

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2013

PKF

Chartered Accountants &
business advisers

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

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Chartered Accountants
& business advisers

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

We have audited the accompanying financial statements of **St Kitts-Nevis-Anguilla Trading and Development Company Limited** which comprise the statement of financial position as at 31 January 2013, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Partners: Omax A. E. Gardner Wilbur A. Harrigan, OBE

TO THE SHAREHOLDERS

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of **St Kitts-Nevis-Anguilla Trading and Development Company Limited** as of 31 January 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Chartered Accountants:

BASSETERRE - ST KITTS
10 July 2013

PKF

STATEMENT OF FINANCIAL POSITION
AT 31 JANUARY 2013
 (Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Non-Current Assets			
Property, Plant and Equipment (Schedule 3 – Page 12)	3	81,937,493	82,374,504
Non-current Receivable – Subsidiary	4	-	200,000
Investments	5	<u>83,425,869</u>	<u>83,869,911</u>
		<u>165,363,362</u>	<u>166,444,415</u>
Current Assets			
Cash in hand at bank		422,405	2,877,015
Trade Receivables	6(a)	6,598,924	4,988,248
Other Receivables	6(b)	1,022,114	1,404,860
Loan due from Subsidiary – Current	4	-	600,000
Amounts due from Subsidiaries	7	8,535,793	10,550,109
Inventories	2(c)	19,750,954	21,396,348
Goods in transit	2(c)	737,442	554,618
Taxation Recoverable	12	-	<u>186,530</u>
Total Current Assets		<u>37,067,632</u>	<u>42,557,728</u>
TOTAL ASSETS		<u>\$202,430,994</u>	<u>\$209,002,143</u>

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITEDSTATEMENT OF FINANCIAL POSITIONAT 31 JANUARY 2013

(Expressed in Eastern Caribbean Dollars)

(Continued)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital	8	52,000,000	52,000,000
Reserves		<u>53,722,280</u>	<u>54,339,210</u>
Total Equity (Page 13)		<u>105,722,280</u>	<u>106,339,210</u>
Non-current Liabilities			
Bank and Other Loans – Non-current	9	24,065,404	20,276,740
Amount due to Subsidiary Companies	7	6,129,040	7,129,040
Employee Benefit Fund		3,661,368	3,514,367
Deferred Tax Liability	10	<u>4,038,122</u>	<u>3,910,282</u>
		<u>37,893,934</u>	<u>34,830,429</u>
Current Liabilities			
Loans and overdrafts	9	19,963,898	22,260,899
Trade Payables	11(a)	5,216,898	4,841,128
Other Payables	11(b)	23,106,893	26,563,903
Amounts due to subsidiaries	7	10,419,222	14,166,574
Provision for Taxation	12	<u>107,869</u>	-
Total Current Liabilities		<u>58,814,780</u>	<u>67,832,504</u>
Total Liabilities		<u>96,708,714</u>	<u>102,662,933</u>
TOTAL EQUITY AND LIABILITIES		<u>\$202,430,994</u>	<u>\$209,002,143</u>

Approved by the Board of Directors on 10 July 2013.



 D M Morton, Chairman



 N N Menon, Director

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**INCOME STATEMENT**
FOR THE YEAR ENDED 31 JANUARY 2013
(Expressed in Eastern Caribbean Dollars)

	<u>2013</u>	<u>2012</u>
NET LOSS - (Page 7)	(1,057,823)	(3,342,254)
Profit on Disposal of Property, Plant and Equipment	<u>49,707</u>	<u>168,262</u>
LOSS BEFORE TAXATION	(1,008,116)	(3,173,992)
Taxation (Note 12)	<u>(422,239)</u>	<u>718,645</u>
LOSS AFTER TAXATION	(1,430,355)	(2,455,347)
DIVIDENDS RECEIVED (Tax Free) (Schedule 2 - Page 11)	<u>2,460,844</u>	<u>2,602,490</u>
NET INCOME CARRIED TO STATEMENT OF COMPREHENSIVE INCOME (Page 6)	<u>\$1,030,489</u>	<u>\$147,143</u>
EARNINGS PER SHARE (See Note 13)	<u>\$0.02</u>	<u>\$0.003</u>

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2013
 (Expressed in Eastern Caribbean Dollars)

	<u>2013</u>	<u>2012</u>
Income for the Year (Page 5)	1,030,489	147,143
Other Comprehensive Income:		
Unrealised holding gain	(251,659)	(100,182)
Surplus on revaluation		
- Investments in associated companies	294,240	926,630
Adjustment – Re: Derecognition of interest in associated company	-	1,451,377
Negative goodwill on acquisition of interest in subsidiary company	-	714,260
Reversal of reserves in associated company derecognized	<u>-</u>	<u>(2,098,589)</u>
TOTAL COMPREHENSIVE INCOME CARRIED TO STATEMENT OF CHANGES IN EQUITY (Page 13)	<u>\$1,073,070</u>	<u>\$1,040,639</u>

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

SCHEDULE TO INCOME STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2013
 (Expressed in Eastern Caribbean Dollars)

SCHEDULE 1

	<u>Schedule</u>	<u>2013</u>	<u>2012</u>
TURNOVER (See Note 2(h))		\$71,255,627	\$70,204,730
INCOME ON TRADING			
Home and Building Depot		8,228,262	8,088,773
Motor Vehicles and Spares		<u>2,321,224</u>	<u>1,823,584</u>
TOTAL INCOME ON TRADING (Page 8)	1.1	<u>10,549,486</u>	<u>9,912,357</u>
OTHER INCOME			
Sands Revenue		357,962	(135,182)
Commissions		20,273	54,766
Interest Received		413,015	468,894
Rents		4,281,997	4,481,384
Truck Operating Income		305,256	248,969
Vehicle Service Department		158,384	30,079
Management and Administration Fees		1,605,099	1,578,910
Shipping		614,219	662,394
Electrical Repairs		102,691	35,930
Miscellaneous Trading Revenue		197,688	171,061
MV Puerto Real/Triumph		<u>156,919</u>	<u>351,383</u>
		<u>8,213,503</u>	<u>7,948,588</u>
TOTAL INCOME		<u>18,762,989</u>	<u>17,860,945</u>
Deduct: OVERHEADS			
Selling Expenses (Page 9)	1.2	2,333,996	2,528,574
Personnel Expenses (Page 9)	1.2	5,029,433	5,025,165
Operating Expenses (Page 10)	1.2	6,174,880	6,194,178
Financial, Legal and Professional Expenses (Page 10)	1.2	<u>6,282,503</u>	<u>7,455,282</u>
		<u>19,820,812</u>	<u>21,203,199</u>
NET LOSS CARRIED TO INCOME STATEMENT (Page 5)		\$ <u>(1,057,823)</u>	\$ <u>(3,342,254)</u>

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

DEPARTMENTAL TRADING STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2013

(Expressed in Eastern Caribbean Dollars)

SCHEDULE 1.1

	Home & Building Depot	Motor Vehicles and Spares	Total 2013	Total 2012
SALES	<u>44,868,928</u>	<u>21,999,180</u>	<u>66,868,108</u>	<u>66,792,423</u>
LESS: Cost of Sales:				
Opening Stock	11,179,269	8,325,267	19,504,536	20,659,631
Purchases	<u>34,037,098</u>	<u>19,319,155</u>	<u>53,356,253</u>	<u>53,318,854</u>
Closing Stock	45,216,367	72,644,422	72,860,789	73,978,485
	<u>(10,586,830)</u>	<u>(8,372,875)</u>	<u>(18,959,705)</u>	<u>(19,504,536)</u>
COST OF SALES	<u>34,629,537</u>	<u>19,271,547</u>	<u>53,901,084</u>	<u>54,473,949</u>
GROSS PROFIT	10,239,391	2,727,633	12,967,024	12,318,474
Equipment Rentals and Repairs Profit and Handling Charges on Inter Group Transfers	168,867	-	168,867	214,920
	<u>85,850</u>	<u>108,354</u>	<u>194,204</u>	<u>277,908</u>
LESS: RELATED EXPENSES				
Salaries and Wages	10,494,108	2,835,987	13,330,095	12,811,302
	<u>(2,265,846)</u>	<u>(514,763)</u>	<u>(2,780,609)</u>	<u>(2,898,945)</u>
NET TRADING INCOME (Page 7)	<u>\$8,228,262</u>	<u>\$2,321,224</u>	<u>\$10,549,486</u>	<u>\$9,912,357</u>
GROSS PROFIT % ON SALES 2013	22.8%	12.4%	19.4%	18.4%
GROSS PROFIT % ON SALES 2012	21.9%	10.6%	-	-

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

OPERATING EXPENSES
FOR THE YEAR ENDED 31 JANUARY 2013
 (Expressed in Eastern Caribbean Dollars)

<u>SCHEDULE 1.2</u>	<u>2013</u>	<u>2012</u>
<u>SELLING EXPENSES</u>		
Pirferage and Other Losses	2,351	300
Advertising, Sales Promotion, etc	944,574	744,823
Motor Vehicle Expenses	590,392	583,396
Motor Vehicle Depreciation	409,603	404,624
Plant and Machinery Depreciation	285,438	284,779
Entertainment	165,497	190,441
Rebates, Discounts and Warranties	248,322	69,725
Cash (Overs)/Shorts	64	(447)
Bad and Doubtful Debts/(Recovered)	(312,245)	250,933
TOTAL (Page 7)	<u>\$2,333,996</u>	<u>\$2,528,574</u>
<u>PERSONNEL</u>		
	<u>2013</u>	<u>2012</u>
Salaries and Wages - Administration	1,415,753	1,625,546
- Accounting	684,172	677,417
- Human Resources	294,892	314,818
- Internal Audit	277,718	273,323
- Purchasing and Customs	374,282	103,908
- Marketing	138,780	129,088
Bonuses and Gratuity	115,294	27,970
Pension Fund and Social Security	1,065,131	1,112,191
Health Insurance	112,500	118,875
Directors' Fees	180,000	158,000
Staff Training	356,013	458,173
Staff Uniforms	14,898	25,856
TOTAL (Page 7)	<u>\$5,029,433</u>	<u>\$5,025,165</u>

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

OPERATING EXPENSES
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

<u>SCHEDULE 1.2</u> (cont'd)	<u>2013</u>	<u>2012</u>
 <u>OPERATING EXPENSES</u>		
Electricity	1,157,878	401,183
Telephone and Cables	386,944	380,579
Printing and Stationery	140,775	122,494
Building Repairs and Security	571,163	850,301
Subscriptions	52,984	45,169
Overseas Travel	154,758	142,029
Repairs - Furniture and Machinery	375,693	338,345
Depreciation - Furniture and Fittings	163,705	162,649
Depreciation -Buildings	959,594	972,161
Postage	58,796	56,262
General Expenses	490,224	394,127
Office Expenses	44,556	37,799
Annual Report - Annual General Meeting	137,776	113,706
Computer Installation and Consultancy	127,308	163,582
Rates, Taxes and Licences	220,619	533,270
General Insurance	601,288	674,541
Stock Exchange	44,197	42,115
Impairment of investments	<u>486,622</u>	<u>763,866</u>
 TOTAL (Page 7)	 <u>\$6,174,880</u>	 <u>\$6,194,178</u>
 <u>FINANCIAL, LEGAL AND PROFESSIONAL EXPENSES</u>		
	<u>2013</u>	<u>2012</u>
Audit Fees and Expenses	227,702	254,143
Legal and Professional Fees	236,299	372,731
Interest	4,927,431	6,005,859
Bank Charges	<u>891,071</u>	<u>822,549</u>
 TOTAL (Page 7)	 <u>\$6,282,503</u>	 <u>\$7,455,282</u>

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**DIVIDENDS RECEIVED**
FOR THE YEAR ENDED 31 JANUARY 2013
(Expressed in Eastern Caribbean Dollars)SCHEDULE 2

	<u>2013</u>	<u>2012</u>
St Kitts Masonry Products Limited	400,000	300,000
Carib Brewery (St Kitts & Nevis) Limited	409,500	126,000
Cable and Wireless St Kitts & Nevis Limited	30,240	52,920
St Kitts Bottling Company Limited	61,418	31,937
SKNA National Bank Limited	55,000	90,000
The Bank of Nevis	4,686	-
Tru Serv Corporation	-	1,633
St Kitts Nevis Insurance Company Limited	<u>1,500,000</u>	<u>2,000,000</u>
TOTAL (Page 5)	<u>\$2,460,844</u>	<u>\$2,602,490</u>

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

ST KITTS-NEVIS-ANGULLA TRADING AND DEVELOPMENT COMPANY LIMITED

**SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 31 JANUARY 2013**
(Expressed in Eastern Caribbean Dollars)

	GROSS CARRYING AMOUNTS			D E P R E C I A T I O N			NET CARRYING AMOUNTS			
	31/1/12	Additions	Disposals/ Transfers	31/1/13	31/1/12	Current	Disposals/ Transfers	31/1/13	31/1/12	
Land and Buildings	83,257,215	382,535	-	83,639,750	3,886,104	959,594	-	4,845,698	78,794,052	79,371,111
Motor Vehicles	5,269,142	606,639	(792,432)	5,083,349	3,650,645	409,603	(615,313)	3,444,935	1,638,414	1,618,497
Furniture, Fittings and Equipment	3,079,538	97,557	(130,145)	3,046,950	2,998,613	97,081	(128,413)	2,967,281	79,669	80,925
Computers and Equipment	1,293,408	170,686	(14,610)	1,449,484	1,018,236	66,624	(12,915)	1,071,945	377,539	275,172
Furniture and Fittings	3,357,947	264,743	-	3,622,690	2,530,768	215,317	-	2,746,085	876,605	827,179
Plant and Equipment	313,205	37,052	(23,171)	327,086	247,611	40,354	(21,411)	266,554	60,532	65,594
Construction Equipment	894,902	13,451	(14,031)	894,322	758,876	29,764	(5,000)	783,640	110,682	136,026
Containers	8,939,000	583,489	(181,957)	9,340,532	7,554,104	449,140	(167,739)	7,835,505	1,505,027	1,384,896
TOTAL	<u>\$97,465,357</u>	<u>\$1,572,663</u>	<u>\$(974,389)</u>	<u>\$98,063,631</u>	<u>\$15,090,853</u>	<u>\$1,818,337</u>	<u>\$(783,052)</u>	<u>\$16,126,138</u>	<u>\$81,937,493</u>	<u>\$82,374,504</u>

As explained in Note 9 to the Financial Statements, the Company's Property, Plant and Equipment have been charged to secure bank advances.

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 JANUARY 2013

(Expressed in Eastern Caribbean Dollars)

	<u>Share Capital</u>	<u>Unrealised Holding Gain</u>	<u>Capital Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at 31 January 2011	52,000,000	1,277,251	25,502,820	29,508,500	108,288,571
Total Comprehensive Income (Page 6)	-	(100,182)	993,678	147,143	1,040,639
Transfer of realized revaluation Gain to Retained Earnings	-	-	(905,394)	905,394	-
Dividend paid – 5.75 cents per share (Note 8)	-	-	-	(2,990,000)	(2,990,000)
Balance at 31 January 2012 (Page 4)	<u>\$52,000,000</u>	<u>\$1,177,069</u>	<u>\$25,591,104</u>	<u>\$27,571,037</u>	<u>\$106,339,210</u>
Balance at 31 January 2012	52,000,000	1,177,069	25,591,104	27,571,037	106,339,210
Total Comprehensive Income (Page 6)	-	(251,659)	294,240	1,030,489	1,073,070
Dividend paid – 3.25 cents per share (Note 8)	-	-	-	(1,690,000)	(1,690,000)
Balance at 31 January 2013 (Page 4)	<u>\$52,000,000</u>	<u>\$925,410</u>	<u>\$25,885,344</u>	<u>\$26,911,526</u>	<u>\$105,722,280</u>

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITEDSTATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2013

(Expressed in Eastern Caribbean Dollars)

CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	2013	2012
Income/(Loss) before taxation	1,452,728	(571,502)
Depreciation	1,818,337	1,824,213
Gain on Disposal of Property, Plant and Equipment	(49,707)	(168,262)
Impairment of Investments	<u>486,622</u>	<u>763,865</u>
	3,707,980	1,848,314
CHANGES IN WORKING CAPITAL BALANCES OTHER THAN CASH AND CURRENT PORTION OF LONG TERM DEBT		
Trade Accounts Receivable	(1,610,676)	2,016,468
Other Accounts Receivable and Prepayments	382,746	619,776
Due from Subsidiaries	2,014,316	(190,983)
Loan due from Subsidiary – current portion	200,000	-
Inventories	1,645,394	1,311,632
Goods Intransit	(182,824)	(46,191)
Trade Accounts Payable	375,770	(1,063,069)
Other Accounts Payable	(3,457,102)	(1,614,495)
Due to Subsidiaries	(3,747,352)	(2,022,567)
Taxation Paid	-	<u>(449,267)</u>
Net cash outflow/inflow from operating activities	<u>(671,658)</u>	<u>409,618</u>
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(1,572,663)	(2,399,705)
Proceeds from sale of Property, Plant and Equipment	241,040	2,139,566
Purchase of Investments	-	(7,126,837)
Loan Receivable	<u>600,000</u>	<u>(600,000)</u>
Net cash outflow from investing activities	<u>(731,623)</u>	<u>(7,986,976)</u>
CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		
Bank and Other Loans - Net Received	3,582,264	7,678,637
Increase in Employment Benefits Fund	147,001	3,514,367
Dividends Paid to shareholders	(1,690,000)	(2,990,000)
Decrease in amount due to Subsidiaries – non-current	<u>(1,000,000)</u>	<u>-</u>
Net cash inflow/(outflow) from financing activities	<u>1,039,265</u>	<u>8,203,004</u>
CASH (DECREASE)/INCREASE FOR THE YEAR	(364,016)	625,646
CASH POSITION - at beginning of year	<u>(15,821,995)</u>	<u>(16,447,641)</u>
CASH POSITION - at end of year	<u>\$(16,186,011)</u>	<u>\$(15,821,995)</u>
Comprised of:		
Cash in hand and at bank	422,405	2,877,015
Bank Overdrafts	<u>(16,608,416)</u>	<u>(18,699,010)</u>
	<u>\$(16,186,011)</u>	<u>\$(15,821,995)</u>

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013
 (Expressed in Eastern Caribbean Dollars)

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Incorporation:

The Company was incorporated as a Public Limited Company on 8 January 1973 under the provisions of Chapter 335 of the Companies Act of the Laws of St Kitts-Nevis.

In accordance with the provisions of the Companies Act (No. 22 of 1996), the Company was re-registered as a company with limited liability under the provisions of the Companies Act (No. 22 of 1996).

Registered Office

The Registered Office of the Company is situated at Fort Street, Basseterre, St Kitts.

Principal Activities

The Company is engaged in the business of trading as General Merchants, Manufacturers' Representatives and Commission Agents.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

These financial statements are prepared on the historical cost basis modified to give effect to the revaluation of certain property, plant and equipment and available-for-sale financial assets.

The accounting policies adopted are consistent with those of the previous financial year including the adoption of the new and amended IAS, IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations effective on or after the dates indicated.

New and amended Standards and interpretations in effect and applicable

IFRS 7 – Financial Instruments: Disclosures- effective 1 July 2011

IAS 12 – Deferred Tax: Recovery of Underlying Assets – 1 January 2012

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

New and amended Standards and interpretations in issue but not effective and not early adopted

IAS 1 – Presentation of Financial Statements - effective 1 July 2012

IAS 19 – Employee Benefits – effective 1 January 2013

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Basis of Accounting: (cont'd)

New and amended Standards and interpretations in issue but not effective and not early adopted (cont'd)

IAS 27 – Separate Financial Statements – effective 1 January 2013

IAS 28 – Investment in Associates and Joint Ventures – effective 1 January 2013

IAS 32 – Financial Instruments: Presentation – effective 1 January 2014

IFRS 1 – First time Adoption of International Financial Reporting Standards – effective 1 January 2013

IFRS 7 – Financial Instruments: Disclosures – effective 1 January 2013

IFRS 9 – Financial Instruments – effective 1 January 2015

IFRS 10 – Consolidated Financial Statements – effective 1 January 2013

IFRS 11 – Joint arrangements – effective 1 January 2013

IFRS 12 – Disclosure of Interests in Other Entities – effective 1 January 2013

IFRS 13 – Fair Value Measurement – effective 1 January 2013

Annual Improvements 2009-2011 Cycle for IFRS 1, IAS 1, IAS 16, IAS 32, and IAS 34 – effective 1 January 2013

Consolidated Financial Statements, Joint Arrangements and Disclosure Interests in Other Entities: Transition Guidance – Amends IFRS 10, IFRS 11 and IFRS 12 – effective 1 January 2013

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – effective 1 January 2014

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine – effective 1 January 2013

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Revenue Recognition:

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

Sales to third parties

Revenue from 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 collectibility is in doubt.

Dividend

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

Rental Income

Rental Income is accounted for on the straight-line basis over the lease term.

c) Inventories and Goods in Transit:

Inventories and goods in transit are valued at the lower of cost and net realisable value, which have been applied consistently with the previous financial year.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Property, Plant and Equipment:

The Freehold and Leasehold properties were independently and professionally revalued in January 1995 at market values prevailing at that date. Properties acquired after that date have been stated at cost. Surpluses on revaluation have been taken directly to Capital Reserve. Plant and equipment are stated at cost less related accumulated depreciation.

e) Depreciation of Property, Plant and Equipment:

Depreciation is calculated to write off the assets over their estimated useful lives using the reducing balance method. Depreciation rates are as follows:

Buildings	2%
Motor Vehicles	20%
Furniture and Fittings	15%
Machinery and Equipment	20% - 40%
Lighters	10%

f) Foreign Currencies:

All amounts are stated in Eastern Caribbean Dollars. Transactions during the year between the company and its customers and suppliers are converted into local currencies at the rates of exchange ruling at the dates of the transactions. Differences arising therefrom are reflected in the current year's results. Assets and liabilities in foreign currencies are translated into Eastern Caribbean Dollars at the rates of exchange prevailing at the balance sheet date.

g) Taxation:

The company 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 recognized when it is probable that taxable profits will be available against which the assets may be utilized.

h) Turnover:

Turnover principally comprises sales to third parties and commissions.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) 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 capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Company capitalizes borrowing costs for all eligible assets where construction was commenced on or after January 1, 2009.

j) Trade and Other Payables:

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

k) Provisions:

Provisions are recognised when the company 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.

l) Trade and Other Receivables:

Trade receivables are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

m) Use of Estimates:

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumption 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.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Investments:

Subsidiary Companies

Investments in subsidiary companies are included in the Statement of Financial Position at cost and Directors' valuation less amount written off as deemed appropriate by the Directors.

Associated Companies

Associated Companies are included in the Statement of Financial Position on the basis of attributable net tangible asset value (see note 6).

A company is deemed an associated company, if not being a subsidiary, the investment is long-term, not less than 20% of the equity voting rights, and the company directly or indirectly, is in a position to exercise a significant degree of influence on the affairs of the investee company.

Available-for-Sale

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.

Investments in companies quoted on the Eastern Caribbean Securities Exchange are carried at fair value based on quoted market prices at the year end. All unrealised 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 recognised in equity is included in the Income Statement.

o) 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 company 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 20% per annum.

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

p) Warranty Claims Provision

The Company generally offers one-year warranties on some of its products. The company estimates the amount and cost of future warranty claims for its current period sales. These estimates are used to record accrued warranty provisions for current period product shipments. The company uses historical warranty claim information, as well as, recent trends that might suggest that past cost information, may differ from future claims.

q) Dividends

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

3 PROPERTY, PLANT AND EQUIPMENT

	<u>Land & Buildings</u>	<u>General Equipment</u>	<u>Total</u>
Year Ended 31 January 2013			
<u>Gross Carrying Amount</u>			
As at 31 January 2012	83,257,215	14,208,142	97,465,357
Additions	382,535	1,190,128	1,572,663
Disposals	_____	(974,389)	(974,389)
 As at 31 January 2013	 <u>83,639,750</u>	 <u>14,423,881</u>	 <u>98,063,631</u>
 <u>Accumulated Depreciation</u>			
As at 31 January 2012	3,886,104	11,204,749	15,090,853
Additions	959,594	858,743	1,818,337
Disposals	_____	(783,052)	(783,052)
 As at 31 January 2013	 <u>4,845,698</u>	 <u>11,280,440</u>	 <u>16,126,138</u>
 Net Carrying Amount At 31 January 2013 (Page 3)	 <u>\$78,794,052</u>	 <u>\$3,143,441</u>	 <u>\$81,937,493</u>

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

(Continued)

(Expressed in Eastern Caribbean Dollars)

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	<u>Land & Buildings</u>	<u>General Equipment</u>	<u>Total</u>
Year Ended 31 January 2012			
<u>Gross Carrying Amount</u>			
As at 31 January 2011	83,508,758	14,236,230	97,744,988
Additions	1,243,857	1,155,848	2,399,705
Disposals	<u>(1,495,400)</u>	<u>(1,183,936)</u>	<u>(2,679,336)</u>
 As at 31 January 2012	 <u>83,257,215</u>	 <u>14,208,142</u>	 <u>97,465,357</u>
 <u>Accumulated Depreciation</u>			
As at 31 January 2011	2,978,258	10,996,412	13,974,670
Additions	972,161	852,052	1,824,213
Disposals	<u>(64,315)</u>	<u>(643,715)</u>	<u>(708,030)</u>
 At 31 January 2012	 <u>3,886,104</u>	 <u>11,204,749</u>	 <u>15,090,853</u>
 Net Carrying Amount At 31 January 2012 (Page 3)	 <u>\$79,371,111</u>	 <u>\$3,003,393</u>	 <u>\$82,374,504</u>

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Revaluation of Properties

Revaluation in 2007

In December 2007, the Company's freehold properties were independently revalued by Cooper Kauffman Limited Professional Valuers. The surplus of \$29,792,735 arising on this revaluation was credited to Capital Reserve.

As explained in Note 9, the property, plant and equipment have been pledged as collateral to secure bank advances.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Continued)

(Expressed in Eastern Caribbean Dollars)

4	LOAN RECEIVABLE – SUBSIDIARY COMPANY	<u>2013</u>	<u>2012</u>
	Due from City Drug Store (2005) Limited:		
	- Current Portion (Page 3)	-	600,000
	- Non Current Portion (Page 3)	<u>-</u>	<u>200,000</u>
		<u>-</u>	<u>\$800,000</u>

This loan which was repayable in minimum monthly instalments of \$50,000 exclusive of interest chargeable at the rate of 6.5% per annum, was repaid in full during the year under review.

5	INVESTMENTS	<u>2013</u>	<u>2012</u>
	i) Subsidiary Companies - At Cost and Valuation		
	Dan Dan Garments Limited		
	225 Ordinary Shares of \$1,000 each - At Cost	222,500	222,500
	75 9% Preference Shares of \$1,000 each - At Cost	2,000	2,000
	St Kitts-Nevis Insurance Company Limited		
	10,000 Ordinary Shares of \$100 each Paid Up – At Valuation		
	20,000 Ordinary Shares of \$100 each - credited as Fully paid (Bonus Issue) - At Valuation	3,000,000	3,000,000
	TDC Rentals Limited		
	5,000 Ordinary Shares of \$1,000 each - At Directors' Valuation	<u>5,000,000</u>	<u>5,000,000</u>
	Sub total carried forward	8,224,500	8,224,500

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Continued)

(Expressed in Eastern Caribbean Dollars)

5	INVESTMENTS (cont'd)	<u>2013</u>	<u>2012</u>
	i) Subsidiary Companies - At Cost and Valuation (cont'd)		
	Sub total brought forward	8,224,500	8,224,500
	TDC Airline Services Limited		
	250 Ordinary Shares of \$1,000 each		
	- At Directors' Valuation	250,000	250,000
	TDC Real Estate and Construction Limited		
	1,000 Ordinary Shares of \$1,000 each		
	- At Valuation	1,000,000	1,000,000
	TDC Nevis Limited		
	40,000 Shares of \$100 each		
	- At Valuation	4,000,000	4,000,000
	TDC Airline Services (Nevis) Limited		
	150 Ordinary Shares of \$100 each - At Cost	228,000	228,000
	TDC Rentals (Nevis) Limited		
	30,000 Ordinary Shares of \$100 each		
	- At Valuation	3,000,000	3,000,000
	SNIC (Nevis) Limited		
	1,000 Ordinary Shares of \$100 each		
	- At Valuation	100,000	100,000
	St Kitts Nevis Finance Company Limited		
	60,000 Shares of \$100 each		
	- At Valuation	6,000,000	6,000,000
	Ocean Terrace Inn Limited		
	1,513,158 Ordinary Shares of \$10 each		
	- At Cost	16,352,450	16,352,450
	561,500 6% Cumulative Redeemable Preference Shares of \$10 each	5,615,000	5,615,000
	Conaree Estates Limited		
	1,500 Ordinary Shares of \$100 each	1,127,436	1,127,436
	Mercator Caribbean Trust Company		
	1,020 Class A Shares @ US \$100 each - At Cost	<u>275,400</u>	<u>275,400</u>
	Sub-total carried forward	46,172,786	46,172,786

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

5	INVESTMENTS (cont'd)	<u>2013</u>	<u>2012</u>
	i) Subsidiary Companies - At Cost and Valuation (cont'd)		
	Sub-total brought forward	46,172,786	46,172,786
	Sakara Shipping Inc 654 Ordinary Shares of \$2,700 each - At Cost	1,628,611	1,628,611
	East Caribbean Reinsurance Co Ltd 4,000,000 Ordinary Shares of \$1 each	4,000,000	4,000,000
	TDC Tours Limited 100,000 Shares of \$1 each - fully paid up - At Valuation 100,000 Shares of \$1 each - 30% paid up - At Cost	100,000 21,000	100,000 21,000
	City Drug Store (2005) Limited 3,119,582 Ordinary Shares @ \$1 each – At Cost	3,119,582	3,119,582
	City Drug Store (Nevis) Limited 450,000 Shares of \$1 each - At Cost less provision for impairment	277,766	277,766
	TDC Real Estate and Construction (Nevis) Limited 11,615,251 shares of \$1 each	11,615,251	11,615,251
	St Kitts Bottling Company Limited 206,684 (2012 = \$103,342) Ordinary Shares of \$5 each	2,819,486	2,819,486
		<u>69,754,482</u>	<u>69,754,482</u>
	ii) Associated Companies - At Valuation		
	St Kitts Masonry Products Limited 6,500 Ordinary Shares of \$100 each – At Valuation	3,981,750	3,868,600
	Malliouhana-Anico Insurance Co Ltd 131,375 Shares of \$10 each - At Valuation	3,553,429	3,372,339
	Sub-total	<u>7,535,179</u>	<u>7,240,939</u>

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

5	INVESTMENTS (cont'd)	<u>2013</u>	<u>2012</u>
iii)	Available-for-Sale Investments		
	- At Cost less Amounts Written Off		
	SKNA National Bank Limited		
	500,000 Shares of \$1 each	1,120,000	1,175,000
	Carib Brewery (St Kitts & Nevis) Limited		
	315,000 Ordinary shares of \$1 each	483,750	483,750
	The Bank of Nevis Limited		
	46,862 Ordinary Shares of \$1 each	196,820	269,457
	Cable Bay Hotel Development Company Limited		
	5,523 Shares of US \$100 each	1,066,768	1,328,384
	Deposit on Shares	137,053	137,053
	Cable and Wireless St Kitts-Nevis Limited		
	151,200 shares of \$1 each – at cost	715,176	843,696
	Tru Serv Corporation		
	332 Units of Common Stock at		
	US \$100 each - At Valuation	46,600	42,103
	Banks Barbados Breweries Limited		
	3,300 Ordinary Shares of Bds \$1 each - At Cost	501	501
	Eastern Caribbean Securities Exchange		
	10,000 Class D shares	100,000	100,000
	Federation Media Group		
	1,000 Ordinary Shares of \$100 each		
	-At Cost less provision for impairment	<u>40,000</u>	<u>70,000</u>
	Sub-total carried forward	3,906,668	4,449,944

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

5	INVESTMENTS (cont'd)	<u>2013</u>	<u>2012</u>
	iii) Available-for-Sale Investments		
	- At Cost less Amounts Written Off (cont'd)		
	Sub-total brought forward	3,906,668	4,449,944
	Caribbean Shoe Manufacturers Limited		
	175 Ordinary Shares of \$1,000 each		
	less amount written off \$114,585	1	1
	Caribbean Investments Corporation		
	40 Ordinary Shares of \$100 each		
	less \$3,999 written off		
	(now in liquidation)	1	1
	Wireless Ventures (St Kitts-Nevis) Ltd		
	969 Shares @ US\$1,000 - At Cost less impairment	2,159,538	2,354,544
	Port Services Limited		
	50,000 Ordinary shares at \$1 each	50,000	50,000
	OECS Distribution and Transportation Company Limited		
	Deposit on shares	<u>20,000</u>	<u>20,000</u>
		<u>6,136,208</u>	<u>6,874,490</u>
	TOTAL INVESTMENTS (Page 3)	<u>\$83,425,869</u>	<u>\$83,869,911</u>

Associated Companies

Investments in Associated Companies are accounted for on the equity basis as represented in the latest Financial Statements which for one company was the year ended 30 June 2012 and for Malliouhana - Anico Insurance Company Limited was the year ended 31 December 2012.

During the year ended 31 January 2012 St Kitts Bottling Company became a subsidiary.

Quoted Investments

Investment in companies quoted on the Eastern Caribbean Securities Exchange are carried at fair value based on quoted market prices at the year end.

Other Investments

The investments in Caribbean Investments Corporation and Caribbean Shoe Manufacturers Limited have been written down to a nominal value of one dollar (\$1.00) each since no return is anticipated.

Bonus Share Issue

During the year under review, St Kitts Bottling Company Limited made a bonus share issue of 1 share for every share held in that company.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

5 INVESTMENTS (cont'd)

In the opinion of the Directors, the aggregate value of the investments shown is not less than \$83,425,869 (2012 = \$83,869,911).

6	ACCOUNTS RECEIVABLE AND PREPAYMENTS	<u>2013</u>	<u>2012</u>
a)	<u>Trade Accounts Receivable</u>		
	Accounts Receivable (Less Provision for impairment \$4,490,080/2012 = \$4,789,641)	6,372,092	4,536,431
	Amount due from Associated Companies	<u>226,832</u>	<u>451,817</u>
		<u>\$6,598,924</u>	<u>\$4,988,248</u>
	Movement on the Company's provision for impairment of receivables is as follows:		
	Balance – beginning of year	4,789,641	4,519,168
	Provision for impairment receivables	40,401	492,164
	Bad Debts recovered	(335,496)	(149,821)
	Less: Receivables written off during the year	<u>(4,486)</u>	<u>(71,870)</u>
		<u>\$4,490,080</u>	<u>\$4,789,641</u>
b)	<u>Other Accounts Receivable and Prepayments</u>		
	Sundry Accounts Receivable and Prepayments (Page 3)	<u>\$1,022,114</u>	<u>\$1,404,860</u>

At 31 January 2013 the aging analysis of trade receivables is as follows:

	<u>Total</u>	<u>Neither Past due not impaired</u>	<u>Past due but not impaired 30-90days</u>	<u>Over 90 days</u>
2013	<u>\$6,598,924</u>	<u>\$2,152,372</u>	<u>\$1,896,093</u>	<u>\$2,550,459</u>
2012	<u>\$4,988,248</u>	<u>\$2,975,458</u>	<u>\$394,201</u>	<u>\$1,618,589</u>

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

7	RELATED PARTY TRANSACTIONS	<u>2013</u>	<u>2012</u>
	Associated Companies:		
	Sales of goods and services	5,949,052	5,885,205
	Purchase of goods and services	2,001,037	2,226,388
	Management fee income	88,000	88,800
	Dividend Income	461,418	331,937
	Compensation of key management personnel of the Company:		
		<u>2013</u>	<u>2012</u>
	Short-term employee benefits and retirement contributions	<u>\$1,613,326</u>	<u>\$375,418</u>

SKNA TDC Limited manages the TDC Pension Savings Plan for employees of the TDC Group of Companies. There is no liability for any shortfall in the Plan. At the end of the year, the SKNA TDC Limited was indebted to the TDC Pension Savings Plan in the amount of \$4,266,510 (2012 - \$4,811,688). Interest is being charged at the rate of 6 ½% per annum.

<u>Current</u>	<u>2013</u>	<u>2012</u>
Amount due from Subsidiaries:		
TDC Nevis Limited	218,646	-
TDC Airline Services Limited	-	88,193
TDC Airline Services (Nevis) Limited	56,673	2,953
TDC Rentals (Nevis) Limited	-	75,584
Dan Dan Garments Limited	60,543	32,254
TDC Real Estate and Construction Company Limited	413,254	5,026,437
Ocean Terrace Inn Limited	6,275,855	3,957,500
Conaree Estates Limited	424,001	475,343
City Drug Store (2005) Limited	901,040	612,976
City Drug Store (Nevis) Limited	23,336	223,220
St Kitts Bottling Company Limited	138,416	55,649
St Kitts Nevis Finance Company Limited	<u>24,029</u>	-
	<u>\$8,535,793</u>	<u>\$10,550,109</u>

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

7	RELATED PARTY TRANSACTIONS (cont'd)	<u>2013</u>	<u>2012</u>
	Amount due to Subsidiaries:		
	TDC Airline Services Limited	401,356	-
	TDC Nevis Limited	-	669,644
	TDC Rentals Limited	3,546,688	1,937,639
	St Kitts Nevis Insurance Company Limited	4,684,036	7,237,938
	SNIC (Nevis) Limited	11,769	7,690
	TDC Rentals (Nevis) Limited	59,445	-
	St Kitts Nevis Finance Company Limited	-	1,714,778
	Sakara Shipping Inc	488,258	1,714,293
	TDC Tours Limited	512,105	397,398
	Eastern Caribbean Reinsurance Company Limited	670,709	438,373
	Mercator Caribbean Trust Company Limited	<u>44,856</u>	<u>48,821</u>
	TOTAL (Page 4)	<u>\$10,419,222</u>	<u>\$14,166,574</u>
	<u>Non-Current</u>		
	Amount due to Subsidiaries Companies:	<u>2013</u>	<u>2012</u>
	TDC Rentals Limited	1,500,000	1,500,000
	St Kitts Nevis Insurance Company Limited	-	1,000,000
	Eastern Caribbean Reinsurance Company Limited	<u>4,629,040</u>	<u>4,629,040</u>
	TOTAL (Page 4)	<u>\$6,129,040</u>	<u>\$7,129,040</u>
	The loans due to these subsidiary companies are not immediately repayable.		
	Directors' Balances:	<u>2013</u>	<u>2012</u>
	Amount due from Directors	<u>\$8,009</u>	<u>\$51,809</u>
	Amount due to Directors'	<u>\$4,321,279</u>	<u>\$4,698,922</u>
8	SHARE CAPITAL	<u>2013</u>	<u>2012</u>
	Authorised:		
	500,000,000 Ordinary Shares of \$1 each	<u>\$500,000,000</u>	<u>\$500,000,000</u>
	Issued and Allotted:		
	52,000,000 Ordinary Shares of \$1 each (Page 3)	<u>\$52,000,000</u>	<u>\$52,000,000</u>
	Dividends:		

In accordance with the Company's Articles of Association, dividends are prorated on the basis of the amounts paid on application and on calls, having regard to the number of months during the year for which the amounts were paid.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

(Expressed in Eastern Caribbean Dollars)

9 LOANS AND BANK OVERDRAFTS

	<u>Current Portion</u>	<u>Non-Current</u>		<u>T O T A L</u>	
		<u>>1Yr - 5 Yrs</u>	<u>>5 Yrs</u>	<u>2013</u>	<u>2012</u>
Bank Loans:					
First Caribbean International Bank:					
Loan #106974965	541,780	2,554,106	3,492,033	6,587,919	-
Loan #106774476	363,850	1,715,329	2,161,424	4,240,603	4,688,118
Loan #106838446	324,103	1,527,965	1,835,076	3,687,144	4,148,602
Loan #106965568	273,375	1,288,325	3,954,138	5,515,838	5,768,662
Bank of Nova Scotia:					
Loan #1901902	333,336	1,333,344	2,749,982	4,416,662	4,777,776
RBC Royal Bank of Canada					
Loan #3552296	571,414	1,378,668	-	1,950,082	2,485,209
Loan #3552062	<u>947,624</u>	<u>75,014</u>	<u>-</u>	<u>1,022,638</u>	<u>1,970,262</u>
	3,355,482	9,872,751	14,192,653	27,420,886	23,838,629
Bank Overdrafts	<u>16,608,416</u>	<u>-</u>	<u>-</u>	<u>16,608,416</u>	<u>18,699,010</u>
TOTAL 2013 (Page 4)	<u>\$19,963,898</u>	<u>\$9,872,751</u>	<u>\$14,192,653</u>	<u>\$44,029,302</u>	<u>\$42,537,639</u>
TOTAL 2012 (Page 4)	<u>\$22,260,899</u>	<u>\$13,178,370</u>	<u>\$7,098,370</u>		
	<u>2013</u>	<u>2012</u>			
Non-Current Portion:					
Amounts Payable:					
Within 2-5 Years	9,872,751	13,178,370			
After 5 Years	<u>14,192,653</u>	<u>7,098,370</u>			
TOTAL (Page 4)	<u>\$24,065,404</u>	<u>\$20,276,740</u>			

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
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(Cont'd)

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9 LOANS AND BANK OVERDRAFTS (cont'd)

Repayment Terms:

First Caribbean International Bank- Loan #106974965

Repayable in monthly instalments of \$79,484 exclusive of interest chargeable at the rate of 6.5%.

- Loan #106774476

Repayable in monthly instalments of \$52,389 inclusive of interest chargeable at the rate of 6.5% per annum.

- Loan #106838446

Repayable in monthly instalments of \$46,174 inclusive of interest chargeable at the rate of 6.5% per annum.

- Loan #106965568

Repayable in monthly instalments of \$51,979 inclusive of interest chargeable at the rate of 6.5% per annum.

RBC Royal Bank of Canada- Loan #3552296

Repayable in monthly instalments of \$56,774 inclusive of interest chargeable at the rate of 6.5% per annum.

- Loan #3552026

Repayable in monthly instalments of \$78,968 .67 exclusive of interest chargeable at the rate of 6.5% per annum.

Bank of Nova Scotia- Loan #1901902

Repayable in monthly instalments of \$27,778 exclusive of interest chargeable at the rate of 7.75% per annum

The principal loan instalments due within the twelve months ending 31 January 2014 have been shown under Current Liabilities.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

(Expressed in Eastern Caribbean Dollars)

9 LOANS AND BANK OVERDRAFTS (cont'd)

Collateral

- a) Advances made by First Caribbean International Bank are secured by the following:
- i A mortgage debenture and supplemental debenture over the company's fixed and floating assets, registered and stamped to secure \$27,000,000 including 1.324 acres land situated at Frigate Bay. Excluded from the debenture charge are the following:-
 - a) Toyota Vehicles;
 - b) the Building Materials Division property at Frigate Bay Road and the adjoining land;
 - c) Central Street Property assigned to FINCO;
 - d) Fort Street Property assigned to Bank of Nova Scotia;
 - e) 9,675 sq ft land on Fort & Central Streets.
 - ii Assignment over the insurance peril policies covering the company's assets.
 - iii Equitable charge over mortgage over 100,000 shares in Carib Brewery (St Kitts & Nevis) Limited and 665,328 shares in Ocean Terrace Inn Limited.
 - iv Guarantees by the following Subsidiaries:

-	TDC Rentals Limited	\$2,500,000
-	TDC Airline Services Limited	\$500,000
-	TDC Nevis Limited	\$1,500,000
-	TDC Real Estate and Construction Limited	\$6,000,000
-	TDC Real Estate and Construction Company (Nevis) Limited	\$20,000,000
-	TDC Airline Services (Nevis) Limited	\$500,000
 - v Letter of undertaking not to further encumber the assets of the company without the prior consent of the bank.
 - vi Deposit of title deeds to the Sands Development with caveat thereon.

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(Cont'd)

(Expressed in Eastern Caribbean Dollars)

9 LOANS AND BANK OVERDRAFTS (cont'd)

Repayment Terms: (cont'd)

Collateral

- a) Advances made by First Caribbean International Bank are secured by the following: (cont'd)
- vii Collateral mortgage security stamped to cover EC \$6 million with power to upstamp giving First Caribbean a 1st equitable charge over 8.77 acres at Frigate Bay Development in name TDC Real Estate and Construction Limited, supported by Board Resolution.
 - viii Collateral mortgage security stamped to cover EC \$7 million with power to unstamp giving First Caribbean a 1st equitable charge over 20.1754 acres of land at Clarke Estate, Nevis in name TDC Real Estate and Construction Nevis Limited, supported by Board Resolution.
 - ix Collateral Mortgage security stamped to cover EC \$6 million, with power to up-stamp giving First Caribbean a 1st equitable charge over 32.8916 acres of land at Clarke Estate, Nevis in the name of TDC Real Estate and Construction Nevis Limited supported by Board Resolution.
 - x Collateral mortgage security stamped to cover XCD \$6 million with power to up-stamp.
- b) Advances made by the Bank of Nova Scotia are secured by the following:
- Debenture providing a first floating charge over vehicle inventory, stamped to EC \$2,700,000.00
- Assignment of insurance over vehicle inventory, in the amount of EC \$2,700,000. The insurers are to be acceptable to the Bank and policies, together with all renewals thereof, are to be deposited with the Bank.
- Demand All Monies Mortgage (constituted by Deed of Assignment of 14th January 1987 and supplement Deed of Assignment of 11th April 2011) stamped to EC \$13,069,000.00 providing a first specific charge over approximately 14,229 sq ft land with a 2-storey commercial building thereon, known as the TDC Mall and 10,859 sq ft of land adjacent to the TDC Mall and located at Central and Fort Streets, Basseterre, St Kitts, with a 2-storey commercial building erected thereon known as TDC Downtown Plaza.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

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FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

9 LOANS AND BANK OVERDRAFTS (cont'd)

Repayment Terms: (cont'd)

Collateral (cont'd)

b) Advances made by the Bank of Nova Scotia are secured by the following: (cont'd)

Demand All Monies Mortgage, stamped to EC \$260,000, creating a first specific charge over approximately 1,665 sq ft land at Central and Fort Streets, Basseterre, St Kitts with the 2-storey commercial building erected thereon, referred to above, to straddle these two (2) parcels of land.

Assignment of fire insurance and other insurance coverage with the Bank noted as the first loss payee on the Borrowers business and assets including but not limited to building, inventory, plant, machinery, and equipment, against all reasonably foreseeable insurable losses and any insurance required by law for an amount and with insurers and policy terms satisfactory to the Bank. All Perils insurance coverage over the property known as the TDC Mall and TDC Downtown Plaza with the Bank noted as first loss payee.

Unlimited Joint and Several Guarantees of TDC Rentals Limited, TDC Rentals (Nevis) Limited, St Kitts Nevis Insurance Company Limited and SNIC (Nevis) Limited and the other subsidiaries who EBITDA contribute a minimum of 10 % of the group's consolidated EBITDA, and including Unlimited Guarantee of TDC (Nevis) Limited supported by the Demand All Monies Legal Revolving Mortgage, stamped to EC\$1,200,000 creating first specific charge over the property in Nevis known as Longstone House.

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

9 LOANS AND BANK OVERDRAFTS (cont'd)

Collateral (cont'd)

- c) Advances made by Royal Bank of Canada are secured by the following:

Memorandum of Deposit creating an equitable mortgage with a registered caveat on Certificate of Title to 2.429 acres and Certificate of Title to 2.995 acres for combined 5.424 acres registered in the name of St Kitts Nevis Anguilla Trading and Development Company Limited, with commercial buildings (TDC Home Centre and Hardware) thereon straddling both properties, situated at the Pond's Industrial Estate Extension in the Parish of St George.

The Certificate of Title to the 2.429 acres property is Stamped to Secure \$4,000,000.00
The Certificate of Title to the 2.995 acres property is Stamped to Secure \$3,000,000.00

Fire Insurance Policy on Home and Building Depot for \$8,000,000 assigned to Royal Bank of Canada

Assignment to Royal Bank, Fire Insurance Policy on buildings, stock and fixtures. Registered First Demand Mortgage Debenture dated 24 August 1982 from OTI to Royal Bank of Canada, creating a fixed and floating charge over the assets (fixed and floating) of OTI STS \$8,075,000.00.

Fire Insurance Policy on Buildings, Stocks and Furniture and Fixtures in the name of Ocean Terrace Inn Limited assigned to Royal Bank of Canada on the above property.

- d) Advances made by SKNA National Bank Limited are secured by the following:

Mortgage over leasehold property situated at C A P Southwell Industrial Site, 35 year lease from 17/01/1978 – MEV \$600,000

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
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(Cont'd)

(Expressed in Eastern Caribbean Dollars)

10	DEFERRED TAX LIABILITY	<u>2013</u>	<u>2012</u>
	Deferred tax liability (net) – brought forward	3,910,282	4,628,927
	Deferred tax credit – (Note 12)	<u>127,840</u>	<u>(718,645)</u>
	Deferred tax liability (net) – carried forward (Page 4)	<u>\$4,038,122</u>	<u>\$3,910,282</u>
	Deferred tax liability (net) comprises:		
	Deferred tax assets	(2,069,835)	(2,089,543)
	Deferred tax liability	<u>6,107,957</u>	<u>5,999,825</u>
		<u>\$4,038,122</u>	<u>\$3,910,282</u>
	Deferred tax assets comprise:		
	Unutilised tax losses	-	126,595
	Unutilised capital allowances	<u>2,069,835</u>	<u>1,962,948</u>
		<u>\$2,069,835</u>	<u>\$2,089,543</u>
	Deferred tax liability comprises:		
	Accelerated capital allowances	<u>\$6,107,957</u>	<u>\$5,999,825</u>
11	ACCOUNTS PAYABLE		
a)	<u>Trade Accounts Payable</u>	<u>2013</u>	<u>2012</u>
	Trade Payables	4,744,206	4,536,739
	Amounts due to Associated Companies	<u>472,692</u>	<u>304,389</u>
	TOTAL (Page 4)	<u>\$5,216,898</u>	<u>\$4,841,128</u>
b)	<u>Other Accounts Payable</u>	<u>2013</u>	<u>2012</u>
	Sundry Accounts Payable and Accrued Charges (Page 4)	<u>\$23,106,893</u>	<u>\$26,563,903</u>

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JANUARY 2013

(Cont'd)

(Expressed in Eastern Caribbean Dollars)

12	TAXATION	<u>2013</u>	<u>2012</u>
	<u>Statement of Financial Position</u>		
	The tax payable/(recoverable) of \$107,869/(2012 = (\$186,530) in the Statement of Financial Position comprises:		
	Current Year - Provision less advance payments/(Recoverable) (Pages 3 & 4)	\$ <u>107,869</u>	\$(<u>186,530</u>)
	<u>Income Statement</u>		
	The taxation provision in the Income Statement comprises:		
		<u>2013</u>	<u>2012</u>
	Corporation Tax	294,399	-
	Deferred Tax (Note 10)	<u>127,840</u>	<u>(718,645)</u>
	TOTAL CHARGE (Page 5)	<u>\$422,239</u>	<u>\$(718,645)</u>
	The Company's effective rate of tax differs from the statutory rate of tax of 35% as follows:		
	Income/(Loss) before Tax	<u>\$1,452,728</u>	<u>\$(571,502)</u>
	Tax at statutory rate	508,455	(200,026)
	Tax effect on expenses not deductible in determining taxable Income	679,194	352,457
	Tax effect on Income not assessable for taxation	(861,295)	(910,300)
	Tax effect of depreciation on non-qualifying buildings	96,021	98,257
	Tax effect on gain of non-qualifying asset	-	(60,935)
	Other	<u>(136)</u>	<u>1,902</u>
	TOTAL	<u>\$422,239</u>	<u>\$(718,645)</u>
13	EARNINGS PER ORDINARY SHARE		
	Basic earnings per share is computed by relating profit attributable to ordinary shareholders to the number of ordinary shares in issue during the year.		
		<u>2013</u>	<u>2012</u>
	Net Income for the Year	<u>\$1,030,489</u>	<u>\$147,143</u>
	Number of ordinary shares in Issue	52,000,000	52,000,000
	Basic earnings per share	<u>\$0.02</u>	<u>\$0.003</u>

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(Cont'd)

(Expressed in Eastern Caribbean Dollars)

14 CONTINGENT LIABILITIES AND COMMITMENTS

- a) At 31 January 2013, the Company guaranteed bank loans and overdrafts on behalf of subsidiary companies.
- b) The Company is committed for calls on the unpaid portion of shares in its wholly-owned subsidiary, in the amount of \$70,000 in respect of TDC Tours Limited (2012 = \$70,000).
- c) At 31 January 2013, commitments in respect of open Letters of Credit established in the normal course of business amounted to \$1,198,800 (2012 = \$1,506,144).
- d) The Company is committed to the investment in Cable Bay Hotel Development project for an additional amount of \$5,480,102 (2012 = \$5,480,102).
- e) Counsel has advised that at 31 January 2013, there were no contingent liabilities.

15 FINANCIAL INSTRUMENTS

a) Interest Rate Risk

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

b) Credit Risk

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

c) Fair Values

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

d) Currency Risk

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

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

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(Cont'd)

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15 FINANCIAL INSTRUMENTS (cont'd)

e) Liquidity Risk:

In order to manage liquidity risk, management seeks to maintain sufficient levels of cash, cash equivalents 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 Company's financial assets and liabilities:

Financial Liabilities:

	Due within <u>1 Year</u>	>1 Year to <u>5 Years</u>	<u>>5 Years</u>	<u>Total</u>
Year ended 31 January 2013:				
Overdrafts	16,608,416	-	-	16,608,416
Loans	3,355,482	9,872,751	14,192,653	27,420,886
Trade Payables	5,216,898	-	-	5,216,898
Other Payables	23,106,893	-	-	23,106,893
Due to Subsidiaries	<u>10,419,222</u>	<u>6,129,040</u>	<u>-</u>	<u>16,548,262</u>
	<u>\$58,706,911</u>	<u>\$16,001,791</u>	<u>\$14,192,653</u>	<u>\$88,901,355</u>
Year ended 31 January 2012:				
Overdrafts	18,699,010	-	-	18,699,010
Loans	3,561,889	13,178,370	7,098,370	23,838,629
Trade Payables	4,841,128	-	-	4,841,128
Other Payables	26,563,903	-	-	26,563,903
Due to Subsidiaries	<u>14,166,574</u>	<u>7,129,040</u>	<u>-</u>	<u>21,295,614</u>
	<u>\$67,832,504</u>	<u>\$20,307,410</u>	<u>\$7,098,370</u>	<u>\$95,238,284</u>

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

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(Cont'd)

(Expressed in Eastern Caribbean Dollars)

15 FINANCIAL INSTRUMENTS (cont'd)

e) Liquidity Risk: (cont'd)

Financial Assets:

	Due within <u>1 Year</u>	>1 Year to <u>5 Years</u>	<u>>5 Years</u>	<u>Total</u>
Year ended 31 January 2013:				
Cash in hand and at bank	422,405	-	-	422,405
Trade Receivables	6,598,924	-	-	6,598,924
Other Receivables	1,022,114	-	-	1,022,114
Investments	-	-	83,425,869	83,425,869
Due from Subsidiaries	<u>8,535,793</u>	<u>-</u>	<u>-</u>	<u>8,535,793</u>
	<u>\$16,579,236</u>	<u>\$ -</u>	<u>\$83,425,869</u>	<u>\$100,005,105</u>

Year ended 31 January 2012:

Cash in hand and at bank	2,877,015	-	-	2,877,015
Trade Receivables	4,988,248	-	-	4,988,248
Other Receivables	1,404,860	-	-	1,404,860
Loan due from Subsidiary	600,000	200,000	-	800,000
Investments	-	-	83,869,911	83,869,911
Due from Subsidiaries	<u>10,550,109</u>	<u>-</u>	<u>-</u>	<u>10,550,109</u>
	<u>\$20,420,232</u>	<u>\$200,000</u>	<u>\$83,869,911</u>	<u>\$104,490,143</u>

16 SUBSEQUENT EVENT

Subsequent to the end, the Company entered into a credit arrangement to borrow the sum of US \$5,000,000 to liquidate current loan balances which are secured by the properties of Ocean Terrace Inn Limited which stood at EC \$2,972,719 at year's end. The balance will be used on the capital improvement programme at Ocean Terrace Inn Limited.