

# COURTS JAMAICA LIMITED

## DIRECTOR'S REPORT

### Chairman's Statement

The Company enjoyed a healthy increase in sales at 64% over the previous year but the cost of financing this growth at local interest rates was high. We also invested in new Satellite branches in Christiana, St. Ann's Bay and Falmouth as well as state-of-the art displays for our Powerhouse Electrical Departments in our four largest stores, all of which are performing well.

It will be necessary to continue to make capital investments in 1995/6 to meet strong competition and to provide a better service to our customers.

Our Operating Profit rose 26% to nearly \$135 million and the nearly \$50 million loss before tax includes almost \$89 million relating to an increase in our deferral of profit for consumer credit which will automatically flow into future years.

I am pleased that because of these strong reserves, we are able to again recommend a 10 cents final dividend producing 15 cents per stock unit for the year less income tax.

Our Company is taking additional market share against strong competition and the economy is showing signs of stability so that renewed confidence and

spending should follow. The exchange rate vis-a-vis the United States dollar has been stable with only small adjustments which should be expected in a floating currency. Inflation looks likely to remain in the lower twenty percent range and interest rates, though still high, are expected to reduce during the coming year.

Last year was our 35th Anniversary and we launched a \$35 million Trust Fund to be used for various community projects over the next five years. Courts has always been conscious of its responsibility as a good corporate citizen and this anniversary fund indicates how seriously we are committed to this role.

During the financial year, our Managing Director, Keith Fredricks, retired after 35 years with the Company in Jamaica. Richard Coe, who worked with this Company between 1982-90 as Marketing Director has returned after setting up Courts in Trinidad and Tobago, to take the helm here. On behalf of the Board I would like to thank Keith Fredricks for his service to this successful Company in our Group. We have also said farewell to Roy Smith who retired after many years of valuable service to the Board as a non-executive Director. I am pleased to advise that Keith Fredricks has replaced him in this position and that as a result, the benefit of his expertise and counsel will still be available to the Company in Jamaica.

Courts (Jamaica) Limited is the longest established company in the Courts Group outside the United Kingdom, and I am proud of its good record and reputation in the past and very confident of its future potential. Courts PLC will continue to give Courts in Jamaica the full benefit of its international expertise in every field including advice on purchasing, marketing, information technology, credit management, retailing skills and management consultancy. The Courts Group is currently capitalised on the London Stock Exchange at approximately J\$10 billion and has an annual turnover of around J\$20 billion per year.

We can expect many changes under the new leadership and I am confident that our new market strategies and investments, together with the continued support of our superb staff, management and suppliers, will begin to bring positive returns by the end of this new financial year.

BRUCE J.R COHEN  
CHAIRMAN

### **MANAGING DIRECTOR'S REPORT**

I am re-joining Courts in Jamaica at a time of unprecedented competition in our trade. I am of course pleased that the ultimate beneficiary of this immense competition is the Jamaican consumer but meanwhile we have to repair dwindling margins and restore profits for our shareholders. In the present trading and economic climate, we have to become more efficient, and contain costs whilst maintaining growth.

We will continue to open satellite stores to get closer to the smaller rural population centres. We will roll-out the highly successful new Powerhouse displays through our network whilst expanding the range of refrigerators, freezers and laundry products as well as TV's, stereos and other home entertainment products. We have negotiated distributorship of key world famous brands, including Whirlpool, Akita, G.E., Sony, Sanyo, RCA, Goldstar, Panasonic, Mabe, Admiral, Black & Decker, Hamilton Beach Sunbeam and Kenwood.

Our furniture buying director has made new alliances with local suppliers, rationalised certain furniture lines as well as sourcing new ready-to-assemble wood substitute product from overseas where it is no longer economical to provide expensive and increasingly scarce local tropical hardwood products. We are also introducing new bed and carpet lines in the coming year which will increase sales for us where supply has been uncertain in the recent past.

Increasingly our purchasing is being done through a worldwide purchasing entity which, as a wholly owned subsidiary of Courts PLC, is able to achieve excellent prices for bulk buys for the whole group, now trading in sixteen countries around the globe.

Consumers have been responding to the Government's deliberate high interest rate policy by increasingly purchasing for cash and as a result our H.P. credit business has been reduced from approximately 80% to 50%. We will be introducing new credit options for the Jamaican consumer in 1995/6 and thankfully the

comparatively lower interest rates that are now pertaining will allow us to make H.P. credit attractive once again.

We are purchasing a 65,000 square foot warehouse facility in Kingston which will become a dedicated distribution centre for our twenty plus branches in Jamaica. This will enable us to carry adequate stock for the peak selling season at Christmas and move stock to meet consumer demand throughout the island, quickly and efficiently.

We have always been the leader in advertising and promotion and will continue to be. However, in order to find new energy and creativity in this area we will be bringing this discipline in-house, using our considerable experience worldwide to produce a fresh new approach in presentation of our products, prices and service.

We are embarking on a vigorous staff training programme which will upgrade the skills and knowledge of all our staff from manager to warehouse porter. Our emphasis will be on service, both before and after-sales and all our customer service systems and facilities will be upgraded to produce, as part of our Company Mission states "...a standard of service beyond the expectations of our customers."

These and other initiatives are planned to restore the Company as clear market leader and produce a good return for our shareholders once again.

RICHARD COE  
MANAGING DIRECTOR

#### **DIRECTORS' REPORT**

The directors present their annual report with the financial statements for the year ended 31st March, 1995.

## **IDENTIFICATION**

The company is a subsidiary of Courts Furnishers (Overseas) Limited which is incorporated in England and holds 71.1% (1993 - 70.3%) of the company's issued capital stock. The ultimate holding company is Courts (Furnishers) PLC. Principal activities of the company consist of the retailing and the hire purchase financing of furniture and appliances.

All amounts in these financial statements are stated in Jamaican dollars.

## **TRADING RESULTS**

	1995	1994
	\$	\$
Turnover	975,927,213	593,679,286
Profit before Deferred Profit Transfer	38,982,814	76,007,503
Profit before Taxation	(49,975,348)	25,804,633
Profit after Taxation	(49,975,348)	16,408,284

## **DIVIDENDS**

An interim dividend of \$1,797,842 (5 cents) was declared and paid in May, 1995. The directors recommend a final dividend of \$3,595,686 (10 cents) which if approved at the annual general meeting will be paid less income tax on 17th October, 1995 to registered stockholders as at the close of business on 2nd October, 1995.

## **DIRECTORS**

Mr. Keith M. Fredricks retired as Managing Director re-election. Richard W.T. Coe was appointed Managing Director in October 1994. The directors retiring by rotation and who being eligible offer themselves for re-election are Richard J. Cohen, R. Hayden Singh and William Stephens.

Three directors held stock in the company as at 31st March, 1995 as follows:

DIRECTORS	Number of Units
Keith M. Fredricks	364,353
Richard W.T. Coe	88,889
Ouida Y. Ridgard	5,616

No senior manager held stock in the Company as at 31st March, 1995.

#### **SUBSTANTIAL STOCKHOLDINGS**

The ten largest stockholdings as at 31st March, 1995 were:

	Number of Units
Courts Furnitures (Overseas) Limited	25,582,716
Scotiabank Jamaica Trust & Merchant Bank Ltd.	1,783,918
Jamaica Mutual Life Assurance Society	786,743
Paul Chen Young & Company Limited	441,802
Keith M. Fredricks	364,353
Donwis Limited	340,977
Superannuation Limited	234,068
The Trustees, Courts (Jamaica) Ltd.	233,368
Life of Jamaica Pooled Equity Fund	225,542
West Indies Trust Company	220,610

#### **AUDITORS**

The auditors, Price Waterhouse, have signified their willingness to continue in office in accordance with the provisions of Section 153 of the Companies Act 1965.

By Order of the Board

**DENNIS HARRIS**  
**SECRETARY**