

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

For the financial year ended 30 September 2017

Issuer Registration number
SLH120119112KN

S. L. HORSFORD & COMPANY LIMITED

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

ST. KITTS & NEVIS

(Territory of incorporation)

1 WEST INDEPENDENCE SQUARE BASSETERRE ST. KITTS

(Address of principal office)

REPORTING ISSUER'S:

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

Fax number: 869-465-1042

Email address: headoffice@horsfords.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

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

Yes

No

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

CLASS	NUMBER
ORDINARY SHARES	60296860

SIGNATURES

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

Name of Chief Executive Officer:

Name of Director:

W. Anthony Kelsick

Natalie E. Kelsick

SIGNED AND CERTIFIED

SIGNED AND CERTIFIED

1/03/2018
Date

1/03/18
Date

Name of Corporate Secretary:

Judith P. Ng'alla

SIGNED AND CERTIFIED

Signature
1 March 2018
Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

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

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

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

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

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

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

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

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

2. Properties.

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

Listing attached

3. Legal Proceedings.

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

There are no legal proceedings.

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

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

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

The Annual General Meeting was held on 12 April 2017

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

At the Annual General Meeting (AGM) held on 12 April 2017 Messrs. Anthony Gonsalves and Victor Williams were re-elected directors

Other directors were Messrs Anthony Kelsick (Chairman & Managing Director), Donald Kelsick (Executive Director), Mrs. Judith Ng'alla (Executive Director), Messrs Malcolm Kirwan, Mark Wilkin, Faron Lawrence and Terrence Crossman

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

Other matters voted on at the AGM:

1. The audited financial statements for the year ended 30 September 2016 were unanimously accepted by the shareholders.
2. The meeting unanimously voted to pay a final dividend of five cents per share to shareholders on record as at the 12 April 2017..
3. PKF, Chartered Accountants, were unanimously re-appointed auditors for the year ending 30 September 2017

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

NOT APPLICABLE

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

NOT APPLICABLE

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

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

NOT APPLICABLE

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

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

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

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

7. Disclosure about Risk Factors.

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

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

8. Changes in Securities and Use of Proceeds.

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

NOT APPLICABLE

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

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

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

- Name and address of underwriter(s)

- Amount of expenses incurred in connection with the offer _____

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

- Payments to associated persons and the purpose for such payments

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

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

9. Defaults upon Senior Securities.

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

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

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

There were no delinquencies. Dividends were paid in a timely manner; there are no arrears. An interim dividend of four cents per share was paid in October 2017.

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

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

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

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

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

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

General Discussion and Analysis of Financial Condition

The financial year ended 30 September 2017 was another profitable year for the group. The group performed well, despite the fact that the economy grew at a slower rate at 2.5% than the 3.0% that had been projected. Net income after tax was \$8,032,769 which was 20.07% less than 2016.

The group is financially strong with a liquidity ratio of 1:1.37 and a debt to equity ratio of 0.28:1. All financial obligations were met as they fell due. No material changes in these ratios are expected over the next year.

Management has projected the same level of earnings for 2017/18.

Liquidity and Capital Resources

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

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

Discussion of Liquidity and Capital Resources

2017 was another successful year for the group. Net income after taxation was \$8,032,769 which was 20.07% below 2016.

There were no capital commitments at 30 September 2017. Additions to fixed assets were for replacements due to wear and tear in the normal course of business.

The group is financially strong with a liquidity ratio of 1.37:1, and a debt to equity ratio of 0.28:1. Cash flow generated is adequate to meet operational expenses and loan payments as they fall due. No material changes are expected in the mix of capital resources.

Off Balance Sheet Arrangements

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

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

NOT APPLICABLE

Results of Operations

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

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

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

Overview of Results of Operations

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 recognized 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.

The 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

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

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

NONE

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

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

13. Other Information.

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

The company's land and buildings were revalued at the end of September 2016. The revalued figures are included in the financial statements at 30 September 2017. There was a surplus on revaluation of \$4,534,796.

14. List of Exhibits

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

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

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: LIST ATTACHED Position: _____

Mailing Address: _____

headoffice@horsfords.com

Telephone No.:

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

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

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: LIST ATTACHED Position: _____

Mailing Address: _____

headoffice@horsfords.com

Telephone No.: _____

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

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

Also a Director of the company Yes No

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

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

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

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

Telephone No.: (869) 465-6495

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

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

Give brief description of **current** responsibilities

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

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

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Faron T Lawrence Position: Non-executive Director

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

Telephone No.: 466-4001

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

Self Employed - SKN Homes, Owner and General Manager

Give brief description of **current** responsibilities

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

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

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

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

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

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

Telephone No.: (340) 693-1400

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

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

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

Give brief description of current responsibilities

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

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

Use additional sheets if necessary.

Position: Business Development Executive

Name: NATALIE KELSICK

Age: 29

**Mailing Address: #52 Calypso Bay
Frigate Bay
St. Kitts**

Telephone No.: (869) 662-4940

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

S. L. Horsford & Co. Ltd.

**Business Development and Marketing Executive – 2017
to present**

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

S. L. Horsford & Co. Ltd.

Business Development Manager – January 2016 to 2017

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

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

Founded and managed a holistic online marketing agency.

DAC Group Toronto

SEM Specialist July 2012 to July 2013

Develop, implement and manager conversion and cost per acquisition focused Google Adwords/SEM campaigns for several high profile North American clients.

Education (degrees, schools, and dates):

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

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

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

Also a Director of the Company Yes No

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

Use Additional Sheets if Necessary

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Terrence A. Crossman Position: Non-Executive Director

Mailing Address: P.O. Box 1417
Fountain Estate
St.Peter's, St.Kitts

Telephone No.: 869 466 2720

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

CEO - SIDF - April 2012 - 2015
Consultant 2015- present

Give brief description of **current** responsibilities

Responsible for the start-up of a new entity tasked with creating a sustainable National financial foundation and creating programs aimed at improving living standards for citizens while creating opportunities in entrepreneurship, agriculture, education, housing and energy.

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

MSc. - Global Consumer Marketing - University of Liverpool (2010 - 2015)
MBA - Finance - University of Leicester - (2005 - 2009)
BA - Accounting - University of the Virgin Islands - (1989 - 1992)
AA - Business Mgmt.- University of the Virgin Islands - (1989 - 1992)

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: VICTOR O. WILLIAMS Position: Non-Executive Director

Mailing Address: P. O. Box 723
#125 HL1 - North Frigate Bay
St. Kitts

Telephone No.: (869) 465-4004

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

Principal of William Architectural.

Give brief description of **current** responsibilities

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

B.Sc. Architecture from New York Institute of Technology (1982)

Associate Degree in Town & Country Planning from United Nations Physical Planning Institute (1975)

Numerous short courses in Housing, Environmental Planning, Population Planning

Use additional sheets if necessary.