at the date of revaluation, less any impairment losses. The fair value measurements of the Investment properties as at 31 March 2021 and 31 March 2020 were performed by Knight Frank, Registered and independent Valuers and Estate Agents. Knight Frank are members of the Institute of Surveyors of Kenya and they have appropriate qualifications and relevant and recent experience in the fair value measurement of properties in the various locations in Kenya. The fair value of buildings was determined by reference to market evidence of recent transactions for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Rental income from similar properties is used in the determination of fair value.

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

31 March 2021	Level 1 Sh'000	Level 2 Sh'000	Level 3 Sh'000	Fair value as at 31 March Sh'000
Investment properties (all located in Nairobi area)	-	-	399,781	399,781
31 March 2020				
Investment properties (all located in Nairobi area)	-	-	475,000	475,000

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

17 INVESTMENT IN ASSOCIATE COMPANY

	2021 Sh'000	2020 Sh'000
GROUP		
Kapchorua Tea Kenya Plc (Quoted) - 39.56% owned:		
Carried at share of net assets	587,965	564,478
The movement in Group investment in associate company is as follows:		
At beginning of year	564,478	580,628
Share of total profit/total comprehensive income	2,794	14,801
Share of other comprehensive income	51,644	-
Share of total comprehensive income	54,438	14,801
Dividend received	(30,951)	(30,951)
At end of year	587,965	564,478
Share of total comprehensive income comprises of:		
Share of profit	2,794	7,688
Share of other comprehensive income	51,644	7,113
	54,438	14,801
COMPANY		
Kapchorua Tea Kenya Plc (Quoted) 39.56% owned:		
At cost	49,479	49,479

The details of the above associate company are as follows:

Company	*Share capital Sh*	*Proportion of ownership interest and voting power held by the group 31 March 2021*	*31 March 2020*	*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 summarized financial information as of 31 March 2021 in respect of the associate company, Kapchorua Tea Kenya Plc is set out below:

17 INVESTMENT IN ASSOCIATE COMPANY (Continued)

	2021 Sh'000	2020 Sh'000
Non-current assets	1,210,079	1,066,274
Current assets	871,626	875,728
Non-current liabilities	(409,505)	(334,163)
Current liabilities	(185,939)	(180,948)
Net assets	1,486,261	1,426,891
Group's share of the net assets	587,965	564,478
Revenue	1,445,640	1,134,302
Profit before taxation	34,114	11,324
Taxation (charge)/credit	(27,049)	8,113
Profit for the year	7,065	19,437
Total other comprehensive income	130,545	17,980
Total comprehensive income for the year	137,610	37,417

18 INVESTMENT IN SUBSIDIARY COMPANIES

(a) Unquoted investments at cost in wholly owned subsidiaries:

	2021 Sh'000	2020 Sh'000
Kaimosi Tea Estates Limited	2,863	2,863
Williamson Power Limited	-	3,689
Tea Properties Limited	2	2
Lelsa Tea Estates Limited*	-	-
	2,865	6,554

(b) Unquoted investment at cost in partially owned subsidiaries:

	2021 Sh'000	2020 Sh'000
Tinderet Tea Estates (1989) Limited (82% owned)	103,323	103,323
	106,188	109,877

*Investment in Lelsa Tea Estates Limited is fully impaired.

18 INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

The details of the above subsidiary companies are as follows:

Company	*Share capital Sh*	*Place of Incorporation and operation*	*Principal activity*	*Proportion of ownership interest and voting power held by the group 31 March 2021*	*31 March 2020*
Kaimosi Tea Estates Limited	2,540,000	Kenya	Cultivation, manufacture and sale of tea	100%	100%
Williamson Power Limited	2,880,000	Kenya	Sale, installation and servicing of generators	100%	100%
Tea Properties Limited	2,000	Kenya	Property investment	100%	100%
Lelsa Tea Estates Limited	4,000,000	Kenya	Dormant company	100%	100%
Tinderet Tea Estates (1989) Limited	100,000	Kenya	Cultivation, manufacture and sale of tea	82%	82%

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

18 INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

Summarised financial information on subsidiaries with material non- controlling interest

The summarised financial information below represents amounts before intragroup eliminations.

Tinderet Tea Estates (1989) Limited
As at 31 March

	2021 Sh'000	2020 Sh'000
Non-current assets	1,191,393	1,114,688
Current assets	567,318	582,850
Non-current liabilities	(370,979)	(315,271)
Current liabilities	(125,364)	(149,437)
Equity attributable to the owners of the company	1,035,142	1,010,921
Non-controlling interest	18%	18%
Revenue	1,236,710	849,729
Expenses	(1,239,863)	(825,605)
(Loss)/profit for the year	(3,153)	24,124
(Loss)/profit attributable to the owners of the company	(2,585)	19,782
(Loss)/profit attributable to non-controlling interest	(568)	4,342
	(3,153)	24,124
Other comprehensive income	72,063	15,869
Other comprehensive income attributable to the owners of the company	59,092	15,869
Other comprehensive income to non-controlling interest	12,971	-
	72,063	15,869
Dividends paid to non-controlling interest	7,087	7,087
Net cash inflow from operating activities	236,312	31,152
Net cash outflow from investing activities	(75,011)	(66,397)
Net cash outflow from financing activities	(39,372)	(39,372)
Net cash inflow/(outflow)	121,929	(74,617)

19 UNQUOTED INVESTMENTS

	2021 Sh'000	2020 Sh'000
Unquoted investments at fair value through profit or loss:		
GROUP		
999,326 (2020 – 999,326) shares of Sh 10 each in Kenya Tea Packers Limited	1,349	1,349
COMPANY		
403,545 (2020 – 403,545) shares of Sh 10 each in Kenya Tea Packers Limited	546	546

20 BIOLOGICAL ASSETS

(a) Non – current assets

GROUP

Year ended 31 March 2021

	Timber trees Sh'000	Fuel trees Sh'000	Total Sh'000
Carrying amount at beginning of year	80,328	604,239	684,567
Net expenditure on biological assets	58	6,988	7,046
	80,386	611,227	691,613
(Losses)/ gains arising from changes in fair value attributable to physical changes and price changes	12,888	75,730	88,618
Decrease due to harvest for own use	(189)	(27,044)	(27,233)
Decrease due to sale to third parties	(22,904)	(44,803)	(67,707)
Carrying amount at end of year	70,181	615,110	685,291

20 BIOLOGICAL ASSETS (Continued)

(a) Non – current assets (continued)

GROUP

Year ended 31 March 2020

	Timber trees Sh'000	Fuel trees Sh'000	Total Sh'000
Carrying amount at beginning of year	108,354	591,330	699,684
Net expenditure on biological assets	1,071	6,431	7,502
	109,425	597,761	707,186
(Losses)/ gains arising from changes in fair value attributable to physical changes	(1,674)	64,226	62,552
Decrease due to harvest for own use	(5,568)	(56,687)	(62,255)
Decrease due to sale to third parties	(21,855)	(1,061)	(22,916)
Carrying amount at end of year	80,328	604,239	684,567

COMPANY

Year ended 31 March 2021

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

20 BIOLOGICAL ASSETS (Continued)

(a) Non – current assets (continued)

COMPANY (Continued)

Year ended 31 March 2020

	Timber trees Sh'000	Fuel trees Sh'000	Total Sh'000
Carrying amount at beginning of year	59,707	211,811	271,518
Net expenditure on biological assets	-	1,072	1,072
	59,707	212,883	272,590
(Losses)/gains arising from changes in fair value attributable to physical changes	(876)	19,085	18,209
Decrease due to harvest for own use	-	(30,080)	(30,080)
Decrease due to sale to third parties	(15,947)	-	(15,947)
Carrying amount at end of year	42,884	201,888	244,772

(b) Current assets

	GROUP		COMPANY	
	2021 Sh'000	2020 Sh'000	2021 Sh'000	2020 Sh'000
Carrying amount at beginning of year	40,479	21,523	18,712	15,250
(Losses)/gains arising from changes in fair value attributable to physical changes	(13,854)	18,956	(5,131)	3,462
Carrying amount at end of year	26,625	40,479	13,581	18,712

Valuation assumptions

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

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

- Firewood and timber selling prices are expected to remain relatively constant;
- A discount rate of 12.0% (2020: 13.0%) per annum is applied to discount the expected net cash flows arising from the asset;
- The maturity period of firewood and timber trees is between 5 and 25 years depending on the species of the tree;
- The Group's and the Company's average tea harvest cycle is 15 days (2020: 15 days). There is sufficient actual data immediately following the reporting date to be able to reliably estimate the agricultural produce at the reporting date;
- The harvest cycle is short enough (15 days) not to require discounting; and
- The green leaf price that the Group and the Company pays to its third party out-growers is a reasonable estimate of the price the Group and the Company expects to fetch for final product sold in the market (black tea) less processing and other incidental costs. Consequently, the out-grower rate has been used to fair value the un-harvested green leaf at the reporting date.

20 BIOLOGICAL ASSETS (Continued)

(b) Current assets (Continued)

Valuation assumptions (Continued)

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 Sh 68,529,100 (2020 – Sh 68,456,700) and Sh 25,185,900 (Sh 25,128,200) (increase/decrease in the fair value of the timber and fuel trees for the Group and the Company respectively.
- A 1 percentage point movement in the discount rate used in determining the expected net cash flows would result in a Sh. 36,720,000 (2020 – Sh. 37,208,000) and Sh 7,112,000 (2020 – Sh 7,973,000 increase//decrease in the fair value of the timber and fuel trees for the Group and the Company respectively

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

		Level 1	Level 2	Level 3	As at 31 March
Year ended 31 March 2021	**Valuation technique**	**Sh 000**	**Sh 000**	**Sh 000**	**Sh 000**
Timber and fuel trees	Market approach	-	-	685,291	685,291
Unharvested green leaf	Market approach	-	26,625	-	26,625
		-	26,625	685,291	711,916
Year ended 31 March 2020					
Timber and fuel trees	Market approach	-	-	684,567	684,567
Unharvested green leaf	Market approach	-	40,479	-	40,479
		-	40,479	684,567	725,046

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

		Level 1	Level 2	Level 3	As at 31 March
Year ended 31 March 2021	**Valuation technique**	**Sh 000**	**Sh 000**	**Sh 000**	**Sh 000**
Timber and fuel trees	Market approach	-	-	251,282	251,282
Unharvested green leaf	Market approach	-	13,581	-	13,581
		-	13,581	251,282	264,863
Year ended 31 March 2020					
Timber and fuel trees	Market approach	-	-	244,772	244,772
Unharvested green leaf	Market approach	-	18,712	-	18,712
		-	18,712	244,772	263,484

Other qualitative and quantitative information

The total timber and fuel trees comprise of approximately 213.hectares (2020 – 197 hectares) and 64 hectares (2020: 42 hectares) of immature trees (less than 5 years old) and 480 hectares (2020 – 518 Hectares) and 146 hectares (2020: 167 hectares)of mature trees for Group and Company respectively.

21 INVENTORIES

Tea stocks	369,530	721,501	137,808	268,879
Firewood	24,592	62,776	6,396	4,486
Stores	153,894	142,817	75,744	101,469
Less: provision for stock obsolescence	(25,799)	(61,289)	(16,319)	(47,468)
	522,217	865,805	203,629	327,366

The cost of inventories recognised as an expense during the year was Sh 1,564,224,000 (2020 – Sh 1,253,759,000) and Sh 489,834,000(2020 – Sh 240,268,000) for the Group and Company respectively. The cost of inventories recognised as an expense includes Sh 7,644,000 (2020 – Sh 3,738,000) and Sh 6,884,000(2020 – Sh 1,387,000) in respect of provisions for slow moving inventory for the group and Company respectively.

The carrying amount of inventories carried at fair value less costs to sell during the year was Sh 137,807,579 (2020 – Sh Nil) for both Group and Company

		GROUP		COMPANY	
		2021	2020	2021	2020
		Sh'000	Sh'000	Sh'000	Sh'000
22	TRADE AND OTHER RECEIVABLES				
	Trade receivables	221,342	167,553	82,726	38,650
	Provision for expected credit losses	(236)	(2,243)	-	-
	Trade receivables - net	221,106	165,310	82,726	38,650
	Staff debtors	92,143	97,218	62,302	63,020
	VAT recoverable	89,774	147,014	20,903	31,172
	Other receivables	67,146	23,428	34,218	23,259
		470,169	432,970	200,149	156,101
	Movement in the bad debt provision is as follows:				
	1 April	2,243	1,690	-	-
	(Credit)/charge for the year	(2,007)	553	-	-
	At 31 March	236	2,243	-	-

23 BALANCES WITH RELATED COMPANIES

(a) DUE FROM ASSOCIATE COMPANY

Kapchorua Tea Kenya Plc	34,005	18,415	34,005	18,415

(b) DUE FROM SUBSIDIARY COMPANIES

COMPANY

	2021 Sh'000	2020 Sh'000
Kaimosi Tea Estates Limited	24,594	101,358
Tinderet Tea Estates (1989) Limited	5,552	3,031
Williamson Power Limited	2,766	3,588
	32,912	107,977

(c) DUE TO SUBSIDIARY COMPANY

COMPANY

Tea Properties Limited	18,266	19,330

(d) DUE TO ASSOCIATE COMPANY - GROUP

Kapchorua Tea Kenya Plc	644	2,174

(e) 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.

24 SHORT TERM INVESTMENTS

	GROUP		COMPANY	
	2021 Sh'000	2020 Sh'000	2021 Sh'000	2020 Sh'000
At amortised cost				
Maturing within 90 days				
Term deposits: NCBA Bank Kenya Plc	312,758	371,341	172,920	282,613
At 31 March	312,758	371,341	172,920	282,613

The effective interest rates on fixed deposits at 31 March 2021 were as shown below:

	2021	2020
Term deposits: NCBA Bank Kenya PLC	2.6%	8.5%

25 SHARE CAPITAL

	2021 Sh'000	2020 Sh'000
Authorised:		
17,512,640 shares of Sh 5 each	87,563	87,563
Issued and fully paid:		
17,512,640 shares of Sh 5 each	87,563	87,563

26 NON – CONTROLLING INTERESTS

At beginning of year	194,853	197,598
Share of (loss)/profit:		
- arising from operating activities	(1,981)	2,628
- arising from changes in fair value biological assets	1,413	1,714
	(568)	4,342
Share of other comprehensive income	12,971	-
Share of total comprehensive income	12,403	4,342
Dividends paid by Tinderet Tea Estates (1989) Limited	(7,087)	(7,087)
At end of year	200,169	194,853
Represented by:		
Holding in Tinderet Tea Estates (1989) Limited	18.00%	18.00%

27 DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30% (2020: 25%). The net deferred taxation liability is attributable to the following items:

	GROUP		COMPANY	
	2021	2020	2021	2020
	Sh'000	Sh'000	Sh'000	Sh'000
Deferred tax liabilities:				
Accelerated capital allowances	427,325	486,893	195,809	181,096
Revaluation of investment properties	116,457	115,852	116,457	115,852
Revaluation surplus – property and equipment	474,505	256,885	186,626	113,032
Biological assets	213,575	181,261	79,459	65,871
Unrealised exchange gains	22	650	1	344
	1,231,884	1,041,541	578,352	476,195
Deferred taxation assets:				
Unrealised exchange losses	(2,422)	(545)	(195)	(67)
Service gratuity provision	(89,165)	(75,045)	(39,579)	(31,314)
Leave pay provision	(10,889)	(9,043)	(6,596)	(5,265)
Inventories general provision	(7,740)	(15,322)	(4,896)	(11,867)
Accruals and other provisions	(45,591)	(64,927)	(7,971)	929
Reclassified as held for sale	5,471	-	-	-
	(150,336)	(164,882)	(59,237)	(47,584)
Net deferred taxation liability	1,081,548	876,659	519,115	428,611

The movement on the deferred taxation account is as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	Sh'000	Sh'000	Sh'000	Sh'000
At beginning of year	876,659	967,735	428,611	485,837
(Credit)/charge to profit or loss (note 9a)				
-current year (credit)/charge	(85,745)	11,460	(45,344)	944
-Prior year (over)/under provision	(6,614)	68,300	2	27,363
Increase/(decrease) in deferred tax liability on revaluation surplus arising from change in tax rate through Other Comprehensive Income (OCI)	51,337	(39,238)	22,606	(23,369)
Increase/(decrease) in deferred tax liability arising from change in tax rate through profit and loss	100,244	(131,498)	63,116	(62,164)
Deferred taxation on revaluation gain/(loss) dealt with through other comprehensive income	140,096	(100)	50,124	-
Prior year deferred tax on revaluation dealt through other comprehensive income	100	-	-	-
Reclassified as held for sale	5,471	-	-	-
At end of year	1,081,548	876,659	519,115	428,611

27 DEFERRED TAXATION (Continued)

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position.

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
Deferred tax asset	-	(5,471)	-	-
Deferred tax liability	1,081,548	882,130	519,115	428,611
	1,081,548	876,659	519,115	428,611

28 SERVICE GRATUITY PROVISION

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
At beginning of year	300,178	291,157	125,256	117,307
Provision during the year	40,951	42,596	20,534	17,836
Payments in the year	(43,911)	(33,575)	(13,861)	(9,887)
At end of year	297,218	300,178	131,929	125,256

Service gratuity relates to amounts earned and paid to employees upon retirement or completion of service contracts.

29 BORROWINGS

a) Loans

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
Bank borrowing	208,072	-	-	-

The borrowings are repayable as follows:

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
On demand and within one year	31,648	-	-	-
Between 1 to 5 years	176,424	-	-	-
	208,072	-	-	-

b) Analysis of changes in bank loan

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
At beginning of year	-	37,380	-	37,380
Repayments in the year	-	(37,380)	-	(37,380)
Additions in the year	201,735	-	-	-
Exchange gain on revaluation	6,337	-	-	-
At end of year	208,072	-	-	-

29 BORROWINGS (continued)

c) Interest rates

	2021	2020
The average interest rates paid by the Group were as follows:		
Asset finance loan- US$	3.4%	7.5%

d) Details of securities for loans and bank overdrafts

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

The loan securities are as follows:

GROUP

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

COMPANY

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

e) Undrawn facilities

The Group had undrawn committed borrowing facilities with various bankers amounting to Sh 178,589,000 (2020 – Sh 193,827,580). The borrowing facilities consist of loans, bank overdrafts, letters of credit and guarantees.

There has not been any breach of loan covenants in the current year (2020:nil).

		GROUP		COMPANY	
		2021	2020	2021	2020
		Sh'000	Sh'000	Sh'000	Sh'000
30	TRADE AND OTHER PAYABLES				
	Trade	43,266	146,020	16,488	49,485
	Leave accrual	36,298	36,171	21,987	21,060
	Accruals	117,539	64,537	54,741	26,266
	Outgrowers dues	70,692	92,477	10,984	11,590
	Other	146,344	164,868	74,295	70,885
		414,139	504,073	178,495	179,286

		2021	2020
		Sh'000	Sh'000
31	DIVIDENDS PAYABLE		
	GROUP & COMPANY		
	At beginning of the year	52,806	46,998
	Declared in the year		
	- Final	350,253	350,253
	Dividends paid*	(342,570)	(344,445)
	At end of year	60,489	52,806

* An amount of Sh 11,009,510 (2020: 9,817,760) was remitted to unclaimed assets authority during the year.

	GROUP 2021 Sh'000	GROUP 2020 Sh'000	COMPANY 2021 Sh'000	COMPANY 2020 Sh'000
32 NOTES TO THE CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS				
(a) Reconciliation of (loss)/profit after taxation to cash generated from/ (used in) operations				
(Loss)/profit for the year	(146,138)	137,202	(34,770)	154,500
Adjustments for:				
Depreciation (note 13)	363,212	366,741	164,728	167,125
Amortisation of right of use assets (note 15 (b))	8,503	11,229	5,806	5,801
Amortisation of intangible assets (note 14)	1,060	987	718	725
Loss on disposal of plant and equipment	53,643	49,923	22,166	17,137
Share of results of associate company	(2,794)	(14,801)	-	-
Dividends received from subsidiaries	-	-	(83,561)	(82,279)
(Gains)/losses arising from changes in fair value less estimated point-sale costs of biological assets (note 20)	(88,618)	(62,552)	(45,110)	(18,209)
Decrease in the fair value of biological assets due to own use and sale (note 20)	94,940	85,171	41,090	46,027
Fair value movement in biological assets – unharvested green leaf	13,854	(18,956)	5,131	(3,462)
Fair value loss/(gain) on investment properties	75,219	(39,000)	75,219	(39,000)
Unrealised exchange differences on borrowings (note 29(b))	6,337	-	-	-
Interest expense on borrowings	10,898	2,174	148	1,161
Interest expense on lease liabilities	1,966	2,441	1,350	1,736
Interest income (note 6)	(19,573)	(55,818)	(11,990)	(43,151)
Tax charge	70,585	(33,073)	36,034	(34,117)
	443,094	431,668	176,959	173,994
Working capital changes:				
Decrease/(increase) in inventories	343,588	(82,803)	123,737	(43,919)
Increase in trade and other receivables	(37,199)	(66,531)	(44,048)	(14,148)
Decrease in trade and other payables	(89,934)	(103,440)	(791)	(78,882)
Net movement in related party balances	(17,120)	19,484	58,411	(72,311)
Net movement in working capital for the discontinued operations	(23,532)	-	-	-
Increase in service gratuity provision	(2,960)	9,021	6,673	7,949
Cash generated from/(used in) operations	615,937	207,399	320,941	(27,317)
(b) Analysis of cash and cash equivalents				
Cash balances	168	334	166	152
Bank balances	443,329	191,008	184,629	133,007
	443,497	191,342	184,795	133,159
Short term investments (note 24)	312,758	371,341	172,920	282,613
At 31 March	756,255	562,683	357,715	415,772

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

33 RELATED PARTY TRANSACTIONS

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

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

	2021 Sh'000	2020 Sh'000
Royalties and licences (George Williamson & Co Limited – parent)	93,084	74,814
Agency commission and charges received (Kapchorua Tea Company Limited – associate)	58,434	45,317

Compensation of Directors and key management personnel

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

	2021 Sh'000	2020 Sh'000
Directors' emoluments		
Fees and allowances for services as directors	12,077	11,198
Executive and Key management compensation		
Salaries and other short term benefits	119,258	170,566

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

	GROUP		COMPANY	
	2021 Sh'000	2020 Sh'000	2021 Sh'000	2020 Sh'000
34 CAPITAL COMMITMENTS				
Authorized but not contracted for	596,475	530,940	187,486	76,368
Authorized and contracted for	31,088	27,672	9,625	3,304
	627,563	558,612	197,111	79,672

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

		GROUP		COMPANY
	2021	2020	2021	2020
	Sh'000	Sh'000	Sh'000	Sh'000
35 LEASE LIABILITIES				
At 1 April	28,505	33,885	19,806	24,136
Interest expense on lease liabilities	1,966	2,441	1,350	1,736
Lease payments	(8,213)	(7,821)	(6,458)	(6,066)
At 31 March	22,258	28,505	14,698	19,806
Maturity analysis				
Year 1	8,141	7,821	6,386	6,066
Year 2	8,585	8,141	6,830	6,386
Year 3	9,097	8,585	7,342	6,830
Year 4	3,623	9,097	1,868	7,342
Year 5	3,510	3,623	-	1,868
Year 6	-	3,510	-	-
Undiscounted lease payments at the end of the year	32,956	40,777	22,426	28,492
Less unearned interest	(10,698)	(12,272)	(7,728)	(8,686)
	22,258	28,505	14,698	19,806
Analysed as:				
Current	6,247	6,180	5,108	5,036
Non-current	16,011	22,325	9,590	14,770
	22,258	28,505	14,698	19,806

36 CONTINGENT LIABILITIES

The Group and the Company are exposed to various contingent liabilities in the normal course of business. The Directors evaluate the status of these exposures on a regular basis based on advice from the legal advisors to assess the probability of the company incurring related liabilities. However, provisions are only made in the consolidated and company financial statements where, based on the Directors' evaluation, a present obligation has been established. As at 31 March 2021, there were no material contingent liabilities (2020: Nil).

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

37 CAPITAL MANAGEMENT

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

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

37 CAPITAL MANAGEMENT (Continued)

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.

	GROUP	
	2021 Sh'000	2020 Sh'000
Share capital	87,563	87,563
Retained earnings	4,351,292	4,817,422
Revaluation surplus	1,320,872	1,036,337
Equity	5,759,727	5,941,322
Total borrowings	208,072	-
Less: cash and cash equivalents	(756,255)	(562,683)
Net debt	(548,183)	(562,683)
Gearing ratio	Nil	Nil

38 FINANCIAL RISK MANAGEMENT

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

Financial risks arising from use of financial instruments

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

- credit risk;
- liquidity risk 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.

38 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (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 2021

Group	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Sh'000	Loss allowance Sh'000	Net amount Sh'000
Trade and other receivables	22	Performing	Lifetime ECL (simplified approach)	221,342	(236)	221,106
Staff receivables	22	Performing	Lifetime ECL (simplified approach)	92,143	-	92,143
Due from associate company	23(a)	Performing	Lifetime ECL (simplified approach)	34,005	-	34,005
Bank balance	32(b)	Investment grade	12 months ECL	443,329	-	443,329
Short term deposits	24	Investment grade	12 months ECL	312,758	-	312,758
				1,103,577	(236)	1,103,341

31 March 2020

	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Sh'000	Loss allowance Sh'000	Net amount Sh'000
Trade and other receivables	22	Performing	Lifetime ECL (simplified approach)	167,553	(2,243)	165,310
Staff receivables	22	Performing	Lifetime ECL (simplified approach)	97,218	-	97,218
Due from associate company	23(a)	Performing	Lifetime ECL (simplified approach)	18,415	-	18,415
Bank balance	32(b)	Investment grade	12 months ECL	191,008	-	191,008
Short term deposits	24	Investment grade	12 months ECL	371,341	-	371,341
				845,535	(2,243)	843,292

38 FINANCIAL RISK MANAGEMENT (continued)

Financial risks arising from use of financial instruments (continued)

Credit risk (continued)

	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Sh'000	Loss allowance Sh'000	Net amount Sh'000
31 March 2021						
Company						
Trade and other receivables	22	Performing	Lifetime ECL (simplified approach)	82,726	-	82,726
Staff receivables	22	Performing	Lifetime ECL (simplified approach)	62,302	-	62,302
Due from associate company	23 (a)	Performing	Lifetime ECL (simplified approach)	34,005	-	34,005
Due from subsidiary companies	23 (b)	Performing	Lifetime ECL (simplified approach)	32,912	-	32,912
Bank balance	32 (b)	Investment grade	12 months ECL	184,629	-	184,629
Short term deposits	24	Investment grade	12 months ECL	172,920	-	172,920
				569,494	-	569,494
31 March 2020						
Company						
Trade and other receivables	22	Performing	Lifetime ECL (simplified approach)	38,650	-	38,650
Staff receivables	22	Performing	Lifetime ECL (simplified approach)	63,020	-	63,020
Due from associate company	23 (a)	Performing	Lifetime ECL (simplified approach)	18,415	-	18,415
Due from subsidiary companies	23 (b)	Performing	Lifetime ECL (simplified approach)	107,977	-	107,977
Bank balance	32 (b)	Investment grade	12 months ECL	133,007	-	133,007
Short term deposits	24	Investment grade	12 months ECL	282,613	-	282,613
				643,682	-	643,682

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 investment grade.

38 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.

The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the Gross Domestic Product as the most relevant macroeconomic factor to impact its customers, and accordingly adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance as at 31 March 2021 (on adoption of IFRS 9) was determined as follows for trade receivables:

Group

	Trade and other receivables – days past due						
	Not Due	**< 30**	**31 – 60**	**61 - 90**	**91 - 120**	**> 120**	**Total**
2021							
Gross carrying amount -Trade receivables (Sh)	182,222	37,978	1,142	-	-	-	221,342
Expected credit loss allowance (Sh)	-	-	(236)	-	-	-	(236)
Net amount	182,222	37,978	906	-	-	-	221,106

Group

	Trade and other receivables – days past due						
2020	**Not Due**	**< 30**	**31 – 60**	**61 - 90**	**91 - 120**	**> 120**	**Total**
Gross carrying amount -Trade receivables (Sh)	146,704	12,907	1,364	558	810	5,210	167,553
Expected credit loss allowance (Sh)	-	-	-	-	-	(2,243)	(2,243)
Net amount	146,704	12,907	1,364	558	810	2,691	165,310

Staff receivables

The company has applied the simplified approach 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 the 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.

38 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 2021, the loss allowance on trade receivables would have been Sh 23,600 (2020: Sh 224,300) and Nil (2020 -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 and matching the maturity profiles of financial assets and liabilities.

The following table analyses the Group's financial liabilities that will be settled 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

	Up to 1month Sh'000	2-3 months Sh'000	4-12 months Sh'000	2-5 years Sh'000	Over 5 years Sh'000	Total Sh'000
Group						
Financial liabilities						
At 31 March 2021						
Trade payables	43,266	-	-	-	-	43,266
Borrowings	2,579	5,204	23,865	176,424	-	208,072
Lease liability	678	2,035	5,428	24,815	-	32,956
Due to associate company	644	-	-	-	-	644
	47,167	7,239	29,293	201,239	-	284,938
At 31 March 2020						
Trade payables	146,020	-	-	-	-	146,020
Lease liability	652	1,955	5,214	29,446	3,510	40,777
Due to associate company	2,174	-	-	-	-	2,174
	148,846	1,955	5,214	29,446	3,510	188,971

38 FINANCIAL RISK MANAGEMENT (continued)

Financial risks arising from use of financial instruments (continued)

Liquidity risk (continued)

	Up to 1month Sh'000	2-3 months Sh'000	4-12 months Sh'000	2-5 years Sh'000	Over 5 years Sh'000	Total Sh'000
Company						
Financial liabilities						
At 31 March 2021						
Trade payables	16,488	-	-	-	-	16,488
Lease liability	5,108	-	-	-	9,590	14,698
Due to associate company	18,266	-	-	-	-	18,266
Due to subsidiaries	5,108	-	-	-	-	5,108
	44,970	-	-	-	9,590	54,560
At 31 March 2020						
Trade payables	49,485	-	-	-	-	49,485
Lease liability	5,036	-	-	-	14,770	19,806
Due to associate company	19,330	-	-	-	-	19,330
Due to subsidiaries	5,108	-	-	-	-	5,108
	78,959	-	-	-	14,770	93,729

Market risk

(i) Foreign exchange risk

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

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

Group

	USD Sh'000	GBP Sh'000	EURO Sh'000
2021			
Financial assets			
Bank and cash balances	273,047	2,889	1,272
Trade receivables	221,327	-	-
Financial liabilities			
Trade payables	(5,389)	(374)	-
Borrowings	(208,072)	-	-
Net assets	280,913	2,515	1,272

38 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(i) Foreign exchange risk (Continued)

2020	USD Sh'000	GBP Sh'000	EURO Sh'000
Financial assets			
Bank and cash balances	64,554	1,771	714
Trade receivables	155,125	-	-
Financial liabilities			
Trade payables	(64,102)	(473)	-
Net assets	155,577	1,298	714

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.

	2021 Sh'000		2020 Sh'000	
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
Currency - GB pounds				
+ 1 percentage point movement	25	18	13	10
- 1 percentage point movement	(25)	(18)	(13)	(10)
Currency - US dollars				
+ 1 percentage point movement	2,809	1,966	1,556	1,167
- 1 percentage point movement	(2,809)	(1,966)	(1,556)	(1,167)
Currency - Euro				
+ 1 percentage point movement	13	9	7	5
- 1 percentage point movement	(13)	(9)	(7)	(5)

(iii) Interest rate risk

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

38 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Interest rate risk (Continued)

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.

	2021 Sh'000		**2020 Sh'000**	
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
+ 1 percentage point movement	67	47	528	396
- 1 percentage point movement	(67)	(47)	(528)	(396)

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.

39. 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 Sh'000	Level 2 Sh'000	Level 3 Sh'000
31 March 2021			
Assets			
Property, plant and equipment			
-Buildings	-	-	1,284,556
-Machinery and equipment	-	-	1,124,572
Biological assets			
-timber and fuel trees	-	-	685,291
-Un-harvested green leaf	-	26,625	-

39. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

a) Fair value hierarchy (Continued)

GROUP	Level 1 Sh'000	Level 2 Sh'000	Level 3 Sh'000
31 March 2020			
Assets			
Property, plant and equipment			
-Buildings	-	-	1,057,800
-Machinery and equipment	-	-	956,217
Biological assets			
-timber and fuel trees	-	-	684,567
-Un-harvested green leaf	-	40,479	-

COMPANY	Level 1 Sh'000	Level 2 Sh'000	Level 3 Sh'000
31 March 2021			
Assets			
Property, plant and equipment			
-Buildings	-	-	776,501
-Machinery and equipment	-	-	549,749
Biological assets			
-timber and fuel trees	-	-	251,282
-Un-harvested green leaf	-	13,581	-
31 March 2020			
Assets			
Property, plant and equipment			
- Buildings	-	-	735,374
- Machinery and equipment	-	-	439,103
Biological assets			
- timber and fuel trees	-	-	244,772
- Un-harvested green leaf	-	18,712	-

40 OPERATING LEASE COMMITMENTS

The Group as a lessor

Property rental income earned during the year amounted to Sh 1,256,000 (2020 – Sh 3,000,000). At the end of the reporting period, the Group had contracted with tenants for the following future lease receivables.

	2021 Sh'000	2020 Sh'000
Within one year	720	3,000
In the second to fifth years inclusive	-	750
	720	3,750

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.

41 DISCONTINUED OPERATIONS

During the year a decision was taken to offer Williamson Power Limited as a going concern to its management and staff, and for the company to cease being a subsidiary of Williamson Tea Kenya PLC.

The time spent managing the core tea business and current economic difficulties persuaded the Directors that this was a wise decision. The offer was not taken up by the employees and consequently a decision was made to liquidate the company. A liquidator was appointed and is expected to sell the assets and settle obligation in accordance with the statutory requirements before winding up.

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

	2021 Shs '000	2020 Shs '000
Revenue	35,410	32,201
Cost of sales	(39,208)	(30,035)
Gross (loss)/profit	(3,798)	2,166
Other income	8,063	65
Administrative expenses	(13,023)	(17,035)
Interest income	474	1,939
Loss before tax	(8,284)	(12,865)
Taxation (charge)/credit	(5,471)	2,687
Loss after tax	(13,755)	(10,178)

The disposal of Williamson Power Limited is consistent with the Group's long-term policy to focus its core tea business activities These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and investment cost in subsidiary and accordingly no impairment losses have been recognised on the classification of these operations as held for sale. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

Group	2021 Sh'000
Plant and equipment	10,856
Inventories	9,042
Trade and other receivables	3,905
Due from group companies	5,695
Tax recoverable	6,582
Cash and bank balances	12,943
Assets classified held for sale	49,023
Due to group companies	2,992
Trade and other payables	1,222
Liabilities directly associated with assets classified as held for sale	4,214
Net assets of available for sale	**44,809**

During the year, Williamson Power Limited utilised Shs 14.6 million of the Group's cash flows from operating activities, and nil contribution in respect of both investing and financing activities.

Company	
Investment in subsidiaries	3,689

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 EVENTS AFTER REPORTING DATE

There were no significant adjusting events subsequent to the period end that required adjustment or disclosure in these financial statements

43 COUNTRY OF INCORPORATION

All the companies in the Group are incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015.

44 ULTIMATE HOLDING COMPANY

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

45 CURRENCY

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