



S. L. HORSFORD & CO. LTD.
ANNUAL REPORT 2023-2024

**"150 YEARS STRONG:
BRIDGING GENERATIONS, BUILDING THE FUTURE"**



S.L. HORSFORD & CO. LTD. ANNUAL REPORT 2023-2024

**"150 YEARS STRONG:
BRIDGING GENERATIONS, BUILDING THE FUTURE"**



Our Vision

Our Vision

To be the
company
of choice

Our Mission

Our Mission

Exceptional service,
Exceptional value for
Exceptional people



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Anthony
KELSICK

Chris
MARTIN

(MBA, Acc. Dir)
 Director

Victor
WILLIAMS

(BSc, SCL)
 Director

Natalie
MARSHALL

(BA, OCGC)
 Executive
 Director

Andrew
KELSICK

(BSc, MBA,
 P.ENG)
 Executive
 Director

Mark
WILKIN

(BA, MBA)
 Director

Jason
KELSICK

(BA, MBA)
 Director

Faron
LAWRENCE

(BSc, MBA)
 Director

Bernard
MALCOLM

(BSc, MBA)
 Director

Corporate Information

Directors:

Mr. W. Anthony Kelsick B.A., B. Comm., C.P.A., C.A.	Chairman and Managing Director
Mrs. Natalie Kelsick-Marshall B.A., O.C.G.C.	Director
Mr. Mark A. Wilkin B.A., M.B.A.	Managing Director, Carib Brewery (St. Kitts & Nevis) Ltd
Mr. Victor O. Williams BSc, SCL	Architect & Planner
Mr. Faron T. Lawrence BSc., M.B.A.	Real Estate Developer
Mr. William Andrew Kelsick MBA, P.Eng. Bsc.	Executive Director
Mr. Christopher K. Martin B.Comm., M.B.A, Acc.Dir.	Business Strategy Consultant
Mr. Jason Kelsick B.A., M.B.A	Consultant/CEO

Secretary:

Mr. Bernard Malcolm M.B.A., Acc. Dir.

Registered Office:

Marshall House
 Independence Square West
 Basseterre, St. Kitts

Auditors:

Grant Thornton
 Corner Bank Street And
 West Independence Square
 Basseterre,
 St. Kitts.

Bankers:

CIBC First Caribbean International Bank St.
 Kitts and Nevis
 SKNA National Bank, St. Kitts
 Republic Bank (EC) Limited, St. Kitts
 Bank Of Nevis, St. Kitts and Nevis

Solicitors:

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

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Forth Annual General Meeting of the Company, as a Public Company, will be held at Caribbean Confederation Of Credit Union, Fortlands, Basseterre, St. Kitts on May 22nd, 2025, at 5 o'clock in the afternoon for the following purposes:

1. To receive and consider the Financial Statements for the year ended 30th September 2024.
2. To receive and consider the Report of Auditors thereon.
3. To receive and consider the Report of Directors thereon.
4. To declare a Dividend.
5. To appoint Directors in place of those retiring.
6. To appoint Auditors and fix their remuneration.

Members may also register to attend the meeting online at

https://us02web.zoom.us/meeting/register/adFKsoXmTEKv_otDDMAZVQ

<https://tinyurl.com/34thAGMSLH>



Online registration closes on **May 19th 2025**.

NOTE: A member is entitled to appoint a proxy to attend and, on a poll, to vote instead of him/her. A detachable form of proxy is enclosed on the last page of this booklet. Proxies must reach the Secretary or email agm@horsfords.com at least 48 hours prior to the date of the Annual General Meeting.

Marshall House
1 Independence Square West
Basseterre
St. Kitts

BY ORDER OF THE BOARD



Bernard Malcolm
Company Secretary

Dated March 12th, 2025

Copies of the Annual Report may be printed from the Company's website: <https://tryhorsfordsfirst.com>

Company Profile

S. L. Horsford & Co. Limited was founded in 1875 and incorporated in 1912.

Shares to the general public were issued in 1990, signifying its conversion to a Public Company. Today, the Company is a highly diversified business establishment involved in multiple retail, service, and manufacturing activities through its various departments and subsidiary companies. It has traded profitably since its incorporation.

S. L. Horsford & Company Limited comprises several operational departments and subsidiaries in St. Kitts and Nevis. Traded products and services include building materials, hardware, furniture, appliances, petroleum products, food, cars, trucks, insurance, shipping, car rentals, hire purchases, and consumer credit.

The key brands and principals represented include IGA, Nissan, Kia, Hyundai, Great Wall Motors, SOL, Geest Line, King Ocean Services, Avis Rent-A-Car, Guardian General Insurance Limited, and Ashley Furniture.

Ocean Cold Storage (St. Kitts) Limited, S. L. Horsford Finance Company Limited, S. L. Horsford Nevis Limited, S. L. Horsford Shipping Limited, and Builders Paradise (St. Kitts) Limited are actively trading subsidiary companies.

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

Chairman's Report

The Company experienced yet another strong year in 2024 as our economy continued to emerge from the Covid-19 pandemic. The 2024 financial year marked several significant achievements for the Group.



Income Before Taxation of \$13,993,900 decreased by \$1,276,396 or 8.36% compared to 2023. On the other hand, Income After Taxation of \$11,338,388 was greater than in 2023 by \$39,714 or 0.35 %. Basic Earnings Per Share for 2024 were \$0.19, the same as in 2023. Total Comprehensive Income was \$11,763,878 compared to \$10,898,857 for 2023, an increase of \$865,021 or 7.94 %.

Group Sales or Revenue for 2024 was \$161,914,423 versus \$162,749,016 for 2023, a decrease of \$834,593 or 0.51 %. Before eliminations, the Durable Goods sector increased by \$1,927,936 or 2.86 %, the Automotive Sector decreased by \$1,525,552 or 6.61 %, and the Consumable Goods sector increased by \$2,809,196 or 3.62 %.

Gross Profit increased by \$1,239,224 or 3.04 % to \$41,939,147.

Other Income decreased by \$375,275 or 3.44 % to \$10,536,280.

The resulting Total Income increased by \$863,949 or 1.67 % to \$52,475,427.

Operating Expenses increased by \$1,633,400 or 4.30 % to \$39,634,620. Employment Costs increased by \$646,721 or 3.07 %, and Building & Insurance expenses increased by \$286,948 or 5.26 %.

Operating Profit decreased by \$769,451, or 5.65 %, to \$12,840,807.

Share Of Results of Associated Companies After Tax was \$1,425,740, a decrease of \$269,262 or 15.89 %.

Finance Charges increased by \$237,683 or 679.79 % to \$272,647 as the Company increased its borrowings to finance the acquisition of Builders Paradise (St. Kitts) Limited.

Profit Before Income Tax decreased by \$1,276,396 or 8.36 % to \$13,993,900.

Income Tax Expenses were \$2,655,512 compared to \$3,971,622 in 2023. The effective rate for 2024 was 21.13 % versus 29.26 % in 2023. This tax reduction was due to a decrease in the Company's Deferred Tax liabilities caused by the reduction in the Income Tax rate from 33 % to 25 %.

Profit For The Year increased slightly by \$39,714 or 0.35 % to \$11,338,388.

During the year, the Company acquired a major competitor in the builder's hardware and building materials sectors, Builders Paradise (St.Kitts) Limited.

2024 marked the Company's 150th year of operations, having commenced operations in 1875. This is a significant milestone, and the Company would like to express its gratitude to its former leaders, staff, and customers who span several generations of its existence.

While the Company assumed a significant new loan to finance the business acquisition, its solvency remains very strong.

Your directors recommend a Final Dividend of \$0.0883 Per Share, which, along with the Interim Dividend of \$0.0663, will result in a Total Annual Dividend of \$0.1546 Per Share for a total of \$9,322,708.

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

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



W. Anthony Kelsick

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

Report of the Directors

The Directors submit their Report and Audited Accounts for the year ended 30th September 2024:

	2024	2023
Profit for the year (after providing for taxation)	\$ 11,338,388	\$ 11,298,674
The Board recommends a dividend of 15.46% (2023 = 15.17%)	\$ 9,322,708	\$ 9,150,000

In accordance with Articles 102 and 103 of the Articles of Association, Mrs. Natalie Kelsick-Marshall and Mr. Victor Williams retire from the Board on rotation and, being eligible, offer themselves for re-appointment.

The Auditors, Grant Thornton, Chartered Accountants, also retire and, being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD

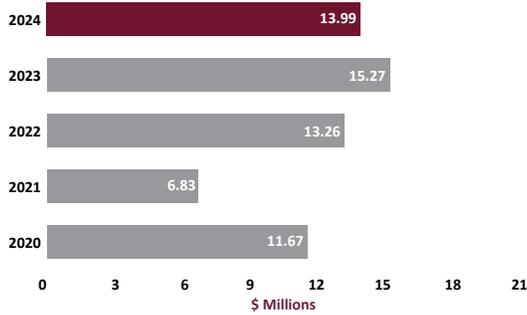


Bernard Malcolm
Company Secretary

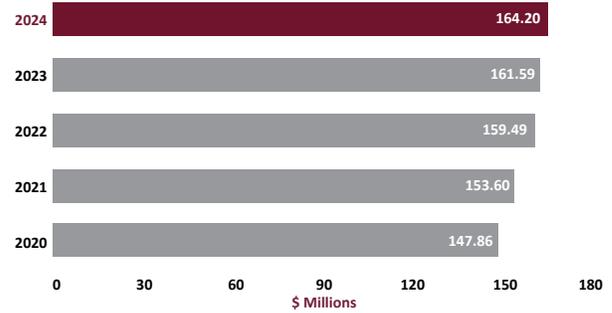
Dated March 12th, 2025

Financial Highlights

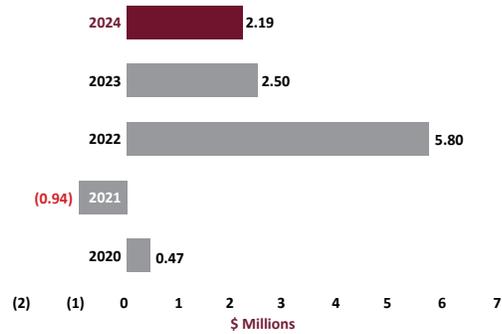
Income Before Tax



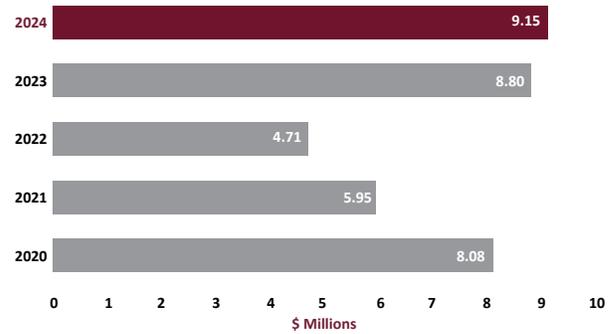
Shareholders' Equity



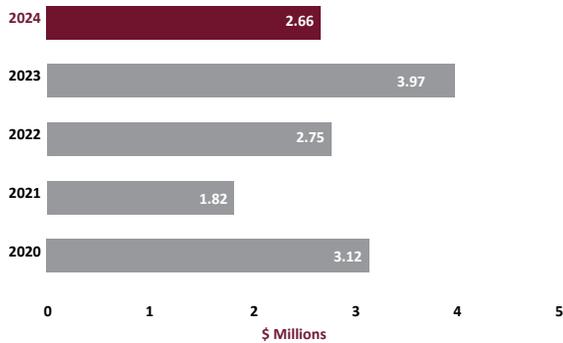
Profit Retained



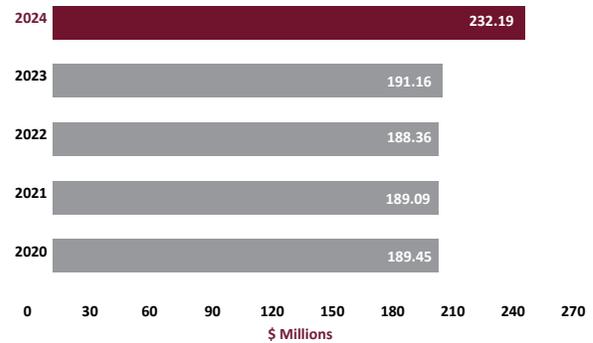
Dividends Paid



Corporation Tax



Total Assets



BRIDGING GENERATIONS

BRIDGING GENERATIONS



*Samuel
Lamartine*
HORSFORD



Burchell
MARSHALL



Anthony
KELSICK



William
KELSICK



W.E.L.
WALL

150 YEARS OF VISION, GROWTH, AND LEADERSHIP – THE LEGACY OF S.L. HORSFORD & CO. LTD

S.L. Horsford & Co. Ltd. was founded in 1875 as a branch of George W. Bennet & Co. Samuel Lamartine Horsford acquired the business in 1885, establishing it under his name. Over the decades, strong leadership expanded the company into a diversified enterprise.

MANAGING DIRECTOR'S TIMELINE:

- 1875-1913: Samuel Lamartine Horsford (Founder)
- 1913-1949: Burchell Marshall (Purchased the Company in 1929)
- 1949-1955: W.E.L. Wall
- 1955-1990: William Kelsick (expanded operations)
- 1990-Present: Anthony Kelsick (led public transition, relocation and revitalisation)

S.L. Horsford & Co. Ltd. Historical Highlights

Geo Bennett & Co. of Antigua opened a branch in St. Kitts.	1875	
	1880	Trading under the name 'Estates Agency Depot' A partnership was created between Geo Bennett and John Berkeley, a planter of St. Kitts.
Mr. Samuel Horsford purchased Estate Agency Depot and began trading under the name S.L. Horsford (SLH).	1885	
	1912	SLH was registered under the Company's Act of 1884 (No. 20 of 1884) of the Leeward Islands.
Shares of S. Horsford purchased by Mr. B. Marshall, who maintained the name S.L. Horsford.	1929	
	1951	SLH paid its first dividend to its shareholders.
SLH became a public company incorporated in St. Kitts and Nevis under the Companies Act 1884 (No. 20 of 1884) of the Leeward Islands and re-registered as a company with limited liability under the Companies Act (No. 22 of 1996).	Jul. 1990	
	Sept. 1990	First Share issue: 4,000,000 Ordinary Shares of \$1.00 each, aimed at allowing the public, employees, and customers to participate in the company's progress and profitability.
The Automotive Center, the first of several new operating facilities, was opened at the new Wellington Road location. Mr. William Kelsick had purchased the lands, foreseeing that a location with adequate parking facilities was critical to the Company's continued success.	1992	
	1993	Second Share Issue: 2,600,000 Ordinary Shares of \$1.00 each, primarily to finance the second phase of the Commercial Centre constructed at Wellington Road. The Company opened the Nevis Center facility, marking its return to that island after being absent for over a century.
Valu-Mart Opened: The Company reentered retail food operations. It had previously closed its supermarket operating under the name of Eskimo Foods in the late 1980s after years of continuing losses. This new facility was named Valu Mart and was in the shopping center located on Wellington Road.	1994	
	1999	Third Share Issue: 4,000,000 Ordinary Shares of \$1.00 each, aimed at assisting with the expansion and growth of the SLH Group.
The Company opened its Building Center location at Wellington Road, merging its former hardware and building materials operations, which had been operated at separate locations and departments.	2001	
	Nov. 2011	Horsford's Valu Mart Nevis opened its doors to the Nevisian public.
Ashley Furniture Homestore opened its doors in St. Kitts.	Oct. 2015	
	Jul. 26, 2024	Acquired 100% of the outstanding shares for Builders Paradise St. Kitts Ltd. from the parent company, Builders Paradise Cayman Islands.



ANNUAL REPORT 2024



S. L. Horsford and Company Limited

Consolidated Financial Statements
September 30, 2024
(expressed in Eastern Caribbean dollars)

Grant Thornton

Corner Bank Street and West
Independence Square
P.O. Box 1038
Basseterre, St. Kitts
West Indies

T + 1 869 466 8200

F + 1 869 466 9822

INDEPENDENT AUDITOR'S REPORT**To the shareholders of
S. L. Horsford and Company Limited****Opinion**

We have audited the consolidated financial statements of **S. L. Horsford and Company Limited** (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at September 30, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Chartered Accountants**Audit | Tax | Advisory**

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Key Audit Matters ...continued

Revenue Recognition

Description of the Matter

Revenue is one of the key performance measures used to assess business performance. There is a risk that the amount of revenues presented in the consolidated financial statements is higher than the amount that was actually earned by the Group. Revenue from sale of goods is recognised when control over the goods has been transferred to the customer, that is generally when the customer has acknowledged receipt of the goods. In our view, revenue recognition is significant to our audit because the amount is material to the consolidated financial statements. It also involves voluminous transactions, requires proper observation of cut-off procedures, and testing the validity of transactions, and directly impacts the Group's profitability.

The Group's disclosure about its revenues and related receivables, and revenue recognition policies are included in Notes 4, 6 and 24.

How the Matter was Addressed in the Audit

Our audit procedures performed to address the risk of material misstatement relating to revenue recognition included the following:

- Obtained an understanding of the Group's processes and controls over revenue recognition, approval and documentation;
- Evaluated the appropriateness of the Group's revenue recognition policy in accordance with IFRS 15 and IFRS 16;
- Performed substantive analytical procedures over revenues such as but not limited to, yearly and monthly analyses of sales and sales mix composition based on our expectations, investigation of variances from our expectations, and verifying that the underlying data used in the analyses were reliable;
- Tested on a sample basis, the sales invoices, delivery receipts and cash receipts of sales transactions throughout the current year to determine the validity and occurrence of sales;
- Examined evidence of subsequent collections, and corresponding sales invoices and proof of deliveries;
- Tested sales transactions immediately prior and subsequent to the current period to determine whether the related sales transactions were recognised in the proper reporting period; and
- Evaluated the sufficiency and adequacy of disclosures in the Group's consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon ...continued

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements ...continued

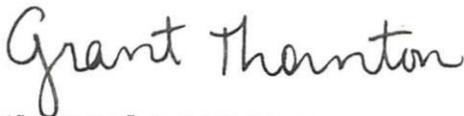
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lisa M. Roberts.



Chartered Accountants
March 13, 2025
Basseterre, St Kitts

S. L. Horsford and Company Limited

Consolidated Statement of Financial Position

As at September 30, 2024

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Assets			
Current assets			
Cash	5	5,657,100	8,596,489
Receivables and prepayments	6	19,625,253	12,869,093
Inventories	7	48,274,853	39,399,260
Investment securities	11	9,099,362	—
Total current assets		82,656,568	60,864,842
Non-current assets			
Receivables	6	12,223,196	13,460,655
Investment in associates	10	17,910,711	17,933,322
Investment securities	11	387,457	486,619
Goodwill	9, 12	14,321,527	—
Property and equipment	14	104,688,705	98,411,706
Intangible assets	13	6,283	412
Total non-current assets		149,537,879	130,292,714
Total assets		232,194,447	191,157,556
Current liabilities			
Defined benefit obligation	22	344,742	303,148
Bank overdraft	15	6,044,187	—
Current portion of demand loan	15	1,404,590	—
Trade and other payables	16	24,148,526	17,289,806
Income tax payable	17	534,731	1,142,947
Total current liabilities		32,476,776	18,735,901
Non-current liabilities			
Defined benefit obligation	22	4,342,827	4,173,229
Deferred tax liability	17	5,807,652	6,663,139
Non-current portion of demand loan	15	25,369,559	—
Total non-current liabilities		35,520,038	10,836,368
Total liabilities		67,996,814	29,572,269
Shareholders' equity			
Share capital	18	60,296,860	60,296,860
Reserves	20	50,136,545	49,711,055
Retained earnings		53,764,228	51,577,372
Total shareholders' equity		164,197,633	161,585,287
Total liabilities and shareholders' equity		232,194,447	191,157,556

The accompanying notes are an integral part of these consolidated financial statements.

Approved for issue by the Board of Directors on March 12, 2025.


Director


Director

S. L. Horsford and Company Limited

Consolidated Statement of Income

For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Revenue	25	161,914,423	162,749,016
Cost of sales		(119,975,276)	(122,049,093)
Gross profit		41,939,147	40,699,923
Other income	21, 25	10,536,280	10,911,555
Income before operating expenses		52,475,427	51,611,478
Operating expenses			
Employment costs	22	(21,741,010)	(21,094,289)
Building and insurance		(5,742,908)	(5,455,960)
Depreciation and amortisation	13, 14	(4,130,116)	(3,959,843)
Selling and distribution costs		(3,348,272)	(3,259,346)
Office expenses		(2,531,017)	(2,353,688)
Other expenses		(1,512,850)	(1,370,322)
Professional fees		(573,017)	(472,868)
Impairment loss of financial assets, net	6	(55,430)	(34,904)
		(39,634,620)	(38,001,220)
Operating profit		12,840,807	13,610,258
Share of income of associated companies	10	1,425,740	1,695,002
Finance charges	15	(272,647)	(34,964)
Profit before income tax		13,993,900	15,270,296
Income tax expense	17	(2,655,512)	(3,971,622)
Profit for the year		11,338,388	11,298,674
Earnings per share	19	0.19	0.19

The accompanying notes are an integral part of these consolidated financial statements.

S. L. Horsford and Company Limited
Consolidated Statement of Comprehensive Income
For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Profit for the year		<u>11,338,388</u>	<u>11,298,674</u>
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value (losses)/gains of financial assets at fair value through other comprehensive income	11, 20	<u>(99,162)</u>	43,612
Share in other comprehensive losses of associated companies	10	<u>(38,291)</u>	(877,954)
Remeasurement gain on defined benefit obligation	22	–	648,545
Tax expense relating to remeasurement gain on net defined benefit obligation	17	<u>–</u>	<u>(214,020)</u>
		<u>–</u>	<u>434,525</u>
Effect of change in income tax rate to remeasurement gain on the defined benefit obligation and revaluation reserve for property	17, 20	<u>562,943</u>	–
Total other comprehensive gain/(loss)		<u>425,490</u>	<u>(399,817)</u>
Total comprehensive income for the year		<u>11,763,878</u>	<u>10,898,857</u>

The accompanying notes are an integral part of these consolidated financial statements.

S. L. Horsford and Company Limited
Consolidated Statement of Changes in Equity
For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

	Notes	Share capital \$	Reserves \$	Retained earnings \$	Total \$
Balance at September 30, 2022		60,296,860	50,110,872	49,079,714	159,487,446
Comprehensive income					
Profit for the year		–	–	11,298,674	11,298,674
Other comprehensive loss					
Transaction with owners		–	(399,817)	–	(399,817)
Dividends	18	–	–	(8,801,016)	(8,801,016)
Balance at September 30, 2023		60,296,860	49,711,055	51,577,372	161,585,287
Comprehensive income					
Profit for the year		–	–	11,338,388	11,338,388
Other comprehensive gain					
Transaction with owners		–	425,490	–	425,490
Dividends	18	–	–	(9,151,532)	(9,151,532)
Balance at September 30, 2024		60,296,860	50,136,545	53,764,228	164,197,633

The accompanying notes are an integral part of these consolidated financial statements.

S. L. Horsford and Company Limited

Consolidated Statement of Cash Flows

For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Profit before income tax		13,993,900	15,270,296
Items not affecting cash:			
Depreciation and amortisation	13, 14	4,130,116	3,959,843
Retirement expense	22	435,424	510,653
Interest expense	15	272,647	34,964
Impairment loss of financial assets, net	6	55,430	34,904
Fair value loss on FVTPL investment securities	11	44,874	–
Provision (reversal of)/ for inventory obsolescence	7	(156,490)	88,150
Interest income on FVTPL investment securities		(228,336)	–
Gain on sale of property and equipment	21	(249,268)	(289,617)
Share of income of associated companies	10	(1,425,740)	(1,695,002)
Operating profit before working capital changes		16,872,557	17,914,191
(Increase)/decrease in receivables and prepayments		(761,621)	2,861,605
Increase in inventories		(2,514,566)	(2,501,411)
Increase in trade and other payables		1,525,018	1,495,645
Net cash generated from operations		15,121,388	19,770,030
Income tax paid	17	(3,602,573)	(4,224,661)
Pension contribution paid	22	(224,232)	(217,407)
Net cash from operating activities		11,294,583	15,327,962
Cash flows (used in)/from investing activities			
Proceeds from sale of investment securities	11	5,409,361	–
Dividends received		1,610,060	1,225,075
Proceeds from disposals of property and equipment		705,858	966,394
Interest income on FVTPL investment securities received		206,357	–
Purchase of intangible asset	13	(6,451)	–
Purchase of property and equipment	14	(4,713,125)	(3,283,943)
Purchase of investment securities	11	(14,531,618)	–
Acquisition of a subsidiary, net of cash acquired	9	(26,308,571)	–
Net cash used in investing activities		(37,628,129)	(1,092,474)
Balance carried forward		(26,333,546)	14,235,488

S. L. Horsford and Company Limited

Consolidated Statement of Cash Flows

For the year ended September 30, 2024

(expressed in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Balance brought forward		(26,333,546)	14,235,488
Cash flows from/(used in) financing activities			
Proceeds from borrowing	15	27,000,000	–
Repayments of borrowings, net		(225,851)	–
Interest paid		(272,647)	(34,964)
Dividends paid	18	(9,151,532)	(8,801,016)
Net cash from/(used in) financing activities		17,349,970	(8,835,980)
Net (decrease)/increase in cash, net of bank overdrafts		(8,983,576)	5,399,508
Net cash at beginning of year		8,596,489	3,196,981
Net (bank overdraft)/cash at end of year		(387,087)	8,596,489
Represented by			
Cash	5	5,657,100	8,596,489
Bank overdraft	15	(6,044,187)	–
		(387,087)	8,596,489

The accompanying notes are an integral part of these consolidated financial statements.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

1 Nature of operations

S. L. Horsford and Company Limited (known locally as Horsfords) or (the “Company”) is a diversified trading company which deals principally in building materials and general merchandise, hardware items, food and other consumable items, motor vehicles and spare parts. The Company is also engaged in the sale of petrol products.

The Company is a diversified trading company and details of its subsidiaries and associated companies, and their main activities are set out in Note 9 and 10, respectively.

2 General information, statement of compliance with IFRS Accounting Standards as issued by the IASB and going concern assumption

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

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

The accompanying consolidated financial statements are the financial statements of the Company and its subsidiaries (collectively referred as “Group”) have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) applicable to companies reporting under IFRS Accounting Standards as issued by the IASB on a historical cost basis, as modified by the revaluation of land and buildings and investment securities, which are carried at fair value. The consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis. The measurement bases are fully described in the material accounting policy information.

3 Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after October 1, 2023

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments as follows:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12).

These amendments either do not impact or have no significant impact on these consolidated financial statements and therefore the disclosures have not been made. Accordingly, the Group has made no changes to its accounting policies in 2024.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

3 Changes in accounting policies ...continued

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group for the financial year beginning October 1, 2024

At the date of authorisation of these consolidated financial statements, several new, but not yet effective standards, amendments to existing standards, and interpretations have been published by IASB or the IFRS Interpretations Committee. None of these standards, amendments or interpretations have impacted and been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed, as they are not expected to have a material impact on the Group's consolidated financial statements.

4 Material accounting policy information

The consolidated financial statements have been prepared using the material accounting policy information and measurement bases summarized below.

a) Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as at September 30, 2024. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of September 30.

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

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

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

b) Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

b) Business combination ...continued

If the Group acquires a controlling interest in a business in which it previously held an equity interest, that equity interest is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss or other comprehensive income, as appropriate.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

c) Investment in associates

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

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

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

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The consolidated financial statements are presented in Eastern Caribbean dollars, which is the Group's functional and presentation currency.

(ii) Foreign currency transactions and balances

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

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

e) Segment reporting

The Group has four main operating segments: Durable Goods, Automotive, Consumable Goods and Others. The executive directors monitor the operating results of its business for the purpose of making decisions about resource allocation and performance assessment. For management purpose, the Group is organized into business units based on its products as follows:

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

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

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

f) Revenue recognition

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

Revenue is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and
- collection of the consideration in exchange of the goods and services is probable.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

f) Revenue recognition ...continued

The Group derives revenue from sale of goods and rendering of services is either at point in time or overtime, when (or as) the Group satisfies performance obligations by rendering the promised services to its customers.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognised as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognised as revenue as the performance obligation is satisfied.

The Group's revenue recognition criteria are outlined below.

Sales of durable, automotive and other consumer goods

Revenue from the sale of durable, automotive and other consumer goods is recognised when the Group transfers control of the assets to the customer and the amounts can be measured reliably. Invoices for goods or services transferred are due upon receipt by the customer. These revenues are recognised at a point in time.

Interest income

Interest income is recognised on the accrual basis, using the effective interest method, unless collectability is in doubt. Interest income is recognised over time.

Dividend income

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

Rental income

Rental income arising from operating leases on buildings is accounted for on the straight-line basis over the lease terms. Rent and lease income are recognised over time.

Other income

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

g) Expenses

Expenses are recognised in the consolidated statement of income upon utilisation of the service or as incurred.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

h) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Goodwill is tested for impairment at least annually. An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

i) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. Computer software meets this description. Acquired computer software licences, upgrades to software and related costs that are expected to contribute to the future economic benefit of the company are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives at a rate of 33 1/3% per annum. Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Computer software is assessed for impairment whenever there are indications that they may be impaired.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

j) Property and equipment

Land and buildings comprise of mainly the warehouse, offices, and retail stores. Land and buildings are shown at fair value, based on periodic (every five years) valuations by external independent valuers, less subsequent depreciation for buildings. Accumulated depreciation at the date of revaluation is eliminated

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

j) Property and equipment ...continued

against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred. Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserves in equity. Decreases that offset previous increases of the same asset are charged against reserves directly in equity; all other decreases are charged to the consolidated statement of income.

Construction in progress represents construction projects that are not yet completed and is stated at cost. This includes the costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Provision for depreciation of property and equipment is made using the straight line and reducing balance methods, over the useful lives of the assets.

Land is not depreciated. Depreciation rates of other assets are as follows:

Buildings	2%
Vehicles	12.5%, 15% and 20%
Furniture, fittings and equipment	6.67%, 10%, 20% and 33.33%

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

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

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

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

k) Leases – Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

k) Leases – Group as a lessor ...continued

ownership of the underlying asset, and classified as an operating lease if it does not.

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as part of installment receivables at an amount equal to the Group's net investment in the lease. Finance income is recognised based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognised in the consolidated statement of income on a straight-line basis over the lease term.

l) Financial instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

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

(ii) Classification and measurement of financial assets

At initial recognition, the Group initially measures a financial asset at its fair value plus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset such as fees and commissions. Transaction costs of financial assets are expenses in the consolidated statement of income. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

I) Financial instruments ...continued

(ii) Classification and measurement of financial assets ...continued

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- FVOCI.

The classification is determined by both the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Solely payments of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent the SPPI test. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets at amortised cost

Amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of the financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

1) Financial instruments ...continued

(ii) Classification and measurement of financial assets ...continued

Financial assets at amortised cost ...continued

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the consolidated statement of income.

Financial assets at FVOCI

The classification requirements for equity instruments are described below.

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVTPL. The Group has designated equity instruments as at FVOCI on initial application of IFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognised in other comprehensive income, net of any effects arising from income taxes, and are reported as part of revaluation reserve account in equity. When the asset is disposed of, the cumulative gain or loss previously recognised in the revaluation reserve account is not reclassified to profit or loss but is reclassified directly to retained earnings account.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, if any, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognised in the consolidated statement of income as part of interest income.

Any dividends earned on holding equity instruments are recognised in the consolidated statement of income as part of dividends under the other income account, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

I) Financial instruments ...continued

(ii) Classification and measurement of financial assets ...continued

Financial assets at FVTPL ...continued

A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of income.

(iii) Impairment of financial assets

The Group uses the IFRS 9's impairment requirement which is to use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model' on its financial assets carried at amortised cost. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of the lifetime expected credit loss approach in accounting for its receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the expected credit losses, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

l) Financial instruments ...continued

(iii) Impairment of financial assets ...continued

The Group assesses loss allowance of receivables on a collective basis as they possess shared credit risk characteristics based on the days past due. Refer to Note 24(b) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

(iv) Financial liabilities

The Group's financial liabilities comprise primarily trade and other payables (except government-related payable), borrowings and defined benefit obligation. The Group has not designated any financial liabilities upon recognition as at FVTPL.

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

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

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

m) Cash

Cash comprises cash on hand and cash at banks which are subject to an insignificant risk of changes in value. Cash is presented net of bank overdrafts in the consolidated statement of cash flows. Bank overdrafts are included in the short-term borrowings in current liabilities on the consolidated statement of financial position.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

n) Trade receivables

Trade receivables are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses incurred in bringing the inventories to their present location and condition. Costs are assigned using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Adequate provision is made for obsolete and slow-moving items.

p) Taxation

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

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

The Group follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the current corporation tax rate. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the assets may be utilised. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

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

q) Equity

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

Reserves are composed of the following:

- Capital reserves refer to the return on investments in line with the sugar rehabilitation and other reserves of the associated companies.
- Revaluation reserve – financial assets at FVOCI includes any gain or losses on revaluation of financial assets classified as FVOCI.
- Revaluation reserve – property is composed of unrealized gains and losses on revaluation of land and buildings of the Group and associated companies.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

q) Equity ...continued

- Remeasurement of defined benefit obligation comprises the actuarial gains or losses from changes in financial assumptions and the adjustment for the IAS 19, *Employee Benefits*, adoption through equity.

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

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

r) Borrowing costs

Borrowing costs are recognised in the consolidated statement of income in the period in which they incurred using the effective interest rate method.

s) Employee benefits

Post-employment benefit – defined benefit plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group maintains a partially funded and non-contributory post-employment defined benefit plan covering all regular full-time employees.

The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Service cost on the Group's defined benefit plan and net interest expense on the defined benefit liability is included in employment costs. Gains and losses resulting from remeasurements of the net defined liability are included in other comprehensive income and are not classified to profit or loss in subsequent periods.

Short-term employee benefits

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

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

t) Provisions

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

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

Warranty provisions

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

Customer loyalty programme provisions

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

These provisions are calculated based on the fair value for consideration received and are recognised in the consolidated statement of income. Provisions are reviewed annually.

u) Events after the reporting date

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

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

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

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

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

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

...continued

(i) Business combinations

Management uses various valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination (see note 4(b)). In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability (see note 9).

(ii) Estimation of impairment of inventories

Management recognises a provision for inventory losses when the realisable values of inventory items become lower than cost due to obsolescence or other causes. Provision for obsolescence on inventory is based on the assessment of the physical condition of inventory and the levels of obsolete or unsaleable inventory items on hand. Obsolete goods when identified are charged to the consolidated statement of income. The Group believes such estimates represent a fair charge for the level of inventory losses in a given year. The Group's policy is to review on an annual basis the condition of its inventory.

(iii) Impairment of goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 4(h)). In 2024, the Group did not recognise any impairment loss on goodwill (see note 12).

(iv) Estimation of useful lives of property and equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are presented in note 14. Based on management's assessment as at September 30, 2024 and 2023, there is no change in estimated useful lives of property and equipment during those years. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned above.

(v) Fair value of land and building

Management uses valuation techniques to determine the fair value of its non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 14). Additional information is disclosed in note 20.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ...continued

v) Significant management judgment in applying accounting policies and estimation uncertainty ...continued

(vi) Measurement of the expected credit loss allowance

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

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in note 24(b).

(vii) Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Company's financial assets at FVOCI and FVTPL and the amounts of fair value changes recognised on those assets are disclosed in Note 11.

(viii) Valuation of post-employment defined benefit obligation

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognised expense and the carrying amount of the post-employment defined benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in note 22.

(ix) Estimation of current tax payable and current tax expense

The Group recognise liabilities for current taxes based on estimates of whether corporate income taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the corporate income and deferred tax provisions in the period in which the determination is made. Any deferred tax asset relating to income tax on the possible offset of losses for tax purposes and differences between accounting policies for commercial and tax purposes is recognised at current tax rates to the extent that it is probable that they can be utilised.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

5 Cash

	2024	2023
	\$	\$
Cash at banks	5,601,998	8,552,586
Cash on hand	55,102	43,903
	<u>5,657,100</u>	<u>8,596,489</u>

The Group's cash at banks is held with First Caribbean International Bank, The Bank of Nevis Limited, Republic Bank (EC) Limited and St. Kitts-Nevis-Anguilla National Bank and bears no interest.

6 Receivables and prepayments

	2024	2023
	\$	\$
Installment receivables	20,876,100	22,977,567
Trade receivables	7,959,793	6,917,757
	<u>28,835,893</u>	<u>29,895,324</u>
Allowance for expected credit losses	(4,720,654)	(4,719,137)
	<u>24,115,239</u>	<u>25,176,187</u>
Sundry receivables	4,978,203	471,238
Prepayments	2,755,007	682,323
	<u>31,848,449</u>	<u>26,329,748</u>
Less: Non-current portion of receivables	(12,223,196)	(13,460,655)
Current portion of receivables and prepayments	<u>19,625,253</u>	<u>12,869,093</u>

Receivables include amounts due from associated companies and directors amounting to \$1,082,848 and \$17,362, respectively (2023: \$464,690 and \$86,612) (see note 8). The amounts are non-interest bearing and are due to be settled within 30 days.

Sundry receivables include the amount due from Jeld-Wen Inc. amounting to \$4,590,595 to settle the withholding taxes payable on the loan that was forgiven and written off on July 26, 2024. The amount receivable was settled post year end on November 22, 2024.

The carrying value of receivables approximates the fair value.

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Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

6 Receivables and prepayments ...continued

Allowance for expected credit losses

The movement on allowance for expected credit losses of receivables is as follows:

	2024	2023
	\$	\$
Balance at beginning of year	4,719,137	4,640,901
Provision during the year	60,062	34,904
Provision assumed from a business combination	40,984	–
Recoveries of items previously written-off	296	64,417
Write-off during the year	(99,825)	(21,085)
Balance at end of year	<u>4,720,654</u>	<u>4,719,137</u>

During the year, certain previously written-off receivables amounting to \$4,632 (2023: \$nil) were collected.

The details of impairment loss of financial assets, net as presented in the consolidated statement of income are as follows:

	2024	2023
	\$	\$
Provision during the year	60,062	34,904
Recoveries of items previously written-off	(4,632)	–
	<u>55,430</u>	<u>34,904</u>

Installment receivables

The Group entered into finance leases covering motor vehicles and household furniture and appliances with lease terms ranging from two to eight years. Installment receivables relating to vehicles are secured by bills of sale, while the other instalment receivables are unsecured.

The future value of minimum lease payments together with the present value of minimum lease payments of hire purchase and finance leases under instalment receivables are as follows:

	2024	2023
	\$	\$
Future value of minimum lease payments		
Within one year	12,111,681	13,300,098
Over one year but less than five years	17,737,258	19,479,913
Over five years	2,645,714	2,907,560
	<u>32,494,653</u>	<u>35,687,571</u>

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Notes to Consolidated Financial Statements

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6 Receivables and prepayments ...continued

Installment receivables ...continued

	2024	2023
	\$	\$
Present value of minimum lease payments		
Within one year	8,652,903	9,516,912
Over one year but less than five years	10,478,474	11,538,447
Over five years	1,744,723	1,922,208
	20,876,100	22,977,567

As at September 30, 2024, the provision for expected credit losses of installment receivables included a provision for uncollectible minimum lease payment receivables amounting to \$3,681,111 (2023: \$3,675,818).

7 Inventories

	2024	2023
	\$	\$
Merchandise	45,483,186	37,150,398
Goods in transit	3,034,235	2,585,282
	48,517,421	39,735,680
Allowance for inventory obsolescence	(242,568)	(336,420)
	48,274,853	39,399,260

The movement in the allowance for inventory obsolescence is as follows:

	2024	2023
	\$	\$
Balance at beginning of year	336,420	248,270
Provision assumed from a business combination	62,638	–
(Decrease)/increase in provisioning	(156,490)	88,150
Balance at end of year	242,568	336,420

8 Related party balance and transactions

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

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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8 Related party balance and transactions ...continued

Related party balances

Amounts due from/to associated companies and from/to directors are shown as part of receivables (see note 6) and trade and other payables (see note 16), respectively, in the consolidated statement of financial position.

The details of these receivables and payables from/to other related parties are as follows:

	2024	2023
	\$	\$
Due from associated companies		
St. Kitts Masonry Products Limited	568,969	316,581
Carib Brewery (St. Kitts & Nevis) Limited	512,914	145,998
Port Services Limited	965	2,111
	<hr/>	<hr/>
	1,082,848	464,690
Due from directors	17,362	86,612
	<hr/>	<hr/>
	1,100,210	551,302
	<hr/>	<hr/>

The Group has not made any allowance for expected credit losses in respect of related party debtors.

A guarantee has been given by the Company on behalf of an associated company (see note 23(b)).

	2024	2023
	\$	\$
Due to associated companies:		
St. Kitts Masonry Products Limited	318,832	238,435
Carib Brewery (St. Kitts & Nevis) Limited	41,645	42,505
	<hr/>	<hr/>
	360,477	280,940
	<hr/>	<hr/>

Amounts due from and due to associated companies are interest-free, unsecured and have no fixed terms of repayment (see note 16).

Related party transactions

During the year the company entered the following related party transactions:

Sales, purchases and management fee with associated companies

	2024	2023
	\$	\$
Sales	5,988,029	4,681,286
Purchases	9,042,113	7,755,047
Management fee	48,000	48,000

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

8 Related party balance and transactions ...continued

Dividends

The Company also received dividends from its associates as follows (see note 10):

	2024	2023
	\$	\$
Associated companies:		
Carib Brewery (St. Kitts & Nevis) Limited	660,060	825,075
St. Kitts Masonry Products Limited	600,000	600,000
St. Kitts Development Limited	150,000	–
	1,410,060	1,425,075

Key management personnel compensation

The salaries and other benefits paid to key management personnel of the Group amounted to \$1,876,448 in 2024 (2023: \$1,829,838).

9 Investment in subsidiaries

The Company's subsidiaries include the following companies:

Name of subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Company	
			2024	2023
S. L. Horsford Nevis Limited	Nevis	Retail activities and related services	100%	100%
Ocean Cold Storage (St. Kitts) Limited	St. Kitts	Food distribution (wholesale)	100%	100%
S. L. Horsford Shipping Limited	St. Kitts	Shipping agency	100%	100%
Marshall Plantation Limited	St. Kitts	Investments	100%	100%
S. L. Horsford Finance Company Limited	St. Kitts	Car rentals, car sales and insurance agency	100%	100%
Builders Paradise (St. Kitts) Limited	St. Kitts	Retail activities and related services	100%	–

There are no subsidiaries with a non-controlling interest that is material to the Group. The Company has issued guarantees to certain banks in respect of the credit facilities granted to certain subsidiaries (see note 23(b)).

The Group has no interests in unconsolidated structured entities.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

9 Investment in subsidiaries ...continued

Acquisition of Builders Paradise (St. Kitts) Limited

On July 26, 2024, at the close of business, the Company acquired 100% of the issued share capital of Builders Paradise (St. Kitts) Limited. The acquisition was made to enhance the Group's position in the retail market for construction and building materials in the Federation.

The details of the business combination is as follows:

	2024
	\$
Fair value of consideration transferred:	
Amount settled in cash	27,462,632
Contingent consideration	768,565
	<u>28,231,197</u>
Recognised amounts of identifiable net assets	
Current assets	13,923,656
Non-current assets	6,150,000
Current liabilities	(5,312,099)
Non-current liabilities	(851,887)
	<u>13,909,670</u>
Net assets	<u>14,321,527</u>
Goodwill on acquisition	<u>14,321,527</u>
	2024
	\$
Net cash outflow on acquisition:	
Consideration transferred settled in cash	27,462,632
Contingent consideration	768,565
Cash and cash equivalents acquired	(1,922,626)
	<u>26,308,571</u>

The acquisition of Builders Paradise (St. Kitts) Limited was settled in cash amounting to US\$10,000,000 or EC\$27,110,000. The purchase agreement included an additional consideration of \$768,565 related to the income tax recoverable recognized by Builders Paradise (St. Kitts) Limited. The additional consideration will be paid upon utilization of the income tax recoverable depending on the final approval from the Inland Revenue Department. Management believes that there is a high probability that the income tax recoverable will be utilized. The additional consideration is recognized as part of "Sundry payables, provisions and accruals" included in note 16 "Trade and Other Payables."

Acquisition-related costs amounting to \$352,632 are included in the consideration transferred and recognized as part of the investment cost.

Goodwill of \$14,321,527 is primarily growth expectations and expected future profitability. Goodwill has been allocated to the durable goods segment of the Group.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

10 Investment in associates

Set out below are the details of the associates held directly by the Group.

Name of associate	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group	
			2024	2023
Carib Brewery (St. Kitts & Nevis) Limited	St. Kitts	Engaged in manufacturing of beer and non-alcoholic beverages.	20.1%	20.1%
St. Kitts Masonry Products Limited	St. Kitts	Manufactures and sells ready-mix concrete and concrete blocks for the construction industry.	50.0%	50.0%
St. Kitts Developments Limited	St. Kitts	Land and property development	30.0%	30.0%
Port Services Limited	St. Kitts	Stevedoring services	33.3%	33.3%

The carrying amount of investment in associates as at September 30, is shown below.

	2024	2023
	\$	\$
Cost of investments	3,148,436	3,148,436
Increase in equity value over cost from acquisition to end of year	14,762,275	14,784,886
	17,910,711	17,933,322

Movement in investments in associated companies during the year is as follows:

	Notes	2024	2023
		\$	\$
Balance at beginning of year		17,933,322	18,541,349
Share of income of associated companies			
Profit or loss		1,425,740	1,695,002
Other comprehensive income – Capital reserve	20	(38,291)	(877,954)
Dividends declared	8	(1,410,060)	(1,425,075)
Balance at end of year		17,910,711	17,933,322

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

10 Investment in associates ...continued

The following illustrates the Group's carrying amount of investment in associates.

	2024	2023
	\$	\$
Carib Brewery (St. Kitts & Nevis) Limited	8,563,492	8,510,384
Other associates in aggregate	9,347,219	9,422,938
	<u>17,910,711</u>	<u>17,933,322</u>

The following illustrates the summarized financial information of the Group's material associates:

Summarized statements of financial position as at September 30, are as follows:

	Carib Brewery (St. Kitts & Nevis) Limited	Other associates
	\$	\$
September 30, 2024		
Current assets	28,206,200	8,188,050
Non-current assets	32,288,027	15,377,945
Current liabilities	(19,105,788)	(2,997,620)
Non-current liabilities	(1,797,050)	(848,939)
Net assets	<u>39,591,389</u>	<u>19,719,436</u>
Revenue	65,780,204	21,334,863
Costs and expenses	(62,235,828)	(19,757,216)
Net income	<u>3,544,376</u>	<u>1,577,647</u>
September 30, 2023		
Current assets	28,366,206	8,035,142
Non-current assets	36,074,126	15,375,625
Current liabilities	(17,808,924)	(2,485,417)
Non-current liabilities	(1,775,705)	(1,106,243)
Net assets	<u>44,855,703</u>	<u>19,819,107</u>
Revenue	66,479,835	19,123,014
Costs and expenses	(59,828,327)	(18,414,355)
Net income	<u>6,651,508</u>	<u>708,659</u>

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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10 Investment in associates ...continued

The following illustrates the Group's share of the income/(loss) of associates.

	2024	2023
	\$	\$
Consolidated statement of income:		
Carib Brewery (St. Kitts & Nevis) Limited	713,263	1,338,536
Other associates	712,477	356,466
	<u>1,425,740</u>	<u>1,695,002</u>
Consolidated statement of other comprehensive loss:		
Carib Brewery (St. Kitts & Nevis) Limited	(95)	(877,515)
Other associates	(38,196)	(439)
	<u>(38,291)</u>	<u>(877,954)</u>

11 Investment securities

	2024	2023
	\$	\$
FVTPL – debt securities		
Corporate bonds	<u>9,099,362</u>	–
FVOCI – equity securities		
Quoted equity securities:		
Cable & Wireless St. Kitts & Nevis Limited		
90,000 shares of \$3.03 each (2023: \$3.83 each)	272,700	344,700
BP AMOCO PLC (formerly The Standard Oil Company Limited)		
1,354 shares of US\$31.39 each (2023: US\$38.82 each)	<u>114,756</u>	141,918
	387,456	486,618
Unquoted equity security:		
Federation Media Group Limited	<u>1</u>	1
	<u>387,457</u>	486,619
	<u>9,486,819</u>	486,619
	2024	2023
	\$	\$
Current	9,099,362	–
Non-current	<u>387,457</u>	486,619
	<u>9,486,819</u>	486,619

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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11 Investment securities ...continued

Total dividends earned from FVOCI – equity securities amounts to \$nil in 2024 (2023: \$4,533). Total interest income earned from FVTPL – debt securities amounts to \$228,336 in 2024 (2023: \$nil).

In 2024, the Group purchased certain investments securities of fixed income corporate bonds, which are classified as FVTPL – debt securities. These were purchased through First Caribbean International Wealth Management Bank (Barbados) Limited, are denominated in United States Dollars and are publicly traded. The bonds have coupon rates ranging from 6.7% to 7.5% with interest payable monthly or quarterly until maturity. The bonds have maturity dates ranging from March 2029 to November 2034. The corporate bonds are being held for trading purposes, hence, they are classified as current assets on the consolidated statement of financial position.

Movements in investment securities are as follows:

	Debt securities – FVTPL \$	Equity securities – FVOCI \$	Total \$
Balance as at September 30, 2022	–	443,007	443,007
Unrealized fair value gains	–	43,612	43,612
Balance as at September 30, 2023	–	486,619	486,619
Purchase of investment securities	14,531,618	–	14,531,618
Movement of interest receivable	21,979	–	21,979
Unrealized fair value losses	(44,874)	(99,162)	(144,036)
Sale of investment securities	(5,409,361)	–	(5,409,361)
Balance as at September 30, 2024	9,099,362	387,457	9,486,819

12 Goodwill

Goodwill arising from the business combination between the Company and Builders Paradise (St. Kitts) Limited during the year pertains to the difference between the total consideration and fair value of net assets acquired as shown below:

	2024 \$
Total consideration	28,231,197
Less: fair value of net assets	(13,909,670)
	<u>14,321,527</u>

The recoverable amounts of the Group's goodwill has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 3.5%. Cash flows beyond the five-year period are extrapolated using a very conservative steady growth rate of 1% which does not exceed the compound annual growth rate for the Group's industry.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

12 Goodwill ...continued

The calculation of value-in-use for the Group is most sensitive to assumptions on budgeted gross margins, growth rates and pre-tax discount rates.

Gross margins are based on the types of products the Group sells. Discount rates reflect management's estimate of the risks specific to the Group. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Based on the value-in-use calculation, the carrying amount of the Group's cash-generating unit and goodwill did not exceed its recoverable amount. Therefore, the Group did not recognize any impairment loss for the year ended September 30, 2024. With regard to the assessment of value-in-use, management believes that a reasonably possible change in any of the above key assumptions will not cause the carrying amount of the Group's goodwill to materially exceed its recoverable amount.

13 Intangible assets

	Computer software \$
Year ended September 30, 2023	
Opening net book amount	21,424
Disposals	(7,224)
Write back of asset disposed	7,224
Amortisation for the year	(21,012)
Closing net book amount	412
At September 30, 2023	
Cost	203,082
Accumulated amortisation	(202,670)
Net book amount	412
Year ended September 30, 2024	
Opening net book amount	412
Additions	6,451
Amortisation for the year	(580)
Closing net book amount	6,283
At September 30, 2024	
Cost	209,533
Accumulated amortisation	(203,250)
Net book amount	6,283

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

14 Property and equipment

	Land and buildings \$	Vehicles, furniture, fittings and equipment \$	Construction in progress \$	Total \$
Year ended September 30, 2024				
Cost or valuation				
Balance at beginning of year	90,630,690	32,232,099	333,867	123,196,656
Acquisition through business combination	6,150,000	–	–	6,150,000
Additions	587,397	4,125,728	–	4,713,125
Transfers	–	212,418	(212,418)	–
Disposals	–	(2,349,720)	–	(2,349,720)
Balance at end of year	97,368,087	34,220,525	121,449	131,710,061
Accumulated depreciation				
Balance at beginning of year	2,182,705	22,602,245	–	24,784,950
Depreciation	1,137,493	2,992,043	–	4,129,536
Disposals	–	(1,893,130)	–	(1,893,130)
Balance at end of year	3,320,198	23,701,158	–	27,021,356
Net book value	94,047,889	10,519,367	121,449	104,688,705
Year ended September 30, 2023				
Cost or valuation				
Balance at beginning of year	90,630,690	32,924,759	39,713	123,595,162
Additions	–	2,989,789	294,154	3,283,943
Disposals	–	(3,682,449)	–	(3,682,449)
Balance at end of year	90,630,690	32,232,099	333,867	123,196,656
Accumulated depreciation				
Balance at beginning of year	1,078,358	22,773,433	–	23,851,791
Depreciation	1,104,347	2,834,484	–	3,938,831
Disposals	–	(3,005,672)	–	(3,005,672)
Balance at end of year	2,182,705	22,602,245	–	24,784,950
Net book value	88,447,985	9,629,854	333,867	98,411,706

As disclosed in note 15, the Group's land and building has been mortgaged to its principal bankers to secure bank advances.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

14 Property and equipment ...continued

On September 23, 2021, the Company's land and buildings were revalued by an independent property appraiser, Charterland, Chartered Surveyors and Property Consultants. The independent appraiser provided the approximated market value of the land and buildings at September 30, 2021. The revaluation surplus was credited to 'Reserves' in shareholder's equity.

Additions subsequent to revaluation are stated at cost.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Land \$	Buildings \$	Total \$
At September 30, 2023			
Opening net book value	4,141,230	33,828,381	37,969,611
Depreciation	–	(703,788)	(703,788)
Closing net book value	4,141,230	33,124,593	37,265,823
At September 30, 2024			
Opening net book value	4,141,230	33,124,593	37,265,823
Acquisition through business combination	2,360,000	3,790,000	6,150,000
Additions	–	587,397	587,397
Depreciation	–	(723,679)	(723,679)
Closing net book value	6,501,230	36,778,311	43,279,541

15 Borrowings

	2024 \$	2023 \$
Demand loans	26,774,149	–
Bank overdraft	6,044,187	–
Total borrowings	32,818,336	–
	2024 \$	2023 \$
Current	7,448,777	–
Non-current	25,369,559	–
	32,818,336	–

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

15 Borrowings ...continued

Bank overdraft

	2024	2023
	\$	\$
Bank overdrafts:		
The Bank of Nevis Limited	3,972,710	–
First Caribbean International Bank (Barbados) Limited (FCIB)	1,940,354	–
CIBC Caribbean Bank (Barbados) Limited	131,123	–
	<u>6,044,187</u>	<u>–</u>

Bank overdrafts are secured by debentures executed by the Group totaling \$56.4 million (2023: \$56.4 million). The bank overdrafts bear fixed interest rates of 4.5%-6% (2023: 4.5% to 6%). The overdrafts have limits totaling \$13.4 million.

The bank overdrafts are secured by the following:

The Bank of Nevis Limited:

- 1 First Registered Demand Mortgage Debenture dated December 30, 1975 creating a fixed and floating charge on all assets of the company, including uncalled capital and goodwill and a floating charge on all other assets. The foregoing debenture is stamped to secure \$32,000,000 and ranking pari-passu with a debenture executed in favour of First Caribbean International Bank;
- 2 Indenture of mortgage of all properties of the company title to which is held by Deed of Conveyance and which were not included in the debenture of mortgage above;
- 3 Lodgement of Fire Insurance Policies which cover Buildings, Furniture, Fixtures, Equipment, Machinery and Inventories. In accordance with the terms of the pari-passu agreement, The Bank of Nevis' share of any claim on these policies is 60% and First Caribbean International Bank Limited 40% where applicable;
- 4 Memorandum of Deposit of all certificates of title of S. L. Horsford and Company Limited not included in first registered Demand Mortgage Debenture; and
- 5 Under terms of new debenture from the Company to First Caribbean International Bank, The Bank of Nevis holds all Certificates of Titles and Indentures of Mortgage in trust for The Bank of Nevis and First Caribbean International Bank in accordance with the Pari- passu arrangement.

First Caribbean International Bank:

- 1 Equitable charge over 1,650,150 x \$1 shares in Carib Brewery (St. Kitts-Nevis) Limited.
- 2 Mortgage debenture registered and stamped for EC\$31.3 million. This debenture ranks pari passu with the debenture held by The Bank of Nevis Limited.
- 3 Assignment of fire and all other risks/perils insurance.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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15 Borrowings ...continued

Demand loans

On June 19, 2024, the Group obtained a non-revolving demand instalment loan with FCIB amounting to \$27,000,000 to finance the acquisition of Builders Paradise (St. Kitts) Limited. The demand loan carries a fixed interest rate of 3.5% per annum and is repayable in one hundred eighty (180) monthly instalments of principal and interest amounting to \$193,018.

Collateral security for indebtedness

- 1 Equitable charge over 1,650,150 x \$1 shares in Carib Brewery (St. Kitts-Nevis) Limited.
- 2 Mortgage debenture over the fixed and floating assets of the Company, including commercial and real estate property, registered and stamped for EC\$21 million and an additional EC\$10.3 million making an aggregate of EC\$31.3 million. This debenture ranks pari passu with the debenture held by The Bank of Nevis Limited.
- 3 Assignment of fire and all other risks/perils insurance.

Total interest expense related to the above borrowings amounted to \$272,647 for the year ended September 30, 2024 (2023: \$34,964). There was no unpaid interest as at September 30, 2024 and 2023.

16 Trade and other payables

	2024	2023
	\$	\$
Trade payables	13,306,226	11,162,122
Sundry payables, provisions and accruals	10,842,300	6,127,684
	<u>24,148,526</u>	<u>17,289,806</u>

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

Amounts due to associated companies amounting to \$360,477 (2023: \$280,940) arose in the normal course of trading are presented as part of trade payables.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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17 Taxation

Income tax is calculated at 25% (2023: 25%) of assessable profit for the year. The charge for the year can be reconciled to the statutory rate as follows:

	2024	2023
	\$	\$
Profit before income tax	13,993,900	15,270,296
Income tax expense at effective tax rate of 25% (2023: 25%)	3,511,076	3,817,574
Tax effect of non-deductible expenses	573,307	404,718
Penalties	–	220
Recognition of prior year deferred taxes on tax losses	(19,729)	(9,287)
Tax effect of non-taxable income	(375,179)	(468,727)
Effect of change in tax rate	(1,033,963)	227,124
	2,655,512	3,971,622

In 2020, as part of the COVID-19 stimulus package, the Government of St. Kitts and Nevis granted a reduction in the corporate income tax rate from 33% to 25% on the assessable income for businesses that retain at least 75% of their employees. The exemption period was extended until December 31, 2023. Effective January 1, 2024, the corporate income tax was reduced to 25% indefinitely.

Income tax expense is comprised of the following:

	2024	2023
	\$	\$
Income tax expense		
<i>Recognised in consolidated statement of income</i>		
Current tax expense	3,799,943	4,069,566
Deferred tax credit	(1,144,431)	(97,944)
	2,655,512	3,971,622
<i>Recognised in other comprehensive income</i>		
Deferred tax expense relating to remeasurement gains on defined benefit obligation	–	214,020
Effect of change in income tax rate to remeasurement gain on the defined benefit obligation	(54,067)	–
Effect of change in income tax rate on the revaluation reserve for property	(508,876)	–
	(562,943)	214,020

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

17 Taxation ...continued

Income tax payable

Movement in the income tax payable is as follows:

	2024	2023
	\$	\$
Balance at beginning of year	1,142,947	1,298,042
Current tax expense for the year	3,799,943	4,069,566
Income tax recoverable from a business combination	(805,586)	–
Tax paid during the year	(3,602,573)	(4,224,661)
	<hr/>	<hr/>
Balance at end of year	534,731	1,142,947

Deferred tax (credit)/expense

The deferred tax (credit)/expense is comprised of the following:

	2024	2023
	\$	\$
<i>Recognised in consolidated statement of income</i>		
Deferred tax on retirement expense	359,377	(96,772)
Deferred tax on unutilized tax losses	28,450	33,834
Deferred tax on unutilized capital allowances	(42,620)	5,657
Deferred tax on depreciation of property and equipment	(1,489,638)	(40,663)
	<hr/>	<hr/>
	(1,144,431)	(97,944)
<i>Recognised in other comprehensive income</i>		
Deferred tax expense relating to remeasurement gains on defined benefit obligation	–	214,020
Effect of change in income tax rate to remeasurement gain on the defined benefit obligation	(54,067)	–
Effect of change in income tax rate to revaluation reserve for property	(508,876)	–
	<hr/>	<hr/>
	(562,943)	214,020
	<hr/>	<hr/>
	(1,707,374)	116,076

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

17 Taxation ...continued

Deferred tax liability

The movement in the deferred tax liability is as follows:

	2024	2023
	\$	\$
Balance at beginning of year	6,663,139	6,547,063
Deferred tax liability assumed through a business combination	851,887	–
Deferred tax (credit)/expense for the year	<u>(1,707,374)</u>	116,076
Balance at end of year	<u>5,807,652</u>	<u>6,663,139</u>

Tax losses

In 2021, the Group has incurred an income tax loss amounting to \$309,846 which may be carried forward and applied to reduce taxable income by an amount not exceeding one half of taxable income in any one year of assessment within 5 years following the year in which the loss was incurred. The losses are based on the income tax returns, which has not yet been assessed by the Internal Revenue Department. In 2024, a deferred tax asset of \$76,658 arising from the previous years tax losses was recognised. Management believes that the tax losses will likely be recovered from foreseeable taxable profits.

The movement in unutilised tax losses is as follows:

Taxable year	Beginning of year	Expired during the year	Incurred/ (utilised) during the year	End of year
2021	–	–	309,846	309,846
2022	309,846	–	(91,208)	218,638
2023	218,638	–	(102,526)	116,112
2024	116,112	–	(76,658)	39,454

18 Equity

Share capital

	2024	2023
	\$	\$
Authorised		
100,000,000 ordinary shares of \$1 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid		
60,296,860 ordinary shares of \$1 each	<u>60,296,860</u>	<u>60,296,860</u>

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

18 Equity ...continued

Dividends

On October 19, 2023, the Company's Board of Directors approved the declaration of interim cash dividends amounting to \$4,576,532 which was paid on October 20, 2023. The Board of Directors further approved the declaration of another cash dividend on April 24, 2024, amounting to \$4,575,000 which was paid on April 26, 2024. The total dividends declared and paid in 2024 amounted to \$9,151,532 (2023: \$8,801,016).

Dividends of 15.5% (2023: 15.7%) per ordinary share or \$9,322,708 (2023: \$9,150,000) in respect of the 2024 financial results have been proposed by the Directors. The consolidated financial statements as at and for the year ended September 30, 2024 do not reflect this proposed dividend which, if approved, will be accounted for in equity as an appropriation of retained earnings in the year ending September 30, 2025.

19 Earnings per share

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

	2024	2023
	\$	\$
Profit for the year	<u>11,338,388</u>	11,298,674
Weighted average number of outstanding shares	<u>60,296,860</u>	60,296,860
Basic earnings per share	<u>0.19</u>	0.19

The Group has no dilutive potential ordinary shares as of September 30, 2024 and 2023.

20 Reserves

	2024	2023
	\$	\$
Revaluation reserve – property	47,487,708	46,978,832
Capital reserves	1,854,983	1,893,274
Remeasurement of defined benefit obligation	506,878	452,811
Revaluation reserve – financial asset at FVOCI	<u>286,976</u>	386,138
	<u>50,136,545</u>	49,711,055

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

20 Reserves ...continued

Revaluation reserve – property

Movement in revaluation reserve – property is as follows:

	2024	2023
	\$	\$
Balance at beginning of year	46,978,832	46,978,832
Effect of change in income tax rate on the revaluation reserve for property	508,876	–
Balance at end of year	<u>47,487,708</u>	<u>46,978,832</u>

Capital reserves

Movement in capital reserves is as follows:

	2024	2023
	\$	\$
Balance at beginning of year	1,893,274	2,771,228
Share in other comprehensive losses of associated companies	10 <u>(38,291)</u>	<u>(877,954)</u>
Balance at end of year	<u>1,854,983</u>	<u>1,893,274</u>

Revaluation reserve – financial asset at FVOCI

Movement in revaluation reserve – financial asset at FVOCI is as follows:

	2024	2023
	\$	\$
Balance at beginning of year	386,138	342,526
Unrealised fair value (losses)/gains	11 <u>(99,162)</u>	<u>43,612</u>
Balance at end of year	<u>286,976</u>	<u>386,138</u>

Remeasurement of defined benefit obligation

The remeasurement gain on defined benefit obligation as at September 30, 2024 amounted to \$ 506,878 (2023: \$452,811) represents the net actuarial gain as a result of changes in financial assumptions and experience adjustments, net of deferred tax. In 2024, the Group recognised the effect of change in income tax rate to remeasurement gain on the defined benefit obligation amounting to \$54,067 (2023: \$nil).

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

21 Other income

	2024	2023
	\$	\$
Interest	3,528,590	3,754,902
Rent and lease income	3,008,340	2,733,193
Servicing and other related income	2,105,432	2,247,272
Commissions	1,202,350	1,314,430
Trucking revenue	355,155	317,360
Gain on sale of property and equipment	249,268	289,617
Miscellaneous	87,145	254,781
	<u>10,536,280</u>	<u>10,911,555</u>

22 Employment costs

a) Details of employment costs are presented below.

	2024	2023
	\$	\$
Salaries and other staff cost	21,305,586	20,583,636
Post-employment defined benefit	435,424	510,653
	<u>21,741,010</u>	<u>21,094,289</u>

b) Defined benefit plan

The Group maintains a partially funded and non-contributory post-employment defined benefit plan covering all full-time employees.

In 2023, the Group engaged the services of an independent actuary to determine the retirement benefit costs and obligation. The amounts presented below and in the succeeding pages were derived based on the actuarial valuation report obtained from an independent actuary.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

22 Employment costs ...continued

b) Defined benefit plan ...continued

The movements in the present value of the post-employment defined benefit obligation recognised in the books are as follows:

	2024 \$	2023 \$
Balance at beginning of the year	4,476,377	4,831,676
Interest cost	321,161	329,631
Current service cost	114,263	87,318
Past service cost	—	149,978
Liabilities transferred out	—	(56,274)
Actuarial gains	—	(648,545)
Benefit payments	(224,232)	(217,407)
Balance at end of the year	<u>4,687,569</u>	<u>4,476,377</u>

The movements in the fair value of plan assets are presented below.

	2024 \$	2023 \$
Balance at beginning of the year	—	—
Employer contributions	224,232	217,407
Benefit payments	(224,232)	(217,407)
Balance at end of the year	<u>—</u>	<u>—</u>

The retirement benefit obligation as at September 30, is classified in the consolidated statement of financial position as follows:

	2024 \$	2023 \$
Current	344,742	303,148
Non-current	4,342,827	4,173,229
	<u>4,687,569</u>	<u>4,476,377</u>

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during the next 12 months. As none of the employees are eligible for early settlement of pension arrangements, the remaining part of pension obligations for defined benefit plans is considered non-current.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

22 Employment costs ...continued

b) Defined benefit plan ...continued

The components of amounts recognised in consolidated statement of income in respect of the defined benefit post-employment plan are as follows:

	2024	2023
	\$	\$
Recognised in profit or loss		
Interest cost	321,161	329,631
Current service cost	114,263	87,318
Past service cost	–	149,978
Liabilities transferred out	–	(56,274)
	<u>435,424</u>	<u>510,653</u>
Recognised in other comprehensive income		
Gain from change in assumption	–	(363,162)
Gain from experience	–	(285,383)
Remeasurement gain on defined benefit obligation	<u>–</u>	<u>(648,545)</u>

In determining the amounts of the post-employment benefit obligation, the following significant assumptions were used:

	2024	2023
Discount rate	7.50%	7.50%
Expected rate of future salary increase rates	5.50%	5.50%
Future inflationary salary increase rate	0.00%	0.00%
Future increase in the Social Security Board ceilings for earnings	2.00%	2.00%

23 Commitments and contingencies

a) Letters of credit

At the year end, the Group had outstanding letters of credit totaling \$400,000 (2023: \$400,000).

b) Guarantees

The Group provides guarantees to certain financial institutions in connection with credit facilities extended to subsidiaries and associated company in the range of \$2,000,000 to \$3,000,000.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

24 Financial risk management

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

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

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

a) Market risk

i) Foreign currency risk

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

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.

ii) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing liabilities held with financial institutions with respect to bank overdrafts and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The bank overdrafts and the borrowings bear fixed interest rate of 3.5% to 6% (2023: 4.5% to 6%), which expose the Group to fair value interest rate risk. To manage interest rate risk, the Group negotiates the best rates possible and where possible considers factors such as refinancing, reviewing options and alternative financing.

Management does not believe significant interest rate risk exists at September 30, 2024. If interest rates on the Group's financial instruments were 1% higher or 1% lower with all other variables held constant, the impact on consolidated profit for the year would have been insignificant.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

24 Financial risk management ...continued

a) Market risk ...continued

iii) Price risk

The Group is exposed to price risk in respect to its investment securities classified on the consolidated statement of financial position as FVTPL and FVOCI (note 11). The Group's FVOCI – equity securities include securities that are quoted on the Eastern Caribbean Securities Exchange, and its exposure to equity securities price risk is not material because the total of these securities is insignificant in relation to its consolidated statement of financial position and because of the limited volatility in this market. The FVTPL – debt securities include corporate bonds that are actively traded in the market. If market prices as at September 30, 2024 had been 10% higher/lower with all other variables held constant, profit or loss and retained earnings would have changed by \$904,508 (2023: \$nil).

b) Credit risk

Credit risk arises from cash, contractual cash flows of financial assets carried at amortised cost as well as credit exposure to customers, including outstanding receivables.

The credit risk in respect of cash balances with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

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

	2024	2023
	\$	\$
Cash at banks	5,601,998	8,552,586
Receivables	29,324,580	25,647,425
	<u>34,926,578</u>	<u>34,200,011</u>

The Group continuously monitors the credit quality of its customers. Credit checks are performed for all credit customers. The Group's policy is to deal only with credit worthy counterparties. The Group's credit term is 30 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit worthiness of the customers. The ongoing credit risk is managed through regular review of aging analysis, together with credit limits per customer.

Receivables consist of a large number of individual customers.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

24 Financial risk management ...continued

b) Credit risk ...continued

Expected credit loss measurement ...continued

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but it is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

	Change in credit quality since initial recognition		
	Stage 1	Stage 2	Stage 3
Risk Assessment	Initial recognition or credit risk is considered low	Significant increase in credit risk since initial recognition	Credit-impaired assets
Expected credit losses	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Receivables

The Group applies IFRS 9 simplified model of recognising lifetime expected credit losses for receivables as these items do not have a significant financing component.

To measure the ECL, receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Group has therefore concluded that the expected loss rates for receivables are a reasonable approximation of the loss rates for the other assets.

The expected credit loss rates are based on the payment and or collection profile for receivables over the last 48 months before September 30, 2024 and October 1, 2023, respectively, as well as the corresponding historical credit losses during the period. The historical rates are adjusted to reflect current and forward looking macro economic factors affecting the customer’s ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Receivables are written-off (e.i. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 120 days from the policy date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

24 Financial risk management ...continued

b) Credit risk ...continued

Expected credit loss measurement ...continued

Receivables ...continued

On the above basis, the expected credit loss for receivables as at September 30, was determined as follows:

	Receivables ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
September 30, 2024				
Gross carrying amount	22,628,568	1,058,931	5,148,394	28,835,893
Expected credit loss rate	0.13%	12.29%	88.58%	
Loss allowance	30,146	130,171	4,560,337	4,720,654
September 30, 2023				
Gross carrying amount	23,551,763	1,177,083	5,166,478	29,895,324
Expected credit loss rate	0.20%	10.75%	87.96%	
Loss allowance	48,026	126,520	4,544,591	4,719,137

The closing balance of the receivables loss allowance as at September 30, reconciles with the receivables loss allowance opening balance (see note 6).

Sundry receivables

Other receivables are financial assets measured at amortised cost and considered to have low credit risk. There is no impairment allowance for these other financial assets as the counterparties have access to sufficient highly liquid assets in order to repay the receivables, if demanded at the reporting date.

c) Liquidity risk

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

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September 30, 2024

(expressed in Eastern Caribbean dollars)

24 Financial risk management ...continued

c) Liquidity risk ...continued

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year \$	Between 1 and 5 years \$	More than 5 years \$	Total \$
As at September 30, 2024				
Borrowings	8,360,406	9,264,878	22,776,158	40,401,442
Trade and other payables	24,148,526	–	–	24,148,526
Defined benefit obligation	344,742	1,378,968	2,963,859	4,687,569
	32,853,674	10,643,846	25,740,017	69,237,537
As at September 30, 2023				
Borrowings	–	–	–	–
Trade and other payables	17,289,806	–	–	17,289,806
Defined benefit obligation	303,148	1,212,592	2,960,637	4,476,377
	17,592,954	1,212,592	2,960,637	21,766,183

d) Fair value of financial assets

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

Determination of fair value

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

Short-term financial assets and liabilities

The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets are comprised of cash on hand and at banks and receivables. Short-term financial liabilities are comprised of current portion of borrowings, trade and other payables and current portion of defined benefit obligation.

Long-term financial assets

Long-term financial assets classified as financial assets at amortised cost whose maturities are greater than 12 months after the end of the reporting period are subsequently carried at amortised cost using the effective interest method.

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Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

24 Financial risk management ...continued

d) Fair value of financial assets ...continued

Financial liabilities

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

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

	Carrying value		Fair value	
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial assets				
Cash	5,657,100	8,596,489	5,657,100	8,596,489
Receivables	29,093,442	25,647,425	29,093,442	25,647,425
	34,750,542	34,243,914	34,750,542	34,243,914
Financial liabilities				
Borrowings	32,818,336	–	32,818,336	–
Trade and other payables	24,148,526	17,289,806	24,148,526	17,289,806
Defined benefit obligation	4,687,569	4,476,377	4,687,569	4,476,377
	61,654,431	21,766,183	61,654,431	21,766,183

e) Fair value hierarchy

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

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

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(expressed in Eastern Caribbean dollars)

24 Financial risk management ...continued

e) Fair value hierarchy ...continued

Fair value measurement of financial assets

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets 2024				
FVTPL – debt securities	9,099,362	–	–	9,099,362
FVOCI – equity securities	–	387,456	1	387,457
Investment securities	9,099,362	387,456	1	9,486,819
Financial assets 2023				
FVOCI – equity securities	–	486,618	1	486,619

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

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at September 30:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Land and buildings – 2024	–	39,362,500	54,685,389	94,047,889
Land and buildings – 2023	–	37,002,500	51,445,485	88,447,985

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

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

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

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Notes to Consolidated Financial Statements

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24 Financial risk management ...continued

e) Fair value hierarchy ...continued

Land and buildings were revalued in September 2021 and difference between the carrying amounts of land and buildings and the fair values are recognised as a revaluation surplus in the revaluation reserve – property under equity (see note 20).

f) Capital management objectives

The Group maintains a level of capital that is sufficient to meet several objectives, including an acceptable total debt-to-capital ratio to provide access to adequate funding sources to support current operations and fulfilment of its strategic plan.

The Group's capital is represented by its equity. As at September 30, 2024, the Group's equity amounted to \$164,197,633 (2023: \$161,585,287).

The Group manages its capital structure and makes adjustments in light of changes in activities, economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the company may issue new shares, repurchase shares for cancellation or sell assets to reduce debt.

25 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Segment performance is evaluated based on revenue and profit or loss before tax and is measured consistently with profit or loss in the consolidated financial statements. Refer to further details in note 4(d).

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Notes to Consolidated Financial Statements
September 30, 2024

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25 Segment reporting ... continued

Segment information for the reporting period is as follows:

2024	Durable goods \$	Automotive \$	Consumable goods \$	Others \$	Unallocated/head office \$	Eliminations \$	Total \$
External sales	69,314,363	21,541,413	80,424,697	–	–	(9,366,050)	161,914,423
Other income	1,858,681	5,086,814	7,645	3,583,140	–	–	10,536,280
Total revenue	71,173,044	26,628,227	80,432,342	3,583,140	–	(9,366,050)	172,450,703
Operating profit before finance charges	7,244,257	2,955,272	1,340,689	1,300,589	–	–	12,840,807
Finance charges	(212,590)	–	–	(60,057)	–	–	(272,647)
Profit before results of associated companies	7,031,667	2,955,272	1,340,689	1,240,532	–	–	12,568,160
Share of income of associated companies	597,959	–	713,263	114,518	–	–	1,425,740
Operating results before taxation	7,629,626	2,955,272	2,053,952	1,355,050	–	–	13,993,900
Taxation							(2,655,512)
Net income after taxation							11,338,388
Operating assets	93,184,544	42,098,774	32,258,518	15,236,334	70,143,459	(38,637,893)	214,283,736
Investment in associates	8,903,458	–	8,563,497	443,756	–	–	17,910,711
Total consolidated assets	102,088,002	42,098,774	40,822,015	15,680,090	70,143,459	(38,637,893)	232,194,447
Total liabilities	41,773,719	2,292,044	9,556,347	8,262,279	22,399,515	(16,287,090)	67,996,814
Capital expenditure	1,226,564	1,984,412	795,004	176,968	536,628	–	4,719,576
Depreciation and amortisation	1,432,255	1,012,098	1,301,070	384,693	–	–	4,130,116

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements
September 30, 2024

(expressed in Eastern Caribbean dollars)

25 Segment reporting ... continued

2023	Durable goods \$	Automotive \$	Consumable goods \$	Others \$	Unallocated/head office \$	Eliminations \$	Total \$
External sales	67,386,427	23,066,965	77,615,501	–	–	(5,319,877)	162,749,016
Other income	1,894,882	5,139,366	8,120	3,869,187	–	–	10,911,555
Total revenue	69,281,309	28,206,331	77,623,621	3,869,187	–	(5,319,877)	173,660,571
Operating profit before finance charges	7,235,745	3,262,130	1,599,539	1,512,844	–	–	13,610,258
Finance charges	(34,964)	–	–	–	–	–	(34,964)
Profit before results of associated companies	7,200,781	3,262,130	1,599,539	1,512,844	–	–	13,575,294
Share of income of associated companies	359,670	–	1,338,536	(3,204)	–	–	1,695,002
Operating results before taxation	7,560,451	3,262,130	2,938,075	1,509,640	–	–	15,270,296
Taxation							(3,971,622)
Net income after taxation							11,298,674
Operating assets	58,246,897	40,996,754	32,524,139	17,734,840	46,742,652	(23,021,048)	173,224,234
Investment in associates	8,905,499	–	8,510,389	517,434	–	–	17,933,322
Total consolidated assets	67,152,396	40,996,754	41,034,528	18,252,274	46,742,652	(23,021,048)	191,157,556
Total consolidated liabilities	5,463,483	2,170,226	9,096,633	6,858,276	20,563,566	(14,579,915)	29,572,269
Capital expenditure	452,422	1,909,153	210,925	393,078	318,365	–	3,283,943
Depreciation and amortisation	1,387,261	863,215	1,330,587	378,780	–	–	3,959,843

S. L. Horsford and Company Limited

Notes to Consolidated Financial Statements

September 30, 2024

(expressed in Eastern Caribbean dollars)

25 Segment reporting ...continued

The geographical market of the Group's revenue in 2024 and 2023 is primarily within St. Kitts and Nevis.

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



S.L. HORSFORD AND COMPANY LIMITED

(Incorporated in the Federation of St Christopher – Nevis, West Indies)

Proxy Form

I/We _____ of _____

a member/members of S. L. Horsford & Company Limited and entitled to _____ votes

hereby appoint _____ of _____

and failing him/her _____

to vote for me and on my behalf, at the Annual General Meeting of the Company, to be held on the 22nd May 2025 and at every adjournment thereof.

As witness my hand this _____ day of _____ 2025.

Signature _____



Horsford's Group of Companies

P.O. Box 45, Marshall House, Independence Square Street

Basseterre, St. Kitts

869.465.2616

P.O. Box 504, Stoney Grove

Charlestown, Nevis

869.465.5600

www.tryhorsfordsfirst.com