Annual REPORT 2017

S.L. Horsford & Co. Ltd.
and its Subsidiary Companies

Marshall House, Independence Square West,
Basseterre, St.Kitts, West Indies
headoffice@horsfords.com
www.horsfords.com

Our Vision

"To be the company of choice."

Our Mission

"Exceptional service, Exceptional value for Exceptional people."

Contents

Corporate Information

Directors:

W. Anthony Kelsick B.A., B.Comm., C.P.A., C.A.	Chairman and Managing Director
Donald L. Kelsick B.A., H.B.A	Executive Director
Judith P. Ng'alla F.C.C.A.	Executive Director
Malcolm C. Kirwan B.S., M.B.A.	Retired Vice-President for Administration and Finance, University of the Virgin Islands
Mark A. Wilkin B.A., M.B.A.	Managing Director, Carib Brewery (St. Kitts & Nevis) Ltd
Victor O. Williams BSc., SCL	Architect & Planner
Anthony E. Gonsalves QC, LLB, LLM	Barrister-at-Law & Solicitor
Faron T. Lawrence BSc., M.B.A.	Real Estate Developer
Terrence A. Crossman B.A., M.B.A., MSc.	Consultant

Secretary:
Judith P. Ng'alla F.C.C.A.

Registered Office:
Marshall House
Independence Square West
Basseterre, St. Kitts

Auditors:
PKF
Chartered Accountants
Independence Square North,
Basseterre, St. Kitts

Bankers:
Royal Bank of Canada, St. Kitts
First Caribbean International Bank,
St. Kitts and Nevis
SKNA National Bank, St. Kitts
Bank of Nova Scotia, St. Kitts

Solicitors:
Kelsick, Wilkin and Ferdinand
Independence Square South
Basseterre, St. Kitts

Notice **of Meeting**

NOTICE IS HEREBY GIVEN that the twenty-seventh Annual General Meeting of the Company, as a Public Company, will be held at Ocean Terrace Inn, Wigley Avenue, Fortlands, Basseterre, St. Kitts on 11th April 2018 at 5 o'clock in the afternoon for the following purposes:

1. To receive and consider the Financial Statements for the year ended 30 September 2017.
2. To receive and consider the Report of Directors thereon.
3. To receive and consider the Report of Auditors thereon.
4. To declare a Dividend.
5. To appoint Directors in place of those retiring.
6. To appoint Auditors and fix their remuneration.

NOTE: A member is entitled to appoint a proxy to attend and on a poll to vote instead of him/ her. A form of proxy is enclosed. Proxies must reach Secretary at least 48 hours prior to date of Annual General Meeting.

Marshall House
1 Independence Square West
Basseterre
St. Kitts

BY ORDER OF THE BOARD

Judith P. Ng'alla
Company Secretary
Dated 7 February 2018

Copies of the Annual Report may be printed from the Company's website www.horsfords.com/horsford/investor.asp

Company **Profile**

S.L. Horsford & Co. Limited, founded in 1875, was incorporated in 1912. Shares to the general public were first issued in 1990, signifying its conversion to a Public Company. Today, the company is a highly diversified business establishment involved in multiple retail, service and manufacturing activities through its various departments and subsidiary companies. It has traded profitably since its incorporation.

S.L. Horsford & Company Limited, comprised of several operational departments and subsidiaries, trades in both St. Kitts and Nevis. Products and services traded include building materials, hardware, furniture, appliances, petroleum products, food, cars, trucks, insurance, shipping, car rentals, hire purchase and consumer credit.

The key brands and principals represented include IGA, Nissan, Kia, Hyundai, SOL, King Ocean Services, Avis Rent a Car, Guardian General Insurance Limited and Ashley Furniture.

Actively trading subsidiary companies are Ocean Cold Storage (St. Kitts) Limited, S.L. Horsford Finance Co. Limited, S. L. Horsford Nevis Ltd., and S. L. Horsford Shipping Ltd.

Associate companies include St. Kitts Masonry Products Limited, 50% owned, Carib Brewery (St. Kitts and Nevis) Limited, 20% owned, and St. Kitts Developments Limited, which is 30% owned.

Chairman's **Report**

The results for 2017 have been mixed and while the overall result was less than that of the record year of 2016, the performance was still among the best in our history.

Income before taxation of $13,326,189 was a decline of $2,819,462 or 17.46% versus 2015. Similarly, Income after taxation of $8,032,769 was less than 2016 by $2,017,271 or 20.07%. Basic earnings per share for 2017 were $0.13 versus $0.17 for 2016. Total Comprehensive Income was $12,078,477 versus $10,029,971 for 2016.

Turnover or group sales for 2017 were $148,982,834 versus $158,767,780 for 2016, a decline of $9,784,946 or 6.16%. This decline was experienced in all segments of our operations; however, this was largely due to a decline in the automotive sector of 20%. The decline in the automotive sector was due to increasing competition from imported used vehicles as well as a saturation of vehicles in the market. This decline is typical of the automotive market, which is cyclical in nature. A decline of 4% was also experienced in the durable goods sector, with a smaller decline of 1% in the consumable goods sector.

Gross profit declined by $2,190,797 or 5.50% to $37,659,086, Other Income increased by $459,577 to $10,059,772 resulting in a net decline in Total Income of $1,731,220 or 3.5% to $47,718,858.

Expenses decreased by $139,422 or 0.39% to $36,008,586.

Profits before Results of Associated Companies decreased by $1,591,798 or 11.97%, to $11,710,272.

Share of Results of Associated Companies was $1,615,917, a decrease of $1,227,664 or 43.17%. This decline was due to decreased demand for products produced by our joint venture company, St. Kitts Masonry Products Ltd., a trend which started in 2016. The performance of this company was particularly disappointing in 2017.

Income Tax Expense was $5,293,420, which is an effective rate of 43.4% versus the effective rate of 37.75% in 2016.

The group's lands and buildings were revalued on 20 September 2016 and the revalued amounts recognised at the beginning of the 2017 fiscal period. This has created a net surplus after related taxes of $4,026,592, which is reflected in Other Comprehensive Income and resulted in a Total Comprehensive Income of $12,078,477 for 2017.

The group's solvency continues to be strong with a debt to equity ratio of 0.28:1 and a debt to total assets ratio of 0.19:1.

The outlook for 2018 is for similar results as experienced in 2017 as the economy continues to perform satisfactorily in spite of a lower growth rate.

Your Directors recommend a final dividend of $0.045 per share which, along with the interim dividend of $0.04, will result in a total annual dividend of $0.085 per share for a total of $5,125,233.

Mr. Donald L Kelsick, Executive Director, has formally given notice of his retirement from the Company effective 31 March 2018 as well as his resignation as a Director of the Company. Donald joined the Company as an Executive in 1996 and as a Director in 1991. I would like to formally thank him for his many years of service to the company in both capacities. I wish him well in his retirement.

I wish to thank all of our customers on both St. Kitts and Nevis for their continued loyalty and support.

I also wish to thank our staff for their support and dedication to their work.

I thank my fellow directors for their support and valued counsel.

W. Anthony Kelsick

B.A., B. Comm., CPA, CA.

Report of the **Directors**

The Directors submit their Report and Audited Accounts for the year ended 30 September 2017:

	2017	**2016**
Profit for the year (after providing for Taxation)	$8,032,769	$10,050,040
The Board recommends a dividend of 8.5% (2016 = 10%)	$5,125,233	$6,029,686

In accordance with Articles 102 and 103 of the Articles of Association, Messrs. Faron Lawrence and Terrence Crossman retire from the Board on rotation and, being eligible, offer themselves for re-appointment.

In Accordance with Articles 98 and 99 of the Articles of Association, Miss Natalie Kelsick, who was appointed a director on 7th February 2018, retires and, being eligible, offers herself for re-appointment.

Particulars:

Name:	Natalie Elizabeth Kelsick
Address:	Frigate Bay, St. Kitts
Date of Birth:	7th July 1988
Citizenship:	St. Kitts and Nevis
Business Occupation:	Marketing and Business Development Executive S. L. Horsford & Co Ltd.

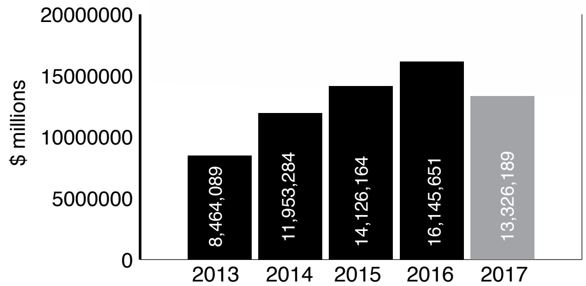
The Auditors, PKF, Chartered Accountants and Business Advisors, also retire and, being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD

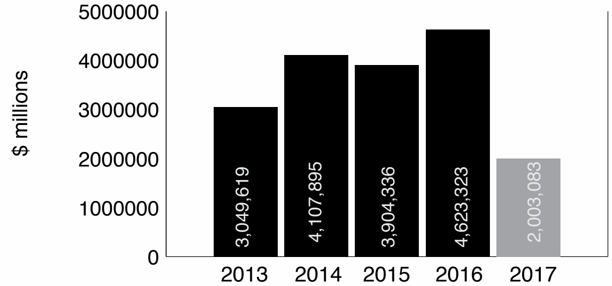
JUDITH P. NG'ALLA
Company Secretary
7 February 2018

Financial **Highlights**

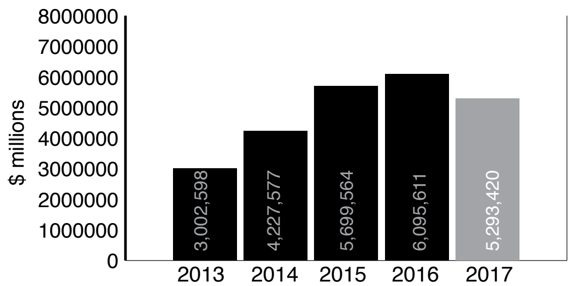
INCOME BEFORE TAX



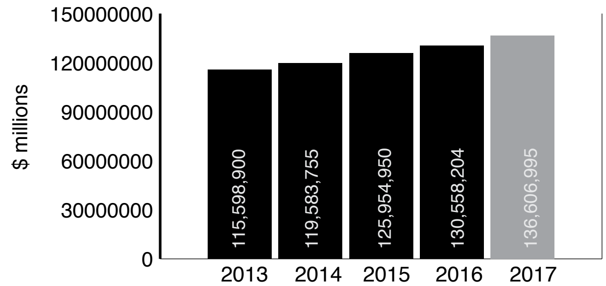
PROFITS RETAINED



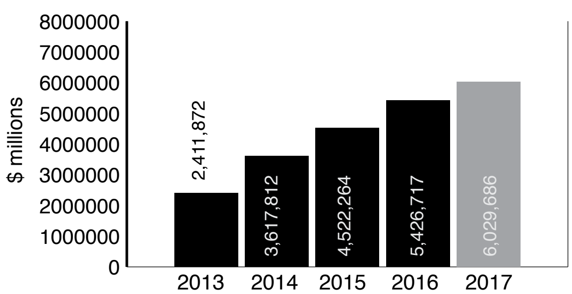
TAXATION



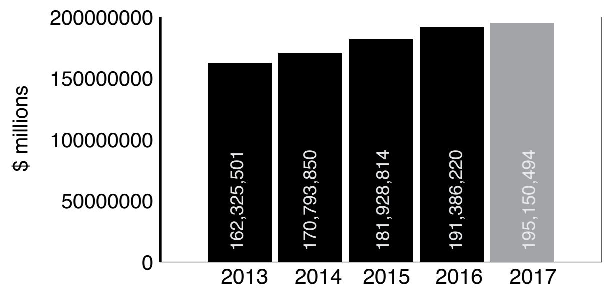
SHAREHOLDERS' EQUITY



DIVIDENDS PAID



TOTAL ASSETS



Independent Auditors' **Report**

TO THE SHAREHOLDERS OF S L HORSFORD AND COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of S L Horsford and Company Limited and its Subsidiary Companies ("the group"), which comprise the consolidated statement of financial position as at 30 September 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition

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

Revenue recognised for the year ended 30 September 2017 amounted to $148,982,834 which is material to the financial statements.

How our audit addressed this key audit matter

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

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

Revenue Recognition (cont'd)

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

Revaluation of lands and buildings

We refer to note 8 to the consolidated financial statements. Lands and buildings, representing 45% (value) of total assets held by the company, is considered material to the consolidated financial statements. These lands and buildings were independently revalued by Charterland, Chartered Surveyors, and Property Consultants, professional valuers to an amount which approximated their market value at 20 September 2016. These values were incorporated in the consolidated financial statements at 1 October 2016.

How our audit addressed this key audit matter

Our tests included but were not limited to assessing the reasonableness of assumptions made by the expert valuers.

Other information included in the Group's 2017 Annual Report

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

Chartered Accountants

BASSETERRE – St Kitts
7 February 2018

Consolidated Statement of **Financial Position**

At 30 September 2017 (Expressed in Eastern Caribbean Dollars)

	Notes	2017	2016
CURRENT ASSETS			
Cash at Bank and in Hand		1,397,901	786,060
Accounts Receivable - Current	3	15,424,716	15,995,218
Taxation Recoverable	11	93,197	64,327
Inventories	4	38,380,218	40,043,013
		55,296,032	56,888,618
NON-CURRENT RECEIVABLES	3	25,457,506	22,588,211
AVAILABLE-FOR-SALE INVESTMENTS	5	527,992	505,235
INVESTMENT IN ASSOCIATED COMPANIES	6	11,841,968	13,016,155
INTANGIBLES	7	20,345	27,253
PROPERTY, PLANT AND EQUIPMENT	8	102,006,651	98,360,748
TOTAL NON-CURRENT ASSSETS		139,854,462	134,497,602
TOTAL ASSETS		$195,150,494	$191,386,220
CURRENT LIABILITIES			
Loans and Bank Overdrafts	9	26,921,749	29,259,278
Accounts Payable and Accruals	10	12,546,226	14,012,052
Provision for Taxation	11	856,043	2,007,323
		40,324,018	45,278,653
NON-CURRENT LIABILITIES			
LOANS - NON-CURRENT	9	11,089,866	8,903,373
DEFERRED TAX LIABILITY	12	7,129,615	6,645,990
		18,219,481	15,549,363
TOTAL LIABILITIES		58,543,499	60,828,016
EQUITY			
SHARE CAPITAL	13	60,296,860	60,296,860
RESERVES	14	76,310,135	70,261,344
SHAREHOLDERS' FUNDS		136,606,995	130,558,204
TOTAL LIABILITIES AND EQUITY		$195,150,494	$191,386,220

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

Approved by the Board of Directors on 7 February 2018.

W Anthony Kelsick
Chairman

Judith Ng'alla
Director

Consolidated Statement of **Income**

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

	Notes	2017	2016
TURNOVER	2 (n)	148,982,834	158,767,780
Cost of Sales		(111,323,748)	(118,917,897)
GROSS PROFIT		37,659,086	39,849,883
OTHER INCOME	21	10,059,772	9,600,195
TOTAL INCOME		47,718,858	49,450,078
LESS: EXPENSES			
Administrative Expenses	22	(24,390,523)	(24,237,481)
Transport and Deliveries		(2,095,388)	(1,977,731)
Advertising and Promotion		(2,649,362)	(2,968,292)
Other Expenses		(1,265,710)	(1,485,039)
Depreciation and Amortisation		(4,002,345)	(3,897,998)
Finance Costs		(1,605,258)	(1,581,467)
		(36,008,586)	(36,148,008)
Income before Results of Associated Companies		11,710,272	13,302,070
Share of Results of Associated Companies	2 (e) & 6	1,615,917	2,843,581
INCOME BEFORE TAXATION		13,326,189	16,145,651
Income Tax Expense	11	(5,293,420)	(6,095,611)
INCOME FOR THE YEAR CARRIED TO STATEMENT OF COMPREHENSIVE INCOME		$8,032,769	$10,050,040
BASIC EARNINGS PER SHARE	15	$0.13	$0.17

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

Consolidated Statement of **Comprehensive Income**

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

	Notes		2017	2016
Income for the year			8,032,769	10,050,040
OTHER COMPREHENSIVE INCOME:				
Surplus on Revaluation (Note 8)		4,518,130		
Less: Related Deferred Tax (Notes 11 & 12)		(491,538)		
Net Surplus (See Note 8)			4,026,592	-
Decrease in Revaluation Reserve - Associated Company	6		(3,641)	(3,584)
Unrealised Holding Gain/(Loss) - Increase/(Decrease) in fair value of investments			22,757	(16,485)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR CARRIED TO STATEMENT OF CHANGES IN EQUITY			$12,078,477	$10,029,971

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

Consolidated Statement of **Changes In Equity**

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

	Share Capital	Revaluation Reserve	Other Capital Reserve	Unrealised Holding Gain - Investment	Retained Earnings	Total
Balance at 30 September 2015						
- as previously reported	30,148,430	37,844,664	706,431	371,240	54,752,383	123,823,148
- prior year adjustment						
- associated companies	-	2,536,442	-	-	(404,640)	2,131,802
- as restated	30,148,430	40,381,106	706,431	371,240	54,347,743	125,954,950
Bonus Share Issue (Note 13)	30,148,430	-	-	-	(30,148,430)	-
Total Comprehensive Income	-	(3,584)	-	(16,485)	10,050,040	10,029,971
Dividend paid ($0.09 per share)	-	-	-	-	(5,426,717)	(5,426,717)
Balance at 30 September 2016	$60,296,860	$40,377,522	$706,431	$354,755	$28,822,636	$130,558,204
Balance at 30 September 2016	60,296,860	40,377,522	706,431	354,755	28,822,636	130,558,204
Total Comprehensive Income	-	4,022,951	-	22,757	8,032,769	12,078,477
Dividend Paid ($0.10) per share	-	-	-	-	(6,029,686)	(6,029,686)
Balance at 30 September 2017	$60,296,860	$44,400,473	$706,431	$377,512	$30,825,719	$136,606,995

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

Consolidated Statement of **Cash Flows**

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Taxation	13,326,189	16,145,651
Adjustments for:		
Depreciation and Amortisation	4,002,345	3,897,998
Gain on disposal of Property, Plant and Equipment	(243,105)	(206,734)
Finance costs incurred	1,605,258	1,581,467
Share of income from Associated Companies	(1,615,917)	(2,843,581)
Operating profit before working capital changes	17,074,770	18,574,801
Net change in non-cash working capital balances related to Operations	767,475	(2,569,006)
	17,842,245	16,005,795
Finance costs paid	(1,605,258)	(1,581,467)
Taxation paid	(5,795,206)	(5,366,891)
Net cash inflow from operating activities	10,441,781	9,057,437
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(3,646,170)	(4,356,786)
Proceeds on disposal of Property, Plant and Equipment	773,290	641,440
Purchase of Intangibles	(7,224)	(40,146)
Dividends received from Associated Companies	2,100,180	2,380,180
Net cash used in investing activities	(779,924)	(1,375,312)
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-current Receivables	(2,869,295)	(4,808,148)
Loans (repaid)/received	(816,844)	5,429,941
Dividends paid to Shareholders	(6,029,686)	(5,426,717)
Net cash used in financing activities	(9,715,825)	(4,804,924)
Net (decrease)/increase in cash and cash equivalents	(53,968)	2,877,201
Cash and cash equivalents - beginning of year	(1,589,195)	(4,466,396)
Cash and cash equivalents - end of year	$(1,643,163)	$(1,589,195)
Cash and cash equivalents comprise:		
Cash	1,397,901	786,060
Bank Overdrafts	(3,041,064)	(2,375,255)
	$(1,643,163)	$(1,589,195)

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

Notes to the Consolidated Financial Statements

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

1 CORPORATE INFORMATION

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

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

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

The Company is listed on the Eastern Caribbean Stock Exchange.

2 ACCOUNTING POLICIES

(a) Basis of Accounting:

The consolidated financial statements are prepared on the historical cost basis. The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards.

The accounting policies which are followed are set out below.

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

New and amended pronouncements in effect and applicable:

Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets

Clarification of Acceptable Methods of Depreciation and Amortisation

Amends IAS 16 to:

clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Applicable to annual periods beginning on or after 1 January 2016.

New and amended pronouncements in effect and applicable:

Amendments to IAS 27 - Equity Method in Separate Financial Statements

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Applicable to annual periods beginning on or after 1 January 2016.

Amendments to IAS 1 - Presentation of Financial Statements - Disclosure Initiative

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

2 ACCOUNTING POLICIES (cont'd)

(a) Basis of Accounting (cont'd):

clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply; clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Effective for annual periods beginning on or after 1 January 2016.

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

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

The following standards and amendments, which have not been applied in these consolidated financial statements, were in issue but not yet effective for the year presented:

IFRS 9	Financial Instruments	Effective 1 January 2018
IFRS 15	Revenue from Contracts with Customers	Effective 1 January 2018
IFRS 16	Leases	Effective 1 January 2019
IAS 1	Presentation of Financial Statements	Effective 1 January 2017
IAS 7	Statement of Cash Flows (Amendments)	Effective 1 January 2017
IAS 12	Deferred Taxes (Amendments)	Effective 1 January 2017
IFRIC 23	Uncertainty over Income Tax Treatments	Effective 1 January 2019

Assessment is being made of the potential impact of these new standards and amendments.

(b) Use of Estimates:

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

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

Provision for inventory obsolescence:

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

Depreciation of property, plant and equipment:

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

Impairment of Financial Assets:

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

2 ACCOUNTING POLICIES (cont'd)

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

Fair value measurement:

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

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

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

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

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

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

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

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

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

The group measures the following at fair value:

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

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

(c) Basis of Consolidation:

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

Control is achieved when the investor

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

2 ACCOUNTING POLICIES (cont'd)

(d) Investment in subsidiaries:

Consolidation of a subsidiary begins from the date the investor gains control of an investee and ceases when the investor loses control of an investee. The cost of the acquisition is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred at the date of exchange.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

(e) Investment in associated companies:

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

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

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

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

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

(f) Foreign Currencies:

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

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

(g) Revenue Recognition:

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

2 ACCOUNTING POLICIES (cont'd)

(g) Revenue Recognition (cont'd):

Sales to third parties:

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

Rendering of services:

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

Interest income:

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

Dividend:

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

Rental:

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

(h) Financial Assets

Loans and Receivables:

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

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

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

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

Available-for-sale Investments:

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

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

2 ACCOUNTING POLICIES (cont'd)

(h) Financial Assets (cont'd):

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

A financial asset is primarily derecognised when:

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

(i) Financial Liabilities

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

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

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

(j) Inventories and Goods in Transit:

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

(k) Leases:

Group as lessor

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

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

(l) Property, Plant and Equipment:

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

Depreciation rates are as follows:

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

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

2 ACCOUNTING POLICIES (cont'd)

(l) Property, Plant and Equipment (cont'd):

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

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

(m) Taxation:

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

(n) Turnover:

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

(o) Provisions:

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

Warranty provisions

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

Customer loyalty programme provision

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

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

(p) Intangibles:

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

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

(q) Borrowing Costs:

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

2 ACCOUNTING POLICIES (cont'd)

(r) Share Capital:

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

(s) Dividends:

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

(t) Current versus non-current distinctions:

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

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

All other assets are classified as non-current.

A liability is current when:

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

The group classifies all other liabilities as non-current.

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

(u) Cash and Cash Equivalents:

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

3 ACCOUNTS RECEIVABLE

	2017	**2016**
Trade and Instalment Receivables	47,475,384	45,546,423
Less: Provision for impairment	(7,547,378)	(7,636,648)
	39,928,006	37,909,775
Sundry Receivables and Prepayments	954,216	673,654
	40,882,222	38,583,429
Less: **Non-current portion of Receivables**	(25,457,506)	(22,588,211)
TOTAL - **Current**	$15,424,716	$15,995,218

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

Movement on provision for impairment:

	2017	**2016**
Balance at beginning of year	7,636,648	7,712,072
Increase in provision for impairment	537,595	711,055
Impaired losses recovered	(626,865)	(786,479)
Balance at end of year	$7,547,378	$7,636,648

Ageing analysis of trade receivables:

	Total	**Future Due**	**Neither past due nor impaired**	**Past due but not impaired 30 to 90 days**	**Past due but not impaired Over 90 days**
30 September 2017	$39,928,006	$25,457,506	$13,191,263	$824,986	$454,251
30 September 2016	$37,909,775	$22,588,211	$13,654,491	$1,050,213	$616,860

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

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

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

	2017	**2016**
Minimum Lease Amounts Receivable Due:		
Within one year	14,359,460	13,019,224
Over one year but less than five years	33,544,128	28,138,440
Over five years	5,911,095	7,331,297
	$53,814,683	$48,488,961

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

3 ACCOUNTS RECEIVABLE (cont'd)

	2017	2016
Present value of minimum lease payments of finance leases:		
Amounts Due:		
Within one year	8,399,260	7,678,552
After one year but less than five years	21,560,496	17,761,194
Over five years	3,897,011	4,827,017
	$33,856,767	$30,266,763

This balance includes amounts receivable under hire purchase and finance lease agreements.

4 INVENTORIES

	2017	2016
Merchandise	33,351,506	35,702,314
Goods In Transit	5,028,712	4,340,699
TOTAL	$38,380,218	$40,043,013

5 AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
Quoted Securities	477,991	455,234
Unquoted Securities	50,001	50,001
TOTAL	$527,992	$505,235

6 INVESTMENT IN ASSOCIATED COMPANIES

	2017	2016
Original cost of investments	3,048,436	3,048,436
Increase in equity over cost from acquisition to the end of previous year	9,967,719	10,399,683
	13,016,155	13,448,119
Capital reserve reduction	(3,641)	(3,584)
Share of net income less dividends received from Associated Companies (see below)	(1,170,546)	(428,380)
Balance at End of Year	$11,841,968	$13,016,155

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

6 INVESTMENT IN ASSOCIATED COMPANIES (cont'd)

	2017	2016
Share of net income less dividends received for the year is made up as follows:		
Share of income before taxation	1,615,917	2,843,581
Taxation (Note 11)	(686,283)	(891,781)
	929,634	1,951,800
Dividends received	(2,100,180)	(2,380,180)
TOTAL (As Above)	$(1,170,546)	$(428,380)

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

Name	Country of incorporation/principal place of business	Proportion of ownership interest held at 30 September 2017	2016
St Kitts Masonry Products Limited	St Kitts	50%	50%
St Kitts Developments Limited	St Kitts	30%	30%
Carib Brewery (St Kitts & Nevis) Limited	St Kitts	20.1%	20.1%

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

	2017	2016
Summarised financial information – Carib Brewery (St Kitts and Nevis) Limited:		
Current Assets	18,534,259	21,917,432
Non-current assets	14,098,441	14,214,800
Current liabilities	14,349,543	12,146,495
Non-current liabilities	1,620,364	1,738,684
Revenue	37,712,469	38,548,873
Profit after tax	5,407,076	5,686,828
Total Comprehensive Income	5,407,076	5,686,828
Dividend from associate	1,980,180	1,980,180
Summarised financial information – St Kitts Developments Limited and St Kitts Masonry Products Limited:		
Current Assets	4,228,023	5,413,427
Non-current assets	15,779,947	16,409,423
Current liabilities	3,258,933	2,861,660
Non-current liabilities	777,604	1 ,506,475
Revenue	16,845,340	21,702,930
(Loss)/Profit after tax	(271,147)	1,045,118
Other Comprehensive Income	(12,135)	(11,946)
Total Comprehensive Income	(283,282)	1,033,172
Dividend from associates	120,000	400,000

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

7 INTANGIBLES

	2017	2016
Software – cost brought forward (See Note 2(p))	147,337	107,191
Additions	7,224	40,146
Software – cost carried forward	154,561	147,337
Accumulated Amortisation – brought forward	120,084	98,877
Amortisation	14,132	21,207
Accumulated Amortisation – carried forward	134,216	120,084
NET CARRYING AMOUNT	$20,345	$27,253

8 PROPERTY, PLANT AND EQUIPMENT

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

8 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Year Ended 30 September 2016	Land & Buildings - at Cost/ Valuation	Plant, Vehicles and Other Assets - at cost	Capital Work-in -Progress - at cost	Total
Gross Carrying Amount				
- beginning of year	88,537,437	29,027,719	784,238	118,349,394
Additions	-	2,824,145	1,532,641	4,356,786
Disposals	-	(2,321,410)	-	(2,321,410)
Transfers	610,724	322,329	(933,053)	-
Gross Carrying Amount - end of year	89,148,161	29,852,783	1,383,826	120,384,770
Accumulated Depreciation				
- Brought Forward	5,258,729	14,775,206	-	20,033,935
Current year's depreciation	1,101,023	2,775,768	-	3,876,791
Disposals	-	(1,886,704)	-	(1,886,704)
Accumulated Depreciation				
- Carried Forward	6,359,752	15,664,270	-	22,024,022
Net Carrying Amount -2016	$82,788,409	$14,188,513	$1,383,826	$98,360,748

Revaluation:

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

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

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

The surplus on revaluation is made up as shown hereunder:

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

Additions subsequent to revaluation are stated at cost.

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

9 LOANS AND BANK OVERDRAFTS

	2017	2016
Current:		
Overdrafts	3,041,064	2,375,255
Loans – Current Portion	23,880,685	26,884,023
TOTAL CURRENT LOANS AND BANK OVERDRAFTS	$26,921,749	$29,259,278
LOANS – NON-CURRENT	$11,089,866	$8,903,373
Summary of Loans and Overdrafts:		
Amounts Payable:		
Within 1 year	26,921,749	29,259,278
Over 1 year – 5 Years	10,173,405	6,601,611
Over 5 Years	916,461	2,301,762
TOTAL LOANS	$38,011,615	$38,162,651
Analysed as follows:		
Secured	16,882,919	14,071,324
Unsecured	21,128,696	24,091,327
TOTAL	$38,011,615	$38,162,651

Repayment Terms:

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

Collateral for Advances:

The Bank Loans and Overdrafts are secured by debentures executed by the Parent Company and two subsidiaries totalling $56,428,000 (2016 = $56,428,000).

The principal instalments due within the twelve months ending 30 September 2018 have been shown under Current Liabilities.

10 ACCOUNTS PAYABLE AND ACCRUALS

	2017	2016
Trade Payables	7,820,719	9,322,331
Sundry Payables, Provisions and Accruals	4,725,507	4,689,721
TOTAL	$12,546,226	$14,012,052

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

11 TAXATION

	2017	2016
Statement of Financial Position		
Taxation in the Statement of Financial Position comprises the following:		
Taxation Recoverable	$(93,197)	$(64,327)
Provision for Taxation - Current Year	$856,043	$2,007,323
Statement of Income		
The Taxation charge in the Statement of Income comprises the following:		
Provision for charge on Current Profits	4,614,895	5,097,771
Underprovision – previous year	155	3,459
Deferred Tax (Note 12)	(7,913)	102,600
	4,607,137	5,203,830
Associated Companies (Note 6)	686,283	891,781
Charge to Statement of Income	5,293,420	6,095,611
Charge to Other Comprehensive Income	491,538	-
TOTAL	$5,784,958	$6,095,611

The group's effective tax rate of 43.4% (2016 = 37.8%) differs from the Statutory rate of 33% as follows:

	2017	2016
Profit before taxation	$13,326,189	$16,145,651
Taxes at statutory rate 33%	4,397,642	5,328,065
Tax effect of expenses not deductible in determining taxable profits	807,484	627,468
Tax effect of income not assessable for taxation	(5,842)	(2,878)
Tax effect on non qualifying assets	97,922	135,155
Underprovision - previous year	155	3,459
Tax effect on revaluation of building	491,538	-
Other	(3,941)	4,342
TOTAL	$5,784,958	$6,095,611

All income tax assessments up to and including the year of assessment 2017/16 have been submitted to the Comptroller of Inland Revenue and the taxes duly paid.

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

12 DEFERRED TAX LIABILITY

	2017	2016
Deferred Tax Liability (Net) – at beginning of year	6,645,990	6,543,390
Deferred Tax - Income Statement (Note 11)	(7,913)	102,600
Deferred Tax Re: revaluation of buildings (Notes 8 &11)	–	
Other Comprehensive Income	491,538	-
Deferred Tax Liability (Net) – at end of year	$7,129,615	$6,645,990
Deferred Tax Liability (Net) comprises the following:		
Deferred Tax Asset - Unutilised Capital Allowances and Losses	(66,310)	(24,115)
Deferred Tax Liability - Accelerated Capital Allowances	7,195,925	6,670,105
	$7,129,615	$6,645,990

13 SHARE CAPITAL

	2017	2016
Authorised		
100,000,000 (2016 = 100,000,000) Ordinary Shares of $1 each		
Issued and Fully Paid		
60,296,860 (2016 = 60,296,860) Ordinary Shares of $1 each	$60,296,860	$60,296,860
Movement in Share Capital		
Balance brought forward	60,296,860	30,148,430
Add: Bonus Share Issue	-	30,148,430
Balance Carried Forward	$60,296,860	$60,296,860

At the Annual General Meeting held on 14 April 2016, the following resolutions were passed:

Increase in Share Capital

"**BE IT RESOLVED** that the authorised share capital of the Company be increased from EC$50,000,000 consisting of 50,000,000 ordinary shares of a stated value of EC$1 each to EC$100,000,000 consisting of 100,000,000 ordinary shares of a stated value of EC$1 each".

Bonus Share Issue

"**BE IT RESOLVED** that from undivided profits of the Company available for distribution the sum of EC$30,148,430 be capitalised to the members in proportion to the stated amounts of the shares held by them respectively and that the same be applied in payment up in full unissued shares of the Company of a stated amount equal to that sum and that the said shares be allotted to the shareholders in the proportion of one bonus share for each share currently held by a shareholder."

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

13 SHARE CAPITAL (cont'd)

Dividend:

Dividend of 8.5% (2016 = 10%) per ordinary share amounting to $5,125,233 (2016 = $6,029,686) in respect of 2017 has been proposed by the Directors. The Financial Statements for the year ended 30 September 2017 do not reflect this proposed dividend which, if ratified, will be accounted for in equity as an appropriation of retained earnings in the year ending 30 September 2018.

14 RESERVES

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

Revaluation reserve	gains/losses arising on the revaluation of the group's property.
Other capital reserve	sugar rehabilitation/return on investments
Unrealised holding gain	gains/losses on revaluation of financial assets classified as available-for-sale

Retained earnings all other net gains and losses and transactions with owners (eg dividends) not recognised elsewhere.

15 EARNINGS PER SHARE

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

	2017	2016
Net Income for the Year	$8,032,769	$10,050,040
Number of shares in issue during the year (See Note Below)	60,296,860	60,296,860
Basic earnings per share	$0.13	$0.17

Bonus Share Issue:

As explained in Note 13, during the year ended 30 September 2016, the company issued one bonus share for each share held. In accordance with IAS 33 Earnings Per Share is calculated using the number of shares outstanding before the event (capitalisation) as adjusted for the proportionate change in the number of shares outstanding as if the event had occurred at the beginning of the earliest period presented.

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

16 CONTINGENT LIABILITIES

Parent Company:

a) Unfunded Pension:

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

b) Guarantees:

The Parent Company has given guarantees to First Caribbean International Bank and Royal Bank of Canada as collateral for overdraft facilities of up to $4,200,000 (2016 = $4,200,000) for its Subsidiary Companies, Ocean Cold Storage (St Kitts) Limited and S L Horsford Finance Company Limited, S L Horsford Nevis Limited and S L Horsford Shipping Limited.

Associated Company:

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

c) Letters of Credit:

At the year end, the Group had outstanding letters of credit totalling $448,820 (2016 = $448,820).

d) Legal Claims:

At 30 September 2017, there were no contingent liabilities regarding legal claims (2016 = Nil).

17 RELATED PARTY TRANSACTIONS

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

	2017	2016
i) Sales of goods and services	$3,039,921	$3,062,578
ii) Purchases of goods and services	$3,317,319	$5,599,484
iii) Management fees	$48,000	$48,000
iv) Dividends received	$2,100,180	$2,380,180
2. Compensation of key management personnel of the Company and its subsidiaries:		
Salaries and Other Benefits	$1,222,275	$1,231,044
3. Balances due to/from Related Parties		
Due from Associated Companies	$359,372	$525,005
Due from Directors	$17,298	$32,556
Due to Associated Companies	$2,170,273	$4,008,240
Due to Directors	$8,793,833	$10,037,215

17 RELATED PARTY TRANSACTIONS (cont'd)

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

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

18 DETAILS OF SUBSIDIARY AND ASSOCIATED COMPANIES

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

19 FINANCIAL INSTRUMENTS

a) Interest Rate Risk:

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

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

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

b) Credit Risk:

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

19 FINANCIAL INSTRUMENTS (cont'd)

c) Fair Values:

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

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

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

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

Financial assets:

Available-for-sale investments (quoted)

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

Non-financial assets:

Freehold lands and buildings:

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

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

Fair value measurement hierarchy for assets at 30 September 2017:

			Fair value measurements using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets valued at fair value:					
Available-for-sale financial assets:					
Quoted equity shares	30 Sep 2017	$477,991	$477,991	-	-
Non-financial assets					
Lands and buildings	30 Sep 2017	$88,140,130	-	$88,140,130	-

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

Fair value measurements hierarchy for financial and non-financial assets at 30 September 2016:

Assets valued at fair value:					
Available-for-sale financial assets:					
Quoted equity shares	30 Sep 2016	$455,234	$455,234	-	-
Non-financial assets:					
Lands and buildings	30 Sep 2016	$82,788,409	-	-	$82,788,409

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

19 FINANCIAL INSTRUMENTS (cont'd)

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

d) Currency Risk:

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

At the year end, the group's net exposure to foreign exchange risk was as follows:
The aggregate value of financial assets and liabilities by reporting currency are as follows:
Year ended 30 September 2017

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

Year ended 30 September 2016

ASSETS	**EC$**	**US$**	**£ Sterling**	**Other**	**Total**
Cash at bank and in hand	279,080	506,980	-	-	786,060
Trade and other receivables	38,287,303	144,080	-	-	38,431,383
Investments	13,392,855	128,535	-	-	13,521,390
-	$51,959,238	$779,595	-	-	$52,738,833
LIABILITIES					
Loans and bank overdrafts	35,339,712	2,822,939	-	-	38,162,651
Trade and other payables	11,536,749	2,471,068	-	4,235	14,012,052
	$46,876,461	$5,294,007	-	$4,235	$52,174,703

e) Liquidity Risk:

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

19 FINANCIAL INSTRUMENTS (cont'd)

e) Liquidity Risk: (cont'd)

The following table summarises the maturity profile of the Group's financial liabilities and assets at 30 September 2017:

Financial Liabilities:

	Due within 1 Year	>1 year to 5 years	Over 5 years	Total
Year ended 30 September 2017				
Loans and Bank Overdrafts	26,921,749	10,173,405	916,461	38,011,615
Accounts payable and accruals	12,546,226	-	-	12,546,226
	$39,467,975	$10,173,405	$916,461	$50,557,841
Year ended 30 September 2016				
Loans and Bank Overdrafts	29,259,278	6,601,611	2,301,762	38,162,651
Accounts payable and accruals	14,012,052	-	-	14,012,052
	$43,271,330	$6,601,611	$2,301,762	$52,174,703
Financial Assets:				
Year ended 30 September 2017:				
Cash with bankers and in hand	1,397,901	-	-	1,397,901
Accounts Receivable	15,116,616	21,560,496	3,897,010	40,574,122
Investments	-	-	12,369,960	12,369,960
	$16,514,517	$21,560,496	$16,266,970	$54,341,983
Year ended 30 September 2016:				
Cash with bankers and in hand	786,060	-	-	786,060
Accounts Receivable	15,843,172	17,761,194	4,827,017	38,431,383
Investments	-	-	13,521,390	13,521,390
	$16,629,232	$17,761,194	$18,348,407	$52,738,833

20. SEGMENT REPORTING

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

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

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

20 SEGMENT REPORTING (cont'd)

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

Year ended 30 September 2017	Durable Goods	Automotive	Consumable Goods	Other	Unallocated/ Head Office	Eliminations	Total
External Sales	53,521,707	23,957,124	74,725,435	-	-	(3,221,432)	148,982,834
Other Income	275,350	6,128,210	9,632	9,862,591	-	(6,216,011)	10,059,772
Total Revenue	$53,797,057	$30,085,334	$74,735,067	$9,862,591	-	$(9,437,443)	$159,042,606
Operating Income before finance costs	4,939,835	4,186,000	2,314,394	2,356,132	-	(480,831)	13,315,530
Finance Costs	(501,658)	(1,127,963)	(66,000)	363	-	90,000	(1,605,258)
	4,438,177	3,058,037	2,248,394	2,356,495	-	(390,831)	11,710,272
Share of results of Associated Companies	(218,371)	-	1,790,160	44,128	-	-	1,615,917
Operating Income before Taxation	$4,219,806	$3,058,037	$4,038,554	$2,400,623	-	$ (390,831)	13,326,189
Taxation							(5,293,420)
Net Income after Taxation							$ 8,032,769

The segment assets and liabilities at 30 September 2017 were as follows:

	Durable Goods	Automotive	Consumable Goods	Other	Unallocated/ Head Office	Eliminations	Total
Operating assets	59,054,409	55,006,927	30,952,457	10,506,416	40,665,006	(12,876,689)	183,308,526
Investments in Associated Companies	7,173,638	-	4,181,080	487,250	-	-	11,841,968
Total Consolidated Assets	$66,228,047	$55,006,927	$35,133,537	$10,993,666	$ 40,665,006	$(12,876,689)	$ 195,150,494
Total Consolidated Liabilities	$14,449,402	$27,676,158	$2,496,030	$ 1,912,037	$ 25,320,178	$(13,310,306)	$ 58,543,499
Capital Expenditure	$ 1,634,779	$ 785,485	$ 616,375	$ 6,846	$ 602,685	-	$ 3,646,170
Depreciation and amortisation	$ 1,048,182	$ 750,602	$ 1,328,497	$ 194,056	$ 681,008	-	$ 4,002,345

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

20 SEGMENT REPORTING (cont'd)

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

Year ended 30 September 2016	**Durable Goods**	**Automotive**	**Consumable Goods**	**Other**	**Unallocated/ Head Office**	**Eliminations**	**Total**
External Sales	55,865,172	30,041,553	75,547,458	-	-	(2,686,403)	158,767,780
Other Income	266,239	5,624,906	33,589	9,578,450	-	(5,902,989)	9,600,195
Total Revenue	$ 56,131,411	$ 35,666,459	$75,581,047	$ 9,578,450	-	$ (8,589,392)	$ 168,367,975
Operating Income before finance costs	4,917,988	4,799,830	3,348,668	2,264,454	-	(447,403)	14,883,537
Finance Costs	(549,098)	(1,192,497)	(92,252)	162,380	-	90,000	(1,581,467)
	4,368,890	3,607,333	3,256,416	2,426,834	-	(357,403)	13,302,070
Share of results of Associated Companies	822,488	-	2,005,251	15,842	-	-	2,843,581
Operating Income before Taxation	$ 5,191,378	$ 3,607,333	$ 5,261,667	$ 2,442,676	-	$ (357,403)	16,145,651
Taxation							(6,095,611)
Net Income after Taxation							$ 10,050,040
The segment assets and liabilities at 30 September 2016 were as follows:							
Operating assets	57,431,561	50,962,903	35,721,438	10,108,323	34,693,177	(10,547,337)	178,370,065
Investments in Associated Companies	7,353,522	-	5,086,098	576,535	-	-	13,016,155
Total Consolidated Assets	$ 64,785,083	$ 50,962,903	$40,807,536	$10,684,858	$ 34,693,177	$(10,547,337)	$ 191,386,220
Total Consolidated Liabilities	$ 15,230,425	$ 28,608,679	$ 2,614,504	$ 1,739,493	$24,790,053	$(12,155,138)	$ 60,828,016
Capital Expenditure	$ 2,568,656	$ 996,285	$ 481,072	-	$ 310,773	-	$ 4,356,786
Depreciation and amortisation	$ 951,675	$ 666,433	$ 1,338,273	$ 209,986	$ 731,631	-	$ 3,897,998

Notes to the **Consolidated Financial Statements** (continued)

For the Year ended 30 September 2017 (Expressed in Eastern Caribbean Dollars)

21 OTHER INCOME

	2017	2016
Interest	4,538,173	3,824,538
Dividend income	17,701	8,719
Lease and rental income	920,439	891,736
Car servicing and related Income	892,351	1,000,814
Car rental income	1,502,956	1,615,039
Shipping income	1,137,516	1,246,514
Insurance commission income	498,943	502,840
Truckage delivery income	253,850	250,142
Gain on sale of property, plant and equipment	243,106	206,734
Miscellaneous	54,737	53,119
TOTAL	$10,059,772	$9,600,195

22 ADMINISTRATIVE EXPENSES

	2017	2016
Occupancy costs	1,666,483	1,400,424
Utilities	1,735,214	1,791,776
Insurance	1,001,241	926,877
Stationery and supplies	309,845	601,200
Repairs to property, plant and equipment	707,208	819,059
Communications	370,228	348,756
Employment	18,600,304	18,349,389
TOTAL	$24,390,523	$24,237,481

23 CAPITAL COMMITMENTS

At year end, there were no capital commitments (2016 = Nil).

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