



**S L HORSFORD AND COMPANY LIMITED**  
**AND ITS SUBSIDIARY COMPANIES**

PUBLISHED ACCOUNTS

FOR THE YEAR ENDED  
30 SEPTEMBER 2002

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**DIRECTORS:**

W. A. Kelsick O.B.E. CSM (Chairman)  
W. Anthony Kelsick (Managing)  
Calvin L. Wilkin M.B.E.  
D. Sydney Blake  
K. Vernon Mallalieu  
Donald L. Kelsick  
Malcolm C. Kirwan  
Rosemarie A. Matheson  
Mark A. Wilkin  
Christopher L. Martin  
Adrian L. Lam

**SECRETARY:**

Mrs Judith Ng'alla

**REGISTERED OFFICE:**

Marshall House, Independence Square West  
Basseterre, St. Kitts, West Indies.

**AUDITORS**

Pannell Kerr Forster  
Chartered Accountants  
Independence Square North, Basseterre, St. Kitts.

**BANKERS:**

Royal Bank of Canada, St. Kitts  
Barclays Bank PLC, St. Kitts and Nevis  
Bank of Nova Scotia, St. Kitts and Nevis  
SKNA National Bank, St. Kitts and Nevis

**SOLICITORS:**

Kelsick, Wilkin and Ferdinand  
Independence Square South, Basseterre,  
St. Kitts, West Indies.

## NOTICE OF MEETING

Notice is hereby given that the thirteenth annual General Meeting of the Company, as a Public Company, will be held at Frigate Bay Resort, Frigate Bay on Thursday, 3 April 2003 at 5 o' clock in the afternoon for the following purposes.

- 1 To receive and consider the Profit & Loss Account and Statement of Revenue Reserves for the twelve months ended 30 September 2002 and the Balance Sheet at that date.
- 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.

Dated 13 February 2003

Marshall House  
Independence Square West  
Basseterre, St Kitts,  
West Indies.

BY ORDER OF THE BOARD



Company Secretary

## COMPANY PROFILE

**S.L. Horsford & Co. Ltd.** 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 trading, service and manufacturing activities through its various departments and subsidiary companies. It has traded profitably since its incorporation.

**S.L. Horsford & Company Ltd.**, 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, beer, food, cars, trucks, insurance, shipping, car rentals, hire purchase and consumer credit.

The key brands and principals represented include Texaco, Carib, IGA, Nissan, Ford, Kia, Daihatsu, Geest Line, Bernuth, Holland America Line, Norwegian Cruise Line, Festival Cruises, Avis Rent a Car, NEMWIL, HSBC Gibbs Limited, ORGILL Brothers Inc., General Electric Corp. and Trinidad Cement Limited. Actively trading subsidiary companies are Ocean Cold Storage (St. Kitts) Ltd., and S.L. Horsford Finance Co. Ltd. Associate companies include St. Kitts Masonry Products limited 50% owned, Carib Brewery (St. Kitts and Nevis) Ltd., 20% owned and St. Kitts Developments Limited, which is 30% owned and involved in the development of housing sites on 200 acres of land at Half Moon Bay, St. Kitts.

## CHAIRMAN'S REVIEW

I am pleased to report that our Group Trading Results for the year 2002 have shown an improvement over our results for the year 2001. Group Operating Profit amounted to \$1,984,482 compared to \$90,191 in 2001, an improvement of \$1,894,291. Our Share of profits from our Associated Companies was however reduced by \$583,238 from \$963,582 to \$380,344. Profit before taxation for our Group amounted to \$2,364,826 an increase of \$1,311,053 or 124.4%. This improvement was in spite of a decline in Group Sales. These sales amounted to \$105,064,413, which is \$2,642,317 or 2.45% less than 2001.

This improvement in 2002 was largely due to lower expenses. I reported for the financial year 2001 that we had embarked upon a cost cutting exercise and we have seen the benefits for the financial year 2002. We were able to reduce our total expenses by \$1,603,198. There are however two major items of expenditure which we are unable to reduce considerably. These are interest costs of \$4,007,616 and depreciation of \$2,312,826.

Our Parent Company results also improved considerably with Profit before taxation increasing by \$1,232,332. Our Parent Company's sales were \$94,272,148 or \$2,179,053 lower than the year 2001. This is a fall-off in sales of around 2.25%.

The economy of St. Kitts and Nevis continues to suffer from the worldwide recession now being experienced. Our food division continues to perform satisfactorily but we are definitely feeling a serious slowdown in construction which adversely affects our Building Materials sales on both St. Kitts and Nevis. This slowdown in the construction industry has and continues to adversely affect our Associated Company, St. Kitts Masonry Products Limited. There is also a slowdown in total vehicle imports over the past two years as compared with previous years. The reduction in total vehicle imports into St. Kitts and Nevis is in the region of thirty percent.

The serious decline in tourist arrivals on St. Kitts in 2002 has adversely affected our Avis Rent-a-Car operation. We are anticipating however that the opening of the new Marriott Hotel on Frigate Bay in March 2003 will assist us to increase our volume of Car Rental Sales.

As I reported in 2001, we had come to the end of the major capital expenditure program which we started some ten years ago. Our capital expenditures now will be replacement of plant machinery, computers and vehicles. As a result of this fact we have been able to improve our cash position during 2002 by over Five Million Dollars which will assist us in meeting our long-term commitments to repay loans.

Your Directors are recommending the payment of a dividend of three and one half cents per share which will amount to \$1,033,913. This leaves \$387,216 which will increase our retained earnings from \$9,731,155 to \$10,118,371.

We have been the distributors for St. Kitts Breweries Limited, renamed Carib Brewery (St. Kitts and Nevis) Limited from their formation in 1960. The majority shareholder in that Company has decided that they wish the Company to distribute its own products. We were therefore given twelve months' notice of termination in accordance with the terms of our contract. This termination becomes effective on April 8, 2003. It will adversely affect our total annual sales and the profits which we have enjoyed from that operation.

Mr Calvin L Wilkin, M.B.E., our Deputy Chairman, retired with effect from 30 September 2002 from that post and as an Executive Director. Mr Wilkin has however, agreed to remain on the board of Directors as a non-Executive. Mr Wilkin joined the Company in 1943 as a trainee clerk and has therefore served for fifty-nine years. I wish to thank Mr Wilkin on behalf of all shareholders for the long service and to wish him a happy retirement.

Mrs Beatrice Lam who served as a Non-Executive Director from April 1981 retired from the Board with effect from September 30, 2002. I wish to thank Mrs Lam for her dedicated service to the Company for the past twenty-one years and to wish her a happy retirement.

Mr Adrian Lam was invited to join the board to fill the vacancy created by Mrs Lam's resignation and was appointed by the Board in December 2002. He will therefore stand for re-election at the Annual General Meeting.

I wish to thank all our customers on St. Kitts and Nevis for their continued loyal support. Our customers are the mainstay of our distribution business. I also wish to thank all of our staff for their loyal support and dedication to their work. And last I wish to thank my fellow Directors for their support and valued counsel.



WILLIAM A KELSICK O.B.E, CSM  
Chairman

# REPORT OF DIRECTORS

The Directors submit their Report and Audited Accounts for the year ended 30 September 2002.

	PARENT COMPANY	
	2002	2001
Profit for the year (after providing for Taxation)	1,421,129	393,126
The Board recommends a dividend of 3.5% free of Tax (2001=1.25%)	(1,033,913)	(369,166)
<b>SURPLUS RETAINED</b>	<b>\$ 387,216</b>	<b>\$ 23,960</b>

In September 2002 Mrs. Beatrice Lam retired from the Board.

In Accordance with Articles 102 and 103 of the Articles of Association, Ms Rosemarie Matheson and Mr. Malcolm Kirwan retire from the Board on rotation and being eligible offer themselves for re-appointment.

In accordance with Articles 97 and 99 of the Articles of Association Mr Adrian Lam who was appointed a Director on 4 December 2002, retires, and being eligible offers himself for re-appointment.

**PARTICULARS:**

Name:	Adrian Lam
Address:	New Road St. Kitts
Date of Birth:	6 June 1958
Citizenship:	Citizen of St. Kitts & Nevis
Business Occupation:	Manager Walls Deluxe Record & Bookshop

The Auditors, Pannell Kerr Forster, Chartered Accountants, also retire and being eligible offer themselves for re-appointment.



WILLIAM A KELSICK O.B.E, CSM  
Chairman

BY ORDER OF THE BOARD



JUDITH NG'ALLA  
Company Secretary







REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
S L HORSFORD AND COMPANY LIMITED

We have examined the Balance Sheets of the Company and of the Group at 30 September 2002 and the Profit and Loss Accounts and Statements of Revenue Reserves and Changes in Financial Position for the year then ended. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform an audit to obtain reasonable assurance that the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these Financial Statements present fairly, in all material respects, the financial position of the Company and of the Group at 30 September 2002 and the results of their operations and changes in their financial positions for the year then ended in accordance with International Accounting Standards except as disclosed in Note 2 (g) to the Financial Statements.



PANNELL KERR FORSTER  
Chartered Accountants:

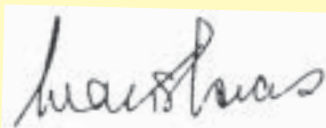
BASSETERRE - ST KITTS  
3 January 2003

## BALANCE SHEETS

AT 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars)

PARENT COMPANY				GROUP	
2001	2002		Notes	2002	2001
\$	\$			\$	\$
		CURRENT ASSETS			
347,462	479,638	Cash at Bank and in Hand		499,614	376,580
23,968,983	24,554,034	Accounts Receivable	3	25,630,531	25,316,644
27,003,395	27,345,564	Inventories		29,141,335	28,706,803
1,432,101	910,081	Due from Subsidiary Companies		-	-
<u>52,751,941</u>	<u>53,289,317</u>			<u>55,271,480</u>	<u>54,400,027</u>
		CURRENT LIABILITIES			
20,461,780	17,820,490	Loans and Bank Overdrafts	4	18,158,746	21,062,893
13,520,848	15,057,406	Accounts Payable and Accruals	5	15,958,500	14,644,235
315,000	519,000	Provision for Taxation	6	587,228	309,918
369,166	1,033,913	Proposed Dividends	10	1,033,913	369,166
<u>34,666,794</u>	<u>34,430,809</u>			<u>35,738,387</u>	<u>36,386,212</u>
18,085,147	18,858,508	WORKING CAPITAL		19,533,093	18,013,815
1,359,915	1,359,915	INVESTMENT IN SUBSIDIARIES	7	-	-
2,791,645	2,816,645	OTHER INVESTMENTS	8	6,799,867	6,979,789
1,483,182	1,483,182	AMOUNT DUE FROM SUBSIDIARY COMPANY		-	-
<u>46,373,056</u>	<u>45,017,988</u>	FIXED ASSETS	4 & 9	46,594,120	48,556,117
<u>\$70,092,945</u>	<u>\$69,536,238</u>	TOTAL		<u>\$72,927,080</u>	<u>\$73,549,721</u>
		FINANCED BY: -			
29,533,280	29,540,380	SHARE CAPITAL	10	29,540,380	29,533,280
<u>9,731,155</u>	<u>10,118,371</u>	RESERVES	11	15,078,835	14,786,077
39,264,435	39,658,751	SHAREHOLDERS' FUNDS		44,619,215	44,319,357
1,598,146	1,752,090	AMOUNT DUE TO SUBSIDIARY COMPANY		-	-
<u>29,230,364</u>	<u>28,125,397</u>	LOANS - Non-Current	4	28,307,865	29,230,364
<u>\$70,092,945</u>	<u>\$69,536,238</u>	FUNDS EMPLOYED		<u>\$72,927,080</u>	<u>\$73,549,721</u>

*The attached Notes form part of these Accounts*



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Director



S L HORSFORD & COMPANY LIMITED  
& ITS SUBSIDIARY COMPANIES

## PROFIT & LOSS ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars)

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$		\$	\$
<u>\$96,451,201</u>	<u>\$94,272,148</u>	TURNOVER (Note 12)	<u>\$105,064,413</u>	<u>\$107,706,730</u>
316,886	1,778,519	OPERATING PROFIT (Note 12)	1,984,482	90,191
		Add: Investment Income and Share of results of		
<u>559,699</u>	<u>330,398</u>	Associated Companies (Note 2 (b))	<u>380,344</u>	<u>963,582</u>
<u>876,585</u>	<u>2,108,917</u>	PROFIT BEFORE TAXATION	<u>2,364,826</u>	<u>1,053,773</u>
		PROVISION FOR TAXATION (Note 6)		
(483,459)	(687,788)	Parent Company and Subsidiaries	(783,289)	(535,096)
-	-	Associated Companies	(258,767)	(362,318)
<u>(483,459)</u>	<u>(687,788)</u>		<u>(1,042,056)</u>	<u>(897,414)</u>
		PROFIT AFTER TAXATION		
		ATTRIBUTABLE TO		
393,126	1,421,129	SHAREHOLDERS	1,322,770	156,359
<u>(369,166)</u>	<u>(1,033,913)</u>	DIVIDENDS - Proposed (Note 10)	<u>(1,033,913)</u>	<u>(369,166)</u>
<u>\$23,960</u>	<u>\$387,216</u>	PROFIT/(LOSS) CARRIED TO REVENUE RESERVES	<u>\$288,857</u>	<u>\$(212,807)</u>

The attached Notes form part of these Accounts.

## STATEMENTS OF REVENUE RESERVES

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars)

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$		\$	\$
12,450,200	12,474,160	BALANCE AT BEGINNING OF YEAR	13,476,892	13,689,699
		Net Profit/(loss) Retained for the Year from Profit and Loss Accounts	<u>288,857</u>	<u>(212,807)</u>
<u>23,960</u>	<u>387,216</u>			
<u>\$12,474,160</u>	<u>\$12,861,376</u>	BALANCE AT END OF YEAR (Note 11)	<u>\$13,765,749</u>	<u>\$13,476,892</u>

*The attached Notes form part of these Accounts.*

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars)

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$		\$	\$
		CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
876,585	2,108,917	Net Income for the year before Taxation	2,364,826	1,053,773
2,045,795	1,975,669	Depreciation	2,312,826	2,473,357
(2,776)	(1,320)	(Gain)loss on Disposal of Fixed Assets	(43,334)	9578
-	-	Share of Net Earnings of Associated Companies	(347,959)	(899,919)
<u>2,919,604</u>	<u>4,083,266</u>		<u>4,286,359</u>	<u>2,636,789</u>
		CHANGES IN WORKING CAPITAL BALANCES OTHER THAN CASH AND CURRENT PORTION OF LONG TERM DEBT		
(1,313,894)	(585,051)	Accounts Receivable	(313,887)	(1,468,276)
1,535,206	(342,169)	Inventories	(434,532)	2,081,375
774,554	522,020	Due from Subsidiary Companies	-	-
(962,582)	1,536,558	Accounts Payable and Accruals	1,314,265	(967,677)
(740,459)	(483,788)	Taxation Paid	(505,978)	(862,961)
<u>2,212,429</u>	<u>4,730,836</u>		<u>4,346,227</u>	<u>1,419,250</u>
		CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
(3,954,169)	(757,876)	Purchase of Fixed Assets	(846,088)	(4,133,357)
243,071	138,596	Proceeds on Disposal of Fixed Assets	538,595	376,830
-	-	Dividends received from Associated Companies	298,013	496,036
-	(25,000)	Purchase of Investments	(25,000)	-
15,000	-	Capital Return on Investment	-	15,000
<u>(3,696,098)</u>	<u>(644,280)</u>		<u>(34,480)</u>	<u>(3,245,491)</u>
		CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
2,650,996	1,514,354	Loans Received (Net)	1,739,708	2,650,996
(1,104,927)	(369,166)	Dividends Paid to Shareholders	(369,166)	(1,104,927)
-	-	Minority Interest	-	(4,669)
(146,115)	153,944	((Decrease)/Increase in Amount due to Subsidiary (Net)	-	-
68,550	7,100	Proceeds from Issue of Shares	7,100	68,550
-	-	Increase in Interest in Subsidiary	-	(3,946)
<u>1,468,504</u>	<u>1,306,232</u>		<u>1,377,642</u>	<u>1,606,004</u>
(15,165)	5,392,788	CASH INCREASE/(DECREASE) FOR THE YEAR	5,689,389	(220,237)
<u>(11,397,636)</u>	<u>(11,412,801)</u>	CASH POSITION - BEGINNING OF YEAR	<u>(11,984,796)</u>	<u>(11,764,559)</u>
<u>\$(11,412,801)</u>	<u>\$(6,020,013)</u>	CASH POSITION - END OF YEAR	<u>\$(6,295,407)</u>	<u>\$(11,984,796)</u>
		Comprised of:		
347,462	479,638	Cash	499,614	376,580
(11,760,263)	(6,499,651)	Bank Overdrafts	(6,795,021)	(12,361,376)
<u>\$(11,412,801)</u>	<u>\$(6,020,013)</u>		<u>\$(6,295,407)</u>	<u>\$(11,984,796)</u>

The attached Notes form part of these Accounts.

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars)

### 1 PRINCIPAL ACTIVITIES

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

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

Horsfords is a diversified trading company and details of its subsidiary and associated companies and their main activities are set out in Note 14.

### 2 ACCOUNTING POLICIES

#### a) Basis of Accounting:

The Accounts are prepared on the historical cost basis with the exception of certain fixed assets which are included at net book values based upon valuations.

#### b) Basis of Consolidation:

The consolidated accounts include the audited accounts of the Company and its subsidiary undertakings made up to 30 September, together with the Group's share of the results of associated companies.

Goodwill arising on consolidation, representing the excess of purchase consideration over the fair value of net tangible assets acquired, is written off against reserves in the year of acquisition.

The Investment in St Kitts Developments Limited is included at cost. The commercial activities of this associated company are still at the development stage.

#### c) Foreign Currencies:

All amounts are expressed in Eastern Caribbean Dollars. Current Assets and Liabilities in foreign currencies are translated into Eastern Caribbean Dollars at exchange rates prevailing at the Balance Sheet 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 Profit and Loss Accounts.

#### d) Accounts Receivable:

Known bad debts are written off. Provisions are made specifically for any debts considered to be doubtful.

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

### 2 ACCOUNTING POLICIES (Cont'd)

e) 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 basis. Adequate provision has been made for obsolete and slow-moving items.

f) Hire Purchase Sales:

The gross profit and interest charges relating to Hire Purchase Sales are apportioned over the periods in which the instalments are received, in the proportion which instalments received bear to total selling price.

Hire Purchase stock and debtors are valued at Hire Purchase sale price less deferred gross profit and interest charges and less cash received on account. These values are not greater than cost or net realisable value.

g) Fixed Assets:

Fixed assets 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. No depreciation is provided for on freehold and leasehold properties of the Parent Company.

It is the Company's policy to maintain its freehold and leasehold properties in good condition and repair which substantially prolongs their useful lives and any depreciation involved would not be material. Consequently, no depreciation is provided for on these assets in the Parent Company. This policy however, is not in accordance with International Accounting Standard No. 16.

Depreciation rates are as follows:

Leasehold Buildings	4%
Vehicles	15% and 20%
Cargo Handling Gear	20%
Furniture, Fittings and Equipment	10%
Coldrooms and Electrical Installations	10%
Plant and Equipment	20%

h) Investments:

Investments are stated at cost less amount written off. While it is not practical to determine the current market value of the investments, it is not considered necessary to make further provisions for permanent impairment in the value of investments as at 30 September 2002.

i) Taxation:

Taxation charged in these Accounts is based on the profit for the year. No account is taken of any liability to Deferred Taxation.



## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$		\$	\$
13,175,604	15,088,307	<b>3</b> ACCOUNTS RECEIVABLE	15,795,417	14,086,639
<u>(1,241,278)</u>	<u>(1,396,131)</u>	Trade Receivables	(1,751,547)	<u>(1,587,694)</u>
11,934,326	13,692,176	Less: Provision for Doubtful Debts	14,043,870	12,498,945
9,540,598	9,025,569	Instalment Receivables	9,025,569	9,540,598
<u>2,494,059</u>	<u>1,836,289</u>	Sundry Receivables and Prepayments	<u>2,561,092</u>	<u>3,277,101</u>
<u>\$23,968,983</u>	<u>\$24,554,034</u>	TOTAL	<u>\$25,630,531</u>	<u>\$25,316,644</u>

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$		\$	\$
11,760,263	6,499,651	<b>4</b> LOANS AND BANK OVERDRAFTS	6,795,021	12,361,376
<u>8,701,517</u>	<u>11,320,839</u>	Current:	<u>11,363,725</u>	<u>8,701,517</u>
\$20,461,780	\$17,820,490	Overdrafts	\$18,158,746	\$21,062,893
<u>\$29,230,364</u>	<u>\$28,125,397</u>	Loans - Current Portion	\$28,307,865	\$29,230,364
		TOTAL CURRENT LOANS AND BANK OVERDRAFTS		
		LOANS - NON-CURRENT		

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$		\$	\$
8,701,517	11,320,839	Summary of Loans:	11,363,725	8,701,517
<u>29,230,364</u>	<u>28,125,397</u>	Current	<u>28,307,865</u>	<u>29,230,364</u>
\$37,931,881	\$39,446,236	Non-Current	\$39,671,590	\$37,931,881
<u>\$37,931,881</u>	<u>\$39,446,236</u>	TOTAL LOANS	<u>\$39,671,590</u>	<u>\$37,931,881</u>
		Analysed as follows:		
30,912,928	30,940,177	Secured	31,165,531	30,912,928
<u>7,018,953</u>	<u>8,506,059</u>	Unsecured	<u>8,506,059</u>	<u>7,018,953</u>
<u>\$37,931,881</u>	<u>\$39,446,236</u>	TOTAL	<u>\$39,671,590</u>	<u>\$37,931,881</u>

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

4 LOANS AND BANK OVERDRAFTS (Cont'd)

Repayment Terms:

Loans are repayable over periods varying from one (1) to twelve (12) years at rates of interest of between approximately 5% and 9%.

Collateral for Advances:

The Bank Loans and Overdrafts are secured by debentures executed by the Parent Company and two subsidiaries totalling \$58,643,000.

The principal instalments due within the twelve months ending 30 September 2003 have been shown under Current Liabilities.

<b>PARENT COMPANY</b>			<b>GROUP</b>	
2001	2002		2002	2001
\$	\$	5	\$	\$
4,391,535	4,771,429	ACCOUNTS PAYABLE AND ACCRUALS		
<u>9,129,313</u>	<u>10,285,977</u>	Trade Payables	5,307,828	4,724,899
		Sundry Payables and Accruals	<u>10,650,672</u>	<u>9,919,336</u>
<u>\$13,520,848</u>	<u>\$15,057,406</u>	TOTAL	<u>\$15,958,500</u>	<u>\$14,644,235</u>

6 PROVISION FOR TAXATION

Balance Sheets:

The taxation provision in the Balance Sheet comprises the following:

<b>PARENT COMPANY</b>			<b>GROUP</b>	
2001	2002		2002	2001
\$	\$	\$	\$	
315,000	519,000	- Current Year	587,000	307,217
-	-	- Previous Years	228	2,701
<u>\$315,000</u>	<u>\$519,000</u>	TOTAL	<u>\$587,228</u>	<u>\$309,918</u>

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

### 6 PROVISION FOR TAXATION (cont'd)

#### Profit and loss Accounts

The Taxation charge in the Profit and Loss Accounts comprises the following:

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$		\$	\$
492,000	696,000	Provision on Current Profits	1,053,752	905,366
(8,541)	(8,212)	Overprovision		
		- Taxation	(11,696)	(7,952)
<u>\$483,459</u>	<u>\$687,788</u>	TOTAL	<u>\$1,042,056</u>	<u>\$897,414</u>

All income tax assessments up to and including the year of assessment 2002/01 have been examined and agreed by the comptroller of Inland Revenue and taxes duly paid.

PARENT COMPANY			GROUP	
2001	2002	7 INVESTMENT IN SUBSIDIARIES	2002	2001
\$	\$		\$	\$
348,410	348,410	Marshall Plantations Limited: (Wholly-owned Subsidiary) 80,000 Ordinary Shares of £1 each-At Cost	-	-
315,565	315,565	Ocean Cold Storage (St Kitts) Limited: (Wholly -owned Subsidiary) 67,427 Ordinary Shares of \$5 each - At Cost	-	-
95,940	95,940	24,000 9.5% Cumulative Preference Shares of \$5 each -At Cost	-	-
250,000	250,000	S L Horsford Finance Company Limited: (Wholly owned Subsidiary) 250,000 shares of \$1 each-At Cost	-	-
350,000	350,000	S L Horsford Motors Limited (Wholly-owned Subsidiary) 350,000 Shares of \$1 each -At Cost	-	-
<u>\$1,359,915</u>	<u>\$1,359,915</u>	TOTAL	<u>-</u>	<u>-</u>

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

### 7 INVESTMENT IN SUBSIDIARIES (cont'd)

In the opinion of the Directors, the aggregate value of the investments is not less than book value.

PARENT COMPANY		8 OTHER INVESTMENTS	GROUP	
2001 \$	2002 \$		2002 \$	2001 \$
		a) Associated Companies: (See Note 2 (b) )		
		St Kitts Masonry Products Limited		
		Investment		
		2,000 Ordinary Shares of } \$100 each fully paid up } }	2,684,179	3,023,646
		6,500 Ordinary Shares of } \$100 each fully paid up } }		
-	-	Share of Post } Acquisition Reserves }		
-	-		2,684,179	3,023,646
		St Kitts Developments Ltd		
		522 Ordinary Shares of \$100		
21,457	21,457	each - At Cost	21,457	21,457
57,028	57,028	1,800 Preference Shares of		
		\$100 each - At Cost	57,028	57,028
78,485	78,485		78,485	78,485
		Carib Brewery (St Kitts & Nevis) Limited		
		Investment		
		1,650,150 Shares of \$1 } each fully paid up } - At Cost }		
2,519,951	2,519,951	Share of Post } Acquisition Reserves }	3,818,994	3,684,449
2,519,951	2,519,951		3,818,994	3,684,449
2,598,436	2,598,436	Sub-Total Carried Forward	6,581,658	6,786,580

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002

(Expressed in Eastern Caribbean Dollars)

(Continued)

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$		\$	\$
<u>2,598,436</u>	<u>2,598,436</u>	8 OTHER INVESTMENTS (Cont'd)	<u>6,581,658</u>	<u>6,786,580</u>
		a) Sub-Total Brought Forward		
		b) Trade Investments:		
		BP Amoco PLC (formerly The Standard Oil Company Limited) 677 Shares of US \$0.50 each (formerly 256 Units of Capital Stock ) - At Cost	480	480
480	480			
		Cultivators (St Kitts) Limited (In Voluntary Liquidation) 179 \$100 Shares - At Cost	-	-
-	-			
		Caribbean Financial Services Corporation 250 Units of Common Stock of US \$100 Per Unit	67,729	67,729
67,729	67,729			
		Cable & Wireless St Kitts & Nevis Limited 75,000 Shares of \$1 each - At Cost	100,000	100,000
100,000	100,000			
		Federation Media Group Limited 500 (2001 = 250) Shares of \$100 each - At Cost	50,000	25,000
<u>25,000</u>	<u>50,000</u>			
<u>193,209</u>	<u>218,209</u>		<u>218,209</u>	<u>193,209</u>
<u>\$2,791,645</u>	<u>\$2,816,645</u>	TOTAL	<u>\$6,799,867</u>	<u>\$6,979,789</u>

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

### 8 OTHER INVESTMENTS (Cont'd)

#### St Kitts Developments Limited:

The only asset of St Kitts Developments Limited is approximately 245 acres of land at Half Moon Bay and Muddy Pond located adjacent to Frigate Bay (prime tourist resort). The Company has the approval of the Government for the development of these lands for housing and tourism.

The Directors' opinion based on the current market value of lands of similar nature in the adjacent Frigate Bay Development and general land value in St Kitts, is that the present value of the Company's lands exceeds their historical value quite considerably.

In the opinion of the Directors, the aggregate value of these investments is not less than the book value.

PARENT COMPANY			GROUP	
2001	2002		2002	2001
\$	\$	Valuation	\$	\$
36,017,489	37,482,641	9 FIXED ASSETS - Cost or		
1,114,205	1,114,205	Valuation		
7,283,341	7,125,270	Freehold Properties	37,873,919	36,408,767
-	-	Leasehold Properties	1,584,012	1,584,012
-	-	Vehicles	9,081,770	9,905,267
130,055	130,055	Coldrooms and Electrical		
		Installations	568,346	553,375
		Plant and Equipment	269,122	567,773
		Cargo Handling Gear	130,055	130,055
10,611,182	10,996,824	Office Furniture, Fittings		
<u>1,711,325</u>	<u>265,583</u>	and Equipment	11,037,337	10,681,862
		Capital Work in Progress	<u>265,583</u>	<u>1,711,325</u>
<u>56,867,597</u>	<u>57,114,578</u>	Sub-Total Carried Forward	<u>60,810,144</u>	<u>61,542,436</u>

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

PARENT COMPANY			GROUP	
2001 \$	2002 \$		2002 \$	2001 \$
		9	FIXED ASSETS - Cost or Valuation (Cont'd)	
56,867,597	57,114,578		60,810,144	61,542,436
<hr/>			<hr/>	
			Accumulated Depreciation:	
-				
3,523,812	3,938,619		345,129	326,337
			4,959,254	4,645,854
-	-		500,883	494,002
-	-		229,255	501,268
77,929	103,497		103,497	77,929
6,892,800	8,054,474		8,078,006	6,940,929
<hr/>			<hr/>	
10,494,541	12,096,590		14,216,024	12,986,319
<hr/>			<hr/>	
\$46,373,056	\$45,017,988		\$46,594,120	\$48,556,117
<hr/>			<hr/>	
			TOTAL NET BOOK VALUE	

### Leasehold Lands at Pond's Industrial Site

The lands upon which warehouses of the Parent Company and the Coldrooms and Dry Goods Warehouse of a Subsidiary are built have been leased to these Companies by Government. There are four lease agreements for a period of thirty five years each effective from the following dates:

- Parent Company:
  - 1 First Lease - 35 years from 15 January 1981
  - 2 Second Lease - 35 years from 1 June 1986
  
- Subsidiary Company:
  - 1 First Lease - 35 years from 1 April 1973
  - 2 Second Lease - 35 years from 1 February 1985

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
 (Expressed in Eastern Caribbean Dollars) (Continued)

9 **FIXED ASSETS - Cost or Valuation (Cont'd)**

Revaluation of Properties:

The Freehold lands and Buildings of the Parent Company were revalued in March 1988 by Vincent Morton and Associates Limited, Professional Valuers, to an amount which approximated their replacement cost at 30 September 1987.

The Directors decided to incorporate the revalued figures in the Accounts for the year ended 30 September 1987. The surplus on revaluation was placed in Capital Reserves.

PARENT COMPANY		10 <b>SHARE CAPITAL</b>	GROUP	
2001	2002		2002	2001
\$	\$	\$	\$	
<u>\$50,000,000</u>	<u>\$50,000,000</u>	Authorised:  50,000,000 Ordinary Shares of \$1 each	<u>-</u>	<u>-</u>
<u>\$29,533,280</u>	<u>\$29,540,380</u>	Issued and Fully Paid:  29,540,380 (2001 = 29,533,280) Ordinary Shares of \$1 each	<u>\$29,540,380</u>	<u>\$29,533,280</u>

**Issue of Shares**

During the year ended 30 September 2000, the company made an offer of 5,000,000 shares to the public. Subsequent to the year end, the balance of the shares subject to this offer was taken up. In accordance with the terms and conditions of the issue, these shares rank equally in all respects with the other issued shares of the company and carry the right to vote and to participate in all dividends declared after 30 September 2000.

2001	2002		2002	2001
\$	\$		\$	\$
		Proposed Dividends:		
		Dividend on Ordinary Shares		
		- \$0.035 per share (2001 = \$0.0125)	<u>\$1,033,913</u>	<u>\$369,166</u>
<u>\$369,166</u>	<u>\$1,033,913</u>			

The proposed dividend of \$1,033,913 (2001 = \$369,166) is based on 29,540,380 (2001 = 29,533,280) shares ranking for dividend at the year end.



## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

PARENT COMPANY			GROUP	
2001	2002	11 RESERVES	2002	2001
\$	\$	Capital:	\$	\$
		- Group		
5,624,805	5,639,805	Balance brought forward	7,520,167	7,500,496
-	-	Reserve on Consolidation	-	4,671
15,000	-	Return on Investment	-	15,000
<hr/>	<hr/>		<hr/>	<hr/>
5,639,805	5,639,805		7,520,167	7,520,167
		- Associated Companies		
-	-	Balance brought forward	2,171,828	598,55
-	-	Reserve on Consolidation	-	1,502
-	-	Return on Investment	3,901	11,697
-	-	Revaluation Reserve	-	1,560,076
<hr/>	<hr/>		<hr/>	<hr/>
-	-		2,175,729	2,171,828
<hr/>	<hr/>		<hr/>	<hr/>
5,639,805	5,639,805		9,695,896	9,691,995
		Revenue:		
		Retained Earnings from Statements of Revenue Reserves	13,765,749	13,476,892
12,474,160	12,861,376		<hr/>	<hr/>
18,113,965	18,501,181		23,461,645	23,168,887
(8,382,810)	(8,382,810)	Less: Bonus Share Issue	(8,382,810)	(8,382,810)
<hr/>	<hr/>		<hr/>	<hr/>
\$9,731,155	\$10,118,371	TOTAL RESERVES	\$15,078,835	\$14,786,077

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

PARENT COMPANY			GROUP		
2001	2002		2002	2001	
\$	\$		\$	\$	
<u>\$316,886</u>	<u>\$1,778,519</u>	12	OPERATING PROFIT	<u>\$1,984,482</u>	<u>\$90,191</u>
			This is arrived at after charging the following:		
50,000	55,008		Directors' Fees	56,308	51,300
80,000	80,000		Auditors' Remuneration	130,000	130,000
3,856,871	3,999,607		Interest	4,007,616	3,962,978
<u>2,045,795</u>	<u>1,975,669</u>		Depreciation	<u>2,312,826</u>	<u>2,473,357</u>
<u>\$6,032,666</u>	<u>\$6,110,284</u>			<u>\$6,506,750</u>	<u>\$6,617,635</u>

Turnover:

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

### 13 CONTINGENT LIABILITIES

Parent Company:

a) Unfunded Pension:

The 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 Company has given guarantees to Barclays Bank PLC, St Kitts, Bank of Nova Scotia and Royal Bank of Canada as collateral for overdraft facilities of up to \$5,313,000 (2001 = \$5,313,000) for its Subsidiary Companies, Ocean Cold Storage (St Kitts) Limited and S L Horsford Finance Company Limited.

c) Letters of Credit:

At the year end outstanding letters of credit incurred in the ordinary course of business amounted to \$271,690 (2001= \$815,638).

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002  
(Expressed in Eastern Caribbean Dollars) (Continued)

### 13 CONTINGENT LIABILITIES (Cont'd)

d) Legal Claims:

Counsel has advised that at 30 September 2002 there were three claims pending against the Company (2001 = nil).

Claim #1

This claim was settled on 21 November 2002 for \$3,500.

Claim #2

This is a claim filed against the company for special and general damages in the sum of \$292,484.36.

Claim #3

This is a claim for which action has not been instituted in Court in the amount of \$5,500.

No provision has been made in the Financial Statements for the above claims.

### 14 DETAILS OF SUBSIDIARY AND ASSOCIATED COMPANIES

Subsidiary Companies	Principal Activities	Interest held in the Equity %
Marshall Plantations Limited	Sugar Plantations and Investments	100
Ocean Cold Storage (St Kitts) Limited	Food Distribution (Wholesale and Retail)	100
S L Horsford Finance Company Limited	Car Rentals and Hire Purchase	100
S L Horsford Motors Limited	Operating the franchise of Ford Motors Company	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

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002

(Expressed in Eastern Caribbean Dollars) (Continued)

### 15 FINANCIAL INSTRUMENTS

a) Interest Rate Risk:

Interest rates and terms of borrowing are disclosed in Note 4.

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 counter parties and provisions are made for potential credit losses.

c) Fair Values:

The carrying amounts of the following financial assets and liabilities approximate their fair value: cash and bank balances, short-term deposits, accounts receivable, trade investments, accounts payable, loans and long-term liabilities.

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.

## NOTES

## NOTES

# NOTES

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S L HORSFORD & COMPANY LIMITED  
& ITS SUBSIDIARY COMPANIES

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S L HORSFORD AND COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES

PUBLISHED ACCOUNTS  
FOR THE YEAR ENDED

30 SEPTEMBER 2002