

CARIBBEAN METAL PRODUCTS 1997

Notes to the financial statements

1. IDENTIFICATION

The parent company and its subsidiaries, all of which are wholly owned, are incorporated in Jamaica. The shares of the parent company are quoted on the Jamaica Stock Exchange.

All amounts are stated in Jamaican dollars unless otherwise identified.

2. SIGNIFICANT ACCOUNTING POLICIES

- (a) The group accounts are prepared under the historical cost convention except that substantially all freehold land and buildings were revalued in 1982.
- (b) The group accounts incorporate the accounts of the parent company and all its subsidiaries with financial years ended April 30, 1997 and one subsidiary which makes up its accounts to the last Saturday in April.
All intra-group transactions, unrealised profits and balances have been eliminated.

The subsidiaries consolidated are as follows:

CMP Metal Products Limited
CMP Electric Limited
CMP Consumer Products Limited
CMP Sales Limited
CMP Envelopes Limited
CMP Structures Limited (Dormant)

- (c) Inventories are valued on a consistent basis at the lower of cost (average and first-in-first-out) and net realisable value. The cost of finished goods and work in progress include an appropriate proportion of manufacturing overheads.
- (d) The Jamaican dollar equivalents of foreign currency assets and liabilities are based on exchange rates ruling at the balance sheet date. Foreign exchange gains and losses are credited or charged to trading profit.
- (e) Fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is calculated to write off the cost or valuation of fixed assets other than freehold land over their estimated useful lives. The depreciation rates are substantially as follows:

Buildings	-	2 1/2% per annum
Plant and machinery	-	10% per annum
Motor vehicles and computers	-	25% per annum
Furniture and fixtures	-	10% per annum
Leasehold improvements	-	Over tenure of the lease

- (f) Sales exclude General Consumption Tax.

3. PROFIT BEFORE TAXATION

	1997	1996
	\$'000	\$'000
This is stated after charging/(crediting) the following:		
Depreciation	6,942	7,481
Emoluments of directors of the parent company:		
Fees	288	332
Management remuneration	5,712	5,145
Auditors' remuneration	1,438	1,072
Foreign exchange(gains)/losses	(11,489)	76
Interest received	(362)	(599)

4. TAXATION

Taxation is based on the profit for the year adjusted for tax purposes and is computed at 33 1/3%

5. EARNINGS PER ORDINARY STOCK UNIT

The calculation of earnings per ordinary stock unit is based on:

- (a) The group profit after taxation and on 20,022,960 stock units in issue during the year.
- (b) The options to purchase 614,000 ordinary shares of 50 cents each under the company's share option scheme (note 12 (b)).

6. FIXED ASSETS

	Land and buildings	Plant & vehicles	Furniture, fixtures, computers and leasehold improvements	Total
(a) GROUP	\$'000	\$'000	\$'000	\$'000
At cost or valuation				
May 1, 1996	17,900	36,794	12,125	66,819
Additions	2,353	10,322	2,713	15,388

Disposals	(110)	(7,212)	(1,061)	(8,383)
April 30, 1997	<u>20,143</u>	<u>39,904</u>	<u>13,777</u>	<u>73,824</u>
Depreciation				
May 1, 1996	4,266	20,168	7,027	31,461
Charge for the year	773	4,431	1,738	6,942
Released on disposals	(110)	3,850	(637)	4,597
April 30, 1997	<u>4,929</u>	<u>20,749</u>	<u>8,128</u>	<u>33,806</u>
Net book value				
April 30, 1997	<u>15,214</u>	<u>19,155</u>	<u>5,649</u>	<u>40,018</u>
April 30, 1996	<u>13,634</u>	<u>16,626</u>	<u>5,098</u>	<u>35,358</u>

(b) COMPANY

At cost or valuation

May 1, 1996			68	68
Additions	6,739	1,092	179	8,010
Disposals	-	(1,072)	-	(1,072)
April 30, 1997	<u>6,739</u>	<u>20</u>	<u>247</u>	<u>7,006</u>

Depreciation

May 1, 1996	974	646	97	1,717
Charge for the year	89	-	45	134
Released on disposal	-	(627)	-	(627)
April 30, 1997	<u>1,063</u>	<u>19</u>	<u>142</u>	<u>1,224</u>

Net book value

April 30, 1997	<u>5,676</u>	<u>1</u>	<u>105</u>	<u>5,782</u>
April 30, 1996	<u>5,765</u>	<u>446</u>	<u>82</u>	<u>6,293</u>

(c) Analysis of cost or valuation at April 30, 1997:

Group

At cost	6,965	39,904	13,777	60,646
At 1982 valuation	<u>13,178</u>	<u>-</u>	<u>-</u>	<u>13,178</u>

Company

At cost	3,347	20	247	3,614
At 1982 valuation	<u>3,392</u>	<u>-</u>	<u>-</u>	<u>3,392</u>

7. INVENTORIES

	1997	1996
	\$'000	\$'000
Raw materials and consumables	77,566	88,144
Work in progress	12,333	13,984
Finished goods	<u>84,589</u>	<u>85,681</u>
	<u>174,488</u>	<u>187,809</u>

8 RECEIVABLES

Group receivables are stated after provision for doubtful accounts of \$1,874,009 (1996 - \$834,985). \$2,538,329 (1996 - \$2,669,282) of group receivables are designated in foreign currencies.

9. PAYABLES AND PROVISIONS

Liabilities in foreign currencies at April 30, 1997 amounted to US\$554,851, £96,175, CAN\$510 and DM 1024 (1996 - US\$544,245, £79,774, CANS 11,638 and DM36,922).

10. PROPOSED DIVIDEND

No dividend is proposed for the year ended April 30, 1997.

11. LOANS AND OVERDRAFTS

		1997	1996	1997	1996
	Repayable during	\$'000	\$'000	\$'000	\$'000
		GROUP		COMPANY	
Mortgage loan	1992/99	625	875	-	-
Secured equipment loans	1991/99	<u>7,165</u>	<u>10,931</u>	<u>19</u>	<u>691</u>
		7,790	11,806	19	691
DUE AFTER ONE YEAR		<u>570</u>	<u>2,796</u>	<u>-</u>	<u>-</u>
		7,220	9,010	19	691

Loans and overdrafts of which \$56,328,176 (1996 \$56,341,475) in the group are secured

DUE WITHIN ONE YEAR	106,678	70,737	80,630	57,444
	<u>113,898</u>	<u>79,747</u>	<u>80,649</u>	<u>58,135</u>

JA\$17,542,947 (1996 - \$27,401,369) of short term loans from the National Commercial Bank Jamaica Ltd. and \$13,298,926 from CIBC Jamaica Ltd. are designated in US dollars. Interest on borrowings is payable at market rates. Where stated, loans and overdrafts are secured on certain assets of the group companies concerned.

12. SHARE CAPITAL	1997	1996
	\$'000	\$'000
(a) Authorised		
30,000,000 ordinary shares of 50¢ each	<u>15,000</u>	<u>15,000</u>
Issued and fully paid		
20,022,960 ordinary stock units of 50¢ each	<u>10,012</u>	<u>10,012</u>

(b) Share option scheme
Under the scheme, group employees including executive directors are granted options to subscribe under certain conditions for ordinary shares not exceeding in the aggregate 5% of the fully paid capital.

Options outstanding at April 30, 1997 to subscribe for ordinary shares are as follows:

Period exercisable	No. of shares	Price per share
May 1, 1997 - September 14, 1999	315,000	\$1.50
May 1, 1997 - November 25, 2002	240,000	\$5.73
February 1, 1998 - January 31, 2005	59,000	9.50

13. **CAPITAL RESERVES**

	Realised	Unrealised	Share Premium & Forfeited Shares	Total
(a) GROUP				
May 1, 1996	8,901	3,767	138	12,806
Gain on sale of fixed assets	3,357	-	-	3,357
April 30, 1997	12,258	3,767	138	16,163
(b) COMPANY				
May 1, 1996	1,448	-	138	1,586
Gain on sale of fixed assets	161	-	-	161
April 30, 1997	<u>1,609</u>	<u>-</u>	<u>138</u>	<u>1,747</u>

14. **PENSION SCHEME**

The company and its subsidiaries participate in a contributory pension scheme for employees, which is managed by an outside agency. Benefits under the plan are based on average earnings over the last five years of employment.

Contributions to the scheme are made by the group and employees based on a percentage of the employees' pensionable earnings. The group's contribution to the scheme charged to profit and loss account amounted to \$1,155,653 (1996 - \$845,908).

15. **CONTINGENCIES**

The parent company has guaranteed borrowings and financial commitments of certain subsidiaries amounting to \$2,520,447 at April 30, 1997 (1996 - \$8,360,162).
