JAMAICA PRODUCERS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1995

1. The Company

The company is incorporated under the Laws of Jamaica and these financial statements are presented in Jamaican dollars.

The main activities of the company and its subsidiaries, as listed on page 32, are the cultivation, marketing and distribution of bananas and other fresh produce locally and overseas, agricultural production, shipping and the holding of investments.

Two parties are considered to be related when:

(a) one party is able to exercise control or significant influence over the other party; or
(b) both parties are subject to common control or significant influence from the same source.

2. Significant accounting policies

(a) Accounting convention:

The financial statements are prepared under the historical cost convention, except for the inclusion of certain fixed assets at valuation.

(b) Basis of consolidation:

The consolidated financial statements include the financial statements of all subsidiaries, made up to December 31, 1995.

Associated companies as listed on page 32, are reported on the equity basis (see note 4). An associated company is one in which the group is deemed to exert significant influence by virtue of its interest in 20% or more of the equity voting rights.

All significant inter-company transactions are eliminated.

Goodwill arising on the acquisition of the subsidiaries is written off directly to reserves in the year in which it arises.

The company, its subsidiary and associated companies are collectively referred to as the "Group".

(c) Determination of profit and loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or predeterminable.

(d) Depreciation:

Fixed assets, with the exception of freehold land on which no depreciation is provided, are depreciated on a straight line basis at annual rates, varying between 2% and 50%, estimated to write off the assets over their expected useful lives. Computer equipment is depreciated on a straight line basis at 33 1/3% and 100% per annum and also at 20% per annum on a reducing balance basis.

Assets acquired under finance leasing arrangements in the United Kingdom are included at cost, less accumulated depreciation calculated in accordance with the accounting policy set out above. After deducting interest attributable to future periods, the net amount payable is included.

(e) Inventories:

Inventories are valued at the lower of cost, determined principally on a first-in first-out basis, and net realized value.

Upheld expenditure, which represents crop cultivation expenses, will be matched against the proceeds of the crop to which they relate, and is stated at prime cost.

(f) Foreign currencies:

The group's foreign assets and liabilities are translated at STG1 to J$58.37 (1994: J$49.24) and US$1 to J$39.44 (1994: J$33.04), being the buying rates of exchange ruling at the balance sheet date. Items in the foreign subsidiaries profit and loss account are translated at an average rate of STG1.00 to J$55.31 (1994:J$47.15) and US$1 to J$32.16 (1994: J$32.95) being the average rates of exchange ruling for the year.

Other transactions in foreign currencies are converted at the rates of exchange ruling at the date of those transactions.

Gains and losses arising from translating income statement items are included in the profit and loss account. Unrealised portions of such gains are ultimately transferred to capital reserve. Exchange differences arising on other changes to shareholders' interests are reflected in capital reserves (see note 10).

(g) Deferred taxation:

Deferred taxation is provided in respect of timing differences and revaluation surpluses only where there is a reasonable probability that a liability will become payable within the foreseeable future. Provision is made at the average rate of tax expected to prevail when the liabilities crystallise. Should a potential asset arise, the amount is not recorded in the accounts.

3. Working capital

	Group		Company	
	1995	1994	1995	1994
	$'000	$'000	$'000	$'000
CURRENT ASSETS				
Cash	983,125	793,913	45,840	5,741
Short term investments	129,134	251,694	129,125	249,622
Accounts receivable	1,169,955	916,571	173,724	97,800
U.K. Tax reserve certificates	2,393	2,659	-	-
Recoverable taxation	19,912	14,852	16,741	10,808
Inventories	318,937	254,679	40,321	39,569
Related companies	-	187	-	-
	2,623,456	**2,234,555**	**405,751**	**403,540**
CURRENT LIABILITIES				
Bank overdrafts and demand loans	181,687	30,231	19,601	9,038
Taxation	97,835	82,575	-	-
Accounts payable	852,277	619,534	75,379	56,820
Unclaimed dividends	31,623	24,725	31,623	24,725
Current maturities of long term loans (see note 8)	27,840	16,202	27	27
Related companies	660	1,449	-	-
	1,191,922	774,716	126,630	90,610
WORKING CAPITAL	1,431,534	1,459,839	279,121	312,930

Notes:
Accounts receivable includes $56,000 (1994:$79,000) for the company and the group in respect to advances made to directors of the company in the ordinary course of business.

Inventories -	Group		Company	
	1995	1994	1995	1994
	$'000	$'000	$'000	$'000
Merchandise	25,698	23,953	25,698	23,953
Banana stock and sundries	151,188	139,866	14,345	15,432
Other	142,051	90,860	278	184
	318,937	**254,679**	**40,321**	**39,569**

Accounts payable for the company and the group includes $117,000 (1994:$56,000) due to directors.

4. Interests in subsidiary and associated companies

	Group		Company	
	1995	1994	1995	1994
	$'000	$'000	$'000	$'000
Subsidiary companies:				
Shares, at cost, less amounts written off	-	-	515,154	508,804
Loan accounts	-	-	(274,656)	(228,016)
Current accounts	-	-	(77,042)	(134,642)
	-	-	163,456	146,146

Associated companies:				
Shares, at cost, less amounts written off	6,980	1,661	1	-
Group's share of:-				
Post-acquisition reserves	50,603	47,166	-	-
Loan accounts	25,241	(4,309)	30,349	-
Current accounts	40,051	14,118	26,555	5,062
	122,875	58,636	56,905	5,062
	122,875	58,636	220,361	151,208

An associated company, Balmoral Banana Company Limited, has its year end at October 31 each year, while another, Belvedere Limited has its year end at June 30 each year. The consolidated profit and loss account includes the group's share of profit/loss of the companies based on the management accounts for the year ended December 31, 1995. The results of the companies are insignificant in relation to the group.

5. Investments

	Group		Company	
	1995	1994	1995	1994
	$'000	$'000	$'000	$'000
At cost:				
(a) Quoted - trade	-	48,307	-	-
- long term	135,726	91,474	135,657	90,328
(b) Unquoted - trade	86,196	72,217	5	5
- long term	49,958	24,658	45,106	11,084
(c) Government of Jamaica				
Local registered stock - 1998	50,000	50,000	50,000	50,000
(d) Long term receivables:				
Mortgage loans for staff housing	35	34	-	-
National Housing Trust recoverable in the years 2001/4	114	114	39	39
General Consumption Tax	400	-	-	-
Loans to employees	5,966	2,972	-	-
(e) Employee Share Ownership Trust	135,659	-	135,659	-
Banana Resuscitation Loans	7,876	-	7,876	-
50% share of Gulf Ship Partnership	-	750	-	750

	471,930	290,526	374,342	152,206
Estimated market value of quoted investments	91,861	110,463	91,861	57,716

Market values of quoted investments are computed based on quotations received from stockbrokers.

It is the opinion of the directors that the value of all other investments exceeds cost.

6. Fixed assets

	Freehold land and buildings	Leasehold land and buildings	Furniture, equipment and vehicles	Total
	$'000	$'000	$'000	$'000
(a) Group				
At valuation				
Pre - 1964	75	-	-	75
- 1990	108,742	315,105	87,053	510,900
At cost	95,904	284,226	609,695	989,825
December 31, 1994	204,721	599,331	696,748	1,500,800
Acquisition of subsidiaries	-	10,689	20,861	31,550
Additions	54,548	49,515	282,983	387,046
Disposals	-	(1,118)	(75,497)	(76,615)
Exchange gains	30,588	59,227	93,871	183,686
December 31, 1995	289,857	717,644	1,018,966	2,026,467
At cost	181,040	402,539	931,913	1,515,492
At valuation	108,817	315,105	87,053	510,975
	289,857	717,644	1,018,966	2,026,467
Depreciation:				
December 31, 1994	11,182	114,520	272,230	397,932
Acquisition of subsidiaries	-	1,562	3,417	4,979

Charge for the year	21,705	12,778	128,990	163,473
Eliminated on disposals	-	(1,118)	(62,268)	(63,386)
Exchange gains	2,638	3,875	35,182	41,695
December 31, 1995	35,525	131,617	377,551	544,693
Net book values:				
December 31, 1995	254,332	586,027	641,415	1,481,774
Construction in progress	530	39,428	16,298	56,256
	254,862	625,455	657,713	1,538,030
December 31, 1994	193,539	484,811	424,518	1,102,868
Construction in progress	35,803	4,186	-	39,989
	229,342	**488,997**	**424,518**	**1,142,857**

	Freehold land and buildings	Leasehold land and buildings	Furniture, equipment and vehicles	Total
	$'000	$'000	$'000	$'000
(b) Company				
At cost:				
December 31, 1994	17,682	15,539	26,231	59,452
Additions	-	5,008	8,558	13,566
Transfers from work in progress	9,185	5,799	-	14,984
Disposals	-	(1,118)	(1,813)	(2,931)
December 31, 1995	26,867	25,228	32,976	85,071
Depreciation:				
December 31, 1994	1,827	323	8,196	10,346
Charge for the year	498	1,818	5,315	7,631
Eliminated on disposals	-	(1,118)	(1,636)	(2,754)
December 31, 1995	2,325	1,023	11,875	15,223
Net book values:				

December 31, 1995	24,542	24,205	21,101	69,848
Work in progress				16,598
				86,446
December 31, 1994	15,855	15,216	18,035	49,106
Work in progress				8,260
				57,366

Included in the figure for furniture, equipment and motor vehicles are banana ripening rooms and motor vehicles bought on finance leases (see note 8). These assets have a cost of $108,568,000 (1994:$114,198,000).

The freehold land and leasehold properties of two subsidiaries are included at $188,664,000 being December 31, 1990 Open Market valuation by Debenham, Tewson & Chinnock, International Property Advisors and $7,146,000 being October 1990 valuation done by David Delisser and Associates Limited, Real Estate Agent, Valuators of Kingston, Jamaica. The resultant surplus and accumulated depreciation have been taken to capital reserves (see note 10) and minority interests.

Leasehold land and buildings for the group include infrastructure at a cost of $62,780,000 (1994:$41,716,000) and 1992 directors' valuation of $124,475,000 (1994:$124,475,000).

Freehold land and buildings for the group include land at a valuation of $33,104,000 (1994:$33,104,000), the directors' allocation of costs for the land of $4,840,000 (1994:$4,840,000) for the group and $4,507,000 (1994:$4,507,000) for the company and land at cost of $3,369,000 (1994:$3,369,000) for the group and the company.

Fixed assets of two subsidiary companies are shown at 1989 and 1992 valuation of $139,788,000 (1994:$139,788,000).

7. Deferred income

This comprises premium received on leased land for which credits of $60,000 are being taken for each year over a period of 10 years ending 1996.

8. Long term loans

	Group		Company	
	1995	1994	1995	1994
	$'000	$'000	$'000	$'000
(a) Mortgage loan	-	140,137	-	-
(b) Bank loan	87,793	82,920	-	-
(C) Jamaica Agricultural Development Foundation loan	27	27	27	27
(d) Bank loan	952	1,666	-	-
(e) Mortgage loan	20,810	17,147	-	-
(f) Bank loan	10,010	-	-	-
(g) Finance lease obligations (note 6)	71,041	75,386	-	-
	190,633	317,283	27	27
Less current maturities (see note 3)	(27,840)	(16,202)	(27)	(27)
	162,793	**301,081**	**-**	**-**

(a) The mortgage loan was repaid in 1995 and it was secured on a subsidiary's leasehold premises and was repayable on or before January 1, 1999. Interest was payable quarterly at 2% above Lloyds Bank plc base rate.

(b) The bank loan is secured on a subsidiary's freehold land and buildings and is repayable at $4,421,000 per annum and bears interest at 1 1/2% over the National Westminster Bank plc base lending rate. In 1995 the loan was refinanced and is repayable over 15 years and bears interest at 1 1/2% over the bank's base lending rate.

(c) Jamaica Agricultural Development Foundation loan was obtained in 1987 and 1990 for three years at 12% per annum, interest rate calculated daily. This loan is used to procure inputs for a small-farmer banana pilot project. It is secured by a crop lien and carries a one-year grace period for principal and interest.

(d) The bank loan is repayable at $60,000 per month, bears interest at 14% per annum and is secured by a promissory note of $5 million, a fixed charge on a subsidiary's fixed assets including property, its uncalled capital and a fixed and floating charge on that subsidiary's other assets.

(e) The mortgage loan is secured on the subsidiary's freehold land and buildings and is repayable over 15 years from April 1994 at 2 1/4% above Lombard North Central plc base interest rate.

(f) The bank loan was advanced to a subsidiary acquired in 1995. It bears interest at 29% per annum and is secured by a renewable promissory note.

9. Share capital

	Group & Company	
	1995	1994
	$'000	$'000
Authorised, 500,000,000 (1994:200,000,000) ordinary shares of 10c each	50,000	20,000
Issued and fully paid in stock units of 10c each	14,962	9,068

The Board granted options to some members of the company's senior staff to acquire 90,000 new shares at $30.00 per share between March 19, 1995 and September 18, 1995. This price was fixed prior to the one (1) for four (4) bonus share issue in 1993 and the one (1) for two (2) bonus in 1995. The options were not taken up and have lapsed.

At the Annual General Meeting held on June 7, 1994, a resolution was passed by the company to establish a Trust (ESOP) for purposes of making stock available to the employees of the company and if the Directors so recommend, its subsidiaries, upon concessionary payment terms to be approved by the Directors, provided however that the terms of the Trust shall not permit the sale of shares to employees for less than 85% of the most recent price quoted (bid) by the Jamaica Stock Exchange. Further resolutions were passed for:

. the issue of not more than 9,068,132 ordinary shares of 10c each to the Trustees of the ESOP and conversion of same to stock, such issue to be made at a price of not less than 85% of the current selling price of the company's stock. These shares were issued in March 1995 at a premium of $14.86 per share (see note 10).

. the loan by the company to the Trustees of the ESOP of such sums as may be required to enable the Trustees to subscribe for the number of shares issued to the ESOP.

A loan of $135,659,255 was made to the ESOP Trust to acquire 9,068,132 shares.

At the Annual General Meeting held on June 22, 1995 resolutions were passed by the company to:

(i) increase the authorised share capital of the company by the creation of 300 million shares of 10 cents each to rank **pari passu** in every respect with shares already in existence.

(ii) issue bonus of one (1) ordinary share for every two (2) ordinary stock units held by members of record on July 11, 1995.

10. Reserves

	Group		Company	
	1995	1994	1995	1994
	$'000	$'000	$'000	$'000
Capital:				
Share premium (see note 9)	135,087	335	135,087	335
Other:				
At beginning of year	1,537,415	817,787	621,552	331,551
Adjustment to minority on sale of interest in subsidiaries	-	(58,352)	-	-
Carried forward	1,537,415	759,435	621,552	331,551

	Group		Company	
	1995	1994	1995	1994
	$'000	$'000	$'000	$'000
Brought forward	1,537,415	759,435	621,552	331,551
Exchange gains [see note 2,(f)]	247,042	78,185	-	-
Goodwill	-	(80,838)	-	-
Capital reserve on consolidation	5,064	-	-	-
Transfer (to)/from profit and loss account:				
Realised exchange gain	(34,068)	-	-	-
Gain on sale of shares in subsidiary and associate	-	848,595	-	-
Capital gain on purchase of subsidiary	-	-	6,250	-
Unclaimed dividends	1,018	973	1,018	973
Unrealised exchange (losses)/gains	(2,863)	(7,395)	18,550	(3,088)
Gain on sale of shares and investments	5,770	3,681	-	357,397
Net premium received on leased property	60	60	-	-
Capital distribution received (net)	29	10	31,581	10
Capital distribution (gross)	(18,136)	(65,291)	(18,136)	(65,291
At end of year	1,741,331	1,537,415	660,815	621,552
Total capital	1,876,418	1,537,750	795,902	621,887
Revenue:				
Retained profits	846,125	610,740	137,606	42,755
	2,722,543	**2,148,490**	**933,508**	**664,642**

Retained profits at December 31, 1995 include:

(a) $141,000 (1994:$141,000) for the group and $129,000 (1994:$129,000) for the company of franked income available for distribution.

(b) incentive profits of $148,749,000 (1994:$29,098,000) for the company and $657,685,000 (1994:$360,575,000) for the group, which can be distributed to local stockholders without deduction of tax.

11. Gross operating revenue

Gross operating revenue comprises investment income, the gross sales of goods and services of the group and commission earned by the group on consignment sales. This is shown after deducting returns, U.K. value added tax and Jamaica General Consumption Tax.

12. Disclosure of expenses/(income)

Profit before taxation and extraordinary items is stated after charging/ (crediting):

	1995	1994
	$'000	$'000
Depreciation	163,473	80,968
Directors' emoluments:		
Fees	281	183
Management	16,387	11,843
Auditors' remuneration	10,460	9,950
Interest - long term loans	22,538	24,640
- other	3,141	9,040
- income	(125,593)	(93,775)
Profit on disposal of fixed assets	(6,650)	(18,563
Exchange gains	(67,739)	(1,751)
Gain on sale of shares and investments	(4,824)	(3,681)
Dividends received - quoted (gross)	(2,723)	(2,760)
- capital distribution (gross)	(31)	(10)
Share of (profit)/loss of associated companies		
Continuing operations	(28,635)	(35,171)
Discontinued operations	16,562	-

13. Taxation

Taxation is based on the profit for the year adjusted for tax purposes and is made up as follows:

	1995	1994
	$'000	$'000
Income tax @ 33 1/3%	287	2,608
Transfer tax @ 7 1/2%	2	1
Taxation on share of profits of associated companies	(1,349)	1,909
United Kingdom Corporation tax @ 33%	120,075	81,640
Corporation tax (other than U.K.)	132	140
	119,147	86,298
Deferred taxation	19,097	(837)
	138,244	85,461
Adjustments in respect of previous years	989	(1,689)
	139,233	83,772

(a) The charge for Jamaica's income tax is 33 1/3% of the profit for the year, adjusted for tax purposes.

The effective tax rate for 1995 was 26.14% (1994:6.47%) of $532,723,000 (1994:$1,295,251,000) pre-tax profits compared to a statutory tax rate of 33 1/3% (1994:33 1/3%). The actual expense differed from the "expected" tax expense for those years as follows:

	1995	1994
	$'000	$'000
Computed "expected" tax expense	177,574	431,750
Taxation difference between profit for financial statements and tax reporting purposes on -		
Overseas taxation	(5,413)	(3,173)
Tax losses increase	3,146	3,185
Government of Jamaica loan interest	(2,092)	(179)

Disallowed expenses, depreciation and other related capital adjustments	7,363	(8,518)
Capital gain on sale of shares and investments	(1,257)	(284,092)
Incentive profits not subject to tax	(40,088)	(55,201)
Actual tax expense	139,233	83,772

(b) The company and three subsidiaries were granted relief from taxation on agricultural income derived from the growing of sugar cane, coconuts, citrus, pimento and bananas under the provisions of the Income Tax (Approved Farmer) Order, 1984 and under the Income Tax (Approved Farmer) (No. 4.) Order, 1986 and the Income Tax (Approved Farmer) Order, 1983. This relief for the company covers ten years which commenced September 1984. One subsidiary was granted relief from taxation on agricultural income derived from the growing of citrus, mangoes, coconuts, papaya and food crops under the provisions of Income Tax (Approved Farmer) Order, 1990. This relief covers ten years which commenced in the year of assessment 1989. The other subsidiaries were relieved of income tax from agricultural activities for a period of ten years, which commenced in 1983 and 1985. An extension for ten years was received in the Income Tax (Approved Farmer) (No. 3) Order, 1993 and Income Tax (Approved Farmer) Order, 1993. These commenced in year of assessment 1992.

A fourth subsidiary acquired during 1994 has been granted relief from taxation on agricultural income derived from growing of bananas under the provisions of the Income Tax (Approved Farmer) (Victoria Banana Company Limited) (No. 4) Order, 1995 for a period of nine years commencing in year of assessment 1995.

(c) Tax losses available, subject to agreement of the Commissioner of Income Tax, for offset against future profits amounted to $Nil (1994: $Nil) for the company and $123,789,000 (1994: $114,352,000) for the group.

14. Extraordinary items, less taxation

	1995 $'000	1994 $'000
Permanent diminution in value of fixed assets (U.K.)	(11,062)	(29,253)
Restructuring costs (U.K.)	(13,994)	(4,412)
Write down in value of subsidiaries prior to sale (see note 21)	(28,429)	-

Closure cost in associated companies	(14,125)	-
Premium received on leased property	-	60
Special contribution to pension fund [see note 18(a)]	-	(2,284)
	(67,610)	(35,889)

15. Profit for year attributable to the group

Profit dealt with in the financial statements of the parent company - $188,864,000 (1994:$361,525,000).

16. Dividends

	1995 $'000	1994 $'000
Capital distribution:		
First interim paid in respect of 1995 - 20c (1994:48c) per stock unit - gross	18,136	43,527
Second interim paid in respect of 1995 - nil (1994:24c) per stock unit - gross	-	21,764
Unclaimed dividends written back	(1,018)	(973)
	17,118	64,318
Agricultural dividend		
Interim paid in respect of 1995 - 24c (1994 - nil) per stock unit - gross	32,645	-
	49,763	64,318

17. Earnings per ordinary stock unit

The earnings per ordinary stock unit is calculated by dividing the profit for the year attributable to the group before and after extraordinary items respectively, by the total of 147,358,878 (1994:90,683,050) ordinary stock units of 10c each being the weighted average number of units in issue during the year. The 1994 earnings have been restated to give effect to the bonus issue made in July 1995.

18. Pension scheme

(a) The company operates a 'benefits based' trusteed pension scheme covering certain salaried employees of the company and its Jamaican subsidiaries who have satisfied minimum service requirements.

The scheme is subject to actuarial valuations every three years. The most recent actuarial study was done as at December 31, 1992, when a net liability to be met by the employer of $9,654,000 for past and future services was indicated. An employer's contribution rate of 6.5% of total pensionable salaries was recommended to fund the past and future liabilities of the scheme. However, the directors agreed to make a special contribution of $4,284,000, to fund the past service deficiency over three years, of which $2.284 million (see note 14) was contributed in 1994 and $2 million in 1993. The company's current contributions are in excess of the actuarial recommendation. This will fund the long term benefits of the plan. The next actuarial valuation was at December 31, 1995.

The contribution for the year, debited to the group profit and loss account, amounted to $2,397,000 (1994:$4,171,000) for the company and its Jamaican subsidiaries other than those covered by (c) and (d) below. This amount includes $2,345,000 (1994: $4,133,000) for the company.

(b) A UK subsidiary company operates a pension scheme for eligible employees including directors in the United Kingdom, based principally on final pensionable earnings.

The assets of the scheme are held separately from those of the group being invested with the insurance company which manages the funds. Contributions to the scheme, determined by the insurance company's actuary on the basis of triannual valuations using the projected unit method, are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The most recent actuarial valuation was at January 1, 1994 and showed that the value of the scheme's assets was $398,809,000 representing 146% of the benefits that had accrued to members. In arriving at these valuations it was assumed that the investment returns would be 9% per annum and salary increases would average 7% per annum. However the surplus funding does not take into account the cost of:

(i) the requirement to equalise the retirement date of both men and women;

(ii) the requirement under the Social Security Act 1990, to provide for limited price indexation, from a date yet to be announced which will substantially remove the apparent surplus.

The contributions for the year, debited to the UK companies' and the group profit and loss account, amounted to $19,524,000 (1994: $13,108,000).

(c) Effective January 1, 1989 a subsidiary company established a contributory pension scheme for employees who have satisfied certain minimum service requirements. Retirement benefits will be determined by the actuaries and will be based on the members' and employer's contributions to, and income earned by, the pension fund up to the retirement date.

The scheme is subject to actuarial valuations every three years. The first actuarial study was done as of December 31, 1991, when a net surplus of $139,324, being the excess of the value placed on the assets over the accrued liabilities, was indicated. The actuaries recommended and the company agreed that the surplus be apportioned as a non-refundable bonus of $93,297 to those members who retire from the scheme and a refundable interest surplus of $46,027. The next actuarial valuation was due at December 31, 1995.

Contributions by the subsidiary company during the year, debited to the group profit and loss account, amounted to $506,000 (1994: $416,000).

(d) A subsidiary, acquired in 1994, operates a defined contribution plan. The plan is funded by contributions from employees of 5% to a maximum of 10% of earnings. Employer contributes at the rate of 5%. Retirement and other benefits are based on the total contribution of the employer and employees.

An actuarial valuation at March 31, 1994, showed that the plan was adequately funded.

The charge for the year, debited to the group profit and loss account, amounted to $2,500,000 (1994: $208,000).

19. Contingent liabilities

There are contingent liabilities at December 31, 1995 in respect of:

(a) Guarantees by subsidiaries-

(1) covering amounts payable for U.K. customs and excise duty on bananas imported to the U.K., in the absence of shipping documents and overdraft at the bank's option, amounting to $23,348,000 (1994:$19,696,000) for the group.

(ii) covering charges payable to the Intervention Board, in the event that available import licences are not fully utilised, amounting to $14,592,000 (1994: $12,310,000).

(iii) covering the deferment of import duty payable to H.M. Customs and Excise, amounting to $58,370,000 (1994: $49,240,000).

(iv) amounting to $1,512,000 (1994: $728,000) in respect of insurance indemnity in favour of Liverpool and London Steamship Protection and Indemnity Association Limited.

(v) covering amounts payable to H.M. Customs and Excise in respect of goods in transit within the European Union amounting to $1,576,000 (1994:$Nil).