

COURTS JAMAICA LIMITED

Notes to the Financial Statements

Year ended 31 March 1995

1. TURNOVER

Turnover represents the total retail price of goods sold less discounts allowed and includes hire purchase charges.

2. PENSION SCHEME

All permanent employees are eligible to join a contributory pension scheme which is managed by an outside agency. The scheme was actuarially valued as of 31 March 1994 and the results of the valuation indicated that there was an unfunded past service liability of approximately \$8.31 million. The actuaries have recommended that the company continues its contribution to the fund at the rate of 10% of annual salaries in order to eliminate the deficit by 31 March 1997.

3. NET INTEREST PAYABLE

	1995	1994
	\$	\$
Holding company On bank loans and overdraft	3,679,633 92,424,587	1,968,718 28,891,276
Interest receivable	96,104,220 (294,469)	30,859,994 (259,736)
	95,809,751	30,600,258

4. (LOSS)/PROFIT BEFORE TAXATION

This is stated after charging/(crediting):

	1995	1994
	\$	\$
Bad debts written off and movement in provision for doubtful accounts	44,318,215	19,594,397
Depreciation	8,756,551	4,931,015
Pension contributions	5,569,072	2,577,288
Directors' emoluments- fees as directors	149,526	71,240
executive remuneration	11,779,348	9,201,573
terminal gratuity	7,061,939	-
Auditors' remuneration- current	810,000	730,000
prior year	130,000	63,000

Exchange (gain)/loss	(4,051,868)	7,902,587
Gain on disposal of fixed assets	(216,176)	(912,523)

5. TAXATION

Taxation charged in these accounts is based on the profit for the year adjusted for tax purposes and comprises:-

	1995	1994
	\$	\$
Income tax at 33 1/3%-		
Current	-	9,394,557
Prior	-	1,792
	-	9,396,349

There is no tax charge for the current year due to the losses incurred. Subject to agreement with the Commissioner of Income Tax, losses available to be carried forward indefinitely for offset against future taxable profit amount to approximately \$53,000,000.

6. DIVIDENDS

	Cents per stock unit	1995 \$	1994 \$
	Ordinary-		
Interim declared, gross	5.00	1,797,842	1,797,842
Final proposed, gross	10.00	3,595,686	3,595,686
Total dividends	15.00	5,393,528	5,393,528

7. (LOSS)/EARNINGS PER STOCK UNIT

The calculation of loss/earnings per ordinary 50 cents stock unit is based on the net loss for the year \$49,975,348 (1994 - net profit \$16,408,284) and 35,956,855 ordinary stock units in issue throughout both years.

Fully diluted earnings per stock unit is not shown as the dilution which would result from the exercise of the outstanding share options is less than 5% (note 13 (b)).

8. FIXED ASSETS

Equipment

	Freehold land	Freehold buildings	Leasehold improvement	Fixtures, fitting & motor vehicles	Construction in progress	Total
	\$	\$	\$	\$	\$	\$
Cost or valuation						
At 1 April 1994	103,402,000	347,400,000	429,645	29,501,676	3,084,417	483,817,738
Additions	1,961,460	3,860,332	-	35,144,334	-	40,966,126
Revaluation surplus	33,098,000	57,388,165	-	-	-	90,486,165
Disposals	-	-	-	(275,000)	-	(275,000)
Transfers	-	3,084,417	-	-	(3,084,417)	-
At 31 March 1995	138,461,460	411,732,914	429,645	64,371,010	-	614,995,029
Depreciation-						
At 1 April 1994	-	-	341,831	13,594,434	-	13,936,265
Charge for year	-	-	24,251	8,732,300	-	8,756,551
On disposals	-	-	-	(225,176)	-	(225,176)

At 31 March 1995	-	-	366,082	22,101,558	-	22,467,640
Net book value-						
31 March 1995	138,461,460	411,732,914	63,563	42,269,452	-	592,527,389
31 March 1994	103,402,000	347,400,000	87,814	15,907,242	3,084,417	469,881,473

On 31 March 1995, the company's office, showrooms and warehouses were revalued on the basis of current use/depreciated replacement cost by Alex W.J. Twyman, professional valuator and chartered quantity surveyor. Freehold land was also revalued on that date on the basis of unimproved value by Langford and Brown. The surplus of \$90,486,165 arising from these revaluations has been transferred to capital reserve (note 14). All other fixed assets are stated at cost.

9. INVESTMENTS

	1995	1994
	\$	\$
Shares in subsidiaries, at cost	1,145,920	1,145,920
less:provision for loss	720,000	720,000
	425,920	425,920
National Housing Trust contributions recoverable in years 2001-2004	77,753	77,753
	503,673	503,673

Consolidated accounts have not been presented as in the opinion of the directors they would be of no real value to the shareholders in view of the insignificant amounts involved and the fact that the subsidiaries are not trading.

10. RECEIVABLES

	1995	1994
	\$	\$
Amounts owing after providing for doubtful debts (note 11)-		
Hire purchase	471,385,971	275,997,679
Other	17,896,523	26,749,569
	489,282,494	302,747,248

Hire purchase receivables are stated after provision for early settlement rebates to customers of \$NIL (1993-\$24,660,535).

11. PROVISION FOR DOUBTFUL ACCOUNTS

	1995	1994
	\$	\$
Specific provision at beginning of year	27,347,188	14,217,216
Increase during the year	33,624,872	13,129,972
Specific provision at end of year	60,972,060	27,347,188

12. SHORT TERM LOANS

	1995	1994
	\$	\$
Bank loans	210,247,000	79,633,121
Bank loans (US\$1.5M)	48,885,000	49,620,000
Other loans	141,897,760	29,956,023

401,029,760 159,209,144

These are unsecured working capital loans and, with the exception of the US \$1.5M loan, are repayable in April 1995. They attract interest at rates ranging from 24 1/2% to 27% per annum. The US\$1.5m loan is repayable in October 1995 and attracts interest at the rate of 10% per annum.

13. SHARE CAPITAL

	1995	1994
	\$	\$
(a) Authorised-		
In ordinary shares of 50 cents each	19,000,000	19,000,000
Issued and fully paid-		
In ordinary shares of 50 cents each	17,978,428	17,978,428

(b) Share option-

At 31 March 1995, two executive directors exercised their options to purchase 150,000 ordinary shares in the company at \$1.58 per share. The agreement under which the options were exercised provided for adjustments to be made for capitalisation issues prior to the exercise of the options resulting in an additional 116,667 shares being issued as fully paid.

The shares issued to the executive directors were purchased on the open market by Courts Jamaica Employees Share Ownership Scheme.

At the year end, there was an outstanding share option exercisable by an executive director, to acquire 50,000 shares at \$1.58 each on or after 11 January 2000.

14. CAPITAL RESERVE

	1995	1994
	\$	\$
Realised capital gains	1,968,697	1,968,697
Unrealised surplus on revaluation of fixed assets:		
-at beginning of year	397,926,825	255,100,749
-arising during the year (note 8)	90,486,165	142,826,076
	488,412,990	397,926,825
	490,381,687	399,895,522

15. COMMITMENTS

- (a) Capital commitments at 31 March 1995 not provided for in these financial statements, amounted to approximately \$44 million (1994-\$4.9 million) and relate to the continued expansion of the company's operations.
- (b) Lease commitments at 31 March 1995 amounted to approximately \$3,130,000 and are scheduled for payment as follows:

	\$000
In the year ending 31 March 1996	1,350
1997	1,133
1998	636
1999	11