



S L HORSFORD AND COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

Published Accounts

for the year ended 30th September 2003



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Corporate Information

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:

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
First Caribbean International Bank,
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 of Meeting

NOTICE IS HEREBY GIVEN that the fourteenth Annual General Meeting of the Company, as a Public Company, will be held at the Frigate Bay Resort, Frigate Bay on Tuesday 4th May 2004 at 5 o'clock in the afternoon for the following purposes:

- (1) To receive and consider the Profit & Loss Account and Statement of Changes in Equity for the twelve months ended 30 September 2003 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. Proxies must reach Secretary not less than 48 hours prior to Annual General Meeting.

Dated 12 March 2004

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

BY ORDER OF THE BOARD

JUDITH P. NG'ALLA

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, food, cars, trucks, insurance, shipping, car rentals, hire purchase and consumer credit.

The key brands and principals represented include Texaco, 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.



S L HORSFORD AND COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

Chairman's Review

Chairman's Review

Report of the Directors

THE DIRECTORS submit their report and Audited Accounts for the year ended 30th September 2003.

Parent Company

	2003	2002
Profit for the year (after providing for Taxation)	1,526,018	1,421,129
The Board recommends a dividend of 3.5% free of Tax (2003 = 3.5%)	1,055,195	1,033,913

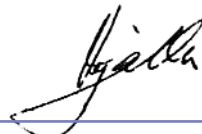
In accordance with Articles 102 and 103 of the Articles of Association, Messrs. D. Sydney Blake, Calvin Wilkin and Mark Wilkin retire & urn the Board on rotation and being eligible offer themselves for re-appointment.

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

BY ORDER OF THE BOARD



WILLIAM A. KELSICK O.B.E., C.S.M.
Chairman

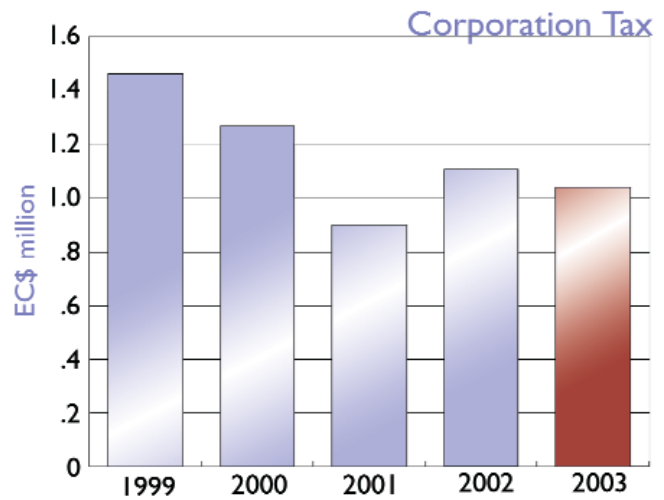
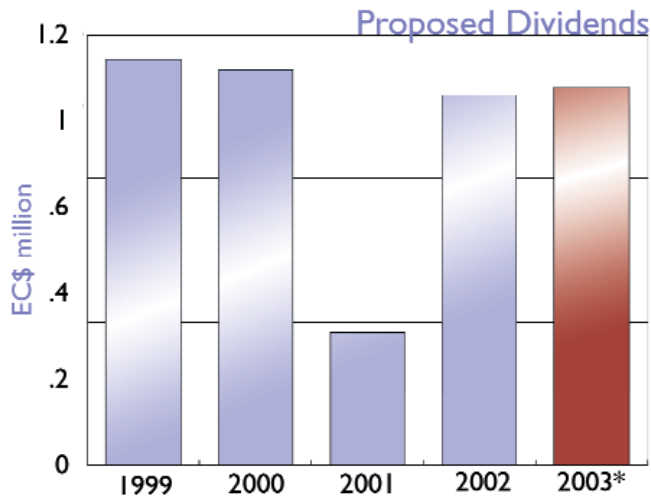
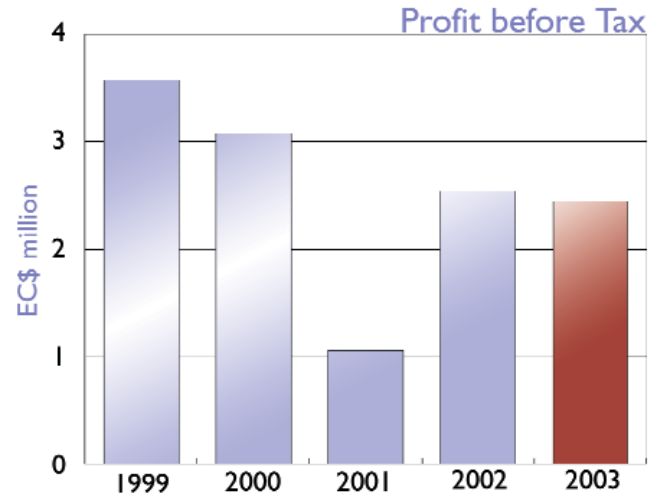


JUDITH NG'ALLA
Company Secretary

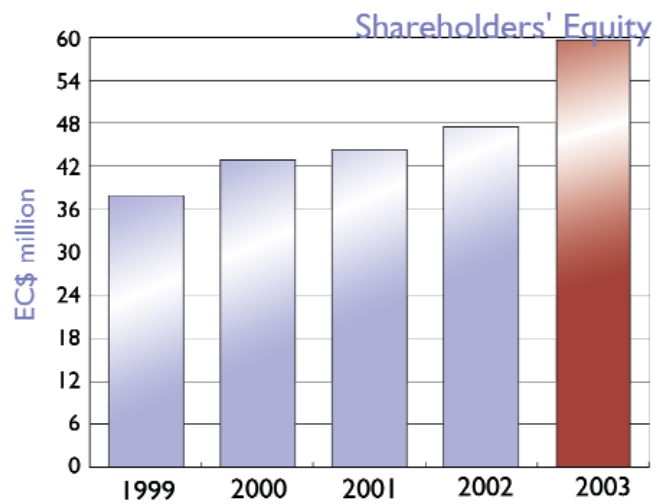
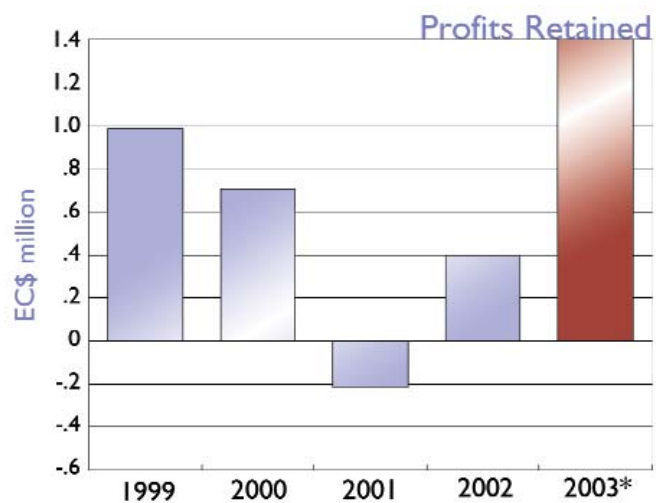
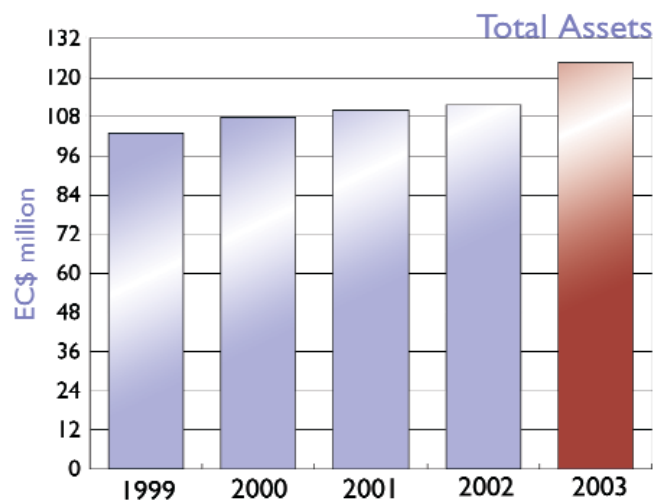


Financial Highlights

Financial Highlights



Financial Highlights



Financial Highlights



To the members of SL Horsford and Company Limited

WE HAVE AUDITED the Balance Sheets of the Company and of the Group at 30 September 2003 and the Profit and Loss Accounts and Statements of Changes in Equity 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 2003 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) and (i) to the Financial Statements.

PANNELL KERR FORSTER

Chartered Accountants

BASSETERRE – ST KITTS

5 March 2004

Balance Sheets

AT 30 SEPTEMBER 2003

(Expressed in Eastern Caribbean Dollars)

PARENT COMPANY			GROUP		
2002	2003	CURRENT ASSETS	NOTES	2003	2002
479,638	414,412	Cash at Bank and in Hand		459,294	499,614
24,554,034	24,490,212	Accounts Receivable	3	25,460,099	25,630,531
27,345,564	30,809,559	Inventories		32,291,081	29,141,335
910,081	1,846,964	Due from Subsidiary Companies		-	-
53,289,317	57,561,147			58,210,474	55,271,480
		CURRENT LIABILITIES			
17,820,490	21,980,733	Loans and Bank Overdrafts	4	22,173,662	18,158,746
15,057,406	15,597,975	Accounts Payable and Accruals	5	16,513,685	15,958,500
519,000	857,000	Provision for Taxation	6	927,152	587,228
1,033,913	-	Proposed Dividends	10	-	1,033,913
34,430,809	38,435,708			39,614,499	35,738,387
18,858,508	19,125,439	WORKING CAPITAL		18,595,975	19,533,093
1,359,915	1,359,915	INVESTMENT IN SUBSIDIARIES	7	-	-
2,816,645	2,816,645	OTHER INVESTMENTS	8	9,426,792	9,701,653
1,483,182	1,483,182	AMOUNT DUE FROM SUBSIDIARY COMPANY		-	-
45,017,988	54,118,753	FIXED ASSETS	4 & 9	56,897,139	46,594,120
\$69,536,238	\$78,903,934	TOTAL		\$84,919,906	\$75,828,866
		FINANCED BY:-			
29,540,380	30,148,430	SHARE CAPITAL	10	30,148,430	29,540,380
10,118,371	21,684,082	RESERVES	11	29,420,105	17,980,621
39,658,751	51,832,512	SHAREHOLDERS' FUNDS		59,568,535	47,521,001
1,752,090	1,856,092	AMOUNT DUE TO SUBSIDIARY COMPANY		-	-
28,125,397	25,215,330	LOANS – Non-Current	4	25,351,371	28,307,865
\$69,536,238	\$78,903,934	FUNDS EMPLOYED		\$84,919,906	\$75,828,866

The attached Notes form part of these Accounts.



Director



Director



S L HORSFORD AND COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

Profit & Loss Accounts

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

Profit & Loss Accounts

PARENT COMPANY				GROUP	
2002	2003			2003	2002
<u>\$94,272,148</u>	<u>\$90,644,156</u>	12	TURNOVER	<u>\$102,545,439</u>	<u>105,064,413</u>
1,778,519	1,462,587	12	OPERATING PROFIT	1,733,851	1,984,482
<u>330,398</u>	<u>637,431</u>	2(b)	Add: Investment Income and Share of results of Associated Companies	<u>707,132</u>	<u>551,000</u>
<u>2,108,917</u>	<u>2,100,018</u>		PROFIT BEFORE TAXATION	<u>2,440,983</u>	<u>2,535,482</u>
(687,788)	(574,000)	6	PROVISION FOR TAXATION		
-	-		Parent Company and Subsidiaries	(651,630)	(783,289)
<u>(687,788)</u>	<u>(574,000)</u>		Associated Companies	<u>(389,562)</u>	<u>(321,910)</u>
1,421,129	1,526,018		PROFIT AFTER TAXATION		
			ATTRIBUTABLE TO SHAREHOLDERS	1,399,791	1,430,283
<u>(1,033,913)</u>	-	10	DIVIDENDS – Proposed	-	<u>(1,033,913)</u>
<u>\$387,216</u>	<u>\$1,526,018</u>		PROFIT CARRIED TO STATEMENT OF EQUITY	<u>\$1,399,791</u>	<u>\$396,370</u>

The attached Notes form part of these Accounts.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

	Share Capital	Capital Reserves	Retained Earnings	Total
PARENT COMPANY				
Balance at 30 September 2001	29,533,280	15,000	9,716,155	39,264,435
Issue of Share Capital	7,100	-	-	7,100
Net Profit for the Year	-	-	1,421,129	1,421,129
Dividends (Note 10)	-	-	(1,033,913)	(1,033,913)
Balance at 30 September 2002	29,540,380	15,000	10,103,371	39,658,751
Revaluation of Land	-	10,039,693	-	10,039,693
Issue of Share Capital	608,050	-	-	608,050
Net Profit for the Year	-	-	1,526,018	1,526,018
Balance at 30 September 2003	<u>\$30,148,430</u>	<u>\$10,054,693</u>	<u>\$11,629,389</u>	<u>\$59,568,535</u>
GROUP				
Balance at 30 September 2001	29,533,280	9,691,995	5,094,082	44,319,357
Issue of Share Capital	7,100	-	-	7,100
Reserve on Consolidation (Note 8)	-	2,794,273	-	2,794,273
Return on Investment	-	3,901	-	3,901
Net Profit for the Year	-	-	1,430,283	1,430,283
Dividends	-	-	(1,033,913)	(1,033,913)
Balance at 30 September 2002	29,540,380	12,490,169	5,490,452	47,521,001
Revaluation of Land	-	10,039,693	-	10,039,693
Issue of Share Capital	608,050	-	-	608,050
Net Profit for the Year	-	-	1,399,791	1,399,791
Balance at 30 September 2003	<u>\$30,148,430</u>	<u>\$22,529,862</u>	<u>\$6,890,243</u>	<u>\$59,568,535</u>

The attached Notes form part of these Accounts.

Statement of Changes in Equity



S L HORSFORD AND COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

Statement of Changes in Financial Position

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

Statement of Changes in Financial Position

PARENT COMPANY			GROUP	
2002	2003		2003	2002
		CASH PROVIDED BY (USED IN)		
		OPERATING ACTIVITIES		
2,108,917	2,100,018	Net Income for the year before Taxation	2,440,983	2,535,482
1,975,669	1,653,522	Depreciation	2,047,416	2,312,826
(1,320)	(70,608)	Gain on Disposal of Fixed Assets	(133,410)	(43,334)
-	-	Share of Net Earnings of Associated Companies	(672,719)	(518,615)
<u>4,083,266</u>	<u>3,682,932</u>		<u>3,682,270</u>	<u>4,286,359</u>
		CHANGES IN WORKING CAPITAL		
		BALANCES OTHER THAN CASH AND		
		CURRENT PORTION OF LONG TERM DEBT		
(585,051)	63,822	Accounts Receivable	170,432	(313,887)
(342,169)	(3,463,995)	Inventories	(3,149,746)	(434,532)
522,020	(936,883)	Due from Subsidiary Companies	-	-
1,536,558	540,569	Accounts Payable and Accruals	555,185	1,314,265
(483,788)	(236,000)	Taxation Paid	(311,706)	(505,978)
<u>4,730,836</u>	<u>(349,555)</u>		<u>946,435</u>	<u>4,346,227</u>
		CASH PROVIDED BY (USED IN)		
		INVESTING ACTIVITIES		
(757,876)	(1,122,028)	Purchase of Fixed Assets	(3,059,748)	(846,088)
138,596	478,041	Proceeds on Disposal of Fixed Assets	882,416	538,595
-	-	Dividends received from Associated Companies	558,018	298,013
(25,000)	-	Purchase of Investments	-	(25,000)
<u>(644,280)</u>	<u>(643,987)</u>		<u>(1,619,314)</u>	<u>(34,480)</u>
		CASH PROVIDED BY (USED IN)		
		FINANCING ACTIVITIES		
1,514,354	(2,574,784)	Loans Received/(Paid) - Net	(2,617,442)	1,739,708
(369,166)	(1,033,913)	Dividends Paid to Shareholders	(1,033,913)	(369,166)
153,944	104,002	Increase in Amount due to Subsidiary (Net)	-	-
7,100	608,050	Proceeds from Issue of Shares	608,050	7,100
<u>1,306,232</u>	<u>(2,896,645)</u>		<u>(3,043,305)</u>	<u>1,377,642</u>

Statement of Changes in Financial Position (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

PARENT COMPANY			GROUP	
2002	2003		2003	2002
		CASH INCREASE/(DECREASE)		
5,392,788	(3,890,187)	FOR THE YEAR	(3,716,184)	5,689,389
(11,412,801)	(6,020,013)	CASH POSITION - BEGINNING OF YEAR	(6,295,407)	(11,984,796)
<u>\$(6,020,013)</u>	<u>\$(9,910,200)</u>	CASH POSITION - END OF YEAR	<u>\$(10,011,591)</u>	<u>\$(6,295,407)</u>
		Comprised of:		
479,638	414,412	Cash	459,294	499,614
(6,499,651)	(10,324,612)	Bank Overdrafts	(10,470,885)	(6,795,021)
<u>\$(6,020,013)</u>	<u>\$(9,910,200)</u>		<u>\$(10,011,591)</u>	<u>\$(6,295,407)</u>

The attached Notes form part of these Accounts.



FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

I. PRINCIPAL ACTIVITIES

SL 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 results of St Kitts Developments Limited have been consolidated for the first time during the year ended 30 September 2003. The comparative figures have been changed to reflect the previous year's results of this Associated Company.

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.

Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

2. ACCOUNTING POLICIES (cont'd)

d) Accounts Receivable:

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

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

f) Hire Purchase Sales:

Cars:

Gross Profit is recognised at the time of sale with interest being apportioned in the same manner as furniture (see below).

Furniture:

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.



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

2. ACCOUNTING POLICIES (cont'd)

g) Fixed Assets (cont'd)

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 2003.

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. This method is not in accordance with IAS 12.

Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

3. ACCOUNTS RECEIVABLE

PARENT COMPANY			GROUP	
2002	2003		2003	2002
15,088,307	17,673,066	Trade Receivables	18,565,950	15,795,417
<u>(1,396,131)</u>	<u>(1,723,527)</u>	Less: Provision for Doubtful Debts	<u>(2,092,368)</u>	<u>(1,751,547)</u>
13,692,176	15,949,539		16,473,582	14,043,870
9,025,569	7,316,313	Instalment Receivables	7,316,313	9,025,569
<u>1,836,289</u>	<u>1,224,360</u>	Sundry Receivables and Prepayments	<u>1,670,204</u>	<u>2,561,092</u>
<u>\$24,554,034</u>	<u>\$24,490,212</u>	TOTAL	<u>\$25,460,099</u>	<u>\$25,630,531</u>

4. LOANS AND BANK OVERDRAFTS

PARENT COMPANY			GROUP	
2002	2003		2003	2002
		Current:		
6,499,651	10,324,612	Overdrafts	10,470,885	6,795,021
<u>11,320,839</u>	<u>11,656,121</u>	Loans - Current Portion	<u>11,702,777</u>	<u>11,363,725</u>
<u>\$17,820,490</u>	<u>\$21,980,733</u>	TOTAL CURRENT LOANS AND BANK OVERDRAFTS	<u>\$22,173,662</u>	<u>\$18,158,746</u>
<u>\$28,125,397</u>	<u>\$25,215,330</u>	LOANS - NON-CURRENT	<u>\$25,351,371</u>	<u>\$28,307,865</u>



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

4. LOANS AND BANK OVERDRAFTS (CONT'D)

PARENT COMPANY			GROUP	
2002	2003		2003	2002
		Summary of Loans:		
11,320,839	11,656,121	Current	11,702,777	11,363,725
<u>28,125,397</u>	<u>25,215,330</u>	Non-Current	<u>25,351,371</u>	<u>28,307,865</u>
<u>\$39,446,236</u>	<u>\$36,871,451</u>	TOTAL LOANS	<u>\$37,054,148</u>	<u>\$39,671,590</u>
		Analysed as follows:		
30,940,177	28,188,254	Secured	28,370,951	31,165,531
<u>8,506,059</u>	<u>8,683,197</u>	Unsecured	<u>8,683,197</u>	<u>8,506,059</u>
<u>\$39,446,236</u>	<u>\$36,871,451</u>	TOTAL	<u>\$37,054,148</u>	<u>\$39,671,590</u>

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 2004 have been shown under Current Liabilities.

Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

5. ACCOUNTS PAYABLE AND ACCRUALS

PARENT COMPANY			GROUP	
2002	2003		2003	2002
4,771,429	5,386,378	Trade Payables	5,922,283	5,307,828
<u>10,285,977</u>	<u>10,211,597</u>	Sundry Payables and Accruals	<u>10,591,402</u>	<u>10,650,672</u>
<u>\$15,057,406</u>	<u>\$15,597,975</u>	TOTAL	<u>\$16,513,685</u>	<u>\$15,958,500</u>

6. PROVISION FOR TAXATION

PARENT COMPANY			GROUP	
2002	2003		2003	2002
519,000	397,000	- Current Year	467,152	587,000
-	<u>460,000</u>	- Previous Years	<u>460,000</u>	<u>228</u>
<u>\$519,000</u>	<u>\$857,000</u>	TOTAL	<u>\$927,152</u>	<u>\$587,228</u>
		Profit and Loss Accounts		
		The Taxation charge in the Profit and Loss Accounts comprises the following:		
696,000	574,000	Provision for charge on Current Profits	916,251	1,053,752
		Overprovision		
(8,212)	-	- Taxation	(20,742)	(11,696)
<u>\$687,788</u>	<u>\$574,000</u>	TOTAL	<u>\$895,509</u>	<u>\$1,042,056</u>

All income tax assessments up to and including the year of assessment 2003/02 have been examined and agreed by the Comptroller of Inland Revenue and the taxes duly paid.



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

7. INVESTMENT IN SUBSIDIARIES

PARENT COMPANY			GROUP	
2002	2003		2003	2002
		Marshall Plantations Limited: (Wholly-owned Subsidiary) 80,000 Ordinary Shares of £1 each - At Cost	-	-
348,410	348,410			
		Ocean Cold Storage (St Kitts) Limited: (Wholly-owned Subsidiary) 67,427 Ordinary Shares of \$5 each - At Cost	-	-
315,565	315,565			
		24,000 9 1/2 % Cumulative Preference Shares of \$5 each - At Cost	-	-
95,940	95,940			
		S L Horsford Finance Company Limited: (Wholly-owned Subsidiary) 250,000 shares of \$1 each - At Cost	-	-
250,000	250,000			
		S L Horsford Motors Limited: (Wholly-owned Subsidiary) 350,000 Shares of \$1 each - At Cost	-	-
350,000	350,000			
<u>\$1,359,915</u>	<u>\$1,359,915</u>	TOTAL	<u>-</u>	<u>-</u>

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

Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

8. OTHER INVESTMENTS

PARENT COMPANY			GROUP	
2002	2003		2003	2002
		a) Associated Companies: (See Note 2 (b))		
		St Kitts Masonry Products Limited		
		Investment		
		6,500 Ordinary Shares of } \$100 each fully paid up } }	2,417,121	2,684,179
-	-	Share of Post Acquisition Reserves } }	2,417,121	2,684,179
-	-			
		St Kitts Developments Limited		
		522 Ordinary Shares of \$100 } each - At Cost } }		
21,457	21,457	1,800 Preference Shares of } \$100 each - At Cost } }	2,890,826	2,980,271
57,028	57,028	Share of Post Acquisition Reserves } }	2,890,826	2,980,271
-	-			
-	-			
78,485	78,485			
		Carib Brewery (St Kitts & Nevis) Limited		
		Investment		
		1,650,150 Shares of \$1 } each fully paid up - At Cost } }	3,900,636	3,818,994
2,519,951	2,519,951	Share of Post Acquisition Reserves } }	3,900,636	3,818,994
2,519,951	2,519,951			
2,598,436	2,598,436	Sub-Total Carried Forward	9,208,583	9,483,444



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

8. OTHER INVESTMENTS (CONT'D)

PARENT COMPANY			GROUP	
2002	2003		2003	2002
<u>2,598,436</u>	<u>2,598,436</u>	a) Sub-Total Brought Forward	<u>9,208,583</u>	<u>9,483,444</u>
		b) Trade Investments:		
		BP Amoco PLC (formerly		
		The Standard Oil Company Limited)		
480	480	677 Shares of US \$0.50 each (formerly	480	480
		256 Units of Capital Stock) - At Cost		
		Cultivators (St Kitts) Limited		
		(In Voluntary Liquidation)		
-	-	179 \$100 Shares - At Cost	-	-
		Caribbean Financial Services Corporation		
		250 Units of Common Stock of		
67,729	67,729	US \$100 Per Unit	67,729	67,729
		Cable & Wireless St Kitts &		
		Nevis Limited		
100,000	100,000	75,000 Shares of \$1 each - At Cost	100,000	100,000
		Federation Media Group Limited		
50,000	50,000	500 Shares of \$100 each - At Cost	50,000	50,000
<u>218,209</u>	<u>218,209</u>		<u>218,209</u>	<u>218,209</u>
<u>\$2,816,645</u>	<u>\$2,816,645</u>	TOTAL	<u>\$9,426,792</u>	<u>\$9,701,653</u>

Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

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. As indicated previously under Note 2 (b), the Group's share of results of this Associated Company for 2003 and 2002 has been consolidated. The relevant comparative figures for the year ended 30 September 2002 have been adjusted.

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



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

9. FIXED ASSETS - COST OR VALUATION

PARENT COMPANY

	Land & Buildings - At Cost/ Valuation	Plant - At Cost	Other Assets - At Cost	Capital Work- in-Progress - At Cost	Total
Cost/Valuation at 30 September 2002	38,596,846	-	18,252,149	265,583	57,114,578
Revaluation	10,039,693	-	-	-	10,039,693
Additions	-	-	1,112,454	9,574	1,122,028
(Disposals)	(23,971)	-	(1,159,510)	-	(1,183,481)
Cost/Valuation at 30 September 2003	<u>48,612,568</u>	<u>-</u>	<u>18,205,093</u>	<u>275,157</u>	<u>67,092,818</u>
Accumulated Depreciation At 30 September 2002	-	-	12,096,590	-	12,096,590
Current Year's Depreciation (Disposals)	-	-	1,653,522	-	1,653,522
	-	-	(776,047)	-	(776,047)
Accumulated Depreciation At 30 September 2003	<u>-</u>	<u>-</u>	<u>12,974,065</u>	<u>-</u>	<u>12,974,065</u>
Written Down Value - 30 September 2003	<u>\$48,612,568</u>	<u>-</u>	<u>\$5,231,028</u>	<u>\$275,157</u>	<u>\$54,118,753</u>
Written Down Value - 30 September 2002	<u>\$38,596,846</u>	<u>-</u>	<u>\$6,155,559</u>	<u>\$265,583</u>	<u>\$45,017,988</u>

Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

9. FIXED ASSETS - COST OR VALUATION (CONT'D)

GROUP	Land & Buildings - At Cost/ Valuation	Plant - At Cost	Other Assets - At Cost	Capital Work- in-Progress - At Cost	Total
Cost/Valuation at 30 September 2002	39,457,931	269,122	20,817,508	265,583	60,810,144
Revaluation	10,039,693	-	-	-	10,039,693
Additions	97,103	63,595	2,889,476	9,574	3,059,748
(Disposals)	<u>(23,971)</u>	<u>-</u>	<u>(2,148,552)</u>	<u>-</u>	<u>(2,172,523)</u>
Cost/Valuation at 30 September 2003	<u>49,570,756</u>	<u>332,717</u>	<u>21,558,432</u>	<u>275,157</u>	<u>71,737,062</u>
Accumulated Depreciation At 30 September 2002	345,129	229,255	13,641,640	-	14,216,024
Current Year's Depreciation (Disposals)	26,847	24,205	1,996,364	-	2,047,416
	<u>-</u>	<u>-</u>	<u>(1,423,517)</u>	<u>-</u>	<u>(1,423,517)</u>
Accumulated Depreciation At 30 September 2003	<u>371,976</u>	<u>253,460</u>	<u>14,214,487</u>	<u>-</u>	<u>14,839,923</u>
Written Down Value - 30 September 2003	<u>\$49,198,780</u>	<u>\$79,257</u>	<u>\$7,343,945</u>	<u>\$275,157</u>	<u>\$56,897,139</u>
Written Down Value - 30 September 2002	<u>\$39,112,802</u>	<u>\$39,867</u>	<u>\$7,175,868</u>	<u>\$265,583</u>	<u>\$46,594,120</u>



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

9. FIXED ASSETS - COST OR VALUATION (CONT'D)

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:**

- First Lease - 35 years from 1 April 1973
Second Lease - 35 years from 1 February 1985

Revaluation:

The Parent Company's Freehold Lands and Buildings were revalued in March 1988 by Vincent Morton and Associates Limited, Professional Valuers, to an amount which approximated their replacement costs 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 Reserve.

The Parent Company's land and building were again revalued on November 30, 2003, by Williams Architectural, Professional Valuers to an amount which approximates current market values. The directors have decided at this time to include only the revalued amounts pertaining to land. The lower market value assigned to these lands by the valuers was \$23,189,129, however, the directors have conservatively opted to use a lower value of \$18,867,398 which has been incorporated in the Accounts for the year ended 30 September 2003.

Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

10. SHARE CAPITAL

PARENT COMPANY			GROUP	
2002	2003		2003	2002
<u>\$50,000,000</u>	<u>\$50,000,000</u>	Authorised: 50,000,000 Ordinary Shares of \$1 each	<u>-</u>	<u>-</u>
<u>\$29,540,380</u>	<u>\$30,148,430</u>	Issued and Fully Paid: 30,148,430 (2002 = 29,540,380) Ordinary Shares of \$1 each	<u>\$30,148,430</u>	<u>\$29,540,380</u>
<u>\$1,033,913</u>	<u>-</u>	Proposed Dividends - Nil (2002 = \$0.035)	<u>-</u>	<u>\$1,033,913</u>

Dividend of \$0.035 per ordinary share (amounting to \$1,055,195) in respect of 2003 has been proposed by the Directors. In accordance with the revised IAS 10 - "Events after the Balance Sheet Date", this proposed dividend is not recognised as a liability at 30 September 2003 but will be accounted for as an appropriation of revenue reserves in the year ending 30 September 2004.



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

II. RESERVES

PARENT COMPANY			GROUP	
2002	2003		2003	2002
		Capital:		
		- Group		
5,639,805	5,639,805	Balance brought forward	7,520,167	7,520,167
-	10,039,693	Revaluation Reserve (Note 9)	10,039,693	-
<u>5,639,805</u>	<u>15,679,498</u>		<u>17,559,860</u>	<u>7,520,167</u>
		- Associated Companies		
-	-	Balance brought forward	4,970,002	2,171,828
-	-	Return on Investment	-	3,901
-	-	Reserve on Consolidation	-	2,794,273
<u>-</u>	<u>-</u>		<u>4,970,002</u>	<u>4,970,002</u>
<u>5,639,805</u>	<u>15,679,498</u>		<u>22,529,862</u>	<u>12,490,169</u>
		Revenue:		
4,478,566	6,004,584	Retained Earnings from Statements of Equity	6,890,243	5,490,452
<u>\$10,118,371</u>	<u>\$21,684,082</u>	TOTAL RESERVES	<u>\$29,420,105</u>	<u>\$17,980,621</u>

Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

12. OPERATING PROFIT

PARENT COMPANY			GROUP	
2002	2003		2003	2002
<u>\$1,778,519</u>	<u>\$1,462,587</u>	OPERATING PROFIT	<u>\$1,733,851</u>	<u>\$1,984,482</u>
		This is arrived at after charging the following:		
50,008	52,392	Directors' Fees	53,692	56,308
80,000	80,000	Auditors' Remuneration	130,000	130,000
3,999,607	3,521,355	Interest	3,613,473	4,007,616
<u>1,975,669</u>	<u>1,653,522</u>	Depreciation	<u>2,047,416</u>	<u>2,312,826</u>
<u>\$6,110,284</u>	<u>\$5,307,269</u>		<u>\$5,844,581</u>	<u>\$6,506,750</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 First Caribbean International Bank, St Kitts, Bank of Nova Scotia and Royal Bank of Canada as collateral for overdraft facilities of up to \$5,313,000 (2002 = \$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 there were no outstanding letters of credit (2002 = \$271,690).

d) Legal Claims:

Counsel has advised that at September 2003 there was one claim pending against the company - High Court Suit No 91 of 2002 where unspecified general damages and special damages of \$51,859.36 are being claimed as a result of injuries allegedly sustained in an accident on the company premises (2002 = nil).

No provision has been made in the Accounts for the above claim.



Notes to the Accounts (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2003
(Expressed in Eastern Caribbean Dollars)

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 Co.	100
Associated Companies		
St Kitts Developments Limited	Land Development	30
St Kitts Masonry Products Limited	Concrete and Related Products	50
Carib Brewery (St Kitts & Nevis)	Manufacturers of Beer and non-alcoholic Beverages	20

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 counterparties 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.

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