

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS

The principle that revenues and costs are matched with one another, irrespective of the period of receipt or payment.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

BASIC EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by the weighted average number of shares in issue.

BORROWINGS

All interest bearing liabilities.

CAPITAL EMPLOYED

Total assets less interest free liabilities, deferred income and provisions.

CAPITAL RESERVES

Reserves identified for specific purposes. These reserves cannot be distributed to shareholders in the form of dividends. It consists of Revaluation Reserve arising from the revaluation of properties owned by the Company.

CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less.

CONTINGENT LIABILITIES

A condition or situation at the Balance Sheet date of which the financial effect will be determined only on the occurrence, or non-occurrence of one or more uncertain future events.

CURRENT RATIO

Current assets divided by current liabilities.

DEFERRED TAXATION

The net effect on items which have been included in the Income Statements, which would only qualify for inclusion on a tax return at a further date.

DIVIDEND COVER

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND YIELD

Gross dividend per share as a percentage of the market price. A measure of return on investment.

EFFECTIVE RATE OF TAX

Provision for tax excluding deferred tax, divided by net profit before tax.

EQUITY

Shareholders' funds.

EXCHANGE GAIN/LOSS

The increase/decrease in value of foreign currency denominated assets and liabilities when converted to or realised in local currency during the year.

GEARING

Borrowings to capital employed.

GENERAL RESERVE

Reserves available for distributions and investment.

GROSS DIVIDEND

The portion of profit including tax withheld, distributed to shareholders.

GROSS PROFIT RATIO

The percentage of gross profit to net turnover.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

INTEREST COVER

Profit before taxation plus financing cost divided by financing cost.

KEY PERFORMANCE INDICATORS (KPI)

Are quantifiable measurement, agreed to before hand that reflect the critical success factors of a company.

MARKET CAPITALISATION

The number of ordinary shares issued multiplied by the market price of each share at a given date. This is also known as the market value of a company.

MATERIALITY

The principle that Financial Statement should separately disclose items which are significant enough to effect evaluation or decision of users.

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NET ASSETS PER SHARE

Shareholders' funds divided by the weighted average number of ordinary shares in issue.

PRICE EARNING RATIO

Market price of a share divided by earnings per share as reported at that date.

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON AVERAGE CAPITAL EMPLOYED

Profit before tax plus net interest cost divided by average capital employed.

REVENUE RESERVES

Reserves available for distribution to shareholders and investments.

RIGHTS ISSUE

The raising of new capital by granting existing shareholders the right to subscribe to new shares in proportion to their current holdings. These shares are normally issued at a discount on their market price.

SEGMENT

A Business unit that is a distinguishable component of the Group and engaged in similar operations.

SHARE CAPITAL

Consists of issue and paid up ordinary shares.

SUBSTANCE OVER FORM

Whether the accounting treatment in the Financial Statements of transactions reflect the financial reality and substance, rather than the legal form of the transaction and event which underlies them.

STRATEGY

A course of action, including the specification of resources required, to achieve a specified objective.

TOTAL SHAREHOLDER RETURN

Represents the change in share value of a listed company over a period of time (typically 1 year), plus dividends, expressed as a percentage of the opening share value.

TREASURERSHIP

The function concerned with the provision and use of finance, it also includes provision of capital, short-term borrowings, foreign currency management, banking, collections and money market investments.

TRIPLE BOTTOM LINE REPORTING

Is a framework for measuring and reporting corporate performance against Economic, Social and Environmental parameters.

TURNOVER PER EMPLOYEE

Consolidated turnover of the Company for the year divided by the number of employees at the year end.

VALUE ADDED

Value added is the wealth created by the operations of the Group. The value is distributed among the employees, shareholders, as financing cost, to the Government by way of taxes and the balance retained within the business.

WORKING CAPITAL

Capital required finance the day-to-day operations computed as the excess of current assets over current liabilities.