St. Kitts-Nevis-Anguilla Trading and Development Company Limited

Unaudited Consolidated Financial Statements
July 31, 2014
(expressed in Eastern Caribbean dollars)

St. Kitts–Nevis–Anguilla Trading and Development Company Limited

Consolidated Statement of Financial Position

As at July 31, 2014

(expressed in Eastern Caribbean dollars)	**31 July 2014 $**	**31 January 2014 $**
Assets		
Current assets		
Cash and cash equivalents (note 8)	**23,516,715**	18,475,056
Investment securities (note 9)	**70,502,555**	68,005,688
Loans to customers (note 10)	**87,735,181**	91,654,380
Accounts receivable and prepayments (note 11)	**37,887,439**	37,903,116
Due from related parties (note 13)	**1,021,938**	194,068
Inventories (note 12)	**52,414,782**	45,942,500
Taxation recoverable (note 22)	**291,350**	307,492
Investment in associates (note 15)	**8,530,866**	8,133,784
Property, plant and equipment (note 16)	**135,910,769**	134,001,075
Intangibles (note 17)	**635,420**	619,430
Deferred tax asset (note 22)	**316,208**	316,882
Total assets	**418,763,224**	405,553,471
Liabilities		
Borrowings (note 18)	**68,099,478**	65,104,328
Insurance liabilities (note 19)	**7,855,845**	7,935,622
Customers’ deposits (note 20)	**93,097,769**	91,492,911
Accounts payable and other liabilities (note 21)	**56,521,531**	49,157,741
Provision for taxation (noted 22)	**1,233,880**	2,756,393
Due to related parties (note 13)	**660,752**	36,079
Deferred tax liability (note 22)	**5,068,693**	5,137,338
Total liabilities	**232,537,949**	221,620,412
Shareholders’ equity		
Share capital (note 23)	**52,000,000**	52,000,000
Other reserves (note 24)	**59,166,334**	58,857,815
Retained earnings	**68,497,686**	66,473,840
	179,664,020	177,331,665
Non-controlling interest	**6,561,251**	6,601,404
Total shareholders’ equity	**186,225,271**	183,933,059
Total liabilities and shareholders’ equity	**418,763,224**	405,553,471

The notes on pages 1 to 58 are an integral part of these consolidated financial statements.

Approved for issue by the Board of Directors on

____________________________Chairman ____________________________Director

St. Kitts–Nevis–Anguilla Trading and Development Company Limited

Consolidated Statement of Income

For the period ended July 31, 2014

(expressed in Eastern Caribbean dollars)

	1 February - 31 July 2014 $	1 February - 31 January 2014 $
Revenue	**58,611,681**	133,141,388
Cost of sales	**39,917,163**	96,021,869
Gross profit	**18,694,518**	37,119,519
Net underwriting income	**1,296,476**	3,633,735
Net interest income (note 30)	**3,188,963**	6,687,896
Other income(note 25)	**6,608,815**	12,403,640
Income before operating expenses	**29,788,772**	59,844,790
Operating expenses		
General and administrative expenses (note 26)	**9,485,419**	21,015,423
Staff costs (note 27)	**11,400,231**	20,554,101
Depreciation and amortization (note 28)	**2,738,865**	5,148,756
Impairment loss on investments (note 9)	**-**	1,244,322
	23,624,515	47,962,602
Operating profit	**6,164,257**	11,882,188
Share of income of associated companies (note 15)	**397,081**	998,605
Finance charges, net (note 29)	**(2,359,507)**	(4,738,962)
Profit before income tax	**4,201,831**	8,141,831
Current tax expense	**(1,878,019)**	(3,919,212)
Net deferred tax credit/charge for the year	**67,970**	(3,911,886)
Income tax expense (note22)	**(1,810,049)**	(7,831,098)
Profit for the year	**2,391,782**	310,733
Profit for the year attributable to:		
Parent company	**2,417,841**	181,118
Non-controlling interest	**(26,059)**	129,615
	2,391,782	310,733
Basic earnings per share	**0.0465**	0.0035

The notes on pages 1 to 58 are an integral part of these consolidated financial statements.

St. Kitts–Nevis–Anguilla Trading and Development Company Limited

Consolidated Statement of Comprehensive Income

For the period ended July 31, 2014

(expressed in Eastern Caribbean dollars)

	31 July 2014 $	31 January 2014 $
Profit for the year	**2,391,782**	310,733
Other comprehensive income:		
Item that may be reclassified to profit or loss		
Unrealised loss on available–for–sale investment securities	**(99,570)**	(315,175)
Total comprehensive income for the year	**2,292,212**	(4,442)
Total comprehensive income for the year attributable to:		
Parent company	**2,332,365**	(107,233)
Non-controlling interest	**(40,153)**	102,791
	2,292,212	(4,442)
Basic total comprehensive income earnings per share	**0.04**	0.00

The notes on pages 1 to 58 are an integral part of these consolidated financial statements.

St. Kitts–Nevis–Anguilla Trading and Development Company Limited
Consolidated Statement of Changes in Shareholders' Equity
For the period ended July 31, 2014

(expressed in Eastern Caribbean dollars)

	Share capital $	Other reserves $	Retained earnings $	Subtotal $	Non-controlling interest $	Total $
Balance at January 31, 2013, as restated	**52,000,000**	**58,427,864**	**68,571,024**	**178,998,888**	**6,630,913**	**185,629,801**
Comprehensive income						
Profit/(Loss) for the year	–	–	181,118	181,118	129,615	310,733
Transfer to reserve fund	–	338,110	(338,110)	–	–	–
Transfer to claims equalisation reserve	–	380,192	(380,192)	–	–	–
Other comprehensive income						
Net revaluation loss on available-for-sale financial assets	–	(288,351)	–	(288,351)	(26,824)	(315,175)
Transaction with owners						
Liquidation of subsidiary	–	–	–	–	(132,300)	(132,300)
Dividends	–	–	(1,560,000)	(1,560,000)	–	(1,560,000)
Balance at January 31, 2014	**52,000,000**	**58,857,815**	**66,473,840**	**177,331,655**	**6,601,404**	**183,933,059**
Comprehensive income						
Profit/(Loss) for the year			**2,417,841**	**2,417,841**	**(26,059)**	**2,391,782**
Transfer to reserve fund		**136,689**	**(153,542)**	**(16,853)**		**(16,853)**
Transfer to claims equalisation reserve		**240,453**	**(240,453)**			
Other comprehensive income						
Net revaluation loss on available-for-sale financial assets		**(68,623)**		**(68,623)**	**(14,094)**	**(82,717)**
Transaction with owners						
Liquidation of subsidiary						
Dividends						
Balance at July 31, 2014	**52,000,000**	**59,166,334**	**68,497,686**	**179,664,020**	**6,561,251**	**186,225,271**

The notes on pages 1 to 58 are an integral part of these consolidated financial statements.

St. Kitts–Nevis–Anguilla Trading and Development Company Limited

Consolidated Statement of Cash Flows

For the period ended July 31, 2014

(expressed in Eastern Caribbean dollars)	**31 July 2014 $**	**31 January 2014 $**
Cash flows from operating activities		
Profit before income tax	**4,201,831**	8,141,831
Items not affecting cash:		
Interest expense	**2,030,826**	4,440,995
Depreciation and amortization	**2,738,865**	5,673,461
Impairment loss on investments		1,244,322
Impairment loss on receivables and prepayments	**281,439**	746,047
Impairment loss on goodwill		200,000
Gain on disposal of property, plant and equipment	**(112,705)**	(424,814)
Dividend income		(490,606)
Share of income of associated companies	**(397,081)**	(998,605)
Net interest income	**(3,188,963)**	(6,687,896)
Operating profit before working capital changes	**5,554,212**	11,844,675
Cash flows used in operating activities before changes in operating assets and liabilities		
(Increase)/decrease in accounts receivable and prepayments	**(54,354)**	(3,577,986)
Increase in loans to customers	**3,471,393**	(3,704,426)
Decrease/(Increase) in due from related parties	**(827,870)**	53,964
Decrease/(Increase) in inventories	**(6,472,282)**	6,580,399
(Decrease)/Increase in accounts payable and other liabilities	**7,363,790**	(3,207,699)
Increase/(Decrease) in insurance liabilities	**(79,777)**	1,606,484
Increase/(Decrease) in customers' deposits	**2,057,861**	10,620,197
Increase/(Decrease) in due to related parties	**624,673**	(463,474)
Net cash generated from operating activities before interest receipts and payments and tax	**11,637,645**	19,752,134
Interest received	**3,032,601**	6,644,137
Taxes paid	**(3,384,392)**	(2,273,168)
Interest paid	**(2,077,701)**	(4,284,745)
Net cash generated from operating activities	**9,208,154**	19,838,358
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	**325,346**	1,618,081
Proceeds received from liquidation of subsidiary		(101,333)
Purchase of intangible assets	**(177,517)**	(179,385)
Dividends received		890,666
Purchase of property, plant and equipment (note 16)	**(4,699,670)**	(7,295,974)
Change in market value of listed securities		–
Purchase of investment securities (note 9)	**(2,656,680)**	(15,521,901)

(expressed in Eastern Caribbean dollars)

Net cash flows used in investing activities	**(7,208,522)**	(20,589,846)

	31 July 2014 $	31 January 2014 $
Cash flows used in financing activities		
Proceeds from borrowings, net of repayments	**3,042,025**	9,017,346
Dividends paid		(1,560,000)
Net cash flows generated from financing activities	**3,042,025**	7,457,346
Net increase/(decrease)in cash on hand and in banks	**5,041,657**	6,705,858
Cash on hand and at banks at beginning of year	**18,475,057**	11,769,198
Cash on hand and at banks at end of year(note 8)	**23,516,714**	18,475,056

The notes on pages 1 to 58 are an integral part of these consolidated financial statements.

(expressed in Eastern Caribbean dollars)

1 Nature of operations

The Group is engaged in the business of general trading, vehicle sales, auto and equipment rental, hire purchase financing, insurance, consumer and mortgage financing, airline agencies, tour operations, real estate development, hotel operations and shipping.

2 General information and statement of compliance with IFRS

St. Kitts–Nevis–Anguilla Trading and Development Company Limited (the "Company") was incorporated on January 8, 1973 as a public limited company under the Companies Act Chapter 335 of the Laws of St. Christopher and Nevis. The registered office of the Company is situated at Fort Street, Basseterre, St. Kitts. The Group's shares are listed in the Eastern Caribbean Securities Exchange.

The accompanying consolidated financial statements are the financial statements of the Company and its subsidiaries (collectively referred to as the "Group"). These have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), under the historical cost convention, except for land and buildings and available–for–sale financial assets that have been measured at fair value.

International Accounting Standards (IAS) 1, 'Presentation of Financial Statements' paragraph 10(f) requires an entity to present an additional statement of financial position as at the beginning of the preceding period when an entity:

- applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, and
- The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.

Related notes to the additional statement of financial position are not required.

The reclassifications and prior period adjustments disclosed in notes31 and 32 have a material effect on the statement of financial position as at February 1, 2012. Therefore, the Group presents a third statement of financial position as at February 1, 2012 without related notes except for the disclosures required by IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

3 Changes in accounting policies

New standards and amendments to standards effective for the financial year beginning February 1, 2013

A number of new and revised standards are effective for annual periods beginning on or after February 1, 2013. Information on these new standards is presented below:

- IFRS 10 'Consolidated Financial Statements' supersedes IAS 27 'Consolidated and Consolidated financial statements' (IAS 27) and Standard Interpretations Committee (SIC) 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The

(expressed in Eastern Caribbean dollars)

3 Changes in accounting policies…*continued*

***New standards and amendments to standards effective for the financial year beginning February 1, 2013**…continued*

Requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.
Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these consolidated financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. Notes 14 and 15 illustrate the application of IFRS 12 in the current year.

- Consequential amendments to IAS 27 'Separate Financial Statements' (IAS 27) and IAS28 'Investments in Associates and Joint Ventures' (IAS 28).IAS 27 now only addresses separate financial statements. IAS 28 brings investments in joint ventures into its scope. However, IAS 28's equity accounting methodology remains unchanged.

- IFRS 13, 'Fair value measurements', clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

  IFRS 13 applies prospectively for annual periods beginning on or after January 1, 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7 'Financial Instruments: Disclosures'. The Group has applied IFRS 13 for the first time in the current year, see note 6.c.

- Amendments to IAS 1, 'Financial statement presentation' regarding other comprehensive income, where the main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). Accordingly, the Group has modified its presentation of items in OCI and comparative information has been re-presented.

New standards issued but not effective for the financial year beginning February 1, 2013 and not early adopted

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and

(expressed in Eastern Caribbean dollars)

3 Changes in accounting policies*…continued*

New standards issued but not effective for the financial year beginning February 1, 2013and not early adopted*…continued*

Interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on February 1, 2015.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32). The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

    - the meaning of 'currently has a legally enforceable right of set-off'
    - that some gross settlement systems may be considered equivalent to net settlement.

  The amendments are effective for annual periods beginning on or afterFebruary 1, 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the Group's consolidated financial statements from these amendments.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 Summary of accounting policies

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

a) Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of January 31, 2014. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of January 31.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

a) Basis of consolidation…*continued*

All transactions and balances between the Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and thenon-controlling interests based on their respective ownership interests.

b) Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. They are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost and subsequently adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of income. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Impairment loss on investments' in the consolidated statement of income.

Upon loss of significant influence over the associate over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

c) Foreign currency translation

(i) Functional and presentation currency

The consolidated financial statements are presented in Eastern Caribbean dollars, which is also its functional currency.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

d) Segment reporting

The Group has four main operating segments: general trading, insurance, financing and hotel and restaurant operations. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at cost.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. Income taxes are managed and computed on a group-wide basis and are not allocated to operating segments. The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

e) Revenue recognition

Revenue arises from the sale of goods and the rendering of services. It is measured at the fairvalue of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

e) Revenue recognition…*continued*

Retail sales
Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognized on deliveryof goods and customer acceptance.

When goods are sold together with customer loyalty incentives, the consideration receivable is allocated between the sale of goods and sale of incentives based on their fair values. Revenue from sale of incentives is recognised when they are redeemed by customers in exchange for products supplied by the Group.

Sale of services
The Group generates revenues from after-sales service and maintenance. Consideration received for these services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed.

In recognising after-sales service and maintenance revenues, the Group considers the nature of the services and the customer's use of the related products, based on historical experience.

The Group also earns rental income from operating leases of its buildings and construction equipment. Rental income is recognised on a straight-line basis over the term of the lease.

Premium income
Premiums written are accounted for in the year in which the risks are assumed. The unearned portions of premiums and the acquisition cost relating to the period of risk extending beyond the end of the financial year are deferred to subsequent accounting periods. As long as the policy remains in force, the policy premium (revenue) is recognised over the term of the policy using the daily pro-rata method.

Commissions earned on reinsurance premiums ceded are recognised in the statement of comprehensive income on the same basis as the underlying reinsurance premiums are expensed.

Interest Income
Interest income and expenses are reported on an accrual basis using the effective interest method.

Commission income
If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized are the net amount of commission made by the Group and is recognized when earned.

Dividend income
Dividend income is recognised when the right to receive a dividend is established.

Other income
Revenue earned from non-routine services and miscellaneous transactions are categorised as other revenue and recognised on the accrual basis.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

f) Operating expenses

Operating expenses are recognized in profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold or services provided.

g) Leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

h) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing spending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

i) Property, plant and equipment

Land and buildings comprise mainly the warehouse, offices and retail stores. Land and buildings are shown at fair value, based on periodic (every five years) valuations by external independent values, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to revaluation reserves in equity. Decreases that offset previous increase of the same asset are charged against reserves directly in equity; all other decreases are charged to the consolidated statement of income.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies*…continued*

i) Property, plant and equipment*…continued*

Land is not depreciated. Depreciation on other assets is calculated using the reducing balance method to allocate the cost of each asset to their residual values over the estimated useful lives using the rates below:

Buildings	2%
Computers and equipment	20% - 40%
Construction equipment	40%
Containers	20%
Plant and equipment	20%
Motor vehicles	20%
Furniture and fittings	15%

The assets’ residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Property, plant and equipment are periodically reviewed for impairment. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “Other income” in the consolidated statement of income.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

j) Intangible assets

Computer software
Intangible assets of the Group pertain to computer software.Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.Subsequently, these intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.These costs are amortised over their estimated useful life of three to five years (20% - 30% annual rate).The amortization period and the amortization method used for the computer software are reviewed at least at each financial year-end.

Computer software is assessed for impairment whenever there is an indication that they may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group’s interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fairvalue of the non-controlling interest in the acquire.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

j) Intangible assets…*continued*

Goodwill…continued
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

k) Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amounts exceed its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

l) Financial assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables; and
- Available-for-sale (AFS) financial assets.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below:

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

l) Financial assets…*continued*

Classification and subsequent measurement of financial assets*…continued*

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, loans to customers, trade and other receivables, due from related parties, corporate bonds, treasury bills and bonds, and fixed deposits fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii) AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include quoted and unquoted securities.

Unquoted equity investments are measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

Quoted equity investments are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments, impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, customers' deposits, accounts payable and other liabilities (except for employee benefit fund) and due to related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

l) Financial assets…*continued*

Classes of financial instruments

<table>
<tr><td rowspan="15">Financial assets</td><td rowspan="13">Loans and receivables</td><td colspan="2" rowspan="2">Cash and cash equivalents</td><td>Deposits</td></tr>
<tr><td>Treasury bills</td></tr>
<tr><td rowspan="6">Loans to customers</td><td rowspan="4">Loans to individuals</td><td>Commercial loans</td></tr>
<tr><td>Student loans</td></tr>
<tr><td>Mortgage loans</td></tr>
<tr><td>Personal loans</td></tr>
<tr><td rowspan="2">Loans to corporate entities</td><td>Mortgage loans</td></tr>
<tr><td>Commercial loans</td></tr>
<tr><td rowspan="3">Investment securities</td><td>Treasury bills and bonds</td><td>Local and international</td></tr>
<tr><td>Corporate bonds</td><td>Local and international</td></tr>
<tr><td>Fixed deposits</td><td>Fixed deposits</td></tr>
<tr><td colspan="3">Trade and other receivables</td></tr>
<tr><td colspan="3">Due from related parties</td></tr>
<tr><td rowspan="2">Available-for-sale financial assets</td><td rowspan="2">Investment securities</td><td rowspan="2">Equity securities</td><td>Quoted</td></tr>
<tr><td>Unquoted</td></tr>
<tr><td rowspan="6">Financial liabilities</td><td rowspan="6">Financial liabilities at amortised cost</td><td rowspan="3">Deposits from customers</td><td colspan="2">Deposits from individuals</td></tr>
<tr><td colspan="2">Deposits from corporate entities</td></tr>
<tr><td colspan="2">Deposits other financial institutions</td></tr>
<tr><td colspan="3">Borrowings</td></tr>
<tr><td colspan="3">Trade and other liabilities</td></tr>
<tr><td colspan="3">Due to related parties</td></tr>
<tr><td>Off-balance sheet financial instruments</td><td colspan="4">Loan commitments</td></tr>
</table>

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

m) Insurance contracts

i) Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

ii) Recognition and measurement

Insurance contracts issued are classified as short-term insurance contracts and long-term insurance contracts with fixed and guaranteed payments.

Short-term insurance contracts
These contracts are property, motor, marine and liability, which are generally one year renewable contracts.

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Motor insurance contracts mainly protect and indemnify the vehicle owner against loss or damage of the motor vehicle and its accessories and spare parts resulting from accidental collision or overturning, fire, external explosion, self-ignition or lightning, burglary, housebreaking or theft and malicious acts.

Marine insurance is designed to cover cargo movements by land, usually via commercial trucks or similar conveyances. Perils insured are fire, including lightning, collision, overturning of the vessel and the collapse of bridges and robbery.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commissions and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to profit and loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using:

- the input of assessments for individual cases reported to the Group; and
- statistical analyses for the claims incurred but not reported.

These are used to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

m) Insurance contracts …*continued*

ii) Recognition and measurement…*continued*

Long-term insurance contracts with fixed and guaranteed terms
These contracts insure events associated with human life (for example, death and survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and the administration expenses based on the valuation assumptions used. The liability is based on the assumptions as to mortality, persistency, maintenance expenses and the investment income that are established at the time the contract is issued. A margin for adverse deviation is included in the assumptions.

iii) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. The reinsurance premiums incurred are deferred and expensed over the period of risk of the underlying contract. These assets consist of short-term balances due from reinsurers as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group also assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of income. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

iv) Deferred policy acquisition costs (DAC)

Acquisition costs comprise the direct expenses such as commissions of acquiring insurance policies written during the financial year.

Commissions and other acquisition costs that vary with and are related to securing new policies and renewing existing policies are capitalised as DAC. The DAC is subsequently amortised over the terms of the policies as premium is earned. All other costs are recognised as expenses when incurred.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

m) Insurance contracts …*continued*

v) Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities are used. Any deficiency is immediately charged to the statement of comprehensive income initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

vi) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that an insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of comprehensive income. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated under the same method used for these financial assets.

vii) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets until the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets until the liability is settled. The allowance is the amount of the assets that can be recovered from the action against the liable third party.

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

o) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

o) Income taxes…*continued*

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

General reserves represent amounts appropriated from the retained earnings of the East Caribbean Reinsurance Company Limited based on the discretion of the Company's directions as part of its risk management strategy.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred taxis not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

(i) Premium tax rates

Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rate of premium tax is 5% for general insurance and nil for life insurance.

(ii) Income tax rates

The Group is subject to corporate income taxes of 33% (2013: 35%).

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

q) Equity, reserves and dividend payments

Share capital represents the issue price of shares that have been issued.

Revaluation reserves for property comprise unrealised gains and losses from revaluing land and buildings.

Revaluation reserves for AFS financial assets comprise unrealised gains and losses relating to these types of financial instruments.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

q) Equity, reserves and dividend payments …*continued*

Claims equalisation reserves represent cumulative amounts appropriated from the retained earnings of St. Kitts Nevis Insurance Company Limited based on the discretion of the Company's Board of Directors as part of the Company's risk management strategies to mitigate against catastrophic events. These reserves are in addition to the catastrophe reinsurance cover.

The statutory reserve fund represents the reserve created by St. Kitts Nevis Finance Company Limited under Section 14 sub-section (1) of the Banking Act 1991 of Saint Christopher and Nevis, No. 6 of 1991, which states that every licensed financial institution shall maintain a reserve fund and shall, out of its net profits of each year, transfer to that fund a sum equal to not less than twenty percent of such profits whenever the amount of the reserve fund is less than a hundred percent of the paid-up or, as the case may be, assigned capital of the financial institution.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

r) Post – employment benefits - defined contribution plan

The Company pays a fixed percentage into the TDC Pension Savings Plan for individual employees. The Company has no legal or constructive obligations to pay contributions beyond its fixed percentage contributions, which are recognised as an expense in the period that relevant employee services are received.

s) Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

t) Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

t) Provisions, contingent assets and contingent liabilities …*continued*

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

u) Events after the reporting date

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

v) Customer loyalty programmes

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The award points, which are calculated as 1% of the fair value of the consideration received, are initially recognised within the statement of comprehensive income.

w) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. See note 31.

x) Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may be substantially different.

a) Estimated impairment losses on trade and other receivables

The Group maintains an allowance for doubtful accounts at a level considered adequate to provide for uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

x) Significant management judgment in applying accounting policies and estimation uncertainty…*continued*

a) Estimated impairment losses on trade and other receivables…continued

differ if the Group made different judgments or utilised different estimates. An increase in the Group's allowance for doubtful accounts would increase the Group's recorded operating expenses and decrease current assets**.**

b) Impairment losses on loans

The Group reviews its loan portfolios to assess impairment on a periodic basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5 percent, the provision would be estimated $546,407 higher or $620,434 lower respectively (2013: $630,443 higher and $606,147 lower, respectively).

c) Estimated impairment of inventories

Management recognises a provision for inventory losses when the realisable values of inventory items become lower than cost due to obsolescence or other causes. Obsolescence is based on the physical condition of inventory items. Obsolescence is also established when inventory items can no longer be utilised. Obsolete goods when identified are charged to the consolidated statement of income. The Group believes such estimates represent a fair charge of the level of inventory losses in a given year. The Group's policy is to review on an annual basis the condition of its inventory.

d) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized in the following periods.

Deferred tax assets of the Group amounted to $1,223,793 and $4,291,142, in January 31, 2014 and 2013, respectively.

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies…*continued*

x) Significant management judgment in applying accounting policies and estimation uncertainty…*continued*

e) Valuation of property

The Group utilizes professional values to determine the value of its properties. Valuations are determined through the application of different valuation methods which are all sensitive to the underlying assumptions chosen.

f) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims incurred under property and casualty insurance contracts is subject to several sources of uncertainty that need to be considered in determining the amount that the insurer will ultimately pay for such claims. Provisions are made at the year-end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported to the Group. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. These are determined based upon previous claims experience, knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions, economic conditions and changes in medical condition of claimants. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened.

If the IBNR rates were adjusted by +/- 1%, the change in the statement of comprehensive income would be to decrease or increase reported profits by approximately -/+$1,600.

Management engages loss adjusters and independent actuaries, either to assist in making or to confirm the estimate of claim liabilities. The ultimate liability arising from claims incurred under property and casualty insurance contracts may be mitigated by recovery arising from reinsurance contracts held.

(expressed in Eastern Caribbean dollars)

5 Financial and insurance risk management

a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group has not entered into forward contracts to reduce risk exposures. The Group's risk management focuses on actively seeking to minimise potential adverse effects on its financial performance.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

i) Market risk

1) Foreign exchange risk

The Group conducts its operations primarily in Eastern Caribbean dollars; however, some transactions are executed in various other currencies, mainly United States Dollars. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976, hence management considers foreign exchange risk not to be significant.

2) Cash flow and fair value interest rate risk

The Group's interest rate risk arises primarily from net interest bearing liabilities held with financial institutions with respect to the bank overdraft, customer deposits and long–term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair valueinterestraterisk.The bank overdraft and the long–term borrowings bear fixed interest rates of 7% - 10% and 5% – 7% respectively; which expose the Group to fair value interest rate risk. To manage interest rate risk, the Group negotiates the best rates possible and where possible considers factors such as refinancing, reviewing options and alternative financing.

Management does not believe significant interest risk exists at January 31, 2014. If interest rates on the Group's financial instruments were 1% higher or 1% lower with all other variables held constant, the impact on net income for the year would have been insignificant.

3) Price risk

The Group is exposed to equity securities price risk because of equity investments held by the Group and classified in the consolidated statement of financial position as available-for-sale financial assets. The Group's portfolio includes securities that are quoted on the Eastern Caribbean Securities Exchange, and its exposure to equity securities price risk is not material

(expressed in Eastern Caribbean dollars)

5 Financial risk management…*continued*

a) Financial risk factors…*continued*

i) Market risk…*continued*

3) Price risk…continued

because the total of these securities is insignificant in relation to its consolidated statement of financial position and because of the limited volatility in this market. The Group does not hold equity securities that are quoted on the world's major securities markets. If market prices as at January 31, 2014 had been 10% higher/lower with all other variables held constant, the change in equity securities would have been insignificant.

ii) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. The Group's credit risk arises from cash at banks, as well as credit exposures to customers and other receivables. Cash at banks are only held with well–known reputable banks and financial institutions. If no independent rating exists for customers, management assesses the credit quality of customers on an individual basis, taking into account their financial position, credit history and other factors. The utilization of credit limits is regularly monitored. Services rendered to customers are settled primarily in cash and cheques.

The Group has made adequate provision for any potential credit losses and the amount of the Group's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

	31 July 2014 $	**31 January 2014 $**
Cash at banks	**23,437,852**	18,397,554
Investment securities	**70,502,555**	68,005,688
Loans to customers	**87,735,181**	91,654,380
Accounts receivable	**33,280,302**	35,344,593
Due from related parties	**1,021,938**	194,068
	215,977,828	213,596,283

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by groups of similar customers, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the January 31 reporting dates under review are of good credit quality.

(expressed in Eastern Caribbean dollars)

5 Financial risk management…*continued*

a) Financial risk factors…*continued*

ii) Credit risk…*continued*

At January 31, the Group has certain accounts receivable that have not been settled by the contractual due date but are not considered to be impaired. The amounts at January 31, analysed by the length of time past due are disclosed in note 11.

In respect of accounts receivable, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Accounts receivable consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of accounts receivable that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, fixed deposits, corporate bonds and treasury bills and bonds is considered negligible, since the counterparties are well-known reputable institutions.

No impairment loss has been recorded in relation to the Group's cash and cash equivalents, fixed deposits, corporate bonds and treasury bills and bonds.

Loans to customers

Loans to customers are summarised as follows:

	31 July 2014 $	**31 January 2014 $**
Neither past due nor impaired	**81,725,764**	85,287,672
Past due but not impaired	**2,746,287**	3,064,418
Impaired	**7,256,479**	6,954,995
Gross loans to customers	**91,728,530**	95,307,085
Less: allowance for impairment losses	**(4,413,277)**	(4,309,032)
Net loans	**87,315,253**	90,998,053
Specific provision	**2,730,667**	2,604,445
Inherent risk provision	**1,682,610**	1,704,587
Allowance for impairment losses	**4,413,277**	4,309,032

(expressed in Eastern Caribbean dollars)

5 Financial risk management … *continued*

a) Financial risk factors…*continued*

ii) Credit risk…*continued*

Loans to customers …*continued*

(a) Loans to customers neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group. Gross amounts of loans and advances by class to customers that were neither past due nor impaired were as follows:

	31 July 2014 $	**31 January 2014 $**
Home construction	**33,285,412**	34,889,978
Refinanced mortgage	**11,877,635**	13,326,651
Land and property	**12,797,581**	13,059,018
Vehicle	**11,669,507**	12,668,077
Consumer	**4,309,363**	4,499,840
Consolidated consumer	**3,519,255**	2,226,934
Promotional	**1,030,955**	1,418,382
Vacation	**1,580,123**	1,406,349
Education	**1,249,614**	1,330,972
Medical	**269,399**	301,200
Government	**136,920**	160,271
	81,725,764	85,287,672

Promotional loans pertain to loans that were given under special term wherein: initial deposit maybe waived at 15% - 20% reducing balance and usually requires a co-signor.

(b) Loans to customers past due but not impaired

Loans and advances past due are not considered impaired unless other information is available to indicate the contrary. Gross amounts of loans and advances by class to customers that were past due but not impaired were as follows:

	31 July 2014 $	**31 January 2014 $**
Past due up to 3 months	**927,975**	34,774
Past due 3 – 6 months	**576,299**	807,693
Past due 6 – 12 months	**166,579**	254,762
Over 12 months	**1,075,434**	1,967,189
	2,746,287	3,064,418

(expressed in Eastern Caribbean dollars)

5 Financial risk management … *continued*

a) Financial risk factors…*continued*

ii) Credit risk…*continued*

Loans to customers …*continued*

(c) Loans to customers individually impaired

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is $7,256,479 (2013: $6,954,995). Loans written-off for the year is $107,163 (2013: $360,101).

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held as security is as follows:

	31 July 2014 $	**31 January 2014 $**
Land and property	**3,762,242**	2,994,097
Home construction	**1,786,609**	1,763,316
Refinanced mortgage	**1,163,984**	1,155,125
Vehicle	**332,384**	333,738
Education	**310,199**	292,849
Consumer	**221,079**	231,560
Vacation	**104,516**	113,012
Consolidated consumer	**64,699**	55,653
Promotional	**19,945**	15,645
Total	**7,765,657**	6,954,995
Fair value of collateral	**20,050,984**	18,506,418

(d) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferred payments. Following restructuring, a previously overdue account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators of criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans.

As at July 31, 2014, renegotiated loans that would otherwise be past due or impaired totalled $708,599 (2013: $739,527).

(e) Repossessed collateral

(expressed in Eastern Caribbean dollars)

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed collaterals of the Company amounted to $0 and $150,427 in July 31, 2014 and January 31, 2014, respectively.

5 Financial risk management … *continued*

ii) Credit risk…*continued*

Geographic
Substantially all of the Group's counterparties are located within St. Kitts and Nevis and the Eastern Caribbean region.

iii) Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasts of cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180 - day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Within 1 year $	Between 1 and 5 years $	More than 5 years $	Total $
As at July 31, 2014				
Borrowings	10,484,217	27,604,638	22,915,824	61,004,679
Customers' deposits	81,308,031	5,682,386	5,537,946	92,528,363
Accounts payable and other liabilities	56,521,531			56,521,531
Due to related parties	660,752			660,752
Total financial liabilities	**148,974,531**	**33,287,024**	**28,453,770**	**210,715,325**
As at January 31, 2014				
Borrowings	31,062,606	22,287,667	24,422,543	77,772,816
Customers' deposits	87,995,240	2,630,227	5,357,946	95,983,413
Accounts payable and other liabilities	49,157,741	–	–	49,157,741
Due to related parties	36,079	–	–	36,079
Total financial liabilities	**168,251,666**	**24,917,894**	**29,780,489**	**222,050,049**

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk

a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

To limit the Group's exposure of potential loss on an insurance policy, the Group cedes certain levels of risk to a reinsurer. The Group selects reinsurers which have a well-established capability to meet their contractual obligations and which generally have high credit ratings.

For its property risks, the Group uses excess of loss catastrophe reinsurance treaty to obtain reinsurance coverage. Catastrophe reinsurance is obtained for multiple claims arising from one event or occurring within a specified time period. However, treaty limits may apply and may expose the insurer to further claim exposure.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because of the frequency or severity of claims and if benefits payments are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate.

The concentration of insurance risk before and after reinsurance by risk category is summarised below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from insurance contracts:

	31 July 2014		**31 January2014**	
	Gross $	**Net $**	**Gross $**	**Net $**
Type of risk				
Marine	**14,000**	**14,000**		
Motor	**2,070,220**	**2,070,220**	1,523,291	1,523,291
Property	**75,201**	**75,201**	1,012,501	462,501
	2,159,421	**2,159,421**	2,535,792	1,985,792
Add:				
Claims incurred but not reported	**160,000**	**160,000**	160,000	160,000
Unallocated loss adjustment expenses	**157,000**	**157,000**	157,000	157,000
	2,476,421	**2,476,421**	2,852,792	2,302,792

i) Property insurance

Property insurance contracts are underwritten using the following main risk categories: fire, business interruption, weather damage and theft.

Frequency and severity of claims

(expressed in Eastern Caribbean dollars)

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding, hurricanes, earthquake, etc), increase the frequency and

6 Management of insurance and financial risk … *continued*

a) Insurance risk …*continued*

i) Property insurance…*continued*

severity of claims and their consequences. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from fire, hurricane and earthquake damage. The Group has reinsurance cover for fire damage to limit losses to $250,000 in any one occurrence per individual risk. The Group has reinsurance cover for hurricane and earthquake damage to limit losses to $4,500,000 in any one catastrophic event.

Sources of uncertainty in the estimation of future claim payments
Claims on property contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract even if the loss is discovered after the end of the contract term. There are several variables that affect the amount and timing of cash flows from these contracts. The compensation paid on these contracts is the monetary awards granted for property damage caused by insured perils as stated in the contract of insurance.

The estimated costs of claims include direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Property claims are less sensitive as the shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for incurred but not reported (IBNR) and a provision for reported claims not yet paid (outstanding claims) at the reporting date.

ii) Casualty insurance

The Group's casualty insurance is motor, marine and liability insurance.

Frequency and severity of claims
The frequency and severity of claims can be affected by several factors. The most significant is the number of cases coming to Court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period required to settle these cases.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

(expressed in Eastern Caribbean dollars)

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Furthermore, the Group's strategy limits the total exposure to the Group by the use of reinsurance treaty arrangements. The reinsurance arrangements include excess of loss cover. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance loss of more than $0.500 million per risk for casualty insurance.

6 Management of insurance and financial risk… *continued*

a) Insurance risk …*continued*

ii) Casualty insurance…*continued*

Sources of uncertainty in the estimation of future claim payments
Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract even if the loss is discovered after the end of the contract term. As a result, casualty and financial risk claims are settled over a longer period of time. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employers' liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur because of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for claims incurred but not reported (IBNR) and a provision for reported claims not yet paid (outstanding claims) and a provision for unexpired risks at the reporting date. The Group's IBNR loss reserves are derived using paid loss development estimation method (triangular method). Each business classes' IBNR was calculated using claims data and loss history. The quantum of casualty claims is particularly sensitive to the level of Court awards and to the development of legal precedent on matters of contract and tort.

iii) Life insurance contracts

The Group limits its exposure of potential loss on life insurance policy, by ceding all insurance risks to a reinsurer. The Group selects reinsurers which have a well-established capability to meet their contractual obligations and which generally have high credit ratings.

iv) Claims development

The Group employs loss (claims) development tables as a means of measuring actual claims compared with previous estimates. Claims are typically resolved within one year and are assessed on a case-by-case basis. The claims that tend to extend beyond one year are normally from the Accident line of business and to a lesser extent, the Motor line.

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk…*continued*

a) Insurance risk …*continued*

iv) Claims development ...*continued*

Motor – gross

Loss year	Brought forward $	31 January 2014 $	31 July 2014 $	Total $
- At end of reporting year	12,618,193	1,922,060	1,699,956	16,240,209
- One year later	(893,898)	–		(893,898)
- Two years later	(109,575)	–		(109,575)
- Three years later	(209,501)	–		(209,501)
- Four years later	(218,827)	–		(218,827)
- Five years and over	(239,893)	–		(239,893)
Current estimate of cumulative claims	10,946,499	1,922,060	1,699,956	14,568,515
Cumulative payments to date	9,673,518	1,671,750	1,185,106	12,530,374
Liability recognised in the balance sheet	**1,272,981**	**250,310**	**514,850**	**2,038,141**

Motor - net

- At end of reporting year	12,618,193	1,922,060	1,699,956	16,240,209
- One year later	(893,898)	–		(893,898)
- Two years later	(109,575)	–		(109,575)
- Three years later	(209,501)	–		(209,501)
- Four years later	(218,827)	–		(218,827)
- Five years and over	(239,893)	–		(239,893)
Current estimate of cumulative claims	10,946,499	1,922,060	1,699,956	14,568,515
Cumulative payments to date	9,673,518	1,671,750	1,185,106	12,530,374
Liability recognised in the balance sheet	**1,272,981**	**250,310**	**514,850**	**2,038,141**

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk… *continued*

a) Insurance risk … *continued*

iv) Claims development ... *continued*

Property – gross

Loss year	**Brought forward $**	**31 January 2014 $**	**31 July 2014 $**	**Total $**
- At end of reporting year	629,885	1,066,955	84,000	1,780,840
- One year later	3,781	–	–	3,781
- Two years later	(98,659)	–	–	(98,659)
- Three years later	(10,000)	–	–	(10,000)
- Four years later	(32,575)	–	–	(32,575)
Current estimate of cumulative claims	492,432	1,066,955	84,000	1,643,387
Cumulative payments to date	311,461	235,425	1,064,613	1,611,499
Liability recognised in the balance sheet	**180,971**	**831,530**	**(980,613)**	**31,889**

Property - net

- At end of reporting year	629,885	516,955	84,000	1,766,840
- One year later	3,781	–	–	3,781
- Two years later	(98,659)	–	–	(98,659)
- Three years later	(10,000)	–	–	(10,000)
- Four years later	(32,575)	–	–	(32,575)
Current estimate of cumulative claims	492,432	516,955	84,000	1,093,387
Cumulative payments to date	311,461	235,425	1,064,613	1,611,499
Liability recognised in the balance sheet	**180,971**	**281,530**	**(980,613)**	**(518,112)**

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk…*continued*

b) Fair value of financial assets and liabilities

Fair value is the arm's length consideration for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties, who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

Determination of fair value:

The following methods and assumptions have been used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value:

Short–term financial assets and liabilities
The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short–term financial assets are comprised of cash on hand and at banks, accounts receivable and due from related parties. Short–term financial liabilities are comprised of customer deposits, accounts payable and due to related parties.

Available for sale – financial assets
Fair value is based on quoted market prices. Where these are not available, fair value is assumed to approximate cost.

Borrowings and deposits
The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed-interest bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk…*continued*

b) Fair value of financial assets and liabilities…*continued*

The table below summaries the carrying amounts and fair values of the Group's financial assets and liabilities:

	Carrying value		Fair value	
	July 2014	**January 2014**	**July 2014**	**January 2014**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	**23,437,852**	18,397,554	**23,437,852**	18,397,554
Investment securities	**70,502,555**	68,005,688	**70,502,555**	68,005,688
Loans to customers	**87,735,181**	91,654,380	**87,735,181**	91,654,380
Accounts receivable	**33,280,302**	35,344,593	**33,280,302**	35,344,593
Due from related parties	**1,021,938**	194,068	**1,021,938**	194,068
	215,977,828	213,596,283	**215,977,828**	213,596,283
Financial liabilities				
Borrowings	**68,099,478**	65,104,328	**68,099,478**	65,104,328
Customers' deposits	**93,097,769**	91,492,911	**93,097,769**	87,807,456
Accounts payable and other liabilities	**56,521,531**	49,157,741	**56,521,531**	49,157,741
Due to related parties	**660,752**	36,079	**660,752**	36,079
	218,379,530	205,791,059	**218,379,530**	202,105,604

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk…*continued*

c) Fair value hierarchy

Fair value measurement of financial assets

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices in active markets for identical assets and liabilities. This level includes equity securities and debt instruments listed on exchanges.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data. This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in valuations where possible.

	Level 1 $	Level 2 $	Level 3 $
Financial assets 31 July 2014			
Available–for–sale financial assets	**3,275,370**	–	–
Financial assets 31 January 2014			
Available–for–sale financial assets	3,357,887	–	–

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

	Level 1 $	Level 2 $	Level 3 $	Total $
Land and buildings–July 31, 2014	–	–	113,518,878	**113,518,878**
Land and buildings–January 31, 2014	–	–	111,834,248	**111,834,248**

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property values or the Company's Board of Directors. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and audit committee at each reporting date.

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk…*continued*

c) Fair value hierarchy…*continued*

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location and current use.

Land and buildings were revalued on December 2007 and were not revalued at the reporting date. Management determined that the effect of changes in fair values between the last revaluation date and reporting date is immaterial.

d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going–concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

7 Segment reporting

Management currently identifies the Group's product and service lines as its operating segments. These operating segments are monitored by the Group's Chief Executive Officer (the chief operating decision maker) strategic decisions are made on the basis of adjusted segment operating results.

Two minor operating segments are combined below under other segments. These are rentals and hire purchase, airline agents and tour operations, real estate development and shipping.

7 Segment reporting…*continued*

Segment information for the reporting period is as follows:

31 July 2014	General trading $	Insurance $	Financing $	Hotel and restaurant $	Others $	Eliminations $	Total $
Revenue							
From external customers:							
Revenue	50,703,504	–	–	1815,270	6,092,907	–	58,611,683
Net underwriting income	–	1,296,476	–	–	–	–	1,296,476
Net interest income	207,164	651,102	2,330,697	–	–	–	3,188,963
Other income	4,728,577	443,546	173,649	626,346	636,697	–	6,608,815
From other segments	13,069,527	1,741,128	10,920	31,578	535,856	(15,387,009)	–
	68,708,773	4,132,252	2,515,266	2,473,194	7,263,460	(15,387,009)	69,705,936
Cost of sales	49,423,173	–	–	923,927	989,305	(11,419,242)	39,917,163
Gross profit	19,285,599	4,132,252	2,515,266	1,549,267	6,274,155	(3,967,767)	29,788,772
General and administrative expenses	7,135,700	939,303	826,948	1,796,795	2,266,779	(3,480,106)	9,485,419
Salaries, wages and other benefits	8,068,310	840,568	474,433	348,505	1,668,415	–	11,400,232
Depreciation	1,323,094	173,705	51,365	332,595	858,106	–	2,738,865
Finance charges	2,721,904	25,553	3,719	51,161	44,831	(487,661)	2,359,507
Impairment loss on investments	–	–	–	–	–	–	
Share of income of associated companies	–	–	–	–	–	(397,081)	(397,081)
	19,249,009	1,979,129	1,356,465	2,529,056	4,838,131	(4,364,848)	25,586,942
Segment profit before tax	**36,591**	**2,153,123**	**1,158,801**	**(979,789)**	**1,436,025**	**397,081**	**4,201,831**
Segment assets	**226,696,077**	**66,437,965**	**123,422,776**	**33,443,396**	**57,297,372**	**(88,534,360)**	**418,763,226**
Segment liabilities	**143,509,764**	**9,781,142**	**100,016,395**	**17,608,957**	**21,016,095**	**(59,394,404)**	**232,537,949**

7 Segment reporting…*continued*

31 January 2014	General trading $	Insurance $	Financing $	Hotel and restaurant $	Others $	Eliminations $	Total $
Revenue							
From external customers:							
Revenue	110,542,532	–	–	5,041,884	17,556,972	–	133,141,388
Net underwriting income	–	3,633,735	–	–	–	–	3,633,735
Net interest income	427,085	1,630,278	4,630,533	–	–	–	6,687,896
Other income	9,227,170	890,482	254,244	572,345	1,459,399	–	12,403,640
From other segments	32,945,317	2,444,674	49,014	313,023	1,405,907	(37,157,935)	–
	153,142,104	8,599,169	4,933,791	5,927,252	20,422,278	(37,157,935)	155,866,659
Cost of sales	114,890,477	–	–	2,508,537	8,291,300	(29,668,445)	96,021,869
Gross profit	38,251,627	8,599,169	4,933,791	3,418,715	12,130,978	(7,489,490)	59,844,790
General and administrative expenses	24,771,488	1,956,278	1,402,156	3,801,663	4,586,133	(15,502,295)	21,015,423
Salaries, wages and other benefits	14,332,830	1,418,084	857,211	900,245	3,045,731	–	20,554,101
Depreciation	2,259,933	347,202	63,509	660,595	1,817,517	–	5,148,756
Finance charges	5,487,809	(4,431)	15,037	117,996	40,730	(918,179)	4,738,962
Impairment loss on investments	30,506,276	–	–	–	–	(29,261,954)	1,244,322
Share of income of associated companies	–	–	–	–	–	(998,605)	(998,605)
	77,358,336	3,717,133	2,337,913	5,480,499	9,490,111	(46,681,033)	51,702,959
Segment profit before tax	**(39,106,709)**	**4,882,036**	**2,595,878**	**(2,061,784)**	**2,640,867**	**39,191,543**	**8,141,831**
Segment assets	**213,878,907**	**66,123,438**	**121,340,164**	**28,856,203**	**49,581,502**	**(73,149,216)**	**406,630,998**
Segment liabilities	**124,908,487**	**11,374,036**	**98,701,499**	**11,967,355**	**14,064,716**	**(43,778,179)**	**217,237,914**

7 Segment reporting...*continued*

The totals presented above for the Group's operating segments reconcile to the key financial figures as presented in the consolidated statement of financial position and consolidated statement of income.

Major customers
The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenue of the Group.

8 Cash and cash equivalents

	31 July 2014 $	**31 January 2014 $**
Cash on hand	**78,863**	77,502
Cash at banks	**17,000,144**	10,818,396
Cash equivalents	**6,437,708**	7,579,158
	23,516,715	18,475,056

9 Investment securities

	31 July 2014 $	**31 January 2014 $**
Available-for-sale		
Quoted securities	**3,275,370**	3,357,887
Unquoted securities	**3,766,097**	3,766,097
	7,041,467	7,123,984
Loans and receivables		
Government treasury bills and bonds	**5,383,011**	5,480,869
Corporate bonds	**14,475,000**	14,500,000
Fixed deposits	**42,454,991**	39,692,506
Total investment securities - principal	**69,354,469**	66,797,359
Interest receivable	**1,148,086**	1,208,329
	70,502,555	68,005,688
Current	**51,903,914**	51,964,558
Non-current	**18,598,641**	16,041,130
	70,502,555	68,005,688

9 Investment securities...*continued*

The movement in investment securities may be summarised as follows:

	Loans and receivables $	Available-for-sale $	Total $
Balance at January 31, 2013	**45,307,167**	**8,683,481**	**53,990,648**
Additions	15,574,537	–	15,574,537
Impairment of investment		(1,244,322)	(1,244,322)
Net unrealised revaluation loss on available-for-sale financial assets	–	(315,175)	(315,175)
Balance at January 31, 2014	**60,881,704**	**7,123,984**	**68,005,688**
Additions	2,656,680		2,656,680
Impairment of investment	(77,096)		(77,096)
Net unrealised revaluation loss on available-for-sale financial assets		(82,717)	(82,717)
Balance at July 31, 2014	**63,461,288**	**7,041,267**	**70,502,555**

10 Loans to customers

	31 July 2014 $	31 January 2014 $
Performing loans and advances	**84,472,051**	88,352,090
Classified debts	**7,256,479**	6,954,995
Gross loans	**91,728,530**	95,307,085
Allowance for loan impairment	**(4,413,277)**	(4,309,032)
Net loans	**87,315,253**	90,998,053
Interest receivable	**419,929**	656,327
Total loans to customers	**87,735,182**	91,654,380
Current	**14,534,853**	15,081,033
Non-current	**73,200,329**	76,573,347
	87,735,182	91,654,380

10 Loans to customers…*continued*

Movement in the loan loss provision:

	31 July 2014 $	31 January 2014 $
Balance at beginning of the year	**4,309,032**	4,585,364
Write-offs for the year	**(107,163)**	(360,101)
Provision for the year	**211,408**	83,769
Amounts recovered during the year		
Balance at end of the year	**4,413,277**	4,309,032

11 Accounts receivable and prepayments

	31 July 2014 $	31 January 2014 $
Accounts receivable	**38,125,579**	42,079,558
Less: provision for impairment of accounts receivable	**(9,131,350)**	(9,519,582)
Net accounts receivable	**28,994,229**	32,559,976
Statutory deposits	**4,286,073**	2,784,617
Prepayments	**3,890,933**	1,845,318
Deferred costs	**716,206**	713,205
	37,887,439	37,903,116
Current	**37,887,439**	37,903,116
Non-current		–
	37,887,439	37,903,116

11 Accounts receivable and prepayments…*continued*

In accordance with the Insurance Act 2009 Section 23, all registered insurance companies are required to maintain a statutory deposit in certain prescribed forms acceptable to the Registrar of Insurance. At January 31, 2014 and 2013, statutory deposits were held in the form of term deposits with local commercial banks and corporate bonds issued by the Eastern Caribbean Home Mortgage Bank.

Classification of accounts receivable

Accounts receivable are summarized as follows:

	31 July 2014 $	31 January 2014 $
Neither past due nor impaired	**19,691,588**	25,038,663
Past due but not impaired	**9,302,642**	7,521,313
Individually impaired	**9,131,349**	9,519,582
	38,125,579	42,079,558

Movement in the provision for impairment of receivables is:

	31 July 2014 $	31 January 2014 $
Balance at beginning of the year	**9,519,582**	9,068,101
Provision for the year		845,612
Accounts receivable written off during the year as uncollectible	**(388,234)**	(394,131)
	9,131,349	9,519,582

Accounts receivable neither past due nor impaired

The credit quality of accounts receivable neither past due nor impaired is assessed based on management's internal assessment of the counterparties or entities. These balances are performing satisfactorily and there are no accounts which require special monitoring.

	31 July 2014 $	31 January 2014 $
Under 3 months	**19,691,588**	25,038,663

Accounts receivable past due but not impaired

Accounts receivable that are less than three months past due are not considered impaired. Based on historical information and customer relationships some accounts receivable which are greater than three months past due but not greater than twelve months are not considered impaired.

11 Accounts receivable and prepayments*…continued*

As of January 31, 2014, accounts receivable of $9,302,642 (2013: $7,521,313) were past due but not impaired. The aging of these accounts receivable is as follows:

	31 July 2014 $	31 January 2014 $
Over 3 months	**9,302,642**	7,521,313

Accounts receivable individually impaired

As of January 31, 2014, accounts receivable of $9,131,349 (2013: $9,519,582) were impaired and a related provision established. The aging of these accounts receivable is as follows:

	31 July 2014 $	31 January 2014 $
Over 3 months	**9,131,349**	9,519,582
Total accounts receivable	**38,125,579**	42,079,558

12 Inventories

	31 July 2014 $	31 January 2014 $
Goods on hand	**32,838,579**	29,332,685
Land held for future development	**11,908,787**	11,964,690
Sunrise Hill Villas	**4,623,576**	3,518,162
Work-in-progress	**685,183**	670,444
Goods in transit	**2,358,658**	456,519
	52,414,782	45,942,500

13 Related party balances and transactions

Related party relationship exists when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common control, with the reporting enterprise and its key management personnel, directors and shareholders.

13 Related party balances and transactions…*continued*

Amounts due from/ (to) related parties are interest-free, unsecured and have no fixed terms of repayment and comprise the following:

Due from related parties	Relationship	31 July 2014 $	31 January 2014 $
Malliouhana-Anico Insurance Co Ltd.	Associate company	**3,767**	194,068
St. Kitts Masonry Products Limited	Associate company	**1,018,171**	–
		1,021,938	194,068

Due to related parties	Relationship	31 July 2014 $	31 January 2014 $
Malliouhana-Anico	Associate company	**67,247**	
St. Kitts Masonry Products Limited	Associate company	**593,501**	36,079
		660,748	36,079

Key management compensation

Key management includes directors (executive and non-executive) and Group Chief Financial Officer. The Compensation incurred in respect of key management is as follows:

	31 July 2014 $	31 January 2014 $
Salaries	**855,761**	1,391,414
Director fees	**288,300**	370,400
Gratuity	**-**	305,844
Allowances	**99,102**	217,857
Pension	**49,721**	97,650
Social security	**15,966**	31,152
	1,308,850	2,414,317

(expressed in Eastern Caribbean dollars)

14 Interest in subsidiaries

Composition of the Group

Set out below are details of the subsidiaries held directly by the Group:

Name of subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group July 2014	Jan 2014
City Drug Store (2005) Limited	St. Kitts	the retailing of consumer products	**100%**	100%
Conaree Estates Limited	St. Kitts	land and property development	**100%**	100%
Dan Dan Garments Limited	St. Kitts	the manufacturing, wholesaling and retailing of garments	**100%**	100%
Mercator Caribbean Trust Company	St. Kitts	provider of trust, corporate and fund administration services	**–**	51%
Ocean Terrace Inn Limited	St. Kitts	operation of Ocean Terrace Inn hotel, Fisherman's Wharf Restaurant and apartments ownership and rentals	**100%**	100%
Sakara Shipping Inc.	St. Kitts	the provision of freight and other shipping services	**100%**	100%
St. Kitts Bottling Company Limited	St. Kitts	the trade or business of aerated water manufacturers and bottlers, brewers, distillers, canners, preservers and processors of all kinds of food and drink whatsoever	**51.67%**	51.67%
St. Kitts-Nevis Finance Company Limited	St. Kitts	accepting deposits from customers, providing loans to customers and investing in debt and equity securities	**100%**	100%
St. Kitts-Nevis Insurance Company Limited	St. Kitts	the business of underwriting all classes of general insurance	**100%**	100%
TDC Airline Services Limited	St. Kitts	airline, shipping, chartering, forwarding and transport agents	**100%**	100%

(expressed in Eastern Caribbean dollars)

14 Interest in subsidiaries*...continued*

Composition of the Group...continued

Name of subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group July 2014	Jan 2014
TDC Real Estate and Construction Company Limited	St. Kitts	real estate development and construction of residential villas	**100%**	100%
TDC Rentals Limited	St. Kitts	car rental services and financing service to consumers	**100%**	100%
TDC Tours Limited	St. Kitts	organisation of tours, weddings and shore excursions	**100%**	100%
City Drug Store (Nevis) Limited	Nevis	retailing of customer products	**100%**	100%
SNIC (Nevis) Limited	Nevis	the business of insurance agent for all classes of general insurance, including property and motor risks	**100%**	100%
TDC Airline Services (Nevis) Limited	Nevis	travel agents, tour operators, shipping and forwarding agents	**100%**	100%
TDC Nevis Limited	Nevis	trading as general merchants, manufacturers’ representatives and commission agents	**100%**	100%
TDC Real Estate and Construction Company (Nevis) Limited	Nevis	real estate development and construction	**100%**	100%
TDC Rentals (Nevis) Limited	Nevis	car rental services and financing service to consumers	**100%**	100%
East Caribbean Reinsurance Company Limited	Anguilla	the business of reinsurance for all classes of general insurance	**80%**	80%

(expressed in Eastern Caribbean dollars)

14 Interest in subsidiaries...*continued*

There are no subsidiaries with non-controlling interest that are material to the Group.

The Group has issued guarantees to certain banks in respect of the credit facilities granted to certain subsidiaries (see note 33).

The Group has no interests in unconsolidated structured entities.

15 Investments in associates

The Group's associates include the following:

Name of Subsidiary	Country of incorporation/ Principal place of business	Percentage of ownership		Carrying value	
		July 2014 %	Jan 2014 %	July 2014 $	Jan 2014 $
Malliouhana-Anico Insurance Co Ltd.	Anguilla	**25**	25	**3,634,680**	3,610,519
St. Kitts Masonry Products Limited	St. Kitts	**50**	50	**4,896,185**	4,523,265
				8,530,865	8,133,784

(expressed in Eastern Caribbean dollars)

15 Investments in associates...*continued*

Movements in the investments in associates account are as follows:

	31 July 2014 $	31 January 2014 $
Beginning balance	**8,133,784**	7,535,179
Share of income of associated companies	**397,081**	998,605
Dividends received	–	(400,000)
Others	–	–
	8,530,865	8,133,784

St. Kitts Masonry Products Limited

St. Kitts Masonry Products Limited manufactures and sells ready-mix concrete and concrete blocks for the construction industry.

Condensed financial information of St. Kitts Masonry Products Limited follows:

	31 July 2014 $	31 January 2014 $
Current assets	**4,876,260**	3,954,275
Non-current assets	**9,392,996**	8,178,299
Current liabilities	**(4,315,878)**	(2,924,915)
Net assets	**9,953,378**	9,207,659
Revenue	**2,084,842**	8,785,363
Costs and expenses	**(1,339,003)**	(7,305,155)
Net income	**745,839**	1,480,208

Malliouhana-Anico Insurance Company Limited

Malliouhana-Anico Insurance Company Limited's principal activity is the underwriting of all classes of general insurance.

(expressed in Eastern Caribbean dollars)

15 Investments in associates...*continued*

Malliouhana-Anico Insurance Company Limited...continued

Condensed financial information of Malliouhana-Anico Insurance Company Limited is as follows:

	31 July 2014 $	**31 January 2014 $**
Assets	**27,021,736**	27,983,637
Liabilities	**(11,602,856)**	(13,334,131)
Net assets	**15,418,880**	14,649,506
Net underwriting income	**1,472,324**	2,568,600
Other income	**508,874**	438,377
Costs and expenses	**(1,884,554)**	(2,664,937)
Net income	**96,644**	342,040

(expressed in Eastern Caribbean dollars)

16 Property, plant and equipment

	Land and buildings $	Furniture and fittings $	Construction equipment rentals $	Plant and machinery $	Containers $	Vehicles $	Computer equipment $	Total $
Year ended January 31, 2014								
Opening net book amount	112,529,937	1,777,749	60,532	11,405,892	144,827	6,825,405	557,059	133,301,401
Additions	1,130,399	523,475	62,210	714,609	–	4,417,014	448,267	7,295,974
Disposals	(293,966)	(93,192)	(50,853)	(531,152)	(421,457)	(2,368,099)	(397,559)	(4,156,278)
Writeback on disposals	–	65,103	47,933	450,757	390,371	1,634,091	374,756	2,963,011
Depreciation charge	(1,532,122)	(392,238)	(30,205)	(880,097)	(21,964)	(2,298,010)	(248,397)	(5,403,033)
Closing net book amount	**111,834,248**	**1,880,897**	**89,617**	**11,160,009**	**91,777**	**8,210,401**	**734,126**	**134,001,075**
At January 31, 2014								
Cost or valuation	117,947,964	13,405,862	338,443	26,224,369	546,298	21,847,364	5,656,173	185,966,473
Accumulated depreciation	(6,113,716)	(11,524,965)	(248,826)	(15,064,360)	(454,521)	(13,636,963)	(4,922,047)	(51,965,398)
Net book amount	**111,834,248**	**1,880,897**	**89,617**	**11,160,009**	**91,777**	**8,210,401**	**734,126**	**134,001,075**
Period ended July 31, 2014								
Opening net book amount	111,834,248	1,880,897	89,617	11,160,006	91,777	8,397,436	547,092	134,001,074
Additions	2,417,587	359,733	21,445	729,499		925,415	245,993	4,699,671
Disposals		(304,337)	(74)	(5,781)		(576,231)	(92,125)	(978,548)
Writeback on disposals		303,503	73	5,463		390,273	66,614	765,927
Depreciation charge	(732,956)	(193,071)	(19,353)	(394,953)	(8,825)	(1,125,452)	(102,748)	(2,577,358)
Closing net book amount	**113,518,878**	**2,046,727**	**91,709**	**11,494,233**	**82,952**	**8,011,441**	**664,826**	**135,910,766**
At July 31, 2014								
Cost or valuation	123,515,556	12,414,851	359,814	26,948,082	546,298	22,264,048	5,636,574	191,685,222
Accumulated depreciation	(9,996,677)	(10,368,124)	(268,106)	(15,453,848)	(463,346)	(14,252,606)	(4,971,748)	(55,774,456)
Net book amount	**113,518,878**	**2,046,727**	**91,709**	**11,494,233**	**82,952**	**8,011,441**	**664,826**	**135,910,766**

(expressed in Eastern Caribbean dollars)

16 Property, plant and equipment…*continued*

The details of gain on sales of property and equipment were as follows:

	31 July 2014 $	**31 January 2014 $**
Proceeds from disposal of property and equipment	**325,326**	1,618,081
Carrying amount of property, plant and equipment	**(212,621)**	(1,193,267)
Gain on sales of property, plant and equipment	**112,705**	424,814

Gain on sales of equipment is recognized as part of other income in the consolidated statement of comprehensive income (Note 25).

The Board of Directors are of the opinion that market values of freehold land and buildings have not changed significantly from the date of the last valuations, which were performed in December 2007 by independent professional valuers.

(expressed in Eastern Caribbean dollars)

17 Intangible assets

	Computer software $	Goodwill $	Total $
Year ended January 31, 2014			
Opening net book amount	710,473	200,000	910,473
Additions	179,385	–	179,385
Disposals	(84,892)	–	(84,892)
Writeback of accumulated amortisation	84,892	–	84,892
Write-off	–	(200,000)	(200,000)
Amortisation	(270,428)	–	(270,428)
Closing net book amount	**619,430**	**–**	**619,430**
At January 31, 2014			
Cost or valuation	981,182	–	981,182
Accumulated amortisation	(361,752)	–	(361,752)
Net book amount	**619,430**	**–**	**619,430**
Period ended July 31, 2014			
Opening net book amount	619,430	–	619,430
Additions	177,519	–	120,568
Disposals		–	
Writeback of accumulated amortisation		–	
Write-off		–	
Amortisation	(161,528)	–	(70,129)
		–	
Closing net book amount	**635,421**	–	**669,869**
		–	
At July 31, 2014		–	
Cost or valuation	1,158,701	–	1,101,750
Accumulated amortisation	(523,280)	–	(431,881)
		–	
Net book amount	**635,421**	–	**669,869**

(expressed in Eastern Caribbean dollars)

18 Borrowings

	31 July 2014 $	31 January 2014 $
Bank term loans payable	**33,577,427**	30,497,885
Sugar Industry Diversification Foundation	**13,500,000**	13,500,000
Bank overdrafts	**20,912,676**	20,950,193
	67,990,103	64,948,078
Interest payable	**109,375**	156,250
Total borrowings	**68,099,478**	65,104,328
Current	**29,855,590**	25,270,019
Non–current	**38,243,888**	39,834,309
	68,099,478	65,104,328

Bank term loans carry interest rates between 5% and 7% (2013: 6% and 7 ¾%) and are repayable in regular instalments of principal and interest, maturing at various intervals from one to fifteen years through to 2026 (2013: through to 2026).

The Sugar Industry Diversification Foundation loan carries an interest rate of 5%, is repayable in monthly instalments of principal and interest of $138,118 and matures in 2026.

Bank overdrafts carry interest rates varying from 7% to 10% (2013: 7% to 10%).

Collateral security for indebtedness

The Group’s bankers and other lenders hold as collateral security, mortgage debentures creating fixed and floating charges and an equitable mortgage on the Group’s assets including the investments held by the Company in certain wholly-owned subsidiaries and other investments.

(expressed in Eastern Caribbean dollars)

19 Insurance liabilities

	31 July 2014 $	31 January 2014 $
Unearned premiums	**3,525,528**	3,166,955
Claims reported and outstanding	**2,159,421**	2,535,741
Life policyholders' benefits	**1,821,285**	1,821,285
Claims incurred but not reported	**157,000**	157,000
Unallocated loss adjustment expenses	**160,000**	160,000
Due to reinsurers	**32,610**	94,641
	7,855,844	7,935,622

20 Customers' deposits

	31 July 2014 $	31 January 2014 $
Savings deposits	**4,009,195**	3,137,864
Fixed deposits	**87,204,757**	86,018,226
	91,213,952	89,156,090
Interest payable	**1,883,818**	2,336,821
Total customers' deposits	**93,097,770**	91,492,911
Current	**82,185,105**	83,846,778
Non–current	**10,912,664**	7,646,133
	93,097,770	91,492,911

(expressed in Eastern Caribbean dollars)

21 Trade and other liabilities

	31 July 2014 $	31 January 2014 $
Demand deposits	**18,340,944**	20,805,408
Accounts payable	**13,947,435**	10,185,675
Deferred revenue	**9,695,625**	7,906,982
Accrued expenses	**2,915,233**	5,273,533
Employee health fund	**3,635,507**	3,550,218
Dividend payable	**859,807**	860,748
Other liabilities	**6,569,629**	261,044
Gratuity reserve	**323,067**	169,995
Warranty liability	**99,682**	99,682
Statutory payables	**134,600**	44,456
Total trade and other liabilities	**56,521,531**	49,157,741
Current	**56,389,487**	49,107,593
Non–current	**132,042**	50,148
	56,521,531	49,157,741

Employee health fund represents amounts accrued monthly per employee in respect of a constructive obligation established by the Company to cover certain medical costs of employees and their dependents.

On August 8, 2013, the shareholders approved the payment of a dividend of $1,560,000 or $0.03 per share in respect of the financial year ended January 31, 2013.

22 Taxation

Taxation expense

	31 July 2014 $	31 January 2014 $
Current tax expense	**1,878,019**	3,919,212
Net deferred tax credit for the year	**(67,970)**	3,911,886
Taxation charge for the year	**1,810,049**	7,831,098

(expressed in Eastern Caribbean dollars)

22 Taxation…*continued*

	31 July 2014 $	31 January 2014 $
Current income tax expense		
Profit before taxation	**4,201,831**	8,141,831
Income tax expense at rate of 33%	**1,386,603**	2,686,807
Movement in deferred tax not recognised	**619,593**	305,846
Effect of permanent differences	**684,129**	256,344
5% claims equalization allowed	**(79,375)**	(125,463)
Effect of capital allowances utilised from prior years	**(327,090)**	609,666
Effect of capital allowances carried forward	**(192,572)**	–
Effect of losses carried forward/(utilised) from prior years	**8,354**	179,177
Effect of income not assessable for taxation	**(286,188)**	–
Effect of losses utilised from prior years	**(5,822)**	–
Underprovision in previous year	–	257,079
Prior year understatement on tax	**15,950**	–
Deferred tax asset written off	–	3,849,456
Deferred tax on depreciation on property, plant and equipment	–	(187,814)
Other	**54,436**	–
	1,878,019	7,831,098

Deferred tax asset

The movement in the deferred income tax asset is as follows:

	31 July 2014 $	31 January 2014 $
Beginning deferred tax asset	**298,095**	4,291,142
Deferred tax (expense)/credit for the year	**18,112**	(3,974,260)
Ending deferred tax asset	**316,208**	316,882

Deferred tax liability

The movement in the deferred income tax liability is as follows:

	31 July 2014 $	31 January 2014 $
Beginning deferred tax liability	**5,118,554**	5,199,712
Deferred tax credit for the year	**(49,861)**	(62,374)
Ending deferred tax liability	**5,068,693**	5,137,338

(expressed in Eastern Caribbean dollars)

23 Share capital

	31 July 2014 $	31 January 2014 $
Authorised:		
500,000,000 ordinary shares at $1 per share	**500,000,000**	500,000,000
Issued and fully paid:		
52,000,000 ordinary shares at $1 per share	**52,000,000**	52,000,000

24 Other reserves

	31 July 2014 $	31 January 2014 $
Revaluation reserve: property	**32,721,873**	32,738,725
Claims equalization reserve	**21,210,790**	20,970,337
Statutory reserve fund	**44,407,753**	4,254,211
Revaluation reserve: available-for-sale financial assets	**825,919**	894,542
	59,166,334	58,857,815

25 Other income

	31 July 2014 $	31 January 2014 $
Rent	**1,847,643**	2,930,902
Shipping	**392,577**	1,665,868
Miscellaneous income	**1,413,772**	1,360,365
Commission income	**759,928**	1,345,831
Equipment rental and repairs	**880,176**	1,250,686
Rebates and claims	**-**	1,095,724
Management and administration fees	**272,946**	540,250
Dividend income	**235,122**	490,666
Grant	**-**	477,155
Gain/(loss) on disposal of assets	**112,705**	424,814
Bad debt recoveries	**220,612**	332,436
Truck operating income	**116,735**	294,611
E-topup	**49,582**	254,949
Villa income	**19,070**	80,994
Vehicle servicing	**183,967**	42,276
Electrical repairs	**10,478**	35,414
Handling charges	**140,861**	(41,925)
Sands Complex expenses	**-**	(41,946)
MV Puerto Real/Triumph	**(47,358)**	(135,430)
	6,608,814	12,403,640

(expressed in Eastern Caribbean dollars)

26 General and administrative expenses

	31 July 2014 $	31 January 2014 $
Utilities	**1,301,914**	3,294,933
Advertising and sales promotion	**1,248,475**	2,885,837
Legal and professional fees	**1,166,083**	2,609,443
Repairs and maintenance	**1,302,451**	2,293,454
Motor vehicle expenses	**789,934**	1,718,787
Others	**956,768**	1,396,479
Communication	**428,915**	842,835
Taxes and licenses	**501,437**	776,023
Impairment of receivables	**70,031**	746,047
Management fee	**437,489**	686,647
Travel expenses	**204,429**	652,120
Security	**188,157**	513,384
Supplies expense	**210,052**	488,977
Printing and stationery	**163,373**	437,554
Rent	**500,966**	413,436
Entertainment	**86,196**	342,978
Computer installation and consultancy	**209,386**	247,641
Impairment of goodwill	**-**	200,000
Annual report – annual general meeting	**1,252**	188,491
Freight, handling and truckerage	**108,580**	97,489
Subscriptions	**50,064**	86,927
Warranty expense	**75,583**	80,864
Insurance	**(520,556)**	
Directors, secretary and consulting fees		
Sewage, waste and landscaping expense	**4,439**	15,077
	9,485,414	21,015,423

27 Staff costs

	31 July 2014 $	31 January 2014 $
Salaries and wages	**9,012,389**	15,840,909
Statutory contributions	**833,363**	1,606,452
Pension savings plan	**452,252**	899,115
Bonus and gratuity	**169,572**	633,910
Staff scholarship and training	**238,535**	501,701
Other staff costs	**326,784**	445,007
Directors' fees	**295,450**	436,514
Health insurance	**71,888.13**	190,493
	11,400,232	20,554,101

(expressed in Eastern Caribbean dollars)

28 Depreciation and amortization

	31 July 2014 $	31 January 2014 $
Depreciation	**2,577,337**	4,878,328
Amortization	**161,528**	270,428
	2,738,865	5,148,756

Depreciation of plant and machinery amounting to $524,705 (2013: $1,016,608) was recorded under cost of sales.

29 Finance charges, net

	31 July 2014 $	31 January 2014 $
Interest expense	**2,030,826**	4,440,995
Bank charge	**576,005**	870,250
Short-term bank deposits	**(247,324)**	(572,283)
	2,359,507	4,738,962

30 Net interest income

	31 July 2014 $	31 January 2014 $
Loans to customers	**3,888,424**	**8,345,732**
Investments	**1,601,627**	**3,094,160**
Savings account interest expense	**(49,656)**	**(133,571)**
Time deposits interest expense	**(2,251,432)**	**(4,618,425)**
	3,188,963	**6,687,896**

(expressed in Eastern Caribbean dollars)

31 Contingent liabilities

Bank guarantees

- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company, TDC Rentals Limited in the amount of $500,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company, City Drug Store (2005) Ltd in the amount of $100,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company, TDC Airline Services Limited in the amount of $500,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company TDC Nevis Limited in the amount of $1,500,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company TDC Tours Limited in the amount of $150,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company TDC Airline Services (Nevis) Limited in the amount of $300,000.
- The Company made an unlimited a guarantee for loans on behalf of its subsidiary company St Kitts Nevis Finance Company Limited.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company TDC Rentals (Nevis) Limited in the amount of $1,100,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company TDC Nevis Limited in the amount of $1,900,000.

Commitment

- At January 31, 2014, commitments in respect of open Letters of Credit established in the normal course of business amounted to $5,346,000 (2013: $5,346,000), while standby letters of credit were $810,000 (2013: $810,000).

32 Events after reporting date

No event has occurred or is pending or in prospect subsequent to the end of the reporting period that would require adjustment to, or disclosure in these consolidated financial statements.