Cable & Wireless Jamaica Limited 2000

(formerly Telecommunications of Jamaica Limited)

Notes to the Financial Statements

March 31, 2000

1. The company and its regulatory framework

The company is incorporated in Jamaica and its ordinary stock units are listed on the Jamaica Stock Exchange. The financial statements are presented in Jamaica dollars ($) which is the functional currency of the group and the company.

The company is a 79% subsidiary of Cable and Wireless (CALA Investments) Limited, incorporated in the Cayman Islands, and the ultimate parent company is Cable and Wireless plc., incorporated in England. Another subsidiary of Cable and Wireless plc. holds an additional 3% of the issued ordinary stock units of the company. Cable and Wireless group companies are referred to in these financial statements as "related companies".

The principal activity of the group and the company is the provision of domestic and international telecommunications services under various operating licences granted to the company on March 14, 2000, under a new Telecommunications Act (the Act) which was passed in February 2000 by Parliament and came into effect on March 1, 2000. The key regulatory features of the Act are that there will be a three year transition to full competition initially extended to mobile telecommunications services, and thereafter to domestic and international facilities.

The operating licenses, all of which extend to March 14, 2015, are:

Carrier (Cable & Wireless Jamaica Limited) Licence; Service Provider (Cable & Wireless Jamaica Limited) Licence; Spectrum (Cable & Wireless Jamaica Limited) Licence; Domestic Mobile Carrier (Cable & Wireless Jamaica Limited) Licence; Domestic Mobile Service Provider (Cable & Wireless Jamaica Limited) Licence; Domestic Mobile Spectrum (Cable & Wireless Jamaica Limited) Licence; Free Trade Zone Carrier (Jamaica Digiport International Limited) Licence; and Free Trade Zone Service Provider (Jamaica Digiport International Limited) Licence.

In accordance with the Act, one year after March 1, 2000, the company will no longer operate under its present scheme of control (which provides for a return on specified capital employed of 17.5%-20%). Instead, rates will be subject to a "price-cap" methodology under the new regime. The directors and management will review the appropriateness of the company's accounting policies following the introduction of the price-cap methodology and anticipate that any necessary changes in accounting policies will be effected in the period commencing April 1, 2001.

At March 31, 2000, the company's employees aggregated 3,304 (1999: 3,750).

Comparatives for 1999 have been reclassified and restated to conform with 2000 presentation.

2. Significant accounting policies

(a) Statement of compliance:

The company's accounting policies are in accordance with the regulations of the Federal Communications Commission of the United States of America insofar as these regulations allow compliance with the Companies Act and the licences that constitute its scheme of control (note 1).

(b) Basis of preparation:

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

(c) Basis of consolidation:

The group financial statements include the financial statements of the company and its wholly-owned subsidiaries - The Jamaica Telephone Company Limited, Jamaica International Telecommunications Limited and Jamaica Digiport International Limited, all of which are incorporated in Jamaica - made up to March 31, 2000. The company and its subsidiaries are collectively referred to as the "group".

(d) Operating revenue:

Operating revenue represents amounts, excluding general consumption tax, for the provision of domestic and international telecommunications services less outpayments. Estimates are included to provide for that portion of revenue which connecting carriers have not yet reported.

(e) Use of estimates:

To prepare the financial statements in conformity with generally accepted accounting principles, management makes and applies several estimates and assumptions relating to the reporting of assets and liabilities.

(f) Fixed assets and depreciation:

The substantial part of plant and equipment is revalued annually on the replacement cost basis, using relevant industry indices or other independent bases for equipment purchased abroad (adjusted where applicable for movements of the Jamaica dollar), and indices for local costs, taking into consideration modem equivalent units where applicable.

Buildings are revalued annually on the replacement cost basis by independent, professional valuers.

Additions to plant and equipment include direct labour, materials and an appropriate charge for overheads. An allowance for funds used during construction is capitalised, based on the average cost of funds.

Depreciation expense is calculated on a straight line basis on the cost or valuation of plant in service at the following rates:

Buildings	2.0% and 2.5%
Conduits, equipment and plant	2.0% to 22.5%
Vehicles	20.0% and 22.5%

Leased assets are depreciated over the shorter of the lease period and the estimated useful lives of the assets [note 2 (m)].

(g) Interest in subsidiaries:

The company's investment in its subsidiaries has been revalued to reflect the underlying net assets of the subsidiaries. The net surplus arising on revaluation has been credited to capital reserve in the financial statements of the company.

(h) Deferred expenditure:

Deferred expenditure is written off over the expected period of benefit.

(i) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances including short-term deposits with maturities ranging between one and twelve months from balance sheet date. For the purpose of the statement of cash flows, bank overdrafts are presented as financing activities.

(j) Accounts receivable:

Trade and other receivables are stated at their cost less estimated losses on realisation.

(k) Inventories:

Inventories represent materials and supplies, including construction material, and are valued at the lower of cost, determined on the weighted average basis, and estimated realisable value.

(l) Accounts payable:

Trade and other payables, including provisions, are stated at their cost.

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Leases:

Assets held under leases transferring substantially all the risks and rewards incident to ownership (finance leases) are capitalised at the present value of the total minimum lease payments and are depreciated over the shorter of the lease periods and their estimated useful lives [note 2(f)]. Lease payments are apportioned between interest (included in the profit and loss account) and principal, to produce a constant periodic rate of interest on the outstanding lease obligations.

All other leases are treated as operating leases, with the entire lease payments included in the profit and loss account.

(n) Foreign currencies:

Foreign currency balances at the balance sheet date, with the exception of investments which are stated at historical rates, are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies have been converted at the rates of exchange ruling at the dates of those transactions.

To the extent that the net movement on the revaluation of fixed assets is attributable to changes in the rate of exchange during the year or where foreign liabilities, incurred for the purchase of fixed assets, are matched in whole or in part by foreign currency assets, the net translation gains and losses are transferred to capital reserve; otherwise they are included in the profit and loss account.

(o) Deferred taxation:

Provision is made for deferred taxation arising from timing differences between profit, as computed for taxation purposes, and profit, as stated in the financial statements, at current tax rates.

(p) Pension costs:

The company operates pension plans (note 18), the assets of which are held separately from those of the company. Contributions to fund past and future benefits are charged to the profit and loss account as and when these are incurred.

(q) Fair value of financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable, related party balances and trade investments; financial liabilities include accounts payable, loans and obligations under finance leases.

3. Net financial costs

These comprise:

	2000	1999
	$'000	$'000
Interest expenses:		
Fixed loans	643,568	1,063,836
Obligations under finance leases	162	9,120
Other	4,223	218
Foreign exchange losses	19,841	5,809
	667,794	1,078,983

Less: Interest income	(216,344)	(251,627)
Allowance for funds used during construction	(128,883)	(84,339)
	322,567	**743,017**

In 1999, interest expenses (fixed loans) included $438,524,000 arising on the accrual of additional liabilities relating to certain of the company's international borrowings.

4. Disclosure of expenses/(income) and related party transactions

(a) Profit before taxation is stated after charging/(crediting) the following:

	2000 $'000	1999 $'000
Directors' emoluments:		
Fees	793	433
Management remuneration	7,907	7,353
Auditors'remuneration	10,957	9,500
Redundancy expenses	491,612	225,234
Depreciation	3,412,055	3,038,273
Investment income, including - interest income	**(221,915)**	**(252,829)**

(b) The group has various ongoing transactions with related companies. These include the provision of, and compensation for, international telecommunications services, financing and insurance arrangements, technical support, professional services, and software use. These transactions comprised approximately 2.02% (1999: 1.27%) of revenues and 4.65% (1999: 5.02%) of expenses.

All the above transactions were entered into in the ordinary course of business.

5. Taxation

Taxation, based on the profit for the year adjusted for taxation purposes, is made up as follows:

	2000	1999

	$'000	$'000
Income tax @ 33 1/3%	1,800,149	1,874,256
Less: Tax credit arising in respect of the proposed bonus share issue (note 16)	(454,744)	(421,389)
	1,345,405	1,452,867
Deferred taxation	372,764	340,644
	1,718,169	**1,793,511**

(a) The effective tax rate for 2000, before bonus tax credit but including deferred taxation, is 39.6% (1999: 42.0%) of profit before taxation, compared to a statutory rate of 33 1/3% (1999: 33 1/3%). The effective tax rate differs from the statutory rate primarily because incremental depreciation arising on the revalued portion of fixed assets is not allowed for tax purposes.

The company's wholly-owned subsidiary, Jamaica Digiport International Limited (JDI), operates in the Montego Bay Free Zone as an approved operator under the Jamaica Export Free Zones Act, with consequent indefinite relief of income tax from its profits on free zone activities. At this time, the tax-exempt status of JDI is not material to the effective tax rate of the group.

(b) The income tax regime in Jamaica operates under a self-assessment system. Consequently, tax credits claimed in respect of the bonus share issues are subject to the agreement of the Commissioner of Income Tax.

(c) Deferred taxation arises materially on account of timing differences between depreciation charges, on historic cost basis for financial statement purposes, and capital allowances for tax purposes.

6. Dividends

	2000 $'000	1999 $'000
Proposed out of unfranked income, gross:		
Interim @ 4¢ (1999: 40) per stock unit	438,245	370,823
Final @ 11¢ (1999: 110) per stock unit	1,406,036	1,205,174
	1,844,281	1,575,997

The final proposed dividends in both years are based on the increased share capital consequent on the proposed issues of bonus stock units in each year (note 16).

7. Earnings per stock unit

The calculation of earnings per stock unit is based on the profit attributable to stockholders of $3,764,311,000 (1999: $3,475,577,000) and the 10,956,123,927 issued and fully paid ordinary stock units at March 31, 2000. The comparative in respect of 1999 has been adjusted for the 2:11 bonus issue effected during the year [note 16(a)].

8. Fixed assets

	The Group		The Company	
	2000	1999	2000	1999
	$'000	$'000	$'000	$'000
Land, buildings, conduits, equipment and vehicles:				
At historic cost	5,144,350	4,477,494	5,120,002	4,477,494
At valuation	6,351,710	5,914,650	6,314,865	5,914,650
Plant in service:				
At historic cost	237,063	-	-	-
At valuation	53,025,900	48,811,085	53,025,900	48,811,085
Plant held for future use:				
At valuation	137,944	319,435	137,944	319,435
Leased assets, at cost	-	49,807	-	49,807
	64,896,967	59,572,471	64,598,711	59,572,471
Less: Accumulated depreciation	(31,110,032)	(27,918,208)	(31,007,698)	(27,918,208)
	33,786,935	31,654,263	33,591,013	31,654,263
Plant under construction	6,041,671	4,404,985	6,041,671	4,404,985
Net book value	**39,828,606**	**36,059,248**	**39,632,684**	**36,059,248**
Depreciation charge in the profit and loss account:				
Buildings, conduits, equipment and vehicles	339,851	280,968	335,332	280,968
Plant in service	3,050,170	2,728,769	3,038,665	2,728,769
Plant held for future use	7,067	8,755	7,067	8,755
Leased assets	14,967	19,781	14,967	19,781
	3,412,055	3,038,273	3,396,031	3,038,273

Land, buildings, conduits, equipment and vehicles for the group and the company include land aggregating $209,133,000 (1999: $210,332,000) at historic cost and $Nil (1999: $7,566,000) at valuation.

The net movements arising on the revaluation of fixed assets are dealt with through capital reserve (note 17).

9. Investments

	The Group and the Company	
	2000	1999
	$'000	$'000
Investment in associated company:		
Shares, at cost	-	5,500
Share of capital reserves	-	58,656
Share of accumulated deficit	-	(5,500)
	-	58,656
At cost:		
Mortgage debentures	100	100
National Housing Trust	1,988	1,988
Trade investments	143,206	136,556
	145,294	**197,300**

(a) In the prior year, the company's 30% interest in its associated company, Jamaica Digiport International Limited (JDI), was accounted for using the equity method on the basis of that company's last available audited financial statements made up to March 31, 1998. On April 29, 1999, consequent on the company acquiring the remaining 70% of the issued ordinary shares of JDI, which made it a wholly-owned subsidiary of Cable & Wireless Jamaica Limited, JDI has been accounted for as a wholly-owned subsidiary [notes 2(c) and (g)].

(b) National Housing Trust contributions, made up to July 31, 1979, are refundable in the years 2001 to 2004.

(c) At March 31, 2000, the group's trade investments had an aggregate estimated value of approximately US$5,300,000 (1999: US$5,400,000).

10. Deferred expenditure

	The Group and the Company	
	2000	1999
	$'000	$'000
(a) Deferred General Consumption Tax (GCT)	419,345	423,494
(b) Deferred customer acquisition and directory costs	332,524	33,935
(c) Other deferred expenses	153,145	-
	905,014	457,429
Less: Current portion	(597,697)	(327,687)
	307,317	**129,742**

(a) Deferred GCT comprises input tax on fixed asset acquisitions and is recoverable over a twenty-four month period by way of offset against output tax.

(b) Deferred customer acquisition and directory costs are written off as the revenue to which they relate is earned, estimated at between 12 and 18 months depending on the nature of expense.

(c) Other deferred expenses represent expenditure incurred by the company in connection with its heads of agreement with the Government of Jamaica leading to the establishment of a new regulatory regime (note 1). These expenses are to be amortised over the three year period of transition to full competition commencing April 1, 2000.

11. Accounts receivable

	The Group		The Company	
	2000	1999	2000	1999
	$'000	$'000	$'000	$'000
Trade receivables	2,274,585	2,278,949	2,238,332	2,278,949
Other receivables	210,331	273,709	201,340	273,709
	2,484,916	2,552,658	2,439,672	2,552,658

12. Accounts payable

	The Group		The Company	
	2000	1999	2000	1999
	$'000	$'000	$'000	$'000
Trade payables	2,422,359	1,421,581	2,346,801	1,421,581
Provisions	406,559	465,298	397,796	465,298
	2,828,918	**1,886,879**	**2,744,597**	**1,886,879**

13. Due to subsidiaries

This represents interest-free long-term loans due to subsidiaries for which no fixed repayment terms have been determined.

14. Loans

	The Group and the Company	
	2000	1999
	$'000	$'000
Guaranteed by Government of Jamaica:		
Export Development Corporation interest free loan repayable 1999/2038 (US$7,045,000)	296,844	276,652
Guaranteed by Cable and Wireless plc:		
ABN Amro, Bank NV 9 7/8% loan repayable 1992/2002 (Euro 4,585,000)	185,687	327,077
Bank of Nova Scotia -Puerto Rico LIBOR + 5/8% loan repayable 1992/2002 (US$6,294,000)	265,193	321,195
Bank of Nova Scotia - Puerto Rico LIBOR + 5/8% loan repayable 1992/2002 (US$2,400,000)	101,129	146,110
Bank of Nova Scotia - Puerto Rico LIBOR + 5/8% loan repayable 1994/2003 (US$2,539,000)	106,997	114,830

Bank of Nova Scotia - Grand Cayman		
6 7/16% loan repayable 1993/2002		
(US$15,000,000)	632,059	765,536
Bank of Nova Scotia - Puerto Rico		
LIBOR +3/4% loan repayable 1996/2005		
(US$29,656,000)	1,249,639	1,334,190
Bank of Nova Scotia - Puerto Rico		
LIBOR +3/4% loan repayable 1996/2006		
(US$3,000,000)	126,412	133,969
Bank of Nova Scotia - Puerto Rico		
LIBOR + 5/8% loan repayable 1995/2003		
(US$15,547,000)	655,096	714,693
ING Bank		
EURIBOR + 5/8% loan repayable 1996/2006		
(Euro 15,798,000)	639,729	791,763
European Investment Bank		
3% loan repayable 1996/2006		
(US$35,527,000)	1,497,024	1,554,138
	5,458,965	6,203,501

	The Group and the Company	
	2000	1999
	$'000	$'000
Unsecured.-		
Government of Jamaica		
10% loan repayable 1995/2007	289,339	330,673
Citibank		
LIBOR + 1 1/2% loan repayable 1996/2001		
(US$15,625,000)	658,395	757,562
Barclays Bank - Grand Cayman		
LIBOR +3/4% loan repayable 1999		
(US$Nil)	-	574,152
Bank of Nova Scotia - Puerto Rico		

LIBOR + 2 1/4% loan repayable 1996/2003 (US$14,265,000)	601,081	682,715
Government of Jamaica		
2.5% loan repayable 1993/2001 (Euro206,000)	8,342	17,074
	1,557,157	2,362,176
Total loans outstanding	7,312,966	8,842,329
Less: Current portion	(1,594,783)	(2,076,931)
	5,718,183	**6,765,398**

(a) Bank of Nova Scotia - Puerto Rico loans, on which interest is based on a margin above LIBOR, may instead attract interest at the cost of '936' funds subject to the availability of such funds and the continued qualification of these loans for '936' funding. The cost of '936' funds at March 31, 2000, was 5 V2% (1999: 5 1/15%).

(b) LIBOR is used to abbreviate the London Interbank Offer Rate which, at March 31, 2000, was 6.28% (1999: 5%).

(c) EURIBOR is used to abbreviate the European Interbank Offer Rate which, at March 31, 2000, was 3.83%. In 1999, the relevant rate was the Amsterdam Interbank Offer Rate (AIBOR), which stood at 2.97% at March 31, 1999.

(d) Interest rates shown are net rates payable to the lenders.

15. Obligations under finance leases

The group had finance lease arrangements for motor vehicles and office equipment. All such lease commitments were settled during the year.

16. Share capital

	The Group and the Company	
	2000	1999
	$'000	$'000
Authorised:		
11,300,000,000 (1999: 9,600,000,000) ordinary shares of $1 each	11,300,000	9,600,000

Issued and fully paid: 10,956,123,927 (1999: 9,270,566,400) ordinary stock units of $1 each	10,956,124	9,270,566

(a) At the 1999 annual general meeting, the directors recommended and the stockholders approved:

. An increase of $1,700,000,000 in the authorised share capital by the creation of 1,700,000,000 ordinary shares of $1 each, such shares to rank pari passu in all respects with the existing ordinary stock units of the company;

. The capitalisation of the sum of $1,685,557,527; fully out of the profits of the company for the year ended March 31, 1999, to be capitalised and applied in paying up in full 1,685,557,527 unissued shares of the company; to be allotted, as fully paid up shares (to be converted into stock units at the time of issue) of the company, to members of the company in the ratio of two (2) shares for every eleven (11) units held on the date of closure of the register of members on November 3, 1999.

(b) The directors have recommended, for the approval of stockholders, at the 2000 annual general meeting:

. An increase of $1,800,000,000 in the authorised share capital by the creation of 1,800,000,000 ordinary shares of $1 each, such shares to rank pari passu in all respects with the existing ordinary stock units of the company;

The capitalisation of the sum of $1,826,020,655; fully out of the profits of the company for the year ended March 31, 2000, to be capitalised and applied in paying up in full 1,826,020,655 unissued shares of the company; to be allotted, as fully paid up shares (to be converted into stock units at the time of issue) of the company, to members of the company in the ratio of one (1) share for every six (6) units held on the date of closure of the register of members.

17. Capital reserve

(a) The transfer from retained earnings represents capital gains arising during the year on disposal of investments. At March 31, 2000, such gains, available for distribution to stockholders subject to deduction of transfer tax @ 7 1/2%, aggregated $205,642,000

(1999: $200,071,000) for the group and $61,482,000 (1999: $55,911,000) for the company.

(b) The transfer to retained earnings represents the additional depreciation charge arising from the cumulative effects of revaluation of fixed assets.

(c) The capital reserve of the group includes realised revaluation reserves of subsidiaries aggregating $3,167,769,000 (1999: $3,167,769,000) available for distribution to stockholders subject to the deduction of transfer tax @ 7 1/2%.

18. Pension plans

The group operates pension plans in respect of various classes of its employees. The main pension plan (the plan), which is a defined benefit plan, is administered by Life of Jamaica Limited, which is also the primary investment manager. Investment management services in respect of defined portions of plan assets are also provided by Prime Life Assurance Company Limited and the company's own treasury.

Additionally, the trustees of the plan have arrived at a preliminary agreement with The Jamaica Mutual Life Assurance Society (JMLAS), a life assurance organisation in receipt of financial assistance from the Government of Jamaica, in respect of the recovery of certain of the plan's assets for which JMLAS previously provided investment management services. JMLAS's services as investment manager have been terminated. As at March 31, 2000, partial settlement in cash had been received with additional amounts due partly in cash and partly in property. Agreement in respect of property receivable in settlement is subject to the recommendations of an independent valuation.

The plan requires employee contributions of 5.5% of pensionable earnings and employer contributions determined actuarially as a percentage of employees' pensionable earnings. Annual pension at normal retirement age is based on 2% of the final 5 years' average pensionable earnings for each year of service.

The plan is subject to triennial actuarial valuations, with interim annual valuations as required by the trustees. The latest actuarial valuation, conducted as at December 31, 1998, using the Projected Unit Credit method indicates that the plan was solvent as at that date. Having regard to the actuaries' recommendations in respect of future employers' contribution rates, the company, with the agreement of the trustees, reduced its contribution rate from 13% to 10% of pensionable earnings effective November 1, 1999.

Pension contributions during the year for the group aggregated $275,120,000 (1999: $293,293,000).

19. Commitments and contingencies

(a) Capital commitments:

At March 31, 2000, commitments for capital expenditure, for which no provision has been made in these financial statements, amounted to approximately:

	The Group and the Company	
	2000	1999
	$'000	$'000
Commitments in respect of contracts placed	633,507	801,427
Amounts authorised in addition to contractual commitments	1,213,982	-
	1,847,489	801,427

(b) Lease commitments:

Unexpired commitments under operating leases are payable as follows:

	The Group		The Company	
	2000	1999	2000	1999
	$'000	$'000	$'000	$'000
Within 1 year	172,853	410,318	158,393	410,318
From 1 - 2 years	63,024	78,796	58,576	78,796
	235,877	489,114	216,969	489,114

(c) Millennium (year 2000) issue:

The millennium or year 2000 issue potentially arises because many companies' computerised systems use two digits rather than four to identify a year. Date-sensitive systems may recognise the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the date change has occurred, it is not possible to conclude that all aspects of the year 2000 issue that may affect the group and the company, particularly in relation to the efforts of customers, suppliers, or other third parties, have been fully resolved.

20. Financial instruments

Exposure to credit, interest rate and currency risk arises in the ordinary course of the company's business. Derivative financial instruments are not presently used to reduce exposure to fluctuations in interest and foreign exchange rates.

(a) Credit risk:
For certain customers, the group requires cash deposits in respect of financial assets, materially trade receivables. These cash deposits generally cover significant credit risk related to such customers. Additionally, management has a credit policy in place to minimise exposure to credit risk generally. This involves procedures for the disconnection of services to, and recovery of amounts owed by, defaulting customers.

The group considers that it has concentration of credit risk with one international connecting carrier, which individually exceeds 10% of gross operating revenue. At March 31, 2000, amounts receivable from this carrier aggregated $734,138,000. This represents 32% of trade receivables and 30% of total accounts receivable.

(b) Interest rate risk:

At March 31, 2000, the interest rate profile of the financial liabilities of the group was as follows:

Currency	Fixed rate financial liabilities $'000s	Floating rate financial liabilities $'000s	Financial liabilities on which no interest is paid $'000s	Total $'000s	Weighted average interest rate %	Weighted average period for which rate is applicable Months
UK£	-	-	350,978	350,978		
US$	2,787,592	3,763,942	3,137,027	9,688,561	6.89	133
Euro	194,029	639,729	-	833,758	5.72	114
Jamaica $	411,007	-	3,222,135	3,633,142	10.00	

3,392,628	4,403,671	6,359,162	14,155,461

Floating rate financial liabilities mainly comprise bank borrowings bearing interest at rates fixed in advance for periods ranging from three months by reference to LIBOR for US dollar (US$) borrowings and EURIBOR in the case of Euro borrowings (note 14). Bank overdrafts are unsecured and subject to fixed interest rates which may be varied by appropriate notice by the lender. Financial liabilities on which no interest is paid comprise a loan from Export Development Corporation and accounts payable [note 2(n)].

The maturity profiles of the company's fixed loan financial liabilities, are disclosed in note 14.
There are no material long term floating rate financial assets. Surplus cash is invested in UK pound sterling (UK£), US dollar (US$) and Jamaica dollar (S) money market deposits for short periods ranging between one and twelve months.

(c) Foreign currency risk:

The group incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Jamaica dollar.

The table below shows the group's foreign currency exposure at March 31, 2000 being exposures on foreign currency transactions that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the monetary assets and liabilities of the company that are not denominated in the functional currency of the company.

Net foreign currency monetary assets/(liabilities)

	UK£ $'000	US$ $'000	Euro $'000	Total $'000
UK£	(161,099)	-	-	(161,099)
US$	-	7,934,002	-	(7,934,002)
Euro	-	-	(833,758)	(833,758)

(161,099)	**(7,934,002)**	**(833,758)**	**(8,928,859)**

Exchange rates in terms of Jamaica dollars were as follows:

	UK£	US$	Euro
At March 31, 2000	66.65	42.14	40.50
At May 5, 2000	64.18	42.18	37.57

In accordance with accounting policies applied consistently, exchange gains and losses are recognised in the profit and loss account or transferred to capital reserves when incurred [see note 2 (n)].

(d) Borrowing facilities:

At March 31, 2000, there were no undrawn committed facilities available.

(e) Fair values:

The estimated fair value of the group's financial instruments are summarised below:

	2000 Carrying Amount $'000	Estimated fair value $'000	1999 Carrying amount $'000	Estimated fair value $'000
Primary financial instruments held				

or issued to finance
the company's operations:

Trade investments	143,206	221,183	136,556	204,607
Cash	203,409	203,409	121,893	121,893
Short term deposits	1,698,531	1,698,531	2,022,278	2,022,278
Accounts receivable	2,484,916	2,484,916	2,552,658	2,552,658
Accounts payable	(2,828,918)	(2,828,918)	(1,886,879)	(1,886,879)
Due from related companies	79,955	79,955	70,441	70,441
Due to related companies	(1,346,944)	(1,346,944)	(142,494)	(142,494)
Loans and obligations under finance leases due within one year	(1,594,783)	(1,594,783)	(2,076,931)	(2,076,931)
Other loans and obligations under finance leases due after more than one year	(5,718,183)	(5,718,183)	(6,765,398)	(6,765,398)
	(6,878,811)	**(6,800,834)**	**(5,967,876)**	**(5,899,825)**

The estimated fair value of trade investments has been determined using available market information and appropriate valuation methodologies applied consistently [note 9 (c)].

The cost reflected in the financial statements for cash and cash equivalents, accounts receivable, other financial assets and other financial liabilities are assumed to approximate to their fair values. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.