

# CARIBBEAN METAL PRODUCTS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2002

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### 1 GROUP 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.

### 2 SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention, principles and standards

The group accounts have been prepared in accordance with and comply with Jamaican accounting standards and have been prepared under the historical cost convention except that substantially all freehold land and buildings were revalued in 1999.

(b) Consolidation

The group accounts incorporate the accounts of the parent company and all its subsidiaries with financial years ended April 30, 2002. All intra-group transactions, unrealized profits and balances have been eliminated.

The subsidiaries consolidated are as follows:

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

(c) Use of estimates

The preparation of financial statements in conformity with Jamaican generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) Foreign currency translation

Balances in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Transactions during the year are translated at the exchange rates prevailing at the date of the transactions. Gains or losses on translation are dealt with in the profit and loss account.

Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

(e) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets, other than freehold land, on the straight line basis over the period of their expected 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) Fair value of financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables and borrowing facilities.

The fair values of the company's financial statements are discussed in Note 14.

(g) Income

Income is recognized as it accrues unless collectability is in doubt. Income excludes General Consumption Tax.

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<b>3 PROFIT/ (LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM</b>	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
This is stated after charging/crediting) the following:		
Depreciation	4,948	8,796
Emoluments of directors of the parent company:		
Fees	162	504
Management remuneration	-	3,453
Auditors' remuneration	393	520
Foreign exchange loss	568	549
Interest received	(560)	(7)

<b>4 EXCEPTIONAL ITEM</b>	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
Redundancy payments	-	27,811
Loss on disposal of subsidiary	4,941	41,080
	4,941	68,891
	=====	=====

#### **5 TAXATION**

No taxation is charged in these financial statements as the group suffered a tax loss for the year. Subject to agreement with the Commissioner of Taxpayer Audit and Assessment, losses of approximately \$223,465,907 (2001 - \$264,101,511) are available for set off against future profits.

#### **6 EARNINGS PER ORDINARY STOCK UNIT**

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

(a) The group profit after taxation and on 20,337,960 stock units in issue during the year.

**7 FIXED ASSETS**

<b>(a) GROUP</b>	<b>Land and buildings</b>	<b>Plant &amp; vehicles</b>	<b>Furniture, fixtures, computers and leasehold improvements</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At cost/valuation				
May 1, 2001	204,803	20	2,357	207,180
Additions	599	-	139	738
Disposals	(35,817)	-	-	(35,817)
April 30, 2002	<u>169,585</u>	<u>20</u>	<u>2,496</u>	<u>172,101</u>
Depreciation				
May 1, 2001	8,820	20	1,211	10,051
Charge for the year	4,483	-	465	4,948
Released on disposals	(2,070)	-	-	(2,070)
April 30, 2002	<u>11,233</u>	<u>20</u>	<u>1,676</u>	<u>12,929</u>
Net book value				
April 30, 2002	158,352	-	820	159,172
April 30, 2001	<u>195,983</u>	<u>-</u>	<u>1,146</u>	<u>197,129</u>
<b>(b) COMPANY</b>				
At cost/valuation				
May 1, 2001	79,750	20	2,356	82,126
Additions	-	-	139	139
April 30, 2002	<u>79,750</u>	<u>20</u>	<u>2,495</u>	<u>82,265</u>
Depreciation				
May 1, 2001	3,935	20	1,211	5,166
Charge for the year	1,967	-	465	2,432
April 30, 2002	<u>5,902</u>	<u>20</u>	<u>1,676</u>	<u>7,598</u>
Net book value				
April 30, 2002	73,848	-	819	74,667
April 30, 2001	<u>75,815</u>	<u>-</u>	<u>1,146</u>	<u>76,961</u>

**(c) Analysis of cost/valuation at April 30, 2002:**

Group				
At cost	15,928	20	2,496	18,444
At 1999 valuation	153,657	-	-	153,657
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Company				
At cost	5,486	20	2,495	8,001
At 1999 valuation	74,264	-	-	74,264
=====				

**8 RECEIVABLES**

Group receivables are stated after provision for doubtful accounts of \$nil (2000 - nil).

**9 SHARE CAPITAL**

	2002	2001
	\$'000	\$'000
(a) Authorised		
30,000,000 ordinary shares of 50c each	15,000	15,000
Issued and fully paid	=====	=====
20,337,960 ordinary stock units of 50c each	10,169	10,169
	=====	=====

**10 CAPITAL RESERVES**

	Realised	Unrealised	Share Premium & Forfeited Shares	Total
	\$'000	\$'000	\$'000	\$'000
<b>(a) GROUP</b>				
May 1, 2001	88,873	197,355	453	286,681
Loss on sale of fixed assets	(17,226)	-	-	(17,226)
April 30, 2002	71,647	197,355	453	269,455
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<b>(b) COMPANY</b>				
May 1, 2001	1,609	75,529	453	77,591
April 30, 2002	1,609	75,529	453	77,591
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**11 LONG TERM LIABILITY**

This represents outstanding management fees converted to a loan. The loan is interest free and there are no fixed terms of repayment.

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**12 LOANS AND OVERDRAFTS**

		2002	2001	2002	2001
	Repayable during	\$'000	GROUP \$'000	COMPANY \$'000	\$'000
Secured equipment loans	1991/01	-	2,576	-	-
Secured Bank Loan	1999/02	-	21,500	-	21,500
		-	24,076	-	21,500
DUE AFTER ONE YEAR		-	-	-	-
		-	24,076	-	21,500
Loans and overdrafts of which \$38,999,339 (2001 - \$21,250,073) in the group are secured					
DUE WITHIN ONE YEAR		38,999	21,250	10,666	8,981
		38,999	45,326	10,666	30,481
		=====	=====	=====	=====

J\$7,015,526 (2001 - J\$6,077,269) of short term loans from Caribbean Basin Investors Limited, 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.

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**13 CONTINGENCIES**

The parent company has guaranteed borrowings and financial commitments of certain subsidiaries amounting to \$28,333,333 at April 30, 2002 (2001 - \$12,268,499).

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#### **14 FINANCIAL INSTRUMENTS**

(a) Currency risk -

The net foreign currency exposure at 30 April 2002 are as follows:  
assets/(liabilities).

	<b>2002</b>	<b>2001</b>
United States \$	\$	\$
Cash	-	1,107
Other balances	-	(81,306)
-	-	(80,199)
	=====	=====
	<b>2002</b>	<b>2001</b>
Pound Sterling £	£	£
Cash	-	18
Other balances	-	-
	-	18
	=====	=====

(b) Credit risk

The company has no significant concentration of credit risk. Cash at bank is placed with substantial financial institutions.

(c) Fair values

The amounts included in the financial statements for cash and bank balances, receivables and payables reflect their approximate fair values because of the short-term maturity of these instruments.