

COURTS (JAMAICA) LIMITED 1996

Notes to the Financial Statements

31st March 1996

1. Turnover

Turnover represents the total retail price of goods sold less discounts allowed. It includes hire purchase charges but excludes General Consumption Tax.

2. Pension Scheme

All permanent employees are eligible to join a contributory pension scheme which is managed by an outside agency. Retirement benefits are based on the average salary in the last three years of service prior to retirement. 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. The company's contribution to the scheme for the year was \$6,449,000 (1995 - \$5,569,000)

3. Net Interest Payable

	1996 \$000s	1995 \$000s
Related companies	10,229	3,680
On bank loans and overdraft	179,445	92,424
Interest receivable	189,684 (2,888)	96,104 (294)
	186,796	95,810

4. Profit/(Loss) before Taxation

This is stated after charging/(crediting)

	1996 \$000s	1995 \$000s
Bad debts written off and movement in provision for doubtful accounts	17,968	44,318
Depreciation	8,900	8,756
Directors' emoluments		
Fees as directors	260	150
Executive remuneration	18,037	11,779
Terminal gratuity	-	7,062
Auditors' remuneration		
Current year	900	810
Prior year	51	130
Exchange loss/(gain)	2,003	(4,052)

Gain on disposal of fixed assets	(443)	(216)
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5. Taxation

There is no tax charge for the current year due to the utilisation of prior year's tax losses. 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 \$15.6 million (1995 - \$53 million). There was no tax charge for the previous year because of the loss incurred.

6. Dividends

	Cents per Stock Unit		1996	1995
	1996	1995	\$000s	\$000s
Ordinary				
Interim declared, gross	5.00	5.00	1,798	1,798
Final proposed, gross	11.00	10.00	3,955	3,596
Total dividends	16.00	15.00	5,753	5,394

7. Earnings/(Loss) per Stock Unit

The calculation of earnings/(loss) per ordinary 50 cents stock unit is based on the net profit for the year of \$34,695,000 (1995- net loss \$49,975,000) and 35,956,000 ordinary stock units in issue throughout both years.

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

8. Fixed Assets

	Freehold Land \$000s	Freehold Buildings \$000s	Leasehold Improve- ments \$000s	Equipment, Fixtures, Fittings & Motor Vehicles \$000s	Total \$000s
Cost or valuation					
1 April 1995	138,461	411,733	430	64,371	614,995
Additions	8,937	45,811	-	21,493	76,241
Revaluation surplus	41,363	154,143	-	-	195,506
Disposals	-	-	-	(1,636)	(1,636)
31 March 1996	188,761	611,687	430	84,228	885,106
Depreciation					
1 April 1995	-	-	366	22,102	22,468
Charge for year	-	-	24	8,876	8,900
On disposals	-	-	-	(1,284)	(1,284)
31 March 1996	-	-	390	29,694	30,084
Net book value					

31 March 1996	188,761	611,687	40	54,534	855,022
31 March 1995	138,461	411,733	64	42,269	592,527

On 31 March 1996, 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, valuers and real estate agents.

The surplus of \$195,506,000 arising from these revaluations has been transferred to capital reserve (note 14). All other fixed assets are stated at cost.

9. Investments

	1996 \$000s	1995 \$000s
Shares in subsidiaries, at cost	1,146	1,146
less: provision for loss	720	720
	426	426
Amount written off during year	426	-
	-	426
National Housing Trust contributions recoverable in years 2001-2004	77	77

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

	1996	1995
	\$000s	\$000s

Amounts owing after providing for doubtful debts (note 11)

Hire purchase	812,952	471,386
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Other	13,228	17,897
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	826,180	489,283
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11. Provision for doubtful accounts

	1996	1995
	\$000s	\$000s

Specific provision at beginning of year	60,972	27,347
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(Decrease)/Increase during the year	(10,984)	33,625
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Specific provision at end of year	49,988	60,972
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12. Short Term Loans

	1996	1995
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	\$000s	\$000s
Bank loans	352,800	210,247
Bank loans (US\$1.5m)	60,000	48,885
Other loans	161,422	141,898
	574,222	401,030

These are unsecured working capital loans which are, with the exception of the US\$1.5m loan, repayable in April 1996. They attract interest rates ranging from 43 3/4% to 47% per annum. The US\$1.5m loan is repayable in October 1996 and attracts interest at the rate of 12% per annum.

13. Share Capital

	1996 \$000s	1995 \$000s
(a) Authorised		
In ordinary shares of 50 cents each	19,000	19,000
Issued and fully paid		
In ordinary shares of 50 cents each	17,978	17,978

(b) Share Options

At the year end, there were outstanding share options exercisable as follows:

(i) by an executive director, to acquire 50,000 shares at \$1.58 each on or after 11 January 2000.

(ii) by four executive directors, to acquire 20,000 shares each and one executive director 25,000 shares. These options are exercisable on or after 8 February 2001 at a price of \$6.50 per share.

14. Capital Reserve

	1996 \$000s	1995 \$000s
Realised capital gains	1,969	1,969
Unrealised surplus on revaluation of fixed assets		
At beginning of year	488,413	397,927
Arising during the year (note 8)	195,506	90,486
	683,919	488,413
	685,888	490,382

15. Long Term Loan

	1996 \$000s	1995 \$000s
46% loan	45,857	-
Less Current portion	4,928	-
	40,929	-

The loan is unsecured. Interest and principal are repayable over five years, by equal monthly instalments of approximately \$2,088,000 each, commencing 28 April 1995 and ending 28 March 2000.

16. Commitments

Capital commitments at 31 March 1996 not provided for in these financial statements, amounted to approximately \$27 million (1995 - \$44 million) and relate to the continued expansion of the company's operations.

Lease commitments at 31 March 1996 amounted to approximately \$12,190,000 and are scheduled for payment as follows:

		\$000s
In the year ending 31 March	1997	3,245
	1998	2,459
	1999	2,492
	2000	3,038
	2001	956

17. Related Party Transactions

During the year the company entered into transactions with related parties as follows:

	1996	1995
	\$000s	\$000s
Overseas affiliates		
Purchase of inventories	352,524	83,500
Other purchases	19,800	18,600
