

Schedule 1
FORM ECSRC – K
ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001

For the financial year ended 30 September 2018

Issuer Registration number
SLH120119112KN

S. L. HORSFORD & COMPANY LIMITED

(Exact name of reporting issuer as specified in its charter)

ST. KITTS & NEVIS

(Territory of incorporation)

1 WEST INDEPENDENCE SQUARE BASSETERRE ST. KITTS

(Address of principal office)

REPORTING ISSUER'S:

Telephone number (including area code): 869-465-2616

Fax number: 869-465-1042

Email address: headoffice@horsfords.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes

No

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
ORDINARY SHARES	60296860

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

W. Anthony Kelsick



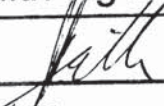
Signature

14 MARCH, 2019

Date

Name of Director:

Judith Ng'alla



Signature

14 March 2019

Date

Name of Chief Financial Officer:

R. Heather James


Signature

March 14, 2019
Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

In 1993 the Company opened a branch at Stoney Grove, Nevis, which sells building material, hardware, furniture and appliances, and vehicles. In 2005 this branch was incorporated to form a wholly owned subsidiary, S L Horsford Nevis Limited.

In 1994 Horsford's Valu Mart IGA, a full service supermarket was opened.

In 2000 the Company constructed a facility at its Commercial Complex at Wellington Road, and in January 2001 relocated the Lumber and Hardware Departments. The new facility, Horsford's Building Centre, offers a full range of building materials and builders hardware items in one location.

In October 2006 the Company restructured its departments and Subsidiaries. The shipping operations were transferred to S L Horsford Shipping Ltd (formerly S L Horsford Motors Ltd), and the Insurance Agency was combined with the Car Rentals operations in S L Horsford Finance Co Ltd.

In November 2011 Horsford's Commercial Complex at Long Point Road Nevis was completed and Horsford's Valu Mart IGA Nevis, a full service supermarket opened for business on 17 November 2011. In 2012 the Furniture and Appliance Department was re-located from Stoney Grove to the Complex.

In 2013 the company began a major energy-saving initiative including the installation of a solar plant at a cost of \$5,100,000. The company has experienced a 40% reduction in electricity costs from this investment.

In 2015 the furniture stores on West Independence Street, in St. Kitts were renovated. The eastern store was refitted to accommodate an Ashley Furniture Homestore. The western store, Horsford's Furniture and Appliance Showroom, retails appliances and all other furniture lines.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

Listing attached

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings.

4. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

The Annual General Meeting was held on 12 April 2018

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

At the Annual General Meeting (AGM) held on 12 April 2018 Messrs. Faron Lawrence and Terrence Crossman were re-elected directors; Ms. Natalie Kelsick who was appointed to the Board on 7 February 2017 was elected a director.

Other directors were Messrs Anthony Kelsick (Chairman & Managing Director), Mrs. Judith Ng'alla (Executive Director), Messrs Malcolm Kirwan, Mark Wilkin, Anthony Gonsalves and Victor Williams.

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

Other matters voted on at the AGM:

1. The audited financial statements for the year ended 30 September 2017 were unanimously accepted by the shareholders.
2. The meeting unanimously voted to pay a final dividend of \$0.045 cents per share to shareholders on record as at the 13 April 2018.
3. PKF, Chartered Accountants, were unanimously re-appointed auditors for the year ending 30 September 2018

- (d) A description of the terms of any settlement between the registrant and any other participant.

NOT APPLICABLE

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

NOT APPLICABLE

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

NOT APPLICABLE

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

1. General economic conditions and its effects on consumer disposable income and spending.
2. Competitive environment and entry of significant new competitors engaged in similar lines of business and their effects on market share, sales and margins.
3. Availability and cost of capital, particularly debt capital to finance ongoing working-capital needs.
4. Availability of labour, particularly in the area of skill management.

8. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

NOT APPLICABLE

- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

- Name and address of underwriter(s)

- Amount of expenses incurred in connection with the offer _____

- Net proceeds of the issue and a schedule of its use

- Payments to associated persons and the purpose for such payments

- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

There are no restrictions on working capital; however, the company must seek the consent of its bankers, Royal Bank of Canada, before paying a dividend.

9. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

There were no defaults; principal and interest were paid on their due dates.

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

There were no delinquencies. . Dividends were paid in a timely manner; there are no arrears. Final dividend for the year ended 30 September 2017 was paid in April 2018.

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The financial year ended 30 September 2018 was another good year for the Horsford's Group. Net income after tax was \$8,437,021 which was an increase of 5.03% over 2017. Basic earnings per share increased from \$0.13 in 2017 to \$0.14.

The ability of the to meet its short and long term financial responsibilities is reflected in the liquidity ratio of 1.4:1 which is an improvement over the 1.37:1 in 2017. The financial strength is also reflected in the fact that the Company paid off some of the long-term loans during 2018.

All financial obligations were met as they fell due. No adverse material changes are expected in 2019.

Management has projected the same level of earnings for 2018/19.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

2018 was another successful year for the group. Net income after taxation was 8,437,021 which was an increase of 5.03% over 2017.

There were no capital commitments at 30 September 2018. Additions to fixed assets were for replacements due to wear and tear in the normal course of business.

The group is financially strong with a liquidity ratio of 1.40:1, and a debt to equity ratio of 0.23:1. Cash flow generated is adequate to meet operational expenses and loan payments as they fall due. No material changes are expected in the mix of capital resources.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

NOT APPLICABLE

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls,

Overview of Results of Operations

2018 was another year of strong performance for the Group.

Income before taxation of \$14,378,813 was an increase of \$1,052,624 or 7.9 % versus 2017. Similarly, Income after taxation of \$8,437,021 was greater than 2017 by \$404,252 or 5.03%. Basic earnings per share for 2018 was \$0.14 versus \$0.13 for 2017. Total Comprehensive Income was \$8,499,262 versus \$12,078,477 for 2017.

Turnover or group sales for 2018 was \$160,083,660 versus \$148,982,834 for 2017, an increase of \$11,100,826 or 7.45 %. Our durable goods sector showed an increase of \$4,046,793 or 7.56 % and our Consumable goods sector by \$8,749,033 or 11.71 %. Our automotive sector was unchanged.

Gross profit increased by \$1,236,269 or 3.28 % to \$38,895,355, Other Income increased by \$123,591 to \$10,183,363 resulting in an increase in Total Income of \$1,359,860 or 2.85 % to \$49,078,718.

Expenses increased by \$1,766,924 or 4.91 % to \$37,775,510. Employment costs increased by \$505,873 or 2.72 %, Utilities by \$285,341 or 16.44 % due to rate increases, Advertising by \$356,306 or 13.45 %, and Depreciation by \$308,121 or 7.70 %.

Income before Results of Associated companies decreased by \$407,064 or 3.48 %, to \$11,303,208.

Share of Results of Associated Companies was \$3,075,605, an increase of \$1,459,688 or 90.33 %. This increase was due to a return to profitability by our joint venture company, St. Kitts Masonry Products Ltd. Carib continues to perform profitably.

Income tax Expense was \$5,941,792 which is an effective rate of 41.32 % versus the effective rate of 43.41 % in 2017.

The group's solvency continues to be strong with a debt to equity ratio of 0.23:1 and a debt to total assets ratio of 0.16:1.

The outlook for 2019 is for similar results as experienced in 2018 as the economy continues to perform satisfactorily.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

NONE

12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

- Audited Financial Statements for the year ended 30 September 2017
- Audited Financial Statements for the year ended 30 September 2016
- List of Officers and Managers
- List of Non-executive Directors
- List of fixed assets

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: LIST ATTACHED Position: _____

Mailing Address: _____

headoffice@horsfords.com

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: LIST ATTACHED Position: _____

Mailing Address: _____

headoffice@horsfords.com

Telephone No.: _____

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: ANTHONY E. GONSALVES Position: Non-Executive Director

Mailing Address: P.O. Box 449
Frigate Bay
St. Kitts

Telephone No.: (869) 465-6495

List jobs held during past five years (include names of employers and dates of employment).

Barrister-at-Law and Solicitor
Senior Partner in Law Firm of Gonsalves Parry

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

Legal Education Certificate of Merit - Sir Hugh Wooding Law School 1992-1994
LL.M. - University of Cambridge - 1987-1988
LL.B. - University of the West Indies - 1984-1987

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Faron T Lawrence Position: Non-executive Director

Mailing Address: P O Box 285
Frigate Bay
St. Kitts

Telephone No.: 466-4001

List jobs held during past five years (include names of employers and dates of employment).

Self Employed - SKN Homes, Owner and General Manager

Give brief description of **current** responsibilities

Plan, organize and direct all aspects of the business of SKN Homes , A real estate Development Company including:
Construction Administration
Housing project development

Education (degrees or other academic qualifications, schools attended, and dates):

BSc, Economics - Southern Connecticut State University, August 1995
MBA - Southern Connecticut State University, May 1995

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: MALCOLM C. KIRWAN Position: Non-Executive Director

Mailing Address: P. O. Box 302037
St. Thomas
Virgin Islands 00803

Telephone No.: (340) 693-1400

List jobs held during past five years (include names of employers and dates of employment).

Retired Vice President for Administration and Finance, University of the Virgin Island (1981-2006)

Managed the financial affairs of the University and provided programs and services to support and facilitate the administrative needs and requirements of the institution. Specific areas of responsibility included other budgeting and financial management, property and procurement, human resource management, risk management, and capital development. Together with the President, shares a joint responsibility with the Vice-Presidents for strategic planning to ensure the long-term viability of the University

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

M.B.A., Management and Finance. (1971) University of Connecticut, Storrs, CT
B.S., Business Administration, (1970), University of Connecticut, Storrs, CT
A.A., Accounting (1967), College of the Virgin Islands.

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: MARK A. WILKIN Position: Non-Executive Director

Mailing Address: Frigate Bay
P. O. Box 478
Basseterre, St. Kitts

Telephone No.: (869) 465-0418

List jobs held during past five years (include names of employers and dates of employment).

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED - Managing Director - 2003 to present.

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

M.B.A., University of Keele - England - September 1990
B.A., University of Western Ontario - Canada - 1988

Use additional sheets if necessary.

OFFICERS AND KEY PERSONNEL OF THE COMPANY

1)

A. EXECUTIVE OFFICERS

Name: **W ANTHONY KELSICK** Position: **Chairman & Managing Director**
Age: 67
Mailing Address: **P O Box 204**
Earle Morne
St Kitts
Telephone No.: **(869)465- 8422**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S L Horsford & Co Ltd
Managing Director

Education (degrees, schools, and dates):

B.A.	University of Western Ontario	1974
B.Comm.	University of Windsor	1975
C.A.	Canadian Institute of Chartered Accountants	1977

Also a Director of the Company Yes No
Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

Position: **Business Development Executive**

Name: **NATALIE KELSICK**

Age: 30

Mailing Address: #52 Calypso Bay

Frigate Bay

St. Kitts

Telephone No.: **(869) 662-4940**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

Business Development and Marketing Executive – 2017 to present

Responsible for overseeing the Marketing and Business Development activities of the Group.

S. L. Horsford & Co. Ltd.

Business Development Manager – January 2016 to 2017

Responsible for the overall business development of the group of companies.

CEO & Co-Founder – NC Digital Marketing – April 2012 – January 2016

Education (degrees, schools, and dates):

B. A. English Literature and Language – University of Western Ontario, London, Canada – 2011

Certificate in Professional and Technical Communication – University of Western Ontario, London, Canada – 2011

Ontario College Graduate Certificate in Marketing Management – Fanshawe College, London, Ontario, Canada – 2012

Also a Director of the Company Yes No

(3)

Position: **Marketing Manager**

Name: **VALENTINE MONISH** Age: 61

Mailing Address: **Mattingly Heights P O Box 530
St Kitts**

Telephone No.: **(869)465- 0664**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S L Horsford & Co Ltd

Marketing Manager

Overall responsibility for the development and implementation of marketing programs for the

entire company and Management of Automotive Division.

Education (degrees, schools, and dates):

2001 MBA - University of the West Indies, Cave Hill Campus - May

BA - Baruch College of City University of New York

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

(4)

Position: **Company Secretary/Treasurer**

Name: **JUDITH P NG'ALLA**

Age: **69**

Mailing Address: **P O Box 520 - Lower Harbour View
Bird Rock
Basseterre
St Kitts**

Telephone No.: **(869)465- 8066**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S L Horsford & Co Ltd

Company Secretary / Treasurer

Responsibilities include: The normal duties of Secretary of the Board of a Public Company. Management of Horsford's Group Bank Accounts/facilities and the supervision of S L Horsford's Credit Department's operations.

Education (degrees, schools, and dates):

Chartered Accountant (ACCA) - 1984

(FCCA) - 1994

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

(5)

Position: **General Manager, Building Centre**

Name: **RUPERT TYRELL**

Age: 64

Mailing Address: **Upper Market Street
Basseterre
St Kitts**

Telephone No.: **(869)465- 3825**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S L Horsford & Co Ltd

Hardware Manager

Overall responsibility for profitability of Building Centre.

Education (degrees, schools, and dates):

High School Level - 1973

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(6)

Position: **Credit Manager**

Name: **JACQUELINE MILLS**

Age: 52

Mailing Address: **P O BOX 1080
MAIN STREET
CAYON
ST. KITTS**

Mailing Address:

Telephone No.: **(869)466-1833**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S L Horsford & Co Ltd

Credit Supervisor

Assess credit worthiness of credit applicants; manage Debtors Accounts 1999-2005

Education (degrees, schools, and dates):

Bachelor of Arts in Business Education/Office Administration from
CLARKE COLLEGE ATLANTA USA in 1990

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(8)

Position: **Manager, Car Parts Dept**

Name: **VALENTINE LINDSAY**

Age: 49

Mailing Address: **NEW ROAD
ST. PETER'S PARISH
ST. KITTS**

Telephone No.: **(869)662-4336**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S L Horsford & Co Ltd

Manager, Car Parts and Accessories

Responsible for profitability of Parts Department.

Employed by SLH in 1996 as a Car Salesman. Promoted to Assistant Manager, Parts & Service Department in 2003 and in June 2005 promoted to Manager, Automotive Parts and Service.

Education (degrees, schools, and dates):

Diploma in Management - October 2004 by the University of the West Indies
University of Leicester – Master of Business Administration (Total Quality Management) July 2012.

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

use Additional Sheets if Necessary

(9)

Position: **Manager, Insurance Department**

Name: **DAWN HAMM**

Age: 50

Mailing Address: **#1 Mansion Housing Project
St Kitts**

Telephone No.: **(869)466-1997**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S L Horsford & Co Ltd

Manager, Insurance Agency Department - September 1998 to present

Responsible for the overall profitability of the department.

S L Horsford & Co Ltd - Office Supervisor - Insurance Department prior to Manager's

Education (degrees, schools, and dates):

___ High school level of education and many years of experience having worked with the company since November 6, 1989.

Master of Business Administration – The University of Manchester, Manchester, England – 2014

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(10)

Position: **Manager - Furniture
& Appliance Showroom**

Name: **RUTH TROTMAN**

Age: **59**

Mailing Address: **Taylor's Range
Basseterre
St Kitts**

Telephone No.: **(869)465-9103**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S L Horsford & Co Ltd

Showroom Manager - April 2000 to present.

Responsible for the overall profitability of the Furniture and Appliance Showroom.

Tax Inspector - Government of St Kitts/Nevis 1993 - 2000.

Education (degrees, schools, and dates):

Bachelor of Commerce - York University, Canada - 1993

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(11)

Position: **Manager – Shipping Dept**

Name: **DENISE BAPTISTE**

Age: **58**

Mailing Address:

**New Road
St Peter's Parish
ST KITTS**

Telephone No.: (**869**) **465-3201**

List jobs held during the last five years. Give brief description of responsibilities. Include names of employers.

.

**January 2001 – December 2001 – Shipping Dept)– Supervision of all office activities
Assistant Manager) and functions.
) Liaison and communication with
January 2002 – Present - Shipping Dept) Agency Principals. Responsibility for
) the overall profitability of the
) department.**

Education (degrees or other academic qualifications, schools attended, and dates):

High School Graduate – June 1979.

CAT Certificate – ACCA Programme.

Also a Director of the company [] Yes [x] No

If retained on a part time basis indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

(12)

Position: **General Manager – Hardware & Building Materials (Nevis)**

Name: **OSCAR WALTERS**

Age: 51

Mailing Address: Clyton Estate
Brown Hill
Nevis

Telephone No.: **(869) 662-9761**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

General Manager –2011 to present

Responsible for the overall profitability of the Hardware and Building department.

Manager – Hardware and Building Materials 1997 - 2011

Responsible for the overall profitability of the department.

Education (degrees, schools, and dates):

Executive Masters in Business Administration – University of the West Indies, Cave Hill Campus, Barbados – 2006

Bachelor of Arts Degree in Business Administration – Florida International University, Florida – 1991

Associate of Arts in Business Administration – Miami-Dade Community College, Florida, – 1991

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(13)

Position: **Manager, Hardware (Nevis Center)**

Name: **Carlisle Pemberton**

Age: 57

Mailing Address: Mount Pelier
Nevis

Telephone No.: (869) 66-3909

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford Nevis Center

Manager, Hardware – 2011 to present

Responsible for the overall profitability of the department.

Assistant Manager, Retail Operations – 2003 - 2011

Responsible for ensuring the proper functioning of the hardware store and to provide assistance to the Manager when necessary.

Education (degrees, schools, and dates):

High school level of education and many years of experience having worked with the company since December 23, 1993.

Also a Director of the Company [] Yes [x] No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(14)

Position: **Office Manager & Accountant
(Nevis)**

Name: Althea Huggins-Browne

Age: 45

Mailing Address: Prospects Estate
Nevis

Telephone No.: **(869) 664-4955**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford Nevis Center

Office Manager & Accountant – 2011 to present

Responsible for the organisation and co-ordination of office operations, procedures and resources to facilitate organizational effectiveness.

Accounting Supervisor – 2005 - 2011

Responsible preparing financial reports, supervision of accounting staff and business office.

Education (degrees, schools, and dates):

ACCA Fundamentals Level Certified June 2010

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(15)

Position: **Group Management Accountant**

Name: **R. HEATHER JAMES**

Age: 60

Mailing Address: #152 Pond's Extension

P.O. Box 942, Basseterre

St. Kitts

Telephone No.: **(869) 762-0979**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

Group Management Accountant – June 2017 to present

Design, implement and maintain proper systems, procedures and controls to ensure the safeguard of all the Group's assets in St. Kitts and Nevis

Accountant – May 2006 – May 2017

Timely preparation of Monthly Accounts, periodic financial results and other financial information to Directors, Senior Management, Department Managers, the Group's Bankers and other Third Parties as necessary

Education (degrees, schools, and dates):

B. A. Accounting – University of the Virgin Islands, St. Thomas – 1985

Associates in Arts degree – University of the Virgin Islands, St. Thomas – 1985

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(16)

Position: **Manager, Ocean Cold Storage**

Name: **ANAND PERSAUD HARRIDYAL**

Age 45

Mailing Address: Earle Morne, Bird Rock, Basseterre

Telephone No.: (869) 465 1949

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. HORSFORD & CO LTD 2 - Manager, Ocean Cold Storage Ltd.

Caribbean Digital Corp. 2003-2004– Coordinated entrance in operated assisted market ;

Leeward Island Lottery Holding Company 2002-2003– Marketing Manager responsible for advertising and promotion

Education (degrees, schools, and dates):

University of the West Indies – Barbados – 1996-1999 B.Sc. Management;

University of the West Indies –Jamaica 1995-1996 CMS- Certificate in Management Studies

Also a Director of the Company [] Yes [/] No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(17)

Position: **Pharmacy Manager**

Name: **ROBERT BOWRY**

Age:74

Mailing Address: **#8 Hill Top Drive
Bird Rock Extension
Basseterre
St. Kitts**

Telephone No.: **(869)465-8240**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Valu Mart IGA – St. Kitts

Pharmacy Manager

Responsible for the overall profitability of the Pharmacy/HBC Section at Valu Mart IGA.

Education (degrees, schools, and dates):

St. Kitts & Nevis Druggist and Chemist Exam (Registered Pharmacist 1968)

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(18)

Position: **M.I.S. Manager**

Name: **JULIAN WEEKS**

Age: **48**

Mailing Address: P.O. Box 1599

Bird Rock

St. Kitts

Telephone No.: **(869) 662-8100**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

M.I.S. Manager, 2009 to present

Responsible for administering the Group's overall computer systems, including all software and hardware.

.

Education (degrees, schools, and dates):

**Masters in Information Systems Security and Project Management (double major)
Colorado Technical University, Colorado Springs – 2007**

**Bachelors Degree in Information Technology – Colorado Technical University,
Colorado Springs – 2005**

**Associate of Arts in Computer Science and Electronics – Hesston College, Heston, Kansas –
1992**

Also a Director of the Company [] Yes [x] No

Indicate amount of time to be spent on Company matters if less than full time: _____

(19)

Use Additional Sheets if Necessary

Name: **KEVIN THOMPSON**

Position: **Food Operations Executive**

Age: 33

Mailing Address: #20 Beacon Heights

Basseterre

St. Kitts

Telephone No.: **(869) 662-4433**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

Food Operations Executive – 2017 to present

Responsible for the performance and profitability of all the food operating

departments of the Group; namely Valu Mart St. Kitts, Valu Mart Nevis and Ocean Cold Storage

S. L. Horsford & Co. Ltd. – Valu Mart IGA

General Manager – 2012 to 2017

Responsible for the overall profitability of the department.

S. L. Horsford & Co. Ltd. – Valu Mart IGA

Manager – Perishables and Speciality Goods, 2010 to 2012

Responsible for the profitability of the Produce, Meats, Dairy, Frozen, Deli/Bakery and Gourmet/Specialty Foods sub-departments.

Education (degrees, schools, and dates):

IGA Coco Cola Institute Supermarket Management, Atlanta, GA - 2008 (Certificate)

Also a Director of the Company Yes No

(20)

Name: **NYANJAH DEMMING FARIER**

Age:40

Mailing Address: #41 Edwards Lane

New Pond Site

St. Kitts

Telephone No.: **(869) 662-7209**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd. – Valu Mart IGA

Manager – Grocery, HBC and General Merchandise, 2010 to present

Responsible for the overall profitability of the Grocery, Health and Beauty Care and General Merchandise sub-departments.

Assistant Manager – Grocery 2007 – 2010 -

Responsible for Grocery, Food & Non Food

Computer Room Supervisor – 2006 – 2007

Responsible for supervision of the computer room and staff.

Education (degrees, schools, and dates):

Bachelor of Science (Management Studies) – The University of the West Indies Open Campus, St .Kitts – 2009

Certificate in Business Management – The University of the West Indies School of Continuing Studies, St .Kitts/Nevis – 2005

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time:

(21))

Position: **Manager – Customs Department**

Name: **RAUL LAKE**

Age:43

Mailing Address: Roxborough Street

Basseterre

St. Kitts

Telephone No.: **(869) 667-7600**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

Manager – Customs Department, 2010 to present

Responsible for the planning, directing and co-ordinating the operations of the department.

Assistant Manager – Customs Department – 2008 - 2010

Responsible for the supervision and coordination of activities of clerical workers and porters related to the importation of commodities for the Group.

Supervisor – Customs Department – 2005 - 2008

Responsible for the supervision and coordination of activities of clerical workers and porters related to the importation of commodities for the Group.

Education (degrees, schools, and dates):

**Sixth form level of education and many years of experience
having worked with the company since October 3, 1994.**

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(22)

Position: **Manager – Human Resources**

Department

Name: **Simone Charles**

Age: 41

Mailing Address: #27 New Road Housing Project

St. Peter's

St. Kitts

Telephone No.: **(869) 465-9974**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

Manager – Human Resources Department, 2011 to present

Perform professional human resource functions, including recruitment, training, compensation, career development and retrenchment.

**Human Resources Administrator – Human Resources
Department – 2008 - 2011**

Responsible for the administration of policies relating to all phases of human resources activities.

Human Resources Assistant – Human Resources Department – 2008 - 2008

Assisting with staff recruitment and the daily human resources functions.

Education (degrees, schools, and dates):

**Professional Human Resource International Certificate
(PHRI) – Human Resources Certification Institute,
Alexandria, VA, USA – 2018**

**Executive Diploma Management – Human Resource
Management – The University of the West Indies, Cave Hill
Campus, Barbados – 2011**

Also a Director of the Company [] Yes [x] No

Indicate amount of time to be spent on Company matters if less than full time:

(23)

Position: **Marketing Manager**

Name: **WALLIS WILKIN**

Age: 43

Mailing Address: Harbour View
St. Kitts

Telephone No.: **(869) 660-3279**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

Marketing Manager, 2014 to present

Responsible for developing an annual promotional and advertising program for each department and/or company within the group. This report should include budgeted costs by major activity.

Assistant Manager – Marketing Department 2002 – 2014

Assist with the development of an annual marketing plan for each business segment.

Education (degrees, schools, and dates):

Bachelor of Science Degree in Management of Technology – Wentworth Institute of Technology, Boston, Massachusetts – 2002

Professional Certificate in Technical Communications – Wentworth Institute of Technology, Boston, Massachusetts - 2002

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

(24)

Position: **Manager – Perishables & Specialty Goods, Valu Mart IGA St. Kitts**

Name: **CARMEN BROWNE**

Age: 45

Mailing Address: **Parray’s Housing Development
St. Kitts**

Telephone No.: **(869) 664-3842**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd. - Valu Mart IGA St. Kitts

Manager – Perishables & Specialty Goods, October 2015 to present

Responsible for the overall profitability of the department. Assist the store manager with the preparation of an annual business plan. The safeguarding of all assets of the department.

Assistant Manager – Perishables Department November 2012 – September 2015

Responsible for the overall profitability of the department. Assist the store manager with the preparation of an annual business plan. The safeguarding of all assets of the department.

Ocean Cold Storage

Assistant Manager October 2008 to October 2012

Supervision of office personnel; assisting with the purchasing and control of merchandise; preparation for and supervision of stock taking exercises.

Education (degrees, schools, and dates):

High school level of education and many years of experience having worked with the company since October 1, 1995.

Also a Director of the Company Yes No

(25)

Position: **General Manager –Valu Mart
IGA Nevis**

Name: **CANDY MAYNARD**

Age: 46

Mailing Address: Morning Star, St. John’s Parish
Nevis

Telephone No.: **(869) 665-9490**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford Nevis Ltd.

**General Manager – Valu Mart IGA –
Nevis, 2017 to present**

Responsible for the overall profitability of the department.

S. L. Horsford Nevis Ltd. – Valu Mart IGA

**Manager – Perishables and Specialty Goods, October 2015 to
2017**

Responsible for the overall profitability of the department. Assist the store manager with the preparation of an annual business plan. The safeguarding of all assets of the department.

**Assistant Manager – Perishables and Specialty Goods 2011 –
2015**

Education (degrees, schools, and dates):

**Bachelor of Science Degree in Management Studies – University of the West Indies Open
Campus – 2009**

Also a Director of the Company Yes No

Position: **Group Inventory Manager**

Name: **NICHOLE LIBURD**

Age: 37

Mailing Address: Soho Village

Basseterre

St. Kitts

Telephone No.: **(869) 762-7048**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

Group Inventory Manager – June 1, 2017 to present

Responsible for the planning, reviewing and implementing systems to safeguard and monitor inventory for all companies in the Group.

Group Inventory Administrator – September 2009 – May 2017

Responsible for planning, implementing and supervising inventory counts for the Group.

Review and investigate variances that result from the inventory count.

Education (degrees, schools, and dates):

Bachelor of Science (Management Studies) – The University of the West Indies Open Campus, St .Kitts – 2007

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Use Additional Sheets if Necessary

Position: **Sales Manager – Automotive
Division**

Name: Joel McEachrane

Age: 38

Mailing Address: Frigate Bay
St. Kitts

Telephone No.: **(869) 760-0111**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford & Co. Ltd.

Sales Manager – Automotive Division, August 2018 to present

Responsible for the overall profitability of the sales unit.

Business Solutions Manager – Digicel St. Kitts & Nevis – March 2018

Developed sales strategy and business plan to grow Digicel’s market share.

Sales and Advertising Consultant - The Missoulian, Missoula M.T., USA – 2016 – 2017

Execute sales presentations to customers and groups with high emphasis on results and detailed accurate information

Director of Gold – Royal St. Kitts Golf Club, St. Kitts Marriott – 2015 - 2016

Oversee retail buying, merchandising, staffing, training, marketing, corporate and group sales, advertising, food and beverage operations.

Education (degrees, schools, and dates):

Golf Complex and Facility Management Associate Applied Business Degree – San Diego Golf Academy, South Carolina, USA – 2003

Business Management and Marketing BSc – Coker College, South Carolina, USA – 2002

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

Position: **Manager – Valu Mart IGA
Nevis, Grocery Department**

Name: Reanita Dickson

Age: 33

Mailing Address: Cades Bay
Nevis

Telephone No.: **(869) 664-5160**

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

S. L. Horsford Nevis Ltd.

**Manager – Valu Mart IGA Nevis Grocery Department, June
2018 to present**

Responsible for the overall profitability of the department.

**C.K. Greaves & Co. Ltd, St. Vincent – Purchasing Coordinator
– 2007 - 2018**

Co-ordinate purchase orders for international suppliers.

Initiate and implement promotional activities at all C.K. Greaves Supermarket

Education (degrees, schools, and dates):

**Certificate in Managing Projects for Success – The University
of the West Indies (Open Campus), – 2017**

**Certificate in Supervisory Management – The University of the
West Indies (Open Campus), – 2016**

**Associate Degree in Business Studies – St. Vincent & The
Grenadines Community College, – 2015;**

**Business Administration Programme (Level 3) – St. Vincent
Technical College, – 2007**

Also a Director of the Company Yes No

Indicate amount of time to be spent on Company matters if less than full time: _____

S L HORSFORD AND COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2018

PKF

Chartered Accountants &
business advisers

S L HORSFORD AND COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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Chartered Accountants  
& business advisers

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## INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF S L HORSFORD AND COMPANY LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of S L Horsford and Company Limited and its Companies ("the group"), which comprise the consolidated statement of financial position as at 30 September 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statement section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS S L HORSFORD AND COMPANY LIMITED

### Report on the Audit of the Consolidated Financial Statements (cont'd)

#### Key Audit Matters (cont'd)

##### Revenue Recognition

In light of the nature of the Group's business and the high volume of sales transactions, there may be circumstances which could result in revenue being recognised before risks and rewards are transferred to the Group's customers.

Revenue recognised for the year ended 30 September 2018 amounted to \$160,083,660 which is material to the financial statements.

##### How our audit addressed this key audit matter

Our audit procedures included but were not limited to internal control testing on the recognition of revenue in accordance with IAS 18 – Revenue. In addition, we tested, on a sample basis, revenue recognised during the year with supporting documentation which included invoices and delivery documents, etc to evaluate the existence and the recording of revenues during the accounting period.

Our tests included but were not limited to, testing on a sample basis, transactions of sale of goods and services on either side of the Group's year end date. We also tested credit notes issued subsequent to the year end. These tests were carried out to assess whether these transactions were recognised in the correct accounting period.

##### **Other information included in the Group's 2018 Annual Report**

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

##### **Responsibilities of Management and those charged with governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



**INDEPENDENT AUDITORS' REPORT**

TO THE SHAREHOLDERS S L HORSFORD AND COMPANY LIMITED

**Report on the Audit of the Consolidated Financial Statements (cont'd)****Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS S L HORSFORD AND COMPANY LIMITED

**Report on the Audit of the Consolidated Financial Statements (cont'd)**

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditors' report is Omax Gardner.

PKF

Chartered Accountants

BASSETERRE – St Kitts

21 February 2019

**PKF**



S L HORSFORD AND COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

|                                           | <u>Notes</u> | <u>2018</u>           | <u>2017</u>           |
|-------------------------------------------|--------------|-----------------------|-----------------------|
| <b>CURRENT ASSETS</b>                     |              |                       |                       |
| Cash at Bank and in Hand                  |              | 1,439,295             | 1,397,901             |
| Accounts Receivable - Current             | 3            | 16,091,442            | 15,424,716            |
| Taxation Recoverable                      | 11           | 11,102                | 93,197                |
| Inventories                               | 4            | <u>39,375,214</u>     | <u>38,380,218</u>     |
|                                           |              | <u>56,917,053</u>     | <u>55,296,032</u>     |
| <b>NON-CURRENT RECEIVABLES</b>            | 3            | 23,510,099            | 25,457,506            |
| <b>AVAILABLE-FOR-SALE INVESTMENTS</b>     | 5            | 590,233               | 527,992               |
| <b>INVESTMENT IN ASSOCIATED COMPANIES</b> | 6            | 11,561,275            | 11,841,968            |
| <b>INTANGIBLES</b>                        | 7            | 77,680                | 20,345                |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>      | 8            | <u>100,752,580</u>    | <u>102,006,651</u>    |
| <b>TOTAL NON-CURRENT ASSETS</b>           |              | <u>136,491,867</u>    | <u>139,854,462</u>    |
| <b>TOTAL ASSETS</b>                       |              | <u>\$ 193,408,920</u> | <u>\$ 195,150,494</u> |

S L HORSFORD AND COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2018  
(Continued)

(Expressed in Eastern Caribbean Dollars)

|                                     | <u>Notes</u> | <u>2018</u>          | <u>2017</u>           |
|-------------------------------------|--------------|----------------------|-----------------------|
| <b>CURRENT LIABILITIES</b>          |              |                      |                       |
| Loans and Bank Overdrafts           | 9            | 25,767,719           | 26,921,749            |
| Accounts Payable and Accruals       | 10           | 13,867,347           | 12,546,226            |
| Provision for Taxation              | 11           | <u>975,807</u>       | <u>856,043</u>        |
|                                     |              | <u>40,610,873</u>    | <u>40,324,018</u>     |
| <b>NON-CURRENT LIABILITIES</b>      |              |                      |                       |
| <b>LOANS - NON-CURRENT</b>          | 9            | 5,777,989            | 11,089,866            |
| <b>DEFERRED TAX LIABILITY</b>       | 12           | <u>7,039,034</u>     | <u>7,129,615</u>      |
|                                     |              | <u>12,817,023</u>    | <u>18,219,481</u>     |
| <b>TOTAL LIABILITIES</b>            |              | <u>53,427,896</u>    | <u>58,543,499</u>     |
| <b>EQUITY</b>                       |              |                      |                       |
| <b>SHARE CAPITAL</b>                | 13           | 60,296,860           | 60,296,860            |
| <b>RESERVES</b>                     | 14           | <u>79,684,164</u>    | <u>76,310,135</u>     |
| <b>SHAREHOLDERS' FUNDS</b>          |              | <u>139,981,024</u>   | <u>136,606,995</u>    |
| <b>TOTAL LIABILITIES AND EQUITY</b> |              | <u>\$193,408,920</u> | <u>\$ 195,150,494</u> |


The attached Notes form an integral part of these Consolidated Financial Statements.

Approved by the Board of Directors on 21 February 2019.


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W Anthony Kelsick  
Chairman


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Judith Ng'alla  
Director

S L HORSFORD AND COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

|                                                                     | <u>Notes</u> | <u>2018</u>          | <u>2017</u>          |
|---------------------------------------------------------------------|--------------|----------------------|----------------------|
| TURNOVER                                                            | 2 (n)        | 160,083,660          | 148,982,834          |
| Cost of Sales                                                       |              | <u>(121,188,305)</u> | <u>(111,323,748)</u> |
| GROSS PROFIT                                                        |              | 38,895,355           | 37,659,086           |
| OTHER INCOME                                                        | 21           | <u>10,183,363</u>    | <u>10,059,772</u>    |
| TOTAL INCOME                                                        |              | <u>49,078,718</u>    | <u>47,718,858</u>    |
| LESS: EXPENSES                                                      |              |                      |                      |
| Administrative Expenses                                             | 22           | (25,359,016)         | (24,390,523)         |
| Transport and Deliveries                                            |              | (2,081,121)          | (2,095,388)          |
| Advertising and Promotion                                           |              | (3,005,668)          | (2,649,362)          |
| Other Expenses                                                      |              | (1,464,761)          | (1,265,710)          |
| Depreciation and Amortisation                                       |              | (4,310,466)          | (4,002,345)          |
| Finance Costs                                                       |              | <u>(1,554,478)</u>   | <u>(1,605,258)</u>   |
|                                                                     |              | <u>(37,775,510)</u>  | <u>(36,008,586)</u>  |
| Income before Results of Associated Companies                       |              | 11,303,208           | 11,710,272           |
| Share of Results of Associated Companies                            | 2 (e) & 6    | <u>3,075,605</u>     | <u>1,615,917</u>     |
| INCOME BEFORE TAXATION                                              |              | 14,378,813           | 13,326,189           |
| Income Tax Expense                                                  | 11           | <u>(5,941,792)</u>   | <u>(5,293,420)</u>   |
| INCOME FOR THE YEAR CARRIED TO STATEMENT OF<br>COMPREHENSIVE INCOME |              | <u>\$ 8,437,021</u>  | <u>\$ 8,032,769</u>  |
| BASIC EARNINGS PER SHARE                                            | 15           | <u>\$ 0.14</u>       | <u>\$ 0.13</u>       |

The attached Notes form an integral part of these Consolidated Financial Statements

S L HORSFORD AND COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

|                                                                                      | <u>Notes</u> | <u>2018</u>         | <u>2017</u>          |
|--------------------------------------------------------------------------------------|--------------|---------------------|----------------------|
| Income for the year                                                                  |              | <u>8,437,021</u>    | <u>8,032,769</u>     |
| OTHER COMPREHENSIVE INCOME:                                                          |              |                     |                      |
| Surplus on Revaluation of lands and buildings (Note 8)                               |              | -                   | 4,518,130            |
| Less: Related Deferred Tax (Notes 11 & 12)                                           |              | -                   | <u>(491,538)</u>     |
| Net Surplus (See Note 8)                                                             |              | -                   | <u>4,026,592</u>     |
| Decrease in Revaluation Reserve - Associated Company                                 | 6            | -                   | <u>(3,641)</u>       |
| Unrealised Holding Gain - Increase in fair value of investments                      |              | <u>62,241</u>       | <u>22,757</u>        |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR CARRIED<br>TO STATEMENT OF CHANGES IN EQUITY |              | <u>\$ 8,499,262</u> | <u>\$ 12,078,477</u> |

The attached Notes form an integral part of these Consolidated Financial Statements.

S L HORSFORD AND COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

|                                   | <u>Share Capital</u> | <u>Revaluation Reserve</u> | <u>Other Capital Reserve</u> | <u>Unrealised Holding Gain - Investment</u> | <u>Retained Earnings</u> | <u>Total</u>   |
|-----------------------------------|----------------------|----------------------------|------------------------------|---------------------------------------------|--------------------------|----------------|
| Balance at 30 September 2016      | 60,296,860           | 40,377,522                 | 706,431                      | 354,755                                     | 28,822,636               | 130,558,204    |
| Total Comprehensive Income        | -                    | 4,022,951                  | -                            | 22,757                                      | 8,032,769                | 12,078,477     |
| Dividend Paid (\$0.10) per share  | -                    | -                          | -                            | -                                           | (6,029,686)              | (6,029,686)    |
| Balance at 30 September 2017      | 60,296,860           | 44,400,473                 | 706,431                      | 377,512                                     | 30,825,719               | 136,606,995    |
| Total Comprehensive Income        | -                    | -                          | -                            | 62,241                                      | 8,437,021                | 8,499,262      |
| Dividend Paid (\$0.085) per share | -                    | -                          | -                            | -                                           | (5,125,233)              | (5,125,233)    |
| Balance at 30 September 2018      | \$ 60,296,860        | \$ 44,400,473              | \$ 706,431                   | \$ 439,753                                  | \$ 34,137,507            | \$ 139,981,024 |

The attached Notes form an integral part of these Consolidated Financial Statements

S L HORSFORD AND COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

|                                                                       | <u>2018</u>        | <u>2017</u>           |
|-----------------------------------------------------------------------|--------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |                    |                       |
| Income before Taxation                                                | 14,378,813         | 13,326,189            |
| Adjustments for:                                                      |                    |                       |
| Depreciation and Amortisation                                         | 4,310,466          | 4,002,345             |
| Gain on disposal of Property, Plant and Equipment                     | (284,444)          | (243,105)             |
| Finance costs incurred                                                | 1,554,478          | 1,605,258             |
| Share of income from Associated Companies                             | (3,075,605)        | (1,615,917)           |
| Operating profit before working capital changes                       | <u>16,883,708</u>  | <u>17,074,770</u>     |
| Net change in non-cash working capital balances related to Operations | <u>(340,598)</u>   | <u>767,475</u>        |
|                                                                       | 16,543,110         | 17,842,245            |
| Finance costs paid                                                    | (1,554,478)        | (1,605,258)           |
| Taxation paid                                                         | (4,359,355)        | (5,795,206)           |
| Net cash inflow from operating activities                             | <u>10,629,277</u>  | <u>10,441,781</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |                    |                       |
| Purchase of Property, Plant and Equipment                             | (3,428,798)        | (3,646,170)           |
| Proceeds on disposal of Property, Plant and Equipment                 | 695,927            | 773,290               |
| Purchase of Intangibles                                               | (96,414)           | (7,224)               |
| Dividends received from Associated Companies                          | <u>1,885,135</u>   | <u>2,100,180</u>      |
| Net cash used in investing activities                                 | <u>(944,150)</u>   | <u>(779,924)</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |                    |                       |
| Non-current Receivables                                               | 1,947,407          | (2,869,295)           |
| Loans (repaid)/ received                                              | (3,986,194)        | (816,844)             |
| Dividends paid to Shareholders                                        | <u>(5,125,233)</u> | <u>(6,029,686)</u>    |
| Net cash used in financing activities                                 | <u>(7,164,020)</u> | <u>(9,715,825)</u>    |
| Net increase/(decrease) in cash and cash equivalents                  | 2,521,107          | (53,968)              |
| Cash and cash equivalents - beginning of year                         | <u>(1,643,163)</u> | <u>(1,589,195)</u>    |
| Cash and cash equivalents - end of year                               | <u>\$ 877,944</u>  | <u>\$ (1,643,163)</u> |
| Cash and cash equivalents comprise:                                   |                    |                       |
| Cash                                                                  | 1,439,295          | 1,397,901             |
| Bank Overdrafts                                                       | <u>(561,351)</u>   | <u>(3,041,064)</u>    |
|                                                                       | <u>\$ 877,944</u>  | <u>\$ (1,643,163)</u> |

The attached Notes form an integral part of these Consolidated Financial Statements

S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018  
(Expressed in Eastern Caribbean Dollars)

1 CORPORATE INFORMATION

S L Horsford and Company Limited (known locally as Horsfords) was incorporated as a Private Limited Company on 31 January 1912 under the provisions of the Companies Act 1884, (No 20 of 1884) of the Leeward Islands. By Special Resolution dated 30 July 1990, the Company was converted into a Public Company.

In accordance with the provisions of The Companies Act (No 22 of 1996), of the Laws of St Kitts and Nevis, the Company was re-registered as a Company with Limited Liability with its registered office located at Independence Square West, Basseterre, St Kitts, West Indies.

Horsfords is a diversified trading company and details of its subsidiary and associated companies and their main activities are set out in Note 18.

The Company is listed on the Eastern Caribbean Stock Exchange.

2 ACCOUNTING POLICIES

a) Basis of Accounting:

The consolidated financial statements are prepared on the historical cost basis with the exception of certain property, plant and equipment and certain available-for-sale investments which are included at fair value. The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards.

The accounting policies which are followed are set out below.

These accounting policies adopted are consistent with those of the previous year and include the adoption of the new and amended IAS, IFRS and IFRIC:

**New and amended pronouncements in effect and applicable:**

**IAS 12 Income Taxes**

- Amends IAS 12 Income Taxes to clarify the following aspects:

Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

- Effective for annual periods beginning on or after 1 January 2017

S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

a) Basis of Accounting: (cont'd)

**IAS 7 Statement of Cash Flows**

Disclosure Initiative (Amendments to IAS 7)

- Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Effective for annual periods beginning on or after 1 January 2017.

Adoption of these standards and interpretations did not have any effect on the performance of the Group.

**New and amended standards and interpretations in issue but not yet effective and not early adopted:**

**IFRS 9** in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

**IFRS 15** in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018. IFRS 15 replaces IAS18 and IAS 11 (and the related interpretations) and introduces the principle that revenue is recognised when control of a good or service transfers to a customer.

**IFRS 16** in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019. IFRS 16 will result in almost all leases being recognised in the statement of financial position, as the distinction between finance and operating leases is removed. Under this standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short – term leases and low value leases.

The group is still in the process of evaluating the impact of the above standards on the financial statements.



S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

(b) Use of Estimates:

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards 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 revenues and expenses during the reporting period. Actual results could differ from those estimated.

The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Provision for inventory obsolescence:

Provision for obsolescence of inventory is based on the assessment of the physical condition of inventory and average loss rate of inventory over a period of time.

Depreciation of property, plant and equipment:

The group estimates the useful lives and residual values of property, plant and equipment based on the intended use of these assets, the periodic review of actual asset lives and the resulting depreciation determined thereon.

Impairment of Financial Assets:

Management makes judgement at each statement of reporting date to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment.

Fair value measurement:

A number of assets included in the group's financial statements require measurement at, and /or disclosure of fair value.

The group measures some of its assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants and the measurement date.

The fair value measurement is based on the assumption that the transaction to sell the asset takes place either:

- In the principal market for the asset, or
- In the absence of a principal market, in the most advantageous market for the asset.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The measurement of non-financial assets at fair value takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

(b) Use of Estimates: (cont'd)

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value measurement of the group's financial and non-financial assets utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurement are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1 – quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 – inputs other than quoted market price included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

The group measures the following at fair value:

- Revalued land and buildings – property, plant and equipment (see note 8)
- Available-for-sale investments - quoted (see note 5)

Fair values are based on quoted market prices for the specific instrument or comparisons with other similar financial instruments. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in deteriorating economic conditions, types of instruments or currencies and other factors.

(c) Basis of Consolidation:

The consolidated financial statements include the audited financial statements of the company and entities controlled by it and its subsidiaries ("the group").

Control is achieved when the investor

- Has power over the investee;
- Is exposed or has rights to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

(d) Investment in subsidiaries:

Consolidation of a subsidiary begins from the date the investor gains control of an investee and ceases when the investor loses control of an investee. The cost of the acquisition is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred at the date of exchange. Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

(e) Investment in associated companies:

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income in the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any differences between the carrying amount of the associates upon loss of significant influence and the value of the remaining investment and proceeds from disposal is recognized in profit or loss.

S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

(f) Foreign Currencies:

All amounts are expressed in Eastern Caribbean Dollars (the functional currency). Current assets and liabilities in foreign currencies are translated into Eastern Caribbean Dollars at the exchange rates prevailing at the reporting date. Fixed and other assets are reflected at the rates prevailing when acquired.

During the year, exchange differences arising from currency translations in the course of trading, and gains and losses arising from the translation of monetary current assets and liabilities are dealt with through the Consolidated Statement of Income.

(g) Revenue Recognition:

The group principally derives its revenue from sales to third parties, rendering of services, interest income, dividends and rentals.

Sales to third parties:

Revenue from the sale of products to third parties is recognised when the significant risks and rewards of ownership have been passed to the buyer and the amounts can be measured reliably.

Rendering of services:

Revenue is recognised in the accounting period in which the services are provided by reference to the stage of completion.

Interest income:

Interest income is recognised as the interest accrues, unless collectability is in doubt.

Dividend:

Dividend income is recognised when the group's right to receive payment is established.

Rental:

Rental income arising from operating leases on buildings is accounted for on the straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature.

S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

(h) Financial Assets

Loans and Receivables:

The group's loans and receivables comprise trade and other receivables and cash at bank and in hand in the statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise principally through the provision of goods and services to customers (eg trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Due to their short-term nature, the carrying value of cash at bank and in hand and trade and other receivables, net any provision for impairment, approximates their fair values.

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the recoverable amount. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the statement of income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Available-for-sale Investments:

These are securities, which are not held with the intention of generating profits from market movements, and the general purpose is to hold these securities for an indefinite period.

Investments are initially recognised at cost, being the fair value of the consideration given, including acquisition charges associated with the investment. For securities where there is no quoted market price, fair value has been estimated by management at cost less amounts written off. While it is not practical to determine the current market value of these investments, impairment is assessed and provisions for permanent impairment in the value of investments is made through the income statement.

Investments in companies quoted on the Securities Exchange are carried at fair value based on quoted market prices at the year end. All unrealized gains and losses on revaluation, are reported as part of shareholders' equity in the capital reserve account, until the securities are disposed of, at which time the cumulative gain or loss previously recognized in equity is included in the income statement.

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired;
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party.

S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018  
(Expressed in Eastern Caribbean Dollars)  
(Continued)

2 ACCOUNTING POLICIES (cont'd)

(i) Financial Liabilities

The group's financial liabilities comprise primarily trade and other payables and bank loans and overdrafts. The company has not designated any financial liabilities upon recognition as at fair value through profit or loss.

All financial liabilities are recognized initially at fair value. Due to their short-term nature, the carrying value of trade and other payables and overdrafts approximates their fair value. After the initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate amortization is included as finance costs in the statement of income, where applicable.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

(j) Inventories and Goods in Transit:

Inventories and Goods in Transit are consistently valued at the lower of cost and net realisable value on a first-in, first-out (FIFO) basis. Adequate provision has been made for obsolete and slow-moving items.

(k) Leases:

Group as lessor

A lease where the Group is lessor and transfers all the risks and rewards of ownership of the leased asset to the lessee is treated as a finance lease. The amount due from customers under such finance lease arrangements is presented in the statement of financial position and included under Accounts Receivable.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the lease.

S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

(l) Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost or at valuation and reduced by depreciation which is provided on the straight line and reducing balance bases to write off assets over their expected useful lives.

Depreciation rates are as follows:

|                                        |                     |
|----------------------------------------|---------------------|
| Freehold Buildings                     | 2%                  |
| Vehicles                               | 12.5% - 30%         |
| Cargo Handling Gear                    | 20%                 |
| Furniture, Fittings and Equipment      | 10% - 20%           |
| Coldrooms and Electrical Installations | 10%                 |
| Plant and Equipment                    | 6.67%, 20% - 33.33% |
| Building Renovations                   | 10%                 |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognized.

Upon disposal of revalued assets, the group has elected to transfer in full, the revaluation reserve relating to the particular asset being sold to retained earnings.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted, if appropriate.

(m) Taxation:

The group follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the current corporation tax rate. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the assets may be utilised.

(n) Turnover:

Turnover is defined as the net amount receivable for goods supplied. Major transactions within the group are eliminated.

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2 ACCOUNTING POLICIES (cont'd)

(o) Provisions:

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Customer loyalty programme provision

The group operates a loyalty points programme which allows customers to accumulate points when they purchase products in the group's retail stores. These points can be redeemed for free products subject to a minimum number of points being obtained and other specified conditions.

These provisions are recognized in the statement of income and are reviewed annually.

(p) Intangibles:

Intangible assets are identifiable non-monetary assets without physical substance. Computer software meets this description. Acquired computer software licences, upgrades to software and related costs that are expected to contribute to the future economic benefit of the group are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives at a rate of 33 1/3% per annum.

Costs associated with maintaining computer software programmes are recognized as an expense when incurred.

(q) Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



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2 ACCOUNTING POLICIES (cont'd)

(r) Share Capital:

Financial instruments issued by the group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The group's ordinary shares are classified as equity instruments.

(s) Dividends:

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is when approved by the directors. In the case of final dividend, this is when approved by the shareholders at the Annual General Meeting.

(t) Current versus non-current distinctions:

The group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(u) Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand less bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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|   |                                                 |                     |                     |
|---|-------------------------------------------------|---------------------|---------------------|
| 3 | ACCOUNTS RECEIVABLE                             | <u>2018</u>         | <u>2017</u>         |
|   | Trade and Instalment Receivables                | 45,916,213          | 47,475,384          |
|   | Less: Provision for impairment                  | <u>(7,566,217)</u>  | <u>(7,547,378)</u>  |
|   |                                                 | 38,349,996          | 39,928,006          |
|   | Sundry Receivables and Prepayments              | <u>1,251,545</u>    | <u>954,216</u>      |
|   |                                                 | 39,601,541          | 40,882,222          |
|   | <u>Less: Non-current portion of Receivables</u> | <u>(23,510,099)</u> | <u>(25,457,506)</u> |
|   | <b>TOTAL - Current</b>                          | <u>\$16,091,442</u> | <u>\$15,424,716</u> |

All non-current receivables are due within six (6) years from the reporting date.

Movement on provision for impairment:

|                                      |                    |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | <u>2018</u>        | <u>2017</u>        |
| Balance at beginning of year         | 7,547,378          | 7,636,648          |
| Increase in provision for impairment | 788,789            | 537,595            |
| Impaired losses recovered            | <u>(769,950)</u>   | <u>(626,865)</u>   |
| Balance at end of year               | <u>\$7,566,217</u> | <u>\$7,547,378</u> |

Ageing analysis of trade receivables:

|                   | <u>Total</u>        | <u>Future<br/>Due</u> | <u>Neither past<br/>due nor impaired</u> | <u>Past due but not impaired<br/>30 to 90 days</u> | <u>Over 90 days</u> |
|-------------------|---------------------|-----------------------|------------------------------------------|----------------------------------------------------|---------------------|
| 30 September 2018 | <u>\$38,349,996</u> | <u>\$23,510,099</u>   | <u>\$13,775,198</u>                      | <u>\$851,312</u>                                   | <u>\$213,387</u>    |
| 30 September 2017 | <u>\$39,928,006</u> | <u>\$25,457,506</u>   | <u>\$13,191,263</u>                      | <u>\$824,986</u>                                   | <u>\$454,251</u>    |

The carrying value of trade and other receivables approximates fair value.

Credit quality of the customer is assessed based on regular monitoring of accounts receivable and actual incurred historical data. Customer credit risk is also managed by establishing defined limits based on the customer's ability to pay.

Instalment receivables – cars are secured by bills of sale over the respective vehicles. Other accounts receivable are unsecured.

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|   |                                                                                            |                     |                     |
|---|--------------------------------------------------------------------------------------------|---------------------|---------------------|
| 3 | ACCOUNTS RECEIVABLE (cont'd)                                                               |                     |                     |
|   | Minimum Lease Amounts Receivable Due:                                                      | <u>2018</u>         | <u>2017</u>         |
|   | Within one year                                                                            | 14,630,793          | 14,359,460          |
|   | Over one year but less than five years                                                     | 31,659,905          | 33,544,128          |
|   | Over five years                                                                            | <u>4,700,411</u>    | <u>5,911,095</u>    |
|   |                                                                                            | <u>\$50,991,109</u> | <u>\$53,814,683</u> |
|   | Present value of minimum lease payments of finance leases:                                 |                     |                     |
|   | Amounts Due:                                                                               | <u>2018</u>         | <u>2017</u>         |
|   | Within one year                                                                            | 8,840,756           | 8,399,260           |
|   | After one year but less than five years                                                    | 20,348,403          | 21,560,496          |
|   | Over five years                                                                            | <u>3,107,574</u>    | <u>3,897,011</u>    |
|   |                                                                                            | <u>\$32,296,733</u> | <u>\$33,856,767</u> |
|   | This balance includes amounts receivable under hire purchase and finance lease agreements. |                     |                     |
| 4 | INVENTORIES                                                                                | <u>2018</u>         | <u>2017</u>         |
|   | Merchandise                                                                                | 35,935,074          | 33,351,506          |
|   | Goods In Transit                                                                           | <u>3,440,140</u>    | <u>5,028,712</u>    |
|   | TOTAL                                                                                      | <u>\$39,375,214</u> | <u>\$38,380,218</u> |
| 5 | AVAILABLE-FOR-SALE INVESTMENTS                                                             | <u>2018</u>         | <u>2017</u>         |
|   | Quoted Securities                                                                          | 540,232             | 477,991             |
|   | Unquoted Securities                                                                        | <u>50,001</u>       | <u>50,001</u>       |
|   | TOTAL                                                                                      | <u>\$590,233</u>    | <u>\$527,992</u>    |

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|   |                                                                                   |                     |                      |
|---|-----------------------------------------------------------------------------------|---------------------|----------------------|
| 6 | INVESTMENT IN ASSOCIATED COMPANIES                                                | <u>2018</u>         | <u>2017</u>          |
|   | Original cost of investments                                                      | 3,048,436           | 3,048,436            |
|   | Increase in equity over cost from acquisition to the end of previous year         | <u>8,793,532</u>    | <u>9,967,719</u>     |
|   | Capital reserve reduction                                                         | 11,841,968          | 13,016,155           |
|   | Share of net income less dividends received from Associated Companies (see below) | -                   | (3,641)              |
|   |                                                                                   | <u>(280,693)</u>    | <u>(1,170,546)</u>   |
|   | Balance at End of Year                                                            | <u>\$11,561,275</u> | <u>\$11,841,968</u>  |
|   | Share of net income less dividends received for the year is made up as follows:   |                     |                      |
|   |                                                                                   | <u>2018</u>         | <u>2017</u>          |
|   | Share of income before taxation                                                   | 3,075,605           | 1,615,917            |
|   | Taxation (Note 11)                                                                | <u>(1,471,163)</u>  | <u>(686,283)</u>     |
|   | Dividends received                                                                | 1,604,442           | 929,634              |
|   |                                                                                   | <u>(1,885,135)</u>  | <u>(2,100,180)</u>   |
|   | TOTAL (As Above)                                                                  | <u>\$(280,693)</u>  | <u>\$(1,170,546)</u> |

The following entities have been included in the consolidated financial statements using the equity method:

| <u>Name</u>                              | <u>Country of<br/>Incorporation/principal<br/>place of business</u> | <u>Proportion of ownership interest<br/>held at 30 September</u> |             |
|------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------|-------------|
|                                          |                                                                     | <u>2018</u>                                                      | <u>2017</u> |
| St Kitts Masonry Products Limited        | St Kitts                                                            | 50%                                                              | 50%         |
| St Kitts Developments Limited            | St Kitts                                                            | 30%                                                              | 30%         |
| Carib Brewery (St Kitts & Nevis) Limited | St Kitts                                                            | 20.1%                                                            | 20.1%       |

The primary businesses of the associated companies are disclosed in Note 18.

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6 INVESTMENT IN ASSOCIATED COMPANIES (cont'd)

Summarised financial information – Carib Brewery (St Kitts and Nevis) Limited:

|                            | <u>2018</u>       | <u>2017</u>       |
|----------------------------|-------------------|-------------------|
|                            | \$                | \$                |
| Current Assets             | <u>18,760,093</u> | <u>18,534,259</u> |
| Non-current assets         | <u>17,631,566</u> | <u>14,098,441</u> |
| Current liabilities        | <u>18,495,724</u> | <u>14,349,543</u> |
| Non-current liabilities    | <u>1,771,190</u>  | <u>1,620,364</u>  |
| Revenue                    | <u>42,242,270</u> | <u>37,712,469</u> |
| Profit after tax           | <u>5,690,609</u>  | <u>5,407,076</u>  |
| Total Comprehensive Income | <u>5,690,609</u>  | <u>5,407,076</u>  |
| Dividend from associate    | <u>1,485,135</u>  | <u>1,980,180</u>  |

Summarised financial information – St Kitts Developments Limited and St Kitts Masonry Products Limited:

|                            | <u>2018</u>       | <u>2017</u>       |
|----------------------------|-------------------|-------------------|
| Current Assets             | <u>5,798,130</u>  | <u>4,228,023</u>  |
| Non-current assets         | <u>17,652,881</u> | <u>15,779,947</u> |
| Current liabilities        | <u>3,419,279</u>  | <u>3,258,933</u>  |
| Non-current liabilities    | <u>3,131,572</u>  | <u>777,604</u>    |
| Revenue                    | <u>20,074,674</u> | <u>16,845,340</u> |
| Profit/(Loss) after tax    | <u>928,627</u>    | <u>(271,147)</u>  |
| Other Comprehensive Income | <u>-</u>          | <u>(12,135)</u>   |
| Total Comprehensive Income | <u>928,627</u>    | <u>(283,282)</u>  |
| Dividend from associates   | <u>400,000</u>    | <u>120,000</u>    |

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|   |                                                 |                                                        |                                                     |                                          |                      |
|---|-------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|------------------------------------------|----------------------|
| 7 | INTANGIBLES                                     |                                                        | 2018                                                |                                          | 2017                 |
|   | Software – cost brought forward (See Note 2(p)) |                                                        | 154,561                                             |                                          | 147,337              |
|   | Additions                                       |                                                        | <u>96,414</u>                                       |                                          | <u>7,224</u>         |
|   | Software – cost carried forward                 |                                                        | <u>250,975</u>                                      |                                          | <u>154,561</u>       |
|   | Accumulated Amortisation – brought forward      |                                                        | 134,216                                             |                                          | 120,084              |
|   | Amortisation                                    |                                                        | <u>39,079</u>                                       |                                          | <u>14,132</u>        |
|   | Accumulated Amortisation – carried forward      |                                                        | <u>173,295</u>                                      |                                          | <u>134,216</u>       |
|   | NET CARRYING AMOUNT                             |                                                        | <u>\$77,680</u>                                     |                                          | <u>\$20,345</u>      |
|   |                                                 |                                                        |                                                     |                                          |                      |
| 8 | PROPERTY, PLANT AND EQUIPMENT                   |                                                        |                                                     |                                          |                      |
|   |                                                 | Lands &<br>Buildings<br>- at Cost/<br><u>Valuation</u> | Plant, Vehicles<br>and Other<br>Assets<br>- at cost | Capital<br>Work-in-Progress<br>- at cost | <u>Total</u>         |
|   | <b>Year Ended 30 September 2018</b>             |                                                        |                                                     |                                          |                      |
|   | Gross Carrying Amount - beginning of year       | 89,470,303                                             | 29,563,265                                          | -                                        | 119,033,568          |
|   | Additions                                       | 91,401                                                 | 3,329,071                                           | 8,326                                    | 3,428,798            |
|   | Disposals                                       | -                                                      | <u>(2,263,737)</u>                                  | -                                        | <u>(2,263,737)</u>   |
|   | Gross Carrying Amount - end of year             | <u>89,561,704</u>                                      | <u>30,628,599</u>                                   | <u>8,326</u>                             | <u>120,198,629</u>   |
|   | Accumulated Depreciation                        |                                                        |                                                     |                                          |                      |
|   | - Brought Forward                               | 1,330,173                                              | 15,696,744                                          | -                                        | 17,026,917           |
|   | Current year's depreciation                     | 1,201,252                                              | 3,070,135                                           | -                                        | 4,271,387            |
|   | Disposals                                       | -                                                      | <u>(1,852,255)</u>                                  | -                                        | <u>(1,852,255)</u>   |
|   | Accumulated Depreciation                        |                                                        |                                                     |                                          |                      |
|   | - Carried Forward                               | <u>2,531,425</u>                                       | <u>16,914,624</u>                                   | -                                        | <u>19,446,049</u>    |
|   | Net Carrying Amount – 2018                      | <u>\$87,030,279</u>                                    | <u>\$13,713,975</u>                                 | <u>\$8,326</u>                           | <u>\$100,752,580</u> |

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8 PROPERTY, PLANT AND EQUIPMENT (cont'd)

|                                           | Lands &<br>Buildings<br>- at Cost/<br><u>Valuation</u> | Plant, Vehicles<br>and Other<br>Assets<br>- at cost | Capital<br>Work-in-Progress<br>- at cost | <u>Total</u>         |
|-------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|------------------------------------------|----------------------|
| <b>Year Ended 30 September 2017</b>       |                                                        |                                                     |                                          |                      |
| Gross Carrying Amount - beginning of year | 89,148,161                                             | 29,852,783                                          | 1,383,826                                | 120,384,770          |
| Additions                                 | 558,097                                                | 3,054,886                                           | 33,187                                   | 3,646,170            |
| Disposals                                 | -                                                      | (3,344,404)                                         | -                                        | (3,344,404)          |
| Revaluation                               | (1,652,968)                                            | -                                                   | -                                        | (1,652,968)          |
| Transfers                                 | <u>1,417,013</u>                                       | -                                                   | <u>(1,417,013)</u>                       | -                    |
| Gross Carrying Amount - end of year       | <u>89,470,303</u>                                      | <u>29,563,265</u>                                   | -                                        | <u>119,033,568</u>   |
| Accumulated Depreciation                  |                                                        |                                                     |                                          |                      |
| - Brought Forward                         | 6,359,752                                              | 15,664,271                                          | -                                        | 22,024,023           |
| Current year's depreciation               | 1,141,521                                              | 2,846,692                                           | -                                        | 3,988,213            |
| Revaluation                               | (6,171,100)                                            | -                                                   | -                                        | (6,171,100)          |
| Disposals                                 | -                                                      | <u>(2,814,219)</u>                                  | -                                        | <u>(2,814,219)</u>   |
| Accumulated Depreciation                  |                                                        |                                                     |                                          |                      |
| - Carried Forward                         | <u>1,330,173</u>                                       | <u>15,696,744</u>                                   | -                                        | <u>17,026,917</u>    |
| Net Carrying Amount – 2017                | <u>\$88,140,130</u>                                    | <u>\$13,866,521</u>                                 | <u>\$-</u>                               | <u>\$102,006,651</u> |

Revaluation:

The majority of the group's lands and buildings were revalued in July 2009 to amounts which approximated current market values. The revalued amounts were incorporated in these financial statements at 1 October 2009. The surplus on revaluation was placed in Capital Reserves.

The group's lands and buildings were again revalued on 20 September 2017 by Charterland, Chartered Surveyors and Property Consultants to an amount which approximated their market values at 20 September 2016.

The directors decided to incorporate the revalued figures at 1 October 2016. The surplus on revaluation has been placed in Capital Reserves.

The surplus on revaluation is made up as shown hereunder:

|                                                          |                    |
|----------------------------------------------------------|--------------------|
| Lands and Buildings – At Cost/Valuation – 1 October 2016 | 88,954,770         |
| Accumulated Depreciation - At 1 October 2016             | <u>(6,211,848)</u> |
| Revaluation                                              | 82,742,922         |
|                                                          | <u>87,261,052</u>  |
| <b>SURPLUS ON REVALUATION</b>                            | 4,518,130          |
| Less: Related Deferred Tax (Note 12)                     | <u>(491,538)</u>   |
| <b>NET REVALUATION RESERVE</b>                           | <u>\$4,026,592</u> |

Additions subsequent to revaluation are stated at cost.

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|   |                                         |                     |                     |
|---|-----------------------------------------|---------------------|---------------------|
| 9 | LOANS AND BANK OVERDRAFTS               | <u>2018</u>         | <u>2017</u>         |
|   | Current:                                |                     |                     |
|   | Overdrafts                              | 561,351             | 3,041,064           |
|   | Loans – Current Portion                 | <u>25,206,368</u>   | <u>23,880,685</u>   |
|   | TOTAL CURRENT LOANS AND BANK OVERDRAFTS | <u>\$25,767,719</u> | <u>\$26,921,749</u> |
|   | LOANS – NON-CURRENT                     | <u>\$5,777,989</u>  | <u>\$11,089,866</u> |
|   | Summary of Loans and Overdrafts:        |                     |                     |
|   | Amounts Payable:                        |                     |                     |
|   | Within 1 year                           | <u>25,767,719</u>   | <u>26,921,749</u>   |
|   | Over 1 year – 5 Years                   | 5,777,989           | 10,173,405          |
|   | Over 5 Years                            | -                   | <u>916,461</u>      |
|   |                                         | <u>5,777,989</u>    | <u>11,089,866</u>   |
|   | TOTAL LOANS                             | <u>\$31,545,708</u> | <u>\$38,011,615</u> |
|   | Analysed as follows:                    |                     |                     |
|   | Secured                                 | 9,714,319           | 16,882,919          |
|   | Unsecured                               | <u>21,831,389</u>   | <u>21,128,696</u>   |
|   | TOTAL                                   | <u>\$31,545,708</u> | <u>\$38,011,615</u> |

Repayment Terms:

Loans are repayable over periods varying from one (1) to twelve (12) years at rates of interest of between approximately 4% and 4.5% for ECS denominated loans and three (3) month LIBOR plus 3% for US\$ denominated loans (approximately 4.26%).

Collateral for Advances:

The Bank Loans and Overdrafts are secured by debentures executed by the Parent Company and two subsidiaries totalling \$56,428,000 (2017 = \$56,428,000).

The principal instalments due within the twelve months ending 30 September 2019 have been shown under Current Liabilities.



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|    |                                          |                     |                     |
|----|------------------------------------------|---------------------|---------------------|
| 10 | ACCOUNTS PAYABLE AND ACCRUALS            | <u>2018</u>         | <u>2017</u>         |
|    | Trade Payables                           | 9,237,600           | 7,820,719           |
|    | Sundry Payables, Provisions and Accruals | <u>4,629,747</u>    | <u>4,725,507</u>    |
|    | TOTAL                                    | <u>\$13,867,347</u> | <u>\$12,546,226</u> |

The carrying value of trade and other payables approximates their fair value.

|    |          |             |             |
|----|----------|-------------|-------------|
| 11 | TAXATION | <u>2018</u> | <u>2017</u> |
|----|----------|-------------|-------------|

Statement of Financial Position

Taxation in the Statement of Financial Position comprises the following:

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Taxation Recoverable                  | <u>\$(11,102)</u> | <u>\$(93,197)</u> |
| Provision for Taxation - Current Year | <u>\$975,807</u>  | <u>\$856,043</u>  |

Statement of Income

The Taxation charge in the Statement of Income comprises the following:

|                                                |                    |                    |
|------------------------------------------------|--------------------|--------------------|
| Provision for charge on Current Profits        | 4,561,924          | 4,614,895          |
| Over/Underprovision – previous year            | (714)              | 155                |
| Deferred Tax (Note 12)                         | <u>(90,581)</u>    | <u>(7,913)</u>     |
|                                                | 4,470,629          | 4,607,137          |
| Associated Companies (Note 6)                  | <u>1,471,163</u>   | <u>686,283</u>     |
| Charge to Statement of Income                  | 5,941,792          | 5,293,420          |
| Charge to Other Comprehensive Income (Note 12) | _____ -            | <u>491,538</u>     |
| TOTAL                                          | <u>\$5,941,792</u> | <u>\$5,784,958</u> |

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11 TAXATION (cont'd)

The group's effective tax rate of 41.3% (2017 = 43.4%) differs from the Statutory rate of 33% as follows:

|                                                                      | <u>2018</u>        | <u>2017</u>        |
|----------------------------------------------------------------------|--------------------|--------------------|
| Profit before taxation                                               | \$14,378,813       | \$13,326,189       |
| Taxes at statutory rate 33%                                          | 4,745,008          | 4,397,642          |
| Tax effect of expenses not deductible in determining taxable profits | 1,078,587          | 807,484            |
| Tax effect of income not assessable for taxation                     | (5,841)            | (5,842)            |
| Tax effect on non qualifying assets                                  | 134,073            | 97,922             |
| Underprovision - previous year                                       | (714)              | 155                |
| Tax effect on revaluation of building                                | -                  | 491,538            |
| Other                                                                | <u>(9,321)</u>     | <u>(3,941)</u>     |
| TOTAL                                                                | <u>\$5,941,792</u> | <u>\$5,784,958</u> |

All income tax assessments up to and including the year of assessment 2018/17 have been submitted to the Comptroller of Inland Revenue and the taxes duly paid.

12 DEFERRED TAX LIABILITY

|                                                                                          | <u>2018</u>        | <u>2017</u>        |
|------------------------------------------------------------------------------------------|--------------------|--------------------|
| Deferred Tax Liability (Net) – at beginning of year                                      | 7,129,615          | 6,645,990          |
| Deferred Tax - Income Statement (Note 11)                                                | (90,581)           | (7,913)            |
| Deferred Tax Re: revaluation of buildings (Notes 8 & 11) –<br>Other Comprehensive Income | -                  | <u>491,538</u>     |
| Deferred Tax Liability (Net) – at end of year                                            | <u>\$7,039,034</u> | <u>\$7,129,615</u> |
| Deferred Tax Liability (Net) comprises the following:                                    |                    |                    |
| Deferred Tax Asset - Unutilised Capital Allowances and Losses                            | (57,296)           | (66,310)           |
| Deferred Tax Liability - Accelerated Capital Allowances                                  | <u>7,096,330</u>   | <u>7,195,925</u>   |
|                                                                                          | <u>\$7,039,034</u> | <u>\$7,129,615</u> |

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13 SHARE CAPITAL 2018 2017

Authorised

100,000,000 (2017 = 100,000,000) Ordinary Shares of \$1 each

Issued and Fully Paid

60,296,860 (2017 = 60,296,860) Ordinary Shares of \$1 each \$60,296,860 \$60,296,860

Dividend:

Dividend of 10.7% (2017 = 8.5%) per ordinary share amounting to \$6,451,764 (2016 = \$5,125,233) in respect of 2018 has been proposed by the Directors. The Financial Statements of the year ended 30 September 2018 do not reflect this proposed dividend which, if ratified, will be accounted for in equity as an appropriation of retained earnings in the year ending 30 September 2019.

14 RESERVES

The following describes the nature and purpose of each reserve within equity:

|                                |                                                                                                      |
|--------------------------------|------------------------------------------------------------------------------------------------------|
| <b>Revaluation reserve</b>     | gains/losses arising on the revaluation of the group's property.                                     |
| <b>Other capital reserve</b>   | sugar rehabilitation/return on investments                                                           |
| <b>Unrealised holding gain</b> | gains/losses on revaluation of financial assets classified as available-for-sale                     |
| <b>Retained earnings</b>       | all other net gains and losses and transactions with owners (eg dividends) not recognized elsewhere. |

15 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the year by the weighted average of ordinary shares outstanding during the year adjusted for events other than the issue of bonus shares:

|                                           | <u>2018</u>        | <u>2017</u>        |
|-------------------------------------------|--------------------|--------------------|
| Net Income for the Year                   | <u>\$8,437,021</u> | <u>\$8,032,769</u> |
| Number of shares in issue during the year | <u>60,296,860</u>  | <u>60,296,860</u>  |
| Basic earnings per share                  | <u>\$0.14</u>      | <u>\$0.13</u>      |

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16 CONTINGENT LIABILITIES

Parent Company:

a) Unfunded Pension:

The Parent Company is contingently liable for unfunded pension liabilities to certain retired employees in accordance with the Company's agreement to pay such pension. The amount of the liability has not been actuarially quantified.

b) Guarantees:

The Parent Company has given guarantees to First Caribbean International Bank and Royal Bank of Canada as collateral for overdraft facilities of up to \$4,200,000 (2017 = \$4,200,000) for its Subsidiary Companies, Ocean Cold Storage (St Kitts) Limited and S L Horsford Finance Company Limited, S L Horsford Nevis Limited and S L Horsford Shipping Limited.

Associated Company:

The Parent Company issued a Letter of Undertaking to First Caribbean International Bank Limited in the amount of EC \$500,000 to meet any shortfalls in debt service of St Kitts Masonry Products Limited, a 50% owned Associated Company.

c) Letters of Credit:

At the year end, the Group had outstanding letters of credit totalling \$1,260,000 (2017 = \$448,820).

d) Legal Claims:

At 30 September 2018, there were no contingent liabilities regarding legal claims (2017 = Nil).

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17 RELATED PARTY TRANSACTIONS

1. The following transactions were carried out with associated parties during the year:

|                                     | <u>2018</u>         | <u>2017</u>         |
|-------------------------------------|---------------------|---------------------|
| i) Sales of goods and services      | \$ <u>3,797,221</u> | \$ <u>3,039,921</u> |
| ii) Purchases of goods and services | \$ <u>4,370,808</u> | \$ <u>3,317,319</u> |
| iii) Management fees                | \$ <u>48,000</u>    | \$ <u>48,000</u>    |
| iv) Dividends received              | \$ <u>1,885,135</u> | \$ <u>2,100,180</u> |

2. Compensation of key management personnel of the Company and its subsidiaries:

|                             |                     |                     |
|-----------------------------|---------------------|---------------------|
| Salaries and Other Benefits | \$ <u>1,148,194</u> | \$ <u>1,222,275</u> |
|-----------------------------|---------------------|---------------------|

3. Balances due to/from Related Parties

|                               |                      |                     |
|-------------------------------|----------------------|---------------------|
| Due from Associated Companies | \$ <u>57,461</u>     | \$ <u>359,372</u>   |
| Due from Directors            | \$ <u>15,902</u>     | \$ <u>17,298</u>    |
| Due to Associated Companies   | \$ <u>448,204</u>    | \$ <u>2,170,273</u> |
| Due to Directors              | \$ <u>11,253,016</u> | \$ <u>8,793,833</u> |

The balances due to associated companies and directors comprised substantially unsecured demand loans with interest chargeable at the rate of 4.3% per annum.

The group has not made any allowance for bad or doubtful debts in respect of related party debtors. A guarantee has been given on behalf of an associated company (see Note 16 (b)).

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18 DETAILS OF SUBSIDIARY AND ASSOCIATED COMPANIES

| Subsidiary Companies                                                      | Principal Activities                                 | Interest held<br>in the Equity<br>% |
|---------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------|
| Marshall Plantations Limited                                              | Investments                                          | 100                                 |
| Ocean Cold Storage (St Kitts)<br>Limited                                  | Food Distribution<br>(Wholesale)                     | 100                                 |
| S L Horsford Finance Company<br>Limited                                   | Car Rentals, Car Sales and<br>Insurance Agency       | 100                                 |
| S L Horsford Shipping Limited<br>(previously S L Horsford Motors Limited) | Shipping Agency                                      | 100                                 |
| S L Horsford Nevis Limited                                                | Retail activities and<br>related services            | 100                                 |
| <u>Associated Companies</u>                                               |                                                      |                                     |
| St Kitts Developments Limited                                             | Land Development                                     | 30.0                                |
| St Kitts Masonry Products Limited                                         | Concrete and Related Products                        | 50.0                                |
| Carib Brewery (St Kitts & Nevis)<br>Limited                               | Manufacturers of Beer<br>and non-alcoholic Beverages | 20.1                                |

19 FINANCIAL INSTRUMENTS

a) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term borrowings and overdrafts with financial institutions and short-term demand deposits.

The group manages centrally its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rates and terms of borrowing are disclosed in Note 9.

b) Credit Risk:

The group sells products and provides services to customers primarily in St Kitts-Nevis. The Group performs on-going credit evaluation of its customers and counterparties and provisions are made for potential credit losses.

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19 FINANCIAL INSTRUMENTS (cont'd)

c) Fair Values:

The carrying amounts of the following financial assets and liabilities approximate their fair value: cash and bank balances, accounts receivable, unquoted investments, accounts payable and loans.

It is the directors' opinion that because of the short-term maturities of cash and bank balances, accounts receivable, accounts payable and loans their carrying value approximates their fair value.

In the directors' opinion, the carrying amount of unquoted investments approximates its fair value since their fair value cannot be measured reliably. The carrying amount is measured at cost less provision for impairment.

Financial and non-financial assets measured at fair value are as follows:

Financial assets:

Available-for-sale Investments (quoted):

These assets are categorised as Level 1 in the fair value hierarchy as these instruments are traded in an active market and is based on the quoted market prices at the reporting date.

Available-for-sale Investments (unquoted)

These assets are categorised as Level 3 since they are not traded in an active market and there are unobservable inputs for these assets.

Non-financial assets:

Freehold lands and buildings:

These assets are categorised as Level 2 in the fair value hierarchy.

Fair value is based on the revaluations of freehold properties carried out in July 2016 by professional valuers. (See Note 8)

Fair value measurement hierarchy for financial and non-financial assets at 30 September 2017:

|                                             | Date of<br>Valuation | Total               | Fair value measurements using                      |                                                  |                                                    |
|---------------------------------------------|----------------------|---------------------|----------------------------------------------------|--------------------------------------------------|----------------------------------------------------|
|                                             |                      |                     | Quoted prices<br>in active<br>markets<br>(Level 1) | Significant<br>Observable<br>inputs<br>(Level 2) | Significant<br>Unobservable<br>inputs<br>(Level 3) |
| <b>Financial Assets:</b>                    |                      |                     |                                                    |                                                  |                                                    |
| <b>Available-for-sale financial assets:</b> |                      |                     |                                                    |                                                  |                                                    |
| Quoted equity shares                        | 30 September 2017    | 540,232             | 540,232                                            | -                                                | -                                                  |
| Unquoted equity shares                      | 30 September 2017    | <u>50,001</u>       | -                                                  | -                                                | <u>50,001</u>                                      |
|                                             |                      | <u>\$590,233</u>    | <u>\$540,232</u>                                   | -                                                | <u>50,001</u>                                      |
| <b>Non-financial assets:</b>                |                      |                     |                                                    |                                                  |                                                    |
| Lands and buildings                         | 30 September 2017    | <u>\$88,140,130</u> | -                                                  | <u>\$88,140,130</u>                              | -                                                  |

As a result of the revaluation of the Group's lands and buildings in September 2016 (See Note 8), these non-financial assets were transferred from level 3 to level 2.

For fair value measurement and valuation processes, see Note 2 (b).

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19 FINANCIAL INSTRUMENTS (cont'd)

c) Fair Values: (cont'd)

Fair value measurements hierarchy for financial and non-financial assets at 30 September 2018:

|                                             | <u>Date of</u><br><u>Valuation</u> | <u>Total</u>        | Fair value measurements using                                                  |                                                                              |                                                                                |
|---------------------------------------------|------------------------------------|---------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
|                                             |                                    |                     | <u>Quoted prices</u><br><u>in active</u><br><u>markets</u><br><u>(Level 1)</u> | <u>Significant</u><br><u>Observable</u><br><u>inputs</u><br><u>(Level 2)</u> | <u>Significant</u><br><u>Unobservable</u><br><u>inputs</u><br><u>(Level 3)</u> |
| <b>Financial Assets:</b>                    |                                    |                     |                                                                                |                                                                              |                                                                                |
| <b>Available-for-sale financial assets:</b> |                                    |                     |                                                                                |                                                                              |                                                                                |
| Quoted equity shares                        | 30 September 2018                  | 477,991             | 477,991                                                                        | -                                                                            | -                                                                              |
| Unquoted equity shares                      | 30 September 2018                  | <u>50,001</u>       | <u>-</u>                                                                       | <u>-</u>                                                                     | <u>50,001</u>                                                                  |
|                                             |                                    | <u>\$ 527,992</u>   | <u>\$477,991</u>                                                               | <u>\$ -</u>                                                                  | <u>\$50,001</u>                                                                |
| <b>Non-financial assets:</b>                |                                    |                     |                                                                                |                                                                              |                                                                                |
| Lands and buildings                         | 30 September 2018                  | <u>\$87,030,279</u> | <u>-</u>                                                                       | <u>\$87,030,279</u>                                                          | <u>-</u>                                                                       |

There were no transfers between level 1, 2 or 3 fair values during the year.

d) Currency Risk:

Substantially all of the group's transactions and assets and liabilities are denominated in Eastern Caribbean Dollars or United States Dollars. Therefore, the group has no significant exposure to currency risk.



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19 FINANCIAL INSTRUMENTS (cont'd)

d) Currency Risk: (cont'd)

The aggregate value of financial assets and liabilities by reporting currency are as follows:

**Year ended 30 September 2018**

| ASSETS                      | <u>EC\$</u>         | <u>US\$</u>        | <u>£</u><br><u>Sterling</u> | <u>Total</u>        |
|-----------------------------|---------------------|--------------------|-----------------------------|---------------------|
| Cash at bank and in hand    | 1,149,278           | 290,017            | -                           | 1,439,295           |
| Trade and other receivables | 39,025,677          | 115,589            | -                           | 39,141,266          |
| Investments                 | <u>11,982,975</u>   | <u>168,533</u>     | <u>-</u>                    | <u>12,151,508</u>   |
|                             | <u>\$52,157,930</u> | <u>\$574,139</u>   | <u>-</u>                    | <u>\$52,732,069</u> |
| <br>                        |                     |                    |                             |                     |
| LIABILITIES                 |                     |                    |                             |                     |
| Loans and bank overdrafts   | 30,428,187          | 1,117,521          | -                           | 31,545,708          |
| Trade and other payables    | <u>11,064,008</u>   | <u>2,779,797</u>   | <u>23,542</u>               | <u>13,867,347</u>   |
|                             | <u>\$41,492,195</u> | <u>\$3,897,318</u> | <u>\$23,542</u>             | <u>\$45,413,055</u> |

**Year ended 30 September 2017**

| ASSETS                      | <u>EC\$</u>         | <u>US\$</u>        | <u>£</u><br><u>Sterling</u> | <u>Total</u>        |
|-----------------------------|---------------------|--------------------|-----------------------------|---------------------|
| Cash at bank and in hand    | 1,053,955           | 343,946            | -                           | 1,397,901           |
| Trade and other receivables | 40,333,390          | 240,732            | -                           | 40,574,122          |
| Investments                 | <u>12,229,469</u>   | <u>140,491</u>     | <u>-</u>                    | <u>12,369,960</u>   |
|                             | <u>\$53,616,814</u> | <u>\$725,169</u>   | <u>-</u>                    | <u>\$54,341,983</u> |
| <br>                        |                     |                    |                             |                     |
| LIABILITIES                 |                     |                    |                             |                     |
| Loans and bank overdrafts   | 35,538,643          | 2,472,972          | -                           | 38,011,615          |
| Trade and other payables    | <u>10,264,640</u>   | <u>2,281,586</u>   | <u>-</u>                    | <u>12,546,226</u>   |
|                             | <u>\$45,803,283</u> | <u>\$4,754,558</u> | <u>-</u>                    | <u>\$50,557,841</u> |

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19 FINANCIAL INSTRUMENTS (cont'd)

e) Liquidity Risk:

Liquidity risk is the risk that the group will be unable to meet its obligations when they fall due under normal circumstances. The group monitors its liquidity risk by considering the maturity of both its financial investments and financial assets and projected cash flows from operations. The group utilises surplus internal funds and available credit facilities such as loans and overdrafts to finance its operations and ongoing projects.

The following table summarises the maturity profile of the Group's financial liabilities and assets at 30 September 2018:

Financial Liabilities:

|                                     | Due within<br><u>1 Year</u> | >1 year<br><u>to 5 years</u> | Over<br><u>5 years</u> | <u>Total</u>        |
|-------------------------------------|-----------------------------|------------------------------|------------------------|---------------------|
| <b>Year ended 30 September 2018</b> |                             |                              |                        |                     |
| Loans and overdrafts                | 25,767,719                  | 5,777,989                    | -                      | 31,545,708          |
| Accounts payable and accruals       | <u>13,867,347</u>           | -                            | -                      | <u>13,867,347</u>   |
|                                     | <u>\$39,635,066</u>         | <u>\$5,777,989</u>           | \$ -                   | <u>\$45,413,055</u> |
| <b>Year ended 30 September 2017</b> |                             |                              |                        |                     |
| Loans and Bank Overdrafts           | 26,921,749                  | 10,173,405                   | 916,461                | 38,011,615          |
| Accounts payable and accruals       | <u>12,546,226</u>           | -                            | -                      | <u>12,546,226</u>   |
|                                     | <u>\$39,467,975</u>         | <u>\$10,173,405</u>          | <u>\$916,461</u>       | <u>\$50,557,841</u> |

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19 FINANCIAL INSTRUMENTS (cont'd)

e) Liquidity Risk: (cont'd)

Financial Assets:

|                                      | <u>Due within</u><br><u>1 Year</u> | <u>&gt;1 year</u><br><u>to 5 years</u> | <u>Over</u><br><u>5 years</u> | <u>Total</u>        |
|--------------------------------------|------------------------------------|----------------------------------------|-------------------------------|---------------------|
| <b>Year ended 30 September 2018:</b> |                                    |                                        |                               |                     |
| Cash with bankers and in hand        | 1,439,295                          | -                                      | -                             | 1,439,295           |
| Accounts Receivable                  | 15,631,167                         | 20,402,524                             | 3,107,575                     | 39,141,266          |
| Investments                          | -                                  | -                                      | <u>12,151,508</u>             | <u>12,151,508</u>   |
|                                      | <u>\$17,070,462</u>                | <u>\$20,402,524</u>                    | <u>\$15,259,083</u>           | <u>\$52,732,069</u> |
| <b>Year ended 30 September 2017:</b> |                                    |                                        |                               |                     |
| Cash with bankers and in hand        | 1,397,901                          | -                                      | -                             | 1,397,901           |
| Accounts Receivable                  | 15,116,616                         | 21,560,496                             | 3,897,010                     | 40,574,122          |
| Investments                          | -                                  | -                                      | <u>12,369,960</u>             | <u>12,369,960</u>   |
|                                      | <u>\$16,514,517</u>                | <u>\$21,560,496</u>                    | <u>\$16,266,970</u>           | <u>\$54,341,983</u> |

20. SEGMENT REPORTING

The executive directors monitor the operating results of its business for the purpose of making decisions about resource allocation and performance assessment. For management purposes, the group is organised into business units based on its products and had four reportable segments as follows:

- Durable goods: sale of building materials, hardware, furniture and appliances;
- Automotive: sale of cars, car spares, car servicing and car rental income;
- Consumable goods: sale of food, related grocery items and gasoline;
- Other: sale of items not included in the above.

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20 SEGMENT REPORTING (cont'd)

Inter-segment revenues and balances are eliminated upon consolidation as shown below.

| Year ended 30 September 2018                                             | Durable<br>Goods    | Automotive          | Consumable<br>Goods | Other               | Unallocated/<br>Head Office | Eliminations          | Total                |
|--------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|-----------------------|----------------------|
| External Sales                                                           | 57,568,500          | 23,867,092          | 83,474,468          | -                   | -                           | (4,826,400)           | 160,083,660          |
| Other Income                                                             | 228,921             | 6,532,273           | 19,525              | 9,488,320           | -                           | (6,085,676)           | 10,183,363           |
| <b>Total Revenue</b>                                                     | <b>\$57,797,421</b> | <b>\$30,399,365</b> | <b>\$83,493,993</b> | <b>\$9,488,320</b>  | <b>-</b>                    | <b>\$(10,912,076)</b> | <b>\$170,267,023</b> |
| <b>Operating Income before finance costs</b>                             | <b>4,750,576</b>    | <b>3,974,584</b>    | <b>2,505,712</b>    | <b>2,115,784</b>    | <b>-</b>                    | <b>(488,970)</b>      | <b>12,857,686</b>    |
| Finance Costs                                                            | (499,918)           | (1,146,337)         | (66,079)            | 67,856              | -                           | 90,000                | (1,554,478)          |
|                                                                          | 4,250,658           | 2,828,247           | 2,439,633           | 2,183,640           | -                           | (398,970)             | 11,303,208           |
| Share of results of Associated Companies                                 | 786,557             | -                   | 2,294,087           | (5,039)             | -                           | -                     | 3,075,605            |
| <b>Operating Income before Taxation</b>                                  | <b>\$5,037,215</b>  | <b>\$2,828,247</b>  | <b>\$4,733,720</b>  | <b>\$2,178,601</b>  | <b>-</b>                    | <b>\$(398,970)</b>    | <b>14,378,813</b>    |
| Taxation                                                                 |                     |                     |                     |                     |                             |                       | (5,941,792)          |
| <b>Net Income after Taxation</b>                                         |                     |                     |                     |                     |                             |                       | <b>\$ 8,437,021</b>  |
| The segment assets and liabilities at 30 September 2018 were as follows: |                     |                     |                     |                     |                             |                       |                      |
| Operating assets                                                         | 59,126,135          | 53,965,879          | 34,229,718          | 10,792,330          | 40,308,146                  | (16,574,563)          | 181,847,645          |
| Investments in Associated Companies                                      | 7,173,638           | -                   | 4,181,082           | 206,555             | -                           | -                     | 11,561,275           |
| <b>Total Consolidated Assets</b>                                         | <b>\$66,299,773</b> | <b>\$53,965,879</b> | <b>\$38,410,800</b> | <b>\$10,998,885</b> | <b>\$40,308,146</b>         | <b>\$(16,574,563)</b> | <b>\$193,408,920</b> |
| <b>Total Consolidated Liabilities</b>                                    | <b>\$11,547,575</b> | <b>\$23,540,401</b> | <b>\$4,479,956</b>  | <b>\$1,971,872</b>  | <b>\$28,615,578</b>         | <b>\$(16,727,486)</b> | <b>\$53,427,896</b>  |
| <b>Capital Expenditure</b>                                               | <b>\$ 422,343</b>   | <b>\$ 1,771,443</b> | <b>\$ 776,209</b>   | <b>\$ 63,133</b>    | <b>\$ 389,670</b>           | <b>-</b>              | <b>\$ 3,428,798</b>  |
| <b>Depreciation and amortisation</b>                                     | <b>\$ 1,127,966</b> | <b>\$ 833,646</b>   | <b>\$ 1,420,491</b> | <b>\$ 192,014</b>   | <b>\$ 736,349</b>           | <b>-</b>              | <b>\$ 4,310,466</b>  |

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## 20 SEGMENT REPORTING (cont'd)

Inter-segment revenues and balances are eliminated upon consolidation as shown below.

| <b>Year ended 30 September 2017</b>                                      | <u>Durable Goods</u> | <u>Automotive</u>   | <u>Consumable Goods</u> | <u>Other</u>        | <u>Unallocated/Head Office</u> | <u>Eliminations</u>   | <u>Total</u>         |
|--------------------------------------------------------------------------|----------------------|---------------------|-------------------------|---------------------|--------------------------------|-----------------------|----------------------|
| External Sales                                                           | 53,521,707           | 23,957,124          | 74,725,435              | -                   | -                              | (3,221,432)           | 148,982,834          |
| Other Income                                                             | 275,350              | 6,128,210           | 9,632                   | 9,862,591           | -                              | (6,216,011)           | 10,059,772           |
| <b>Total Revenue</b>                                                     | <b>\$53,797,057</b>  | <b>\$30,085,334</b> | <b>\$74,735,067</b>     | <b>\$9,862,591</b>  | <b>-</b>                       | <b>\$(9,437,443)</b>  | <b>\$159,042,606</b> |
| <b>Operating Income before finance costs</b>                             | <b>4,939,835</b>     | <b>4,186,000</b>    | <b>2,314,394</b>        | <b>2,356,132</b>    | <b>-</b>                       | <b>(480,831)</b>      | <b>13,315,530</b>    |
| Finance Costs                                                            | (501,658)            | (1,127,963)         | (66,000)                | 363                 | -                              | 90,000                | (1,605,258)          |
| <b>Share of results of Associated Companies</b>                          | <b>4,438,177</b>     | <b>3,058,037</b>    | <b>2,248,394</b>        | <b>2,356,495</b>    | <b>-</b>                       | <b>(390,831)</b>      | <b>11,710,272</b>    |
|                                                                          | (218,371)            | -                   | 1,790,160               | 44,128              | -                              | -                     | 1,615,917            |
| <b>Operating Income before Taxation</b>                                  | <b>\$4,219,806</b>   | <b>\$3,058,037</b>  | <b>\$4,038,554</b>      | <b>\$2,400,623</b>  | <b>-</b>                       | <b>\$(390,831)</b>    | <b>13,326,189</b>    |
| Taxation                                                                 |                      |                     |                         |                     |                                |                       | (5,293,420)          |
| <b>Net Income after Taxation</b>                                         |                      |                     |                         |                     |                                |                       | <b>\$ 8,032,769</b>  |
| The segment assets and liabilities at 30 September 2017 were as follows: |                      |                     |                         |                     |                                |                       |                      |
| <b>Operating assets</b>                                                  | 59,054,409           | 55,006,927          | 30,952,457              | 10,506,416          | 40,665,006                     | (12,876,689)          | 183,308,526          |
| <b>Investments in Associated Companies</b>                               | 7,173,638            | -                   | 4,181,080               | 487,250             | -                              | -                     | 11,841,968           |
| <b>Total Consolidated Assets</b>                                         | <b>\$66,228,047</b>  | <b>\$55,006,927</b> | <b>\$35,133,537</b>     | <b>\$10,993,666</b> | <b>\$40,665,006</b>            | <b>\$(12,876,689)</b> | <b>\$195,150,494</b> |
| <b>Total Consolidated Liabilities</b>                                    | <b>\$14,449,402</b>  | <b>\$27,676,158</b> | <b>\$2,496,030</b>      | <b>\$1,912,037</b>  | <b>\$25,320,178</b>            | <b>\$(13,310,306)</b> | <b>\$58,543,499</b>  |
| <b>Capital Expenditure</b>                                               | <b>\$ 1,634,779</b>  | <b>\$ 785,485</b>   | <b>\$ 616,375</b>       | <b>\$ 6,846</b>     | <b>\$ 602,685</b>              | <b>-</b>              | <b>\$ 3,646,170</b>  |
| <b>Depreciation and amortisation</b>                                     | <b>\$ 1,048,182</b>  | <b>\$ 750,602</b>   | <b>\$ 1,328,497</b>     | <b>\$ 194,056</b>   | <b>\$ 681,008</b>              | <b>-</b>              | <b>\$ 4,002,345</b>  |

S L HORSFORD AND COMPANY LIMITED  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Expressed in Eastern Caribbean Dollars)  
(Continued)

|    |                                               |                     |                     |
|----|-----------------------------------------------|---------------------|---------------------|
| 21 | OTHER INCOME                                  | <u>2018</u>         | <u>2017</u>         |
|    | Interest                                      | 4,470,641           | 4,538,173           |
|    | Dividend income                               | 17,701              | 17,701              |
|    | Lease and rental income                       | 934,874             | 920,439             |
|    | Car Servicing and related Income              | 900,547             | 892,351             |
|    | Car rental income                             | 1,607,591           | 1,502,956           |
|    | Shipping income                               | 1,188,836           | 1,137,516           |
|    | Insurance commission income                   | 485,955             | 498,943             |
|    | Truckage delivery income                      | 227,886             | 253,850             |
|    | Gain on sale of property, plant and equipment | 284,444             | 243,106             |
|    | Miscellaneous                                 | <u>64,888</u>       | <u>54,737</u>       |
|    | TOTAL                                         | <u>\$10,183,363</u> | <u>\$10,059,772</u> |
| 22 | ADMINISTRATIVE EXPENSES                       | <u>2018</u>         | <u>2017</u>         |
|    | Occupancy costs                               | 1,657,424           | 1,666,483           |
|    | Utilities                                     | 2,020,555           | 1,735,214           |
|    | Insurance                                     | 1,081,287           | 1,001,241           |
|    | Stationery and supplies                       | 360,336             | 309,845             |
|    | Repairs to property, plant and equipment      | 711,430             | 707,208             |
|    | Communications                                | 421,807             | 370,228             |
|    | Employment                                    | <u>19,106,177</u>   | <u>18,600,304</u>   |
|    | TOTAL                                         | <u>\$25,359,016</u> | <u>\$24,390,523</u> |

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23 CAPITAL COMMITMENTS

At year end, there were no capital commitments (2017 = Nil ).