

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended April 30, 2017
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: **TDC081098KN**
St Kitts Nevis Anguilla Trading and Development Company Limited

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

St Christopher and Nevis

(Territory or jurisdiction of incorporation)

Fort Street, Basseterre, St Kitts

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): **869-465-2511**

Fax number: **869-465-1099**

Email address: earle.kelly@tdcgrouppltd.com; maritza.bowry@tdcgrouppltd.com

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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

CLASS	NUMBER
Issued: Ordinary Shares of EC\$1.00 each	52,000,000

SIGNATURES

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

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Earle A. Kelly

SIGNED AND CERTIFIED

Date 30/08/17

Name of Director:

Mr. Nicolas N. Menon

SIGNED AND CERTIFIED

Date 21/8/17

Name of Chief Financial Officer:

Maritza S. Bowry

SIGNED AND CERTIFIED

Signature

21/8/17

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. **Financial Statements**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

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

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

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

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

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

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

General Discussion and Analysis of Financial Condition

The draft unaudited financial statements for the period February 01, 2017 to April 30, 2017 reflect a Profit Before Tax of \$2,299,353 compared to \$10,759,091 at the end of the last financial year, February 01, 2016 to January 31, 2017.

Liquidity and Capital Resources

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

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.

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

Discussion of Liquidity and Capital Resources

The Cash and Short-term Investments totaled \$17,807,981.00 at April 30, 2017 compared to \$20,766,839.00 at January 31, 2016.

Net Cash Flows used in operating activities were \$597,473.00 for the first quarter of the financial year February 1, 2017 to April 30, 2017. Net Cash Flows used in financing activities were \$1,923,459.00.

Borrowings stood at \$51,612,799.00 at the end of the first quarter compared to \$53,921,607.00 at January 31, 2017.

Property, plant and equipment is \$133,427,479.00 at April 30, 2017 compared to \$134,380,352.00 at January 31, 2017

Off Balance Sheet Arrangements

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

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

N/A

Results of Operations

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

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

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

- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

Economic growth in St Kitts and Nevis declined relative to the performance during the corresponding period in 2016. (Source: March 2017 Economic and Financial Review, Eastern Caribbean Central Bank). There was a decline in the volume of imports of construction related materials by 7.9 percent compared to an increase of 9.1 percent during the same period in 2016. The number of stay-over visitors is estimated to have declined by 5 percent between January and March 2017 compared to a decrease of 2.9 percent during the comparative period in 2016. The unaudited financial statements for the TDC Group reflect a Profit Before Tax of \$2,299,353 for the period 1 February 2017 to 30 April 2017 compared to \$2,851,796 during the same period in 2016.

Construction activity improved during the second quarter of the calendar year due to the commencement of certain projects such as the residential homes by the National Housing Corporation and Nevis Island Administration in St Kitts and Nevis.

The TDC Group remains focused on profitable growth, disciplined expense management and capital efficiency.

The customer experience was further enhanced in 2017 with the remodeling of the store at the Home and Building Depot in St Kitts. The changes included the continuation of the installation of new air-conditioning units, new shelves and widening the range of products available for sale. Retailing continues to change and we are investing to serve customers more effectively.

3. Disclosure about Risk Factors.

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

The investments held by the various subsidiaries within the TDC Group are exposed to market risk, that is risk of loss in financial instruments on the Balance Sheet due to adverse movements in market factors such as interest rates, prices, spreads, volatilities and/or correlations. For example, the TDC Group held cash and fixed deposits at the Caribbean Commercial Bank (Anguilla) Ltd and the National Bank of Anguilla. Both banks were placed in conservatorship in August 2013.

TDC Insurance Company Ltd – risk of loss due to catastrophe claims, pricing and underwriting.

Financial Risk Management and Management of Insurance and Financial Risk – please refer to Notes 5 and 6 in the Financial Statements attached.

4.

Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings that had a material effect on the Company.

5. **Changes in Securities and Use of Proceeds.**

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

There were no changes in securities or use of proceeds that occurred in this period.

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

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

N/A

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

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer N/A

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

N/A

- Payments to associated persons and the purpose for such payments

N/A

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

N/A

6.

Defaults upon Senior Securities.

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

There was no default in the payment of any security in the period.

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

N/A

7. **Submission of Matters to a Vote of Security Holders.**

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

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

N/A

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

N/A

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

N/A

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

N/A

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

8.

N/A

Other Information.

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

N/A

St. Kitts Nevis Anguilla Trading and Development Company Limited

Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

St. Kitts Nevis Anguilla Trading and Development Company Limited
Consolidated Statement of Financial Position
As at April 30, 2017

(expressed in Eastern Caribbean dollars)

	April 30, 2017 \$	January 31, 2017 \$
Assets		
Current assets		
Cash and cash equivalents (note 8)	17,807,981	20,766,839
Investment securities (note 9)	62,131,876	62,947,445
Loans to customers (note 10)	99,147,572	11,788,798
Receivables and prepayments (note 11)	22,139,780	18,840,947
Reinsurance assets (note 20)	3,023,621	1,368,473
Due from related parties (note 13)		694,582
Inventories (note 12)	41,958,489	40,857,433
Taxation recoverable (note 23)	77,924	120,914
Assets included in disposal group (note 14)	2,564,406	2,970,469
Total current assets	248,851,649	160,355,900
Non-current assets		
Investment securities (note 9)	13,437,701	13,298,832
Loans to customers (note 10)	635,037	85,927,126
Receivables (note 11)	3,859,920	6,216,298
Investment in associates (note 15)	11,410,864	11,276,138
Property, plant and equipment (note 16)	133,427,479	134,380,352
Investment property (note 17)	6,612,517	5,638,853
Intangible assets (note 18)	47,847	66,186
Deferred tax asset (note 23)	205,145	200,219
Total non-current assets	169,636,510	257,004,004
Total assets	418,488,159	417,359,904
Liabilities		
Current liabilities		
Borrowings (note 19)	39,334,482	41,112,998
Insurance liabilities (note 20)	12,996,423	12,193,232
Customers' deposits (note 21)	100,402,538	97,501,249
Accounts payable and other liabilities (note 22)	43,765,979	43,284,696
Due to related parties (note 13)	249,023	5,896
Provision for taxation (note 23)	1,153,472	1,480,032
Liabilities included in disposal group (note 14)	2,297,454	2,397,179
Total current liabilities	200,199,371	197,975,282
Non-current liabilities		
Borrowings (note 19)	12,278,317	12,808,609
Customers' deposits (note 21)	7,914,598	9,867,186
Accounts payable and other liabilities (note 22)	290,780	257,909
Deferred tax liability (note 23)	5,710,648	5,892,091
Total non-current liabilities	26,194,343	28,825,795
Total liabilities	226,393,714	226,801,077

St. Kitts Nevis Anguilla Trading and Development Company Limited
Consolidated Statement of Financial Position ...*continued*
As at April 30, 2017

(expressed in Eastern Caribbean dollars)

	April 30, 2017 \$	January 31, 2017 \$
Shareholders' equity		
Share capital (note 24)	52,000,000	52,000,000
Other reserves (note 25)	62,593,769	62,323,178
Retained earnings	<u>72,456,041</u>	<u>71,279,215</u>
	187,049,810	185,602,393
Non-controlling interests	5,044,636	4,956,434
Total shareholders' equity	<u>192,094,446</u>	<u>190,558,827</u>
Total liabilities and shareholders' equity	<u>418,488,159</u>	<u>417,359,904</u>

The notes on pages 1 to 82 are an integral part of these consolidated financial statements

St. Kitts Nevis Anguilla Trading and Development Company Limited
Consolidated Statement of Income
For the period ended April 30, 2017

(expressed in Eastern Caribbean dollars)

	April 2017 \$	January 2017 \$
Revenue	29,715,300	145,704,038
Cost of sales	(20,071,666)	(105,527,982)
Gross profit	9,643,634	40,176,056
Net interest income (note 31)	1,980,164	8,778,383
Net underwriting income	1,447,490	3,268,137
Other income (note 26)	2,478,974	14,245,780
Income before operating expenses	15,550,262	66,468,356
Operating expenses		
Employee costs (note 27)	(6,371,315)	(24,994,778)
General and administrative (note 28)	(4,180,781)	(16,531,805)
Depreciation and amortization (note 29)	(1,625,758)	(6,463,904)
Impairment loss on property, plant and equipment (note 16)	–	–
Impairment loss on available-for-sale financial assets (note 9)	–	–
Loss on liquidation of a subsidiary (note 14)	–	–
	(12,177,854)	(47,990,487)
Operating profit	3,372,408	18,477,869
Share of income of associated companies (note 15)	134,725	368,039
Finance charges (note 30)	(1,185,155)	(5,895,007)
Profit before income tax	2,321,978	12,950,901
Income tax expense (note 23)	(886,430)	(5,042,343)
Profit for the year from continuing operations	1,435,548	7,908,558
Loss for the year from discontinued operations (note 14)	(22,828)	(2,076,755)
Profit for the year	1,412,720	5,831,803
Profit for the year attributable to:		
Parent company	1,330,695	5,977,040
Non-controlling interests	82,025	(145,237)
	1,412,720	5,831,803
Earnings per share		
Basic and diluted per share (note 32)	0.026	0.115

The notes on pages 1 to 82 are an integral part of these consolidated financial statements.

St. Kitts Nevis Anguilla Trading and Development Company Limited
 Consolidated Statement of Comprehensive Income
 For the period ended April 30, 2017

(expressed in Eastern Caribbean dollars)

	April 2017 \$	January 2017 \$
Profit for the year	1,412,720	5,831,803
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Net unrealised fair value (losses)/gains on available-for-sale financial assets (note 9)	122,900	(147,012)
<i>Items that may not be reclassified to profit or loss</i>		
Revaluation surplus (note 15 and 16)	-	-
Loss on retirement of property charged to revaluation surplus prior to disposal (note 16)	-	(698,068)
Total comprehensive income for the year	1,535,620	4,986,723
Total comprehensive income for the year attributable to:		
Parent company	1,447,417	5,477,129
Non-controlling interests	88,203	(490,406)
	1,535,620	4,986,723

The notes on pages 1 to 82 are an integral part of these consolidated financial statements.

St. Kitts Nevis Anguilla Trading and Development Company Limited
Consolidated Statement of Changes in Shareholders' Equity
For the period ended April 30, 2017

(expressed in Eastern Caribbean dollars)

	Parent company			Subtotal \$	Non- controlling interests \$	Total \$
	Share capital \$	Other reserves \$	Retained earnings \$			
Balance at January 31, 2016, restated	52,000,000	62,885,678	67,839,586	182,725,264	5,646,840	188,372,104
Comprehensive income						
Profit for the year	–	–	5,977,040	5,977,040	(145,237)	5,831,803
Transfer to reserve fund (note 25)	–	423,779	(423,779)	–	–	–
Transfer to other reserves (note 25)	–	61,290	(61,290)	–	–	–
Other comprehensive income						
Net unrealised fair value loss on available-for-sale financial assets (note 9)	–	(139,219)	–	(139,219)	(7,793)	(147,012)
Loss on retirement of property, plant and equipment charged to revaluation surplus prior to disposal (note 16)	–	(360,692)	–	(360,692)	(337,376)	(698,068)
Transfers of revaluation surplus to retained earnings on disposal of property (note 25)	–	(547,658)	547,658	–	–	–
Transaction with owners						
Dividends (note 24)	–	–	(2,600,000)	(2,600,000)	–	(2,600,000)
Balance at January 31, 2017	52,000,000	62,323,178	71,279,215	185,602,393	4,956,434	190,558,827
Comprehensive income						
Profit for the year	–	–	1,330,695	1,330,695	82,025	1,412,720
Transfer to reserve fund (note 25)	–	144,274	(144,274)	–	–	–
Transfer to other reserves (note 25)	–	9,595	(9,595)	–	–	–
Other comprehensive income						
Net unrealised fair value loss on available-for-sale financial assets (note 9)	–	116,722	–	116,722	6,178	122,900
Loss on retirement of property, plant and equipment charged to revaluation surplus prior to disposal (note 16)	–	–	–	–	–	–
Transfers of revaluation surplus to retained earnings on disposal of property (note 25)	–	–	–	–	–	–
Dividends (note 24)	–	–	–	–	–	–
Balance at April 30, 2017	52,000,000	62,593,769	72,456,041	187,049,810	5,044,636	192,094,446

The notes on pages 1 to 82 are an integral part of these consolidated financial statements.

St. Kitts Nevis Anguilla Trading and Development Company Limited
Consolidated Statement of Cash Flows
For the period ended April 30, 2017

(expressed in Eastern Caribbean dollars)

	Apr 2017 \$	Jan 2017 \$
Cash flows from operating activities		
Profit before income tax	2,321,978	12,950,901
Loss on Discontinued Operations	<u>(22,828)</u>	<u>(2,076,755)</u>
Adjusted Profit before income tax	2,299,150	10,874,146
Items not affecting cash:		
Depreciation and amortization	1,949,959	8,190,841
Interest expense	1,067,071	5,023,481
Impairment loss on property, plant and equipment	-	-
Impairment losses on receivables	34,396	(268,212)
Impairment loss on available-for-sale financial assets	-	-
Impairment losses/(recoveries) on loans to customers	(135,951)	129,978
Loss/(gain) on disposals of property and equipment	(167,258)	(230,691)
Revaluation loss	-	(698,068)
Share of income of associated companies	(134,726)	(368,039)
Dividend income	(78,609)	(484,408)
Net interest income	<u>(1,624,265)</u>	<u>(6,458,343)</u>
Operating profit before working capital changes	3,209,767	15,710,684
Cash flows used in operating activities before changes in operating assets and liabilities		
(Increase)/decrease in loans to customers	(2,170,095)	(3,475,598)
Decrease in receivables and prepayments	(570,788)	4,529,785
Increase in reinsurance assets	(1,655,148)	2,311,667
Increase in due from related parties	694,582	(260,242)
Decrease/(increase) in inventories	(1,101,056)	4,853,606
Increase in insurance liabilities	803,191	(1,608,000)
Increase in customers' deposits	910,968	6,184,194
Increase in accounts payable and other liabilities	(431,479)	(6,185,111)
(Decrease)/increase in due to related parties	<u>243,127</u>	<u>5,896</u>
Net cash generated from operating activities before interest receipts and payments and tax	(66,931)	22,066,882
Interest received	2,293,572	8,099,810
Taxes paid	(1,467,745)	(4,886,071)
Interest paid	<u>(1,356,369)</u>	<u>(5,451,423)</u>
Net cash from operating activities	(597,473)	19,829,196
Cash flows from investing activities		
Interest received	608,303	2,353,194
Dividends received	78,607	884,408
Proceeds from disposals of property and equipment	401,461	12,872,074
Purchase/Redemption of investment securities, net	660,317	(11,274,150)
Additions to investment property	(983,015)	(3,789,745)
Purchase of intangible assets	-	-
Purchase of property, plant and equipment	<u>(1,203,599)</u>	<u>(8,391,326)</u>
Net cash used in investing activities	(437,926)	(7,345,545)

St. Kitts Nevis Anguilla Trading and Development Company Limited
 Consolidated Statement of Cash Flows ...*continued*
For the period ended April 30, 2017

(expressed in Eastern Caribbean dollars)

	Apr 2017 \$	Jan 2017 \$
Cash flows from financing activities		
Dividends paid		(2,800,000)
(Repayments of)/proceeds from borrowings, net	(1,462,900)	(8,579,730)
Interest paid on borrowings	(460,559)	(3,762,784)
Net cash used in financing activities	<u>(1,923,459)</u>	<u>(15,142,514)</u>
Net movement in cash and cash equivalents	(2,958,858)	(2,658,863)
Cash and cash equivalents at beginning of year	<u>20,766,839</u>	<u>23,425,702</u>
Cash and cash equivalents at end of year	<u>17,807,981</u>	<u>20,766,839</u>

The notes on pages 1 to 82 are an integral part of these consolidated financial statements.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

1 Nature of operations

The Group is engaged in the business of general trading, general services, vehicle sales, auto and equipment rental, hire purchase financing, insurance, consumer and mortgage financing, travel agency, tour operations, real estate development, hotel operations and shipping.

2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

St. Kitts Nevis Anguilla Trading and Development Company Limited (“the Company”) was incorporated on January 8, 1973 as a public limited company under the Companies Act Chapter 335 of the Laws of St. Kitts and Nevis. The registered office of the Company is situated at Fort Street, Basseterre, St. Kitts. The Company’s shares are listed on the Eastern Caribbean Securities Exchange.

The accompanying consolidated financial statements are the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”). These have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation method and building and available-for-sale financial assets. The measurement bases are fully described in the summary of accounting policies.

3 Changes in accounting policies

New standards and amendments to standards effective for the financial year beginning February 1, 2016

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year.

- IAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative*. The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity’s share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- IAS 16 (Amendment), *Property, Plant and Equipment*, and IAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*. The amendment in IAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to IAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of

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(expressed in Eastern Caribbean dollars)

3 Changes in accounting policies ...continued

New standards and amendments to standards effective for the financial year beginning February 1, 2016 ...continued

an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

- IAS 16 (Amendment), *Property, Plant and Equipment*, and IAS 41 (Amendment), *Agriculture – Bearer Plants*. The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plants are now included within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with IAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of IAS 41.
- IAS 27 (Amendment), *Separate Financial Statements – Equity Method in Separate Financial Statements*. This amendment introduces a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting for those investments at cost or in accordance with IAS 39 or IFRS 9. As of the end of the reporting period, the Group has no plan to change the accounting policy for its investments in its subsidiaries and associates.
- IFRS 10 (Amendment), *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities*, and IAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exemption*. This amendment addresses the concerns that have arisen in the context of applying the consolidation exemption for investment entities. It clarifies which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of IFRS 10 and clarifies whether the exemption to present consolidated financial statements set out in paragraph 4 of IFRS 10, is available to a parent entity that is a subsidiary of an investment entity. This amendment also permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.
- IFRS 10 (Amendment), *Consolidated Financial Statements*, and IAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*. The amendment to IFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to IAS 28 to reflect these changes. In addition, IAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

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3 Changes in accounting policies ...continued

New standards and amendments to standards effective for the financial year beginning February 1, 2016 ...continued

- Annual Improvements to IFRS (2012-2014 Cycle). Among the improvements, the following amendments are relevant to the Company but management does not expect these to have material impact on the Group's consolidated financial statements:
 - IFRS 5 (Amendment), *Non-current Assets Held for Sale and Discontinued Operations*. The amendment clarifies that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of IFRS 5 does not apply. It also states that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of IFRS 5.
 - IFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of IFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
 - IAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

These amendments do not have a significant impact on these consolidated financial statements and therefore disclosures have not been made.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these consolidated financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's consolidated financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

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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 ...continued

- IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after January 1, 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through Profit or Loss (FVPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVPL. The standard is effective for accounting periods on or after January 1, 2018. The full impact of IFRS 9 is yet to be assessed.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 15 is being assessed by the Group.
- IFRS 16, 'Leases' eliminates the current dual accounting model for lessees, which distinguishes between on-statement of financial position finance leases and off-statement of financial position operating leases. Instead, there is a single, on-statement of financial position accounting model that is similar to current finance lease accounting.

Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. For lessees, the lease becomes an on-statement of financial position liability that attracts interest, together with the right to use assets also being recognized on the statement of financial position. In other words, lessees will appear to become more asset-rich but also more heavily indebted.

The impacts are not limited to the separate statement of financial position. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. The standard is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 is being assessed by the Group.

There are no other new or amended standards and interpretations that are issued but not yet effective, that are expected to have a significant impact on the accounting policies or financial disclosures of the Group.

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4 Summary of accounting policies

The consolidated financial statements have been prepared using the significant accounting policies 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 January 31, 2017. 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 January 31.

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) 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.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the

St. Kitts Nevis Anguilla Trading and Development Company Limited

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4 Summary of accounting policies ...continued

b) Investment in associates ...continued

associate and its carrying value, then recognises the loss as 'Impairment loss on investments' in the consolidated statement of income.

Upon loss of significant influence over an associate or a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of comprehensive income.

c) Foreign currency translation

(i) Functional and presentation currency

The consolidated financial statements are presented in Eastern Caribbean dollars, which is also the functional 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.

d) Segment reporting

The Group has four main operating segments: general trading and services, insurance, financing and hotel and restaurant operations. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, 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 group-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. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

e) Revenue recognition

Revenue arises from the sale of goods and the rendering of services. It is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction.

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4 Summary of accounting policies ...continued

e) Revenue recognition ...continued

Retail sales

Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognized on delivery of goods and customer acceptance.

When goods are sold together with customer loyalty incentives, the consideration receivable is allocated between the sale of goods and sale of incentives based on their fair values. Revenue from sale of incentives is recognised when they are redeemed by customers in exchange for products supplied by the Group.

Rendering of services

The Group generates revenues from general services which include but not limited to tour operations, travel agency, airport handling, after-sales service and maintenance. Consideration received for these services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed.

Premium income

Premiums written are accounted for in the year in which the risks are assumed. The unearned portions of premiums and the acquisition cost relating to the period of risk extending beyond the end of the financial year are deferred to subsequent accounting periods. As long as the policy remains in force, the policy premium (revenue) is recognised over the term of the policy using the daily pro-rata method.

Commissions earned on reinsurance premiums ceded are recognised in the consolidated statement of income on the same basis as the underlying reinsurance premiums are expensed.

Interest income

Interest income is reported on an accrual basis using the effective interest method.

Hire purchase sales

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, the associated cost and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Commission income

If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount of commission made by the Group and is recognized when earned.

Dividend income

Dividend income is recognised when the right to receive a dividend is established.

Rental income

The Group also earns rental income from operating leases of its buildings and construction equipment. Rental income is recognised on a straight-line basis over the term of the lease.

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4 Summary of accounting policies ...continued

e) Revenue recognition ...continued

Other income

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

f) Expenses

Expenses are recognized in the consolidated statement of income upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold or services provided.

g) Leases

The Group accounts for its leases as follows:

Group as a lessor

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 accounts receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized 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 recognized in the consolidated statement of income on a straight-line basis over the lease term (see note 4e).

Group as a lessee

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

h) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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4 Summary of accounting policies ...continued

h) Borrowing costs ...continued

All other borrowing costs are recognised in the consolidated statement of income in the period in which they are incurred using the effective interest method.

i) Property, plant 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. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant 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.

Land is not depreciated. Depreciation on other assets is calculated using the reducing balance method to allocate the cost of each asset to their residual values over the estimated useful lives using the annual rates below.

Buildings	2%
Computers and equipment	20% - 40%
Construction equipment and rentals	40%
Containers	20%
Plant and machinery	20%
Motor vehicles	20%
Furniture and fittings	15%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Property, plant 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income" in the consolidated statement of income.

When revalued assets are sold, any amounts included in revaluation reserves are transferred to retained earnings.

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4 Summary of accounting policies ...continued

j) Investment property

Property held for rental under an operating lease agreement, which comprises of land and buildings is classified as investment property and carried at cost net of accumulated depreciation, except for land, which is carried at cost less any impairment in value. Depreciation on buildings is calculated using the straight-line method to allocate the cost to its residual value over its estimated useful life at 2% per annum.

The residual value, useful life and method of depreciation of the asset are reviewed and adjusted, if appropriate, at the end of each reporting period.

Investment property is derecognized when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the consolidated statement of income in the period of retirement or disposal.

k) Intangible assets

Intangible assets of the Group pertain to computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Subsequently, these intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. These costs are amortised over their estimated useful life of three to five years (20% - 30% annual rate). The amortization period and the amortization method used for computer software are reviewed at each reporting period.

Computer software is assessed for impairment whenever there is an indication 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

l) Impairment of non-financial assets

Non-financial assets that are subject to depreciation and 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 exceeds 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 separately 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.

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4 Summary of accounting policies ...continued

m) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

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.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables; and
- Available-for-sale (AFS) financial assets.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, loans to customers, receivables, due from related parties, corporate bonds, treasury bills and bonds, and fixed deposits fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii) AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group's AFS financial assets include quoted and unquoted securities.

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4 Summary of accounting policies ...continued

m) Financial instruments ...continued

Classification and subsequent measurement of financial assets ...continued

(ii) AFS financial assets ...continued

Unquoted equity investments are measured at cost, less any impairment charges, as their fair value cannot currently be estimated reliably. Impairment charges are recognised in the consolidated statement of income.

Quoted equity investments are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in the consolidated statement of income. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to the consolidated statement of income. Interest calculated using the effective interest method and dividends are recognised in the consolidated statement of income.

Reversals of impairment losses for AFS securities are recognised in the consolidated statement of income if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments, impairment reversals are not recognised in the consolidated statement of income and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, customers' deposits, accounts payable and other liabilities (except for employee health fund and deferred revenue) and due to related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

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4 Summary of accounting policies ...continued

m) Financial instruments ...continued

Classes of financial instruments

Financial assets	Loans and receivables	Cash and cash equivalents		Deposits	
				Treasury bills	
		Loans to customers	Loans to individuals	Commercial loans	
				Student loans	
				Mortgage loans	
				Personal loans	
				Mortgage loans	
				Commercial loans	
		Investment securities	Treasury bills and bonds	Local and regional	
			Corporate bonds	Local and regional	
			Fixed deposits	Local and regional	
		Receivables			
		Due from related parties			
All financial assets	Investment securities	Equity securities	Quoted		
			Unquoted		
Financial liabilities	Customers' deposits	Deposits from individuals			
		Deposits from corporate entities			
		Deposits other financial institutions			
	Borrowings				
	Accounts payable and other liabilities				
	Due to related parties				
Off-balance sheet financial instruments	Loan commitments				

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4 Summary of accounting policies ...continued

n) Impairment of assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of income. If a loan or receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of income.

o) 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.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

p) Insurance contracts

Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

Recognition and measurement

Insurance contracts issued are classified as short-term insurance contracts and long-term insurance contracts with fixed and guaranteed payments.

Short-term insurance contracts

These contracts are property, motor, marine and liability, which are generally one year renewable contracts.

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Motor insurance contracts mainly protect and indemnify the vehicle owner against loss or damage of the motor vehicle and its accessories and spare parts resulting from accidental collision or overturning, fire, external explosion, self-ignition or lightning, burglary, theft and malicious acts.

Marine insurance is designed to cover cargo movements from one location to another by air or sea, usually via commercial shipping or similar conveyances. In some cases, the commodities have to be transported inland first before being carried by air or sea. Perils insured are fire, including lightning, collision, overturning of the vessel and the collapse of bridges and robbery. Marine insurance is a non-renewable contract usually covering 1 month or less.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commissions and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to the consolidated statement of income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using:

- the input of assessments for individual cases reported to the Group; and
- statistical analyses for the claims incurred but not reported.

These are used to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

p) Insurance contracts ...continued

Recognition and measurement ...continued

Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example, death and survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and the administration expenses based on the valuation assumptions used. The liability is based on the assumptions as to mortality, persistency, maintenance expenses and the investment income that are established at the time the contract is issued. A margin for adverse deviation is included in the assumptions.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. The reinsurance premiums incurred are deferred and expensed over the period of risk of the underlying contract. These assets consist of short-term balances due from reinsurers as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group also assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of income. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

Deferred policy acquisition costs (DAC)

Acquisition costs comprise the direct expenses such as commissions of acquiring insurance policies written during the financial year.

Commissions and other acquisition costs that vary with and are related to securing new policies and renewing existing policies are capitalised as DAC. The DAC is subsequently amortised over the terms of the policies as premium is earned. All other costs are recognised as expenses when incurred.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

p) Insurance contracts ...continued

Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities are used. Any deficiency is immediately charged to the consolidated statement of income initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that an insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of income. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated under the same method used for these financial assets.

Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets until the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets until the liability is settled. The allowance is the amount of the assets that can be recovered from the action against the liable third party.

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

r) Income taxes

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.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

r) Income taxes ...continued

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal 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 profit or loss 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.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

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.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. 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.

Income tax rate

The Group is subject to corporate income taxes of 33%.

Premium tax rate

Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rate of premium tax is 5% for general insurance and nil for life insurance.

s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current accounts, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

t) Equity, reserves and dividend payments

Share capital represents the proceeds of shares that have been issued.

Revaluation reserve for property comprises unrealised gains and losses from revaluing land and buildings. Revaluation reserve for AFS financial assets comprises unrealised gains and losses relating to these types of financial instruments (see note 25).

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

t) Equity, reserves and dividend payments ...continued

Claims equalisation reserve represents cumulative amounts appropriated from the retained earnings of St. Kitts-Nevis Insurance Company Limited based on the discretion of the Group's Board of Directors as part of the Group's risk management strategies to mitigate against catastrophic events. These reserves are in addition to the catastrophe reinsurance cover.

The statutory reserve fund represents the reserve created by the finance subsidiary under Section 14 subsection (1) of the Banking Act 1991 of Saint Christopher and Nevis, No. 6 of 1991, which states that every licensed financial institution shall maintain a reserve fund and shall, out of its net profits of each year, transfer to that fund a sum equal to not less than twenty percent of such profits whenever the amount of the reserve fund is less than a hundred percent of the paid-up or, as the case may be, assigned capital of the financial institution.

Retained earnings includes all current and prior period retained profits as reported in the consolidated statement of income, net of dividends.

All transactions with shareholders of the parent company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

u) Employee benefits

Post-employment benefit – defined contribution plan

The Group pays a fixed percentage into the TDC Pension Savings Plan for individual employees. The Group has no legal or constructive obligations to pay contributions beyond its fixed percentage contributions, which are recognised as an expense in the period that relevant employee services are received.

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.

v) Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

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.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

v) Provisions, contingent assets and contingent liabilities ...continued

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the likelihood of an outflow of resources is remote.

w) 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.

x) Customer loyalty programmes

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The award points, which are calculated as 1% of the fair value of the consideration received, are initially recognised at the time of purchase within the consolidated statement of income.

y) Earnings per share

Basic earnings per share are determined by dividing profit by the weighted average number of ordinary shares outstanding during the period after giving retroactive effect to stock dividends declared, stock splits and reverse stock splits during the period, if any.

Diluted earnings per share are computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

z) Assets and liabilities classified as held for sale group and discontinued operations

Assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

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

When preparing the consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may be substantially different.

i) *Estimated impairment losses on receivables*

The Group maintains an allowance for impairment on receivables at a level considered adequate to provide for uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgements or utilised different estimates. The carrying value of receivables and the analysis of allowance for impairment on such financial assets are shown in note 11.

ii) *Impairment losses on loans*

The Group reviews its loan portfolios to assess impairment on a periodic basis. In determining whether an impairment loss should be recorded in the consolidated statement of income, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5 percent, the provision would be estimated \$429,382 higher or \$484,302 lower respectively (2016: \$403,579 higher or \$461,610 lower, respectively).

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Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

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

...continued

iii) *Estimated impairment on 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. Obsolescence is based on the physical condition of inventory items. Obsolescence is also established when inventory items can no longer be utilised. Obsolete goods when identified are charged to the consolidated statement of income. The Group believes such estimates represent a fair charge of 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.

iv) *Valuation of property*

The Group utilizes professional valuers to determine the value of its properties. Valuations are determined through the application of different valuation methods which are all sensitive to the underlying assumptions chosen.

v) *The ultimate liability arising from claims made under insurance contracts*

The estimation of the ultimate liability arising from claims incurred under property and casualty insurance contracts is subject to several sources of uncertainty that need to be considered in determining the amount that the insurer will ultimately pay for such claims. Provisions are made at the year-end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported to the Group. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. These are determined based upon previous claims experience, knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions, economic conditions and changes in medical condition of claimants. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened.

If the IBNR rates were adjusted by +/- 1%, the change in the consolidated statement of income would be to decrease or increase reported profits by approximately -/+\$3,600 (2016: \$3,600).

Management engages loss adjusters and independent actuaries, either to assist in making or to confirm the estimate of claim liabilities. The ultimate liability arising from claims incurred under property and casualty insurance contracts may be mitigated by recovery arising from reinsurance contracts held.

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Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

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

...continued

vi) Determination of life insurance valuation assumptions

At end of each reporting period, the valuation assumptions of each component policy cash flows of life insurance consists of an assumption for the expected experience and separately, a margin for adverse deviation that reflects the degree of uncertainty in the expected experience assumption. The expected experience and the margin reflect the latest current experiences. The assumptions used for the actuarial liabilities relating to life insurance contracts disclosed in the notes to the consolidated financial statements are as follows:

Mortality

For individual life insurance policies, the mortality assumptions are made based on 1986-92 Canadian Institute of Actuaries Select and Ultimate mortality tables and are adjusted to reflect the Group's experience and territory differences based on its investigation. Additional provisions for acquired immune deficiency syndrome extra mortality based on United States experience are added to the expected mortality assumptions. Additional margin was provided for uncertainty in setting the expected mortality assumptions.

Lapses

Lapse assumptions are made based on the Group's experience. The expected lapse rate assumptions are based on the results of the study, and vary by policy year over the past 12 years. Additional margin was provided for uncertainty in setting the expected mortality assumptions.

Interest rates

The Group's investment portfolio consists of short-term interest bearing deposits, cash and government bonds and their performance is used as a basis to determine the expected assumption for future gross rate of return on invested assets. Additional allowances are made for investment expense, asset default and asset/liability mismatch.

Expense

Policy administrative expense assumptions are made based on the Group's operating experience during the year of valuation.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

4 Summary of accounting policies ...continued

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

vii) Sensitivity analysis of life insurance risk

The analyses below are based on change in an assumption while holding all other assumptions constant. The purpose is to provide a measure of sensitivity of the life insurance liabilities to each individual assumption. The major risk includes interest rate and lapses.

	Change in Variable	Change in Net Policy Liabilities	
		2017 Increase/(Decrease) \$	2017 \$
Increase in mortality	10%	(24,205)	(24,205)
Decrease in mortality	10%	25,477	25,477
Increase in lapse margin	15%	76,569	76,569
Increase in expenses	10%	28,079	28,079
Parallel decrease in valuation	1%	272,797	272,797

bb) Reclassifications

Where necessary, comparative figures have been adjusted to conform with the change in presentation in the current year (see note 35).

5 Financial risk management

a) Financial risk factors

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 into 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 with the 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 below.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

a) Financial risk factors ...continued

i) Market risk

a) Foreign currency risk

The Group 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 not to be significant.

b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises primarily from net interest bearing liabilities held with financial institutions with respect to the credit accounts, bank overdraft, customer deposits and long-term 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 credit accounts, bank overdraft and the long-term borrowings bear fixed interest rates of 3.5% - 5.0%, 6.5% - 9% and 5% - 7% respectively, which exposes 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 January 31, 2017. 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 net income for the year would have been insignificant.

c) Price risk

The Group is exposed to equity securities price risk because of equity investments held by the Group and classified in the consolidated statement of financial position as AFS financial assets. The Group's portfolio includes 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 Group does not hold equity securities that are quoted on the world's major securities markets. If market prices as at January 31, 2017 had been 10% higher/lower with all other variables held constant, the change in equity securities would have been insignificant.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. The Group's credit risk arises from cash at banks, as well as credit exposures to customers and receivables. Cash at banks are only held with well-known reputable banks and financial institutions. If no independent rating exists for customers, management assesses the credit quality of customers on an individual basis, taking into account their financial position, credit history and other factors. The utilization of credit limits is regularly monitored. Services rendered to customers are settled primarily in cash and cheques.

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.

	Apr 2017	Jan 2017
	\$	\$
Cash at banks and cash equivalents	17,712,015	20,670,971
Investment securities	75,569,577	76,246,277
Loans to customers	99,782,609	97,715,924
Receivables	19,825,014	20,696,594
Due from related parties	-	694,582
Assets included in disposal group	<u>2,564,406</u>	<u>2,970,469</u>
	<u>215,453,621</u>	<u>218,994,817</u>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by groups of similar customers, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all of the above financial assets that are not impaired or past due for each of the January 31 reporting dates under review are of good credit quality.

At January 31, the Group has certain receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at January 31, analysed by the length of time past due are disclosed in note 11.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management considers the credit quality of receivables that are not past due or impaired to be good.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk ...continued

The credit risk for cash and cash equivalents, fixed deposits, corporate bonds and treasury bills and bonds is considered negligible, except for Caribbean Commercial Bank of Anguilla Limited and National Bank of Anguilla Limited (see note 9), since the counterparties are well-known reputable institutions.

No impairment loss has been recorded in relation to the Group's cash and cash equivalents, fixed deposits, corporate bonds and treasury bills and bonds, while the impairment provision on AFS financial assets amounted to nil (2017: nil).

Loans to customers

Loans to customers are summarised as follows:

	Apr 2017 \$	Jan 2017 \$
Neither past due nor impaired	94,015,134	91,596,020
Past due but not impaired	2,119,424	2,886,906
Impaired	<u>6,862,592</u>	<u>6,315,082</u>
Gross loans to customers	102,997,150	100,798,008
Interest receivable	256,913	227,088
Less: allowance for impairment	<u>(3,202,270)</u>	<u>(3,309,172)</u>
Net loans	<u>100,051,793</u>	<u>97,715,924</u>
Specific provision	2,787,595	2,898,123
Inherent risk provision	<u>414,675</u>	<u>411,049</u>
Allowance for impairment	<u>3,202,270</u>	<u>3,309,172</u>

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk ...continued

Loans to customers ...continued

(a) Loans to customers neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group. Gross amounts of loans and advances by class to customers that were neither past due nor impaired were as follows:

	Apr 2017 \$	Jan 2017 \$
Vehicle	27,119,765	26,764,264
Home construction	25,844,197	25,992,772
Land and property	7,710,681	14,284,635
Consumer	9,081,612	8,906,640
Refinanced mortgage	10,312,250	8,439,811
Promotional	4,852,865	4,937,677
Vacation	1,133,784	1,152,623
Education	546,390	696,519
Government	322,922	338,102
Medical	90,595	82,977
	<u>94,015,134</u>	<u>91,596,020</u>

(b) Loans to customers past due but not impaired

Loans and advances past due are not considered impaired unless other information is available to indicate the contrary. Gross amounts of loans and advances by class to customers that were past due but not impaired were as follows:

	Apr 2017 \$	Jan 2017 \$
Past due up to 3 months	843,919	475,180
Past due 3 – 6 months	12,586	465,383
Past due 6 – 12 months	559,005	522,623
Over 12 months	703,914	<u>1,423,720</u>
	<u>2,119,424</u>	<u>2,886,906</u>

(c) Loans to customers individually impaired

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is \$6,862,592 (2016: \$6,315,082). Loans written-off for the year is \$0 (2016: \$93,814).

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

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5 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk ...continued

Loans to customers ...continued

(c) Loans to customers individually impaired ...continued

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held as security is as follows:

	Apr 2017	Jan 2017
	\$	\$
Land and property	1,493,072	815,605
Home construction	2,014,122	2,026,973
Refinanced mortgage	2,006,550	2,002,173
Vehicle	559,759	642,488
Education	395,360	397,947
Consumer	271,720	284,780
Vacation	51,995	56,382
Promotional	70,015	79,207
Medical	=	<u>9,527</u>
Total	<u>6,862,592</u>	<u>6,315,082</u>
Fair value of collateral	<u>13,271,844</u>	<u>13,333,996</u>

(d) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, modification and deferred payments. Following restructuring, a previously overdue account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators of criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans.

As at April 30, 2017, renegotiated loans that would otherwise be past due or impaired totalled \$524,932 (Jan 2017: \$527,337).

(e) Repossessed collateral

Repossession properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed collaterals of the Group amounted to \$0 for the year ended April 30, 2017 (Jan 2017: \$0).

Geographic

Substantially all of the Group's counterparties are located within St. Kitts and Nevis and the Eastern Caribbean region.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

a) Financial risk factors ...continued

iii) 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.

The Group's objective is to maintain cash and marketable securities 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 and assets in relevant maturity groupings based on the remaining period at the reporting date at the consolidated statement of financial position date to the contractual maturity date, and represent the contractually undiscounted cash flows:

	Within 1 year \$	Between 1 and 5 years \$	More than 5 years \$	Total \$
As at April 30, 2017				
Financial liabilities				
Borrowings	39,334,481	7,007,690	5,270,628	51,612,799
Customers' deposits	103,575,738	1,535,661	4,819,062	109,930,461
Accounts payable and other liabilities	42,732,547	-	-	42,732,547
Due to related parties	249,023	-	-	249,023
Liabilities included in disposal group	2,297,454	-	-	2,297,454
Total financial liabilities	<u>188,189,243</u>	<u>8,543,351</u>	<u>10,089,690</u>	<u>206,822,284</u>
Financial assets				
Cash and cash equivalents	17,807,981	-	-	17,807,981
Investment securities	68,336,471	7,233,106	-	75,569,577
Loans to customers	23,967,775	59,920,036	77,845,747	161,733,558
Receivables	17,415,252	11,487,679	685,832	29,588,763
Due from related parties	-	-	-	-
Assets included in disposal group	2,564,406	-	-	2,564,406
Total financial assets	130,091,885	78,640,821	78,531,579	287,264,285
Net liquidity gap	-58,097,358	70,097,470	68,441,889	80,442,001

St. Kitts Nevis Anguilla Trading and Development Company Limited

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(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

a) Financial risk factors ...continued

iii) Liquidity risk ...continued

	Within 1 year \$	Between 1 and 5 years \$	More than 5 years \$	Total \$
As at January 31, 2017				
Financial liabilities				
Borrowings	41,112,998	5,916,948	6,891,660	53,921,606
Customers' deposits	100,601,412	2,530,680	5,964,114	109,096,206
Accounts payable and other liabilities	42,124,561	-	-	42,124,561
Due to related parties	5,896	-	-	5,896
Liabilities included in disposal group	1,788,386	=	=	1,788,386
Total financial liabilities	185,633,253	8,447,628	12,855,774	206,936,655
Financial assets				
Cash and cash equivalents	20,766,839	-	-	20,766,839
Investment securities	69,182,932	7,063,345	-	76,246,277
Loans to customers	24,206,900	55,067,154	69,000,350	148,274,404
Receivables	16,337,815	10,692,802	852,315	27,882,932
Due from related parties	694,582	-	-	694,582
Assets included in disposal group	2,970,469	=	=	2,970,469
Total financial assets	134,159,537	72,823,301	69,852,665	276,835,503
Net liquidity gap	(51,473,716)	64,375,673	56,996,891	69,898,848

6 Management of insurance and financial risk

a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

To limit the Group's exposure of potential loss on an insurance policy, the Group cedes certain levels of risk to a reinsurer. The Group selects reinsurers which have a well-established capability to meet their contractual obligations and which generally have high credit ratings.

For its property risks, the Group uses excess of loss catastrophe reinsurance treaties to obtain reinsurance coverage. Catastrophe reinsurance is obtained for multiple claims arising from one event or occurring within a specified time period. However, treaty limits may apply and may expose the insurer to further claims exposure.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

a) Insurance risk ...continued

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because of the frequency or severity of claims and if benefits payments are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate.

The concentration of insurance risk before and after reinsurance by risk category is summarised below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from insurance contracts:

Type of risk	Apr 2017		Jan 2017	
	Gross \$	Net \$	Gross \$	Net \$
Motor	3,052,822	3,052,822	2,845,677	2,845,677
Property	85,643	85,643	442,294	442,294
	<u>3,138,465</u>	<u>3,138,465</u>	<u>3,287,971</u>	<u>3,287,971</u>
Add:				
Claims incurred but not reported	365,000	365,000	365,000	365,000
Unallocated loss adjustment expenses	241,000	241,000	241,000	241,000
	<u>3,744,465</u>	<u>3,744,465</u>	<u>3,893,971</u>	<u>3,893,971</u>

i) Property insurance

Property insurance contracts are underwritten using the following main risk categories: fire, business interruption, weather damage and theft.

Frequency and severity of claims

For property insurance contracts, climatic changes may give rise to more frequent and severe extreme weather events (for example, flooding, hurricanes, earthquakes, etc.), and may increase the frequency and severity of claims and their consequences. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from fire, hurricane and earthquake damage. The Group has reinsurance cover for such damage to limit losses to \$0.250 million in any one occurrence, per individual property risk.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

a) Insurance risk ...continued

i) Property insurance ...continued

Sources of uncertainty in the estimation of future claim payments

Claims on property contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract even if the loss is discovered after the end of the contract term. There are several variables that affect the amount and timing of cash flows from these contracts. The compensation paid on these contracts is the monetary awards granted for property damage caused by insured perils as stated in the contract of insurance.

The estimated costs of claims include direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Property claims are less sensitive as the shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for incurred but not reported (IBNR) and a provision for reported claims not yet paid (outstanding claims) at the reporting date.

ii) Casualty insurance

The Group's casualty insurance is motor, marine and liability insurance.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant is the number of cases coming to Court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period required to settle these cases.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Furthermore, the Group's strategy limits the total exposure to the Group by the use of reinsurance treaty arrangements. The reinsurance arrangements include excess of loss cover. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance loss of more than \$0.500 million per risk for casualty insurance.

Sources of uncertainty in the estimation of future claim payments

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract even if the loss is discovered after the end of the contract term. As a result, casualty and financial risk claims are settled over a longer period of time. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employers' liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur because of the accident.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

a) Insurance risk ...continued

ii) Casualty insurance ...continued

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for claims incurred but not reported (IBNR) and a provision for reported claims not yet paid (outstanding claims) and a provision for unexpired risks at the reporting date. The Group's IBNR loss reserves are derived using the paid loss development estimation method (triangular method). Each business classes' IBNR was calculated using claims data and loss history. The quantum of casualty claims is particularly sensitive to the level of Court awards and to the development of legal precedent on matters of contract and tort.

iii) Life insurance contracts

The Group limits its exposure of potential loss on life insurance policies, by ceding all insurance risks to a reinsurer. The Group selects reinsurers which have a well-established capability to meet their contractual obligations and which generally have high credit ratings.

The nature and extent of risks arising from life insurance contracts as of January 31, 2017 and 2016 are as follows:

Concentration of life insurance risk

Gross individual life insurance benefit insured per life policy as at January 31, is as follows

Range	Apr 2017	Jan 2017
\$0- \$200,000	72%	72%
\$200,001 - \$400,000	26%	26%
\$400,001 - \$800,000	2%	2%

The risk is concentrated in the first 2 categories.

Net individual life insurance benefit insured per policy as at April 30, 2017 is 100% (Jan 2017: 100%) in the category \$0-\$200,000 and the risk is concentrated in the first category.

Comparison of actual and expected claims of life insurance risk

The disclosure about claims development relates to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. As at January 31, the Group's comparison of actual and expected claims is shown below.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

a) Insurance risk ...continued

iii) Life insurance contracts ...continued

Year	Apr 2017		Jan 2017	
	Actual claims \$	Expected claims \$	Actual claims \$	Expected claims \$
2009	–	113,000	–	113,000
2010	45,000	106,000	45,000	106,000
2011	93,000	103,000	93,000	103,000
2012	8,000	98,000	8,000	98,000
2013	–	93,000	–	93,000
2014	–	87,000	–	87,000
2015	–	82,000	–	82,000
2016	–	74,000	–	74,000
2017	–	54,000	–	54,000

Maturity profile of life insurance risk

The estimated timing of net cash outflows resulting from recognised life insurance liabilities as at January 31, are as follows:

	Up to 1 year	1 to 5 years	Over 5 years	Total
As at April 30, 2017				
Net reserve	315	4,957	2,182,413	2,187,685
Fund balance	–	–	550,986	550,986
Supplementary benefits	<u>224</u>	<u>–</u>	<u>–</u>	<u>224</u>
Total liabilities, April 30, 2017	<u>539</u>	<u>4,957</u>	<u>2,733,399</u>	<u>2,738,895</u>
As at January 31, 2017				
Net reserve	315	4,957	2,182,413	2,187,685
Fund balance	–	–	550,986	550,986
Supplementary benefits	<u>224</u>	<u>–</u>	<u>–</u>	<u>224</u>
Total liabilities, January 31, 2017	<u>539</u>	<u>4,957</u>	<u>2,733,399</u>	<u>2,738,895</u>

iv) Claims development

The Group employs loss (claims) development tables as a means of measuring actual claims compared with previous estimates. Claims are typically resolved within one year and are assessed on a case-by-case basis. The claims that tend to extend beyond one year are normally from the Accident line of business and to a lesser extent, the motor line.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

a) Insurance risk ...continued

iv) Claims development ...continued

Motor – gross

	Brought forward	2014	2015	2016	2017	Apr17	Total
Loss year	\$	\$	\$	\$	\$	\$	\$
- At end of reporting year	3,601,032	1,922,060	3,350,301	2,409,026	2,417,181	568,431	14,268,031
- One year later	(6,111)	(26,121)	(442,227)	(61,050)	5,437	-	(530,071)
- Two years later	(7,847)	186,724	61,736	-	-	-	240,613
- Three years later	(21,000)	(24,450)	-	-	-	-	(45,450)
- Four years later	6,050	-	-	-	-	-	6,050
- Five years and over	(5,000)	-	-	-	-	-	(5,000)
Current estimate of cumulative claims	3,567,125	2,058,213	2,969,810	2,347,976	2,422,618	568,431	13,934,173
Cumulative payments to date	(2,224,160)	(1,671,750)	(2,326,985)	(2,359,021)	(1,932,712)	(366,724)	(10,881,353)
Liability recognised in the consolidated statement of financial position	1,342,965	386,463	642,825	(11,045)	484,906	201,207	3,052,822
- At end of reporting year	3,601,032	1,922,060	3,350,301	2,409,026	2,417,181	568,431	14,268,031
- One year later	(6,111)	(26,121)	(442,227)	(61,050)	5,437	-	(530,071)
- Two years later	(7,847)	186,724	61,736	-	-	-	240,613
- Three years later	(21,000)	(24,450)	-	-	-	-	(45,450)
- Four years later	6,050	-	-	-	-	-	6,050
- Five years and over	(5,000)	-	-	-	-	-	(5,000)
Current estimate of cumulative claims	3,567,125	2,058,213	2,969,810	2,347,976	2,422,618	568,431	13,934,173
Cumulative payments to date	(2,224,160)	(1,671,750)	(2,326,985)	(2,359,021)	(1,932,712)	(366,724)	(10,881,353)
Liability recognised in the consolidated statement of financial position	1,342,965	386,463	642,825	(11,045)	484,906	201,207	3,052,822

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St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

a) Insurance risk ...continued

iv) Claims development ...continued

Property – gross

	Brought forward	2014	2015	2016	2017	Apr 2017	Total
	\$	\$	\$	\$	\$	\$	\$
Loss year							
- At end of reporting year	216,551	1,066,955	173,307	2,412,000	3,245,454	7,863	7,122,130
- One year later		42,713	(16,706)	197,931			166,591
- Two years later	(12,732)	(1,132)					(13,864)
- Three years later							
- Four years later							
- Five years later							
Current estimate of cumulative claims	203,819	1,108,536	156,601	2,609,931	3,245,454	7,863	7,274,857
Cumulative payments to date	(41,582)	(222,693)	(1,137,082)	(2,424,602)	(3,056,088)	(307,166)	7,189,213
Liability recognised in the consolidated statement of financial position	162,237	885,843	(980,481)	185,329	189,366	(299,303)	85,644
Property – net							
- At end of reporting year	216,551	1,066,955	173,307	2,412,000	3,245,454	7,863	7,122,130
- One year later		42,713	(16,706)	197,931			166,591
- Two years later	(12,732)	(1,132)					(13,864)
- Three years later							
- Four years later							
- Five years later							
Current estimate of cumulative claims	203,819	1,108,536	156,601	2,609,931	3,245,454	7,863	7,274,857
Cumulative payments to date	(41,582)	(222,693)	(1,137,082)	(2,424,602)	(3,056,088)	(307,166)	7,189,213
Liability recognised in the consolidated statement of financial position	162,237	885,843	(980,481)	185,329	189,366	(299,303)	85,644

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St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...*continued*

b) Fair value of financial assets and liabilities

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 and cash equivalents, receivables and due from related parties. Short-term financial liabilities are comprised of customers' deposits, accounts payable and other liabilities and due to related parties.

Long-term financial assets

The fair value of long-term financial assets which are not quoted in an active market is based on discounted cash flows using the interest rate for new financial assets with the same characteristics and maturities.

AFS – financial assets

Fair value is based on quoted market prices. Where these are not available, fair value is assumed to approximate cost.

Borrowings and deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

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

Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

April 30, 2017

(Expressed in Eastern Caribbean dollars)

Management of insurance and financial risk ...continued

b) Fair value of financial assets and liabilities ...continued

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

	Carrying value		Fair value	
	Apr 2017 \$	Jan 2017 \$	Apr 2017 \$	Jan 2017 \$
Financial assets				
Cash and cash equivalents	17,807,981	20,766,839	17,807,981	20,766,839
Investment securities	75,569,577	76,246,277	75,569,577	76,246,277
Loans to customers	99,782,609	97,715,924	99,782,609	97,715,924
Receivables	19,825,014	20,696,594	19,825,014	20,696,594
Due from related parties	-	694,582	-	694,582
Assets included in disposal group	2,564,406	2,970,469	2,564,406	2,970,469
	215,549,587	219,090,685	215,549,587	219,090,685
Financial liabilities				
Borrowings	51,612,799	53,921,607	51,612,799	53,921,607
Customers' deposits	108,317,136	107,368,435	103,700,208	102,769,598
Accounts payable and other liabilities	42,732,547	42,124,561	42,732,547	42,124,561
Due to related parties	249,023	5,896	249,023	5,896
Liabilities included in disposal group	2,297,454	1,788,386	2,297,454	1,788,386
	205,208,959	205,208,885	200,592,031	200,610,048

St. Kitts Nevis Anguilla Trading and Development Company Limited
Notes to Consolidated Financial Statements
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(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

c) Fair value hierarchy

Fair value measurement of financial assets

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 Group'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 equity investments and debt instruments with significant unobservable components.

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 \$
Financial assets April 2017					
AFS financial assets (note 9)	<u>3,647,909</u>	=		=	<u>3,585,197</u>
Financial assets January 2017					
AFS financial assets (note 9)	<u>3,478,149</u>	=		=	<u>3,585,197</u>

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

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6 Management of insurance and financial risk ...continued

c) Fair value hierarchy ...continued

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.

Land and buildings were revalued in January 2015 and were not revalued at the reporting date. Management determined that the effect of changes in fair values between the last revaluation date and the reporting date is immaterial.

d) Capital risk management

The Group maintains a level of capital that is sufficient to meet several objectives, including its ability to continue as a going concern in order to provide returns and benefits for shareholders and to maintain an acceptable total debt-to-capital ratio to provide access to adequate funding sources to support current operations and the fulfillment of its strategic plan.

Total net debt includes bank loans and long-term debt less cash. The Group's capital includes total debt and equity. As at January 31, 2017, the Group's net debt amounted to \$31,902,775 (2016: \$41,172,452), while its equity amounted to \$190,558,827 (2016: \$188,372,104).

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 Group may issue new shares, repurchase shares for cancellation, adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

In accordance with Section 23 of the Insurance Act of 2009 (the "Act"), the insurance subsidiary is required to have a minimum share capital of \$2,000,000 fully paid up in cash. Further, Section 23 of the Act requires the insurance subsidiary to deposit an amount of \$1,000,000 for long term insurance and no less than \$500,000 for motor vehicle insurance with the Registrar or that the interest of the Registrar in respect of any prescribed asset be duly registered with the Eastern Caribbean Central Securities Registry. The statutory deposits prior to commencement in the amount of \$4,249,354 (2016: \$4,709,018) in the form of term deposits and bonds are currently held by the insurance subsidiary to satisfy the above requirement.

In St. Kitts and Nevis, the solvency criteria prescribed by Section 54 (c) of the Act states that a registered insurance company carrying on both long-term insurance and general insurance business, shall be deemed to be insolvent, if the excess of its total assets over its total liabilities is less than the greater of the following amounts:

- i) \$500,000; or
- ii) 20% of its premium income in respect of the general insurance business in its last preceding financial year and 5% of the long-term life insurance liabilities as at the end of the reporting period.

St. Kitts Nevis Anguilla Trading and Development Company Limited
Notes to Consolidated Financial Statements
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(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

d) Capital risk management ...continued

	Apr 2017 \$	Jan 2017 \$
<i>General insurance business</i>		
20% of net premium income of the preceding year (2017: \$8,129,019; 2016: \$8,581,675)	1,625,804	1,625,804
<i>Long-term insurance business</i>		
5% of life policyholders' benefits of the current year (2017: \$2,738,895; 2016: \$2,191,693)	<u>136,945</u>	<u>136,945</u>
	<u>1,762,749</u>	<u>1,762,749</u>

Compliance with the minimum margin of solvency is determined as follows:

	Apr 2017 \$	Jan 2017 \$
Total assets	50,203,421	50,203,421
Total liabilities	<u>(14,501,676)</u>	<u>(14,501,676)</u>
Margin of solvency	35,701,745	35,701,745
Required minimum margin of solvency	<u>(1,762,749)</u>	<u>(1,762,749)</u>
Margin of solvency in excess of required minimum	<u>33,938,996</u>	<u>33,938,996</u>

The margin of solvency was met and exceeded by the insurance subsidiary in 2017 and 2016.

Capital adequacy and the use of regulatory capital are constantly monitored by the finance subsidiary's Board of Directors.

The table below summarises the composition of regulatory capital of the finance subsidiary for the two-year presentation. During those two years, the finance subsidiary complied with all of the externally imposed capital requirements to which it must comply.

St. Kitts Nevis Anguilla Trading and Development Company Limited
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(expressed in Eastern Caribbean dollars)

6 Management of insurance and financial risk ...continued

d) Capital risk management ...continued

	Apr 2017	Jan 2017
	\$	\$
Tier 1 capital		
Share capital	6,000,000	6,000,000
Statutory reserve fund	5,522,184	5,522,184
Retained earnings	13,753,950	13,753,950
Other reserve	202,400	202,400
	<hr/>	<hr/>
Total qualifying tier 1 capital	25,478,534	25,478,534
	<hr/>	<hr/>
Tier 2 capital		
Accumulated impairment	3,309,172	3,309,172
	<hr/>	<hr/>
Total regulatory capital	28,787,706	28,787,706
	<hr/>	<hr/>

7 Segment reporting

Management currently identifies the Group's product and service lines as its operating segments. These operating segments are monitored by the Group's Chief Executive Officer (the chief operating decision maker) and strategic decisions are made on the basis of adjusted segment operating results.

Minor operating segments are combined below under other segments. These are rentals and hire purchase, airline agents and tour operations, real estate development and shipping.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements
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Segment reporting ...continued

Segment information for the reporting period is as follows:

April 2017	General trading \$	Insurance \$	Financing \$	Hotel and restaurant \$	Others \$	Eliminations \$	Total \$
Revenue							
From external customers:							
Revenue	25,091,282	390,527	-	1,207,113	3,026,378	-	29,715,300
Net interest income	170,278	305,992	1,300,937	-	176,803	-	1,447,490
Net underwriting income	-	1,447,490	-	-	-	-	2,042,010
Other income	1,366,472	413,447	190,741	190,747	402,914	-	2,478,974
From other segments	3,459,870	241,222	85,943	85,943	82,011	(3,879,895)	-
	30,087,902	2,799,418	1,504,440	1,483,803	3,688,106	(3,879,895)	35,683,774
Cost of sales	(21,211,912)	-	-	(603,072)	(1,198,451)	2,941,769	(20,071,666)
Gross profit	8,875,990	2,799,418	1,504,440	880,731	2,489,655	(938,125)	15,612,108
Employee costs	(4,235,400)	(4,48,778)	(302,632)	(405,425)	(929,031)	-	(6,371,315)
General and administrative expenses	(3,270,346)	(647,114)	(123,971)	(522,462)	(850,982)	1,174,094	(4,180,791)
Depreciation and amortization	(88,699)	(20,493)	(50,032)	(400,985)	(256,549)	-	(1,625,758)
Finance charges, net	(1,192,000)	108,934	(5,722)	(34,818)	113,428	(235,967)	(1,247,001)
Share of income of associated companies	-	-	-	-	-	134,725	134,725
	(9,528,500)	(1,065,451)	(482,357)	(1,363,690)	(1,923,134)	1,072,852	(13,290,130)
Segment profit/(loss) before income tax from continuing operations	(652,500)	1,733,967	1,022,083	(482,959)	566,522	134,727	2,321,978
Segment loss from before income tax from discontinued operations	(22,828)	-	-	-	-	-	(22,828)
Segment profit/(loss) before income tax	(675,188)	1,733,967	1,022,083	(482,959)	566,522	134,727	2,299,150
Segment assets	206,882,240	74,707,606	141,925,597	36,258,821	41,464,371	(82,750,476)	418,488,159
Segment liabilities	113,898,801	15,190,250	115,725,695	21,065,102	9,131,680	(48,617,814)	226,393,714

St. Kitts Nevis Anguilla Trading and Development Company Limited

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Segment reporting ...continued

January 2017	General trading \$	Insurance \$	Financing \$	Hotel and restaurant \$	Others \$	Eliminations \$	Total \$
Revenue							
From external customers:							
Revenue	128,324,651	576,350	–	5,701,291	11,101,743	–	145,704,038
Net interest income	1,304,870	1,205,538	5,252,805	–	1,015,170	–	8,778,383
Net underwriting income	–	3,268,137	–	–	–	–	3,268,137
Other income	9,686,855	1,590,022	106,055	840,536	1,722,312	–	14,245,780
From other segments	21,284,303	1,791,130	136,355	138,155	(309,676)	(23,060,967)	–
	160,600,679	8,161,880	5,815,215	6,679,982	13,529,549	(23,060,967)	171,996,338
Cost of sales	(113,504,140)	–	–	(2,571,696)	(4,342,271)	14,890,125	(105,527,982)
Gross profit	47,096,539	8,431,880	5,815,215	4,108,286	9,187,278	(8,170,842)	66,468,356
Employee costs	(16,701,999)	(2,043,294)	(1,168,395)	(1,504,914)	(3,617,520)	44,344	(24,994,778)
General and administrative expenses	(12,719,035)	(2,456,339)	(1,278,633)	(2,472,477)	(3,834,351)	6,279,030	(16,531,805)
Depreciation and amortization	(3,712,543)	(239,791)	(203,675)	(1,566,318)	(741,577)	–	(6,463,904)
Finance charges, net	(4,511,700)	243,270	(168,825)	(150,627)	948,315	(1,852,531)	(5,895,007)
Share of income of associated companies	–	–	–	–	–	368,039	368,039
	(38,095,186)	(4,499,154)	(2,819,528)	(5,694,336)	(7,245,133)	4,838,882	(53,517,455)
Segment profit/(loss) before income tax from continuing operations	8,998,353	3,932,726	2,995,687	(1,586,050)	1,942,145	(3,331,960)	12,950,901
Segment loss from before income tax from discontinued operations	(669,707)	–	–	–	–	(1,407,048)	(2,076,755)
Segment profit/(loss) before income tax	8,328,646	3,932,726	2,995,687	(1,586,050)	1,942,145	(4,739,008)	10,874,146
Segment assets	211,861,393	74,908,480	140,856,771	36,549,990	42,211,094	(89,027,824)	417,359,904
Segment liabilities	118,378,107	16,754,950	115,378,237	20,864,419	10,185,801	(54,760,437)	226,801,077

St. Kitts Nevis Anguilla Trading and Development Company Limited

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7 Segment reporting ...continued

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

Major customers

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenue of the Group.

8 Cash and cash equivalents

	Apr 2017	Jan 2017
	\$	\$
Cash on hand	95,966	95,868
Cash at banks	8,669,572	12,128,105
Cash equivalents	9,042,443	8,542,866
	<u>17,807,981</u>	<u>20,766,839</u>

Cash at banks is held with several local commercial banks in non-interest bearing accounts and the amounts held in these accounts facilitate the short-term commitments and day-to-day operations of the Group.

St. Kitts Nevis Anguilla Trading and Development Company Limited
Notes to Consolidated Financial Statements
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8 Cash and cash equivalents ...continued

Cash equivalents are as follows:

	Apr 2017	Jan 2017
	\$	\$
Two (2) 91-day Treasury bills from the Government of St. Kitts and Nevis maturing on February 7, 2017 with an interest rate of 3.75% (2016: 4.75%)	5,943,750	5,943,750
Five (5) 90-day term deposits held at Royal Bank of Canada maturing on 10 April 2017 and 26 March 2017 at interest rate of 2% and 1% respectively (2016: 2%)	2,605,568	2,599,116
Four (4) 90-day term deposits held at St. Kitts-Nevis-Anguilla National Bank Limited maturing on March 24, 2017 bearing an interest rate of 2%	-	-
Six (6) 90-day term deposits held at Royal Bank of Canada matured on April 8, 2016 and March 28, 2016 bearing an interest of rate of 2.0%	-	-
Three month fixed deposit held at The Caribbean Commercial Bank (Anguilla) Limited matured on February 22, 2016 bearing an interest rate of 3.125%	-	-
Ninety-one (91)-day Treasury bills from the Nevis Island Administration maturing on July 10, 2017 with an interest rate of 5.5%	493,125	-
	<u>9,042,443</u>	<u>8,542,866</u>

St. Kitts Nevis Anguilla Trading and Development Company Limited
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9 Investment securities

	Apr 2017 \$	Jan 2017 \$
AFS		
Quoted securities	3,647,909	3,478,149
Unquoted securities	3,585,197	3,585,197
	<u>7,233,106</u>	<u>7,063,346</u>
Loans and receivables		
Fixed deposits	40,678,002	41,376,808
Corporate bonds	17,400,000	17,400,000
Government treasury bills and bonds	9,491,471	9,499,843
	<u>67,569,473</u>	<u>68,276,651</u>
Total investment securities – principal	74,802,579	75,339,997
Interest receivable	766,998	906,280
	<u>75,569,577</u>	<u>76,246,277</u>
Current	62,131,876	62,947,445
Non-current	13,437,701	13,298,832
	<u>75,569,577</u>	<u>76,246,277</u>

The movement in investment securities may be summarised as follows:

	Loans and receivables \$	AFS \$	Total \$
Balance at January 31, 2016	57,002,502	7,210,358	64,212,860
Additions	22,110,015	–	22,110,015
Redemption	(10,835,866)	–	(10,835,866)
Net unrealised fair value losses on AFS financial assets	–	(147,012)	(147,012)
Balance at January 31, 2017	<u>68,276,651</u>	<u>7,063,346</u>	<u>75,339,997</u>
Additions	1,547,311	46,861	1,594,172
Redemption (sales / disposals)	-2,254,490	–	-2,254,490
Net unrealised fair value losses on AFS financial assets	–	122,900	122,900
Balance at April 30, 2017	67,569,473	7,233,106	74,802,579

St. Kitts Nevis Anguilla Trading and Development Company Limited

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9 Investment securities ...continued

The net unrealised fair value (losses)/gains for the year on AFS financial assets are attributable to the shareholders of:

	Apr 2017 \$	Jan 2017 \$
Parent company	116,722	(139,219)
Non-controlling interests	<u>6,178</u>	<u>(7,793)</u>
	<u>122,900</u>	<u>(147,012)</u>

Fixed deposits

Fixed deposits consist of one to two years term deposits at local and regional financial institutions and bear interest ranging from 1.5% to 3.5% per annum (2016: 2.0% to 4.75%).

At January 31, 2016, the Group held \$7,426,146 and \$2,747,376 in cash and fixed deposits at Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited, respectively.

Both the Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited were placed in Conservatorship in August 2013. Further, the appointed Conservator of these two banks has advised that all depositors' balances up to \$2,800,000 are accessible to the depositors and any excess amounts will be transferred to the Depositors Protection Trust.

The Bank Resolution Obligation Act, 2016 of Anguilla provides for the Government of Anguilla to fund the Depositors Protection Trust in support of the resolution of the Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited.

Deposits held with the Depositors Protection Trust will be for a term of 10 years scheduled to commence on June 30, 2016, at an interest rate of 2% per annum and with a maximum annual allowed withdrawal of 10% of the principal balance. During the year, on February 29, 2016, \$975,921 of the funds held with Caribbean Commercial Bank (Anguilla) Limited were withdrawn. Accordingly, the amount of \$3,650,255 representing the Company's remaining deposit at Caribbean Commercial Bank (Anguilla) Limited in excess of \$2,800,000 will be held in the Depositors Protection Trust. As at the date of approval of these financial statements, the trust deed was not yet finalized by the Government of Anguilla; hence, these funds were still held by the Receiver of Caribbean Commercial Bank (Anguilla) Limited and National bank of Anguilla Limited.

Further, on April 22, 2016, Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited were placed in Receivership. The funds held at these two banks that were not transferred to the Depositors Protection Trust, were placed with a newly formed Bank, National Commercial Bank of Anguilla Limited.

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9 Investment securities ...continued

Corporate bonds

Corporate bonds are held with Eastern Caribbean Home Mortgage Bank and Property Holding & Development Co. Ltd. for periods ranging from 9 months to 4 years at interest rates of 1.998% to 8% per annum (2016: 1.5% to 8.0%).

Treasury bills and bonds

Treasury bills and bonds are held with Eastern Caribbean Governments with maturities ranging from three months to one year for treasury bills and one to twenty years for bonds. Interest rate on treasury bills is 4.5% to 6.5% per annum (2016: 6.5%) while interest rates on bonds ranges from 6% per annum (2016: 2.5% to 7.0%).

10 Loans to customers

	Apr 2017 \$	Jan 2017 \$
Performing loans and advances	96,134,558	94,482,926
Impaired loans	<u>6,862,592</u>	<u>6,315,082</u>
Gross loans	102,997,150	100,798,008
Allowance for loan impairment	<u>(3,202,270)</u>	<u>(3,309,172)</u>
Net loans	99,794,880	97,488,836
Unearned interest	(269,184)	
Interest receivable	<u>256,913</u>	<u>227,088</u>
Total loans to customers	<u>99,782,609</u>	<u>97,715,924</u>
Current	99,147,572	11,788,798
Non-current	<u>635,037</u>	<u>85,927,126</u>
	<u>99,782,609</u>	<u>97,715,924</u>

The weighted average effective interest rate on productive loans and advances at amortised cost at April 30, 2017 was % (Jan 2017: 8.53%).

Movement in the loan loss provision:

	Apr 2017 \$	Jan 2017 \$
Balance at beginning of year	3,309,172	3,262,895
Impairment losses during the year	-	140,091
Write-offs for the year	<u>(106,901)</u>	<u>(93,814)</u>
Balance at end of year	<u>3,202,270</u>	<u>3,309,172</u>

St. Kitts Nevis Anguilla Trading and Development Company Limited
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10 Loans to customers ...continued

In 2017, certain loans to customers previously written-off amounting to \$10,113 were recovered during the year (2016: nil).

According to the Eastern Caribbean Central Bank (ECCB) loan provisioning guidelines, the calculated allowance for loan impairment amounts to \$2,544,373 (2016: \$1,620,516). Where the ECCB loan loss provision is greater than the loan loss provision calculated under IAS 39, the difference is set aside as a specific reserve through equity. As at January 31, 2017, the loan loss provision calculated under IAS 39, was greater than the ECCB provision. Therefore, a specific reserve through equity was not required at the reporting date. The gross carrying value of impaired loans at the year-end was \$6,315,082 (2016: \$6,331,859).

Accrued interest on loans that would not be recognised under ECCB guidelines amounted to \$202,400 (2016: \$141,110), and is included in other reserves in equity (note 25).

11 Receivables and prepayments

	April 2017 \$	Jan 2017 \$
Current:		
Accounts receivable	18,492,895	18,669,790
Finance lease receivables	6,627,995	5,057,346
Other receivables	48,243	59,350
	<u>25,169,133</u>	<u>23,786,486</u>
Less: provision for impairment	<u>(9,204,039)</u>	<u>(9,306,190)</u>
Net receivables	15,965,094	14,480,296
Statutory deposits	2,812,632	2,749,354
Prepayments	<u>3,362,054</u>	<u>1,611,297</u>
	<u>22,139,780</u>	<u>18,840,947</u>
Non-current:		
Finance lease receivables	<u>3,859,920</u>	<u>6,216,298</u>

In accordance with the Insurance Act 2009 Section 23, all registered insurance companies are required to maintain a statutory deposit in certain prescribed forms acceptable to the Registrar of Insurance. As at January 31, 2017 and 2016, statutory deposits were held in the form of term deposits with local commercial banks and funds held on deposit with St. Kitts Financial Services Regulatory Commission. Statutory deposits are restricted and hence are not available for use in the day-to-day operations of the Group.

Deferred costs relate primarily to commissions payable to brokers for acquiring insurance business.

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11 Receivables and prepayments ...continued

Classification of receivables

Receivables are summarized as follows:

	April 2017 \$	Jan 2017 \$
Neither past due nor impaired	14,503,467	15,181,805
Past due but not impaired	5,321,547	5,514,789
Individually impaired	<u>9,204,039</u>	<u>9,306,190</u>
	<u>29,029,053</u>	<u>30,002,784</u>

Movement in the allowance for impairment on receivables is:

	Apr 2017 \$	Jan 2017 \$
Balance at beginning of year	9,306,190	10,158,843
Impairment losses net of recoveries for the year (note 28)	(102,151)	(105,082)
Written-off during the year as uncollectible	-	(22,090)
Reclassified to assets under disposal group	<u>-</u>	<u>(725,481)</u>
Balance at end of year	<u>9,204,039</u>	<u>9,306,190</u>

Receivables neither past due nor impaired

The credit quality of receivables neither past due nor impaired is assessed based on management's internal assessment of the counter parties or entities. These balances are performing satisfactorily and there are no accounts which require special monitoring.

	April 2017 \$	Jan 2017 \$
Under 3 months	<u>14,503,467</u>	<u>15,181,805</u>

Receivables past due but not impaired

Based on historical information and customer relationships some receivables which are greater than three months past due but not greater than twelve months are not considered impaired.

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11 Receivables and prepayments ...continued

As at April 30, 2017, receivables of \$5,321,547 (2016: \$5,514,789) were past due but not impaired. The aging of these receivables is as follows:

	Apr 2017	Jan 2017
	\$	\$
Over 3 months	<u>5,321,547</u>	<u>5,514,789</u>

Receivables individually impaired

As at April 30, 2017, receivables of \$9,204,039 (2016: \$9,306,190) were impaired and a related provision established. The aging of these receivables is as follows:

	April	Jan
	2017	2017
	\$	\$
Over 3 months	<u>9,204,039</u>	<u>9,306,190</u>
Total receivables	<u>29,029,053</u>	<u>30,002,784</u>

Finance lease receivables

The Group entered into finance leases covering motor vehicles and household furniture and appliances with lease terms ranging from two to eight years. Future Minimum Lease Payments Receivables (MLPR) under these finance leases together with the Present Value (PV) of Net Minimum Lease Payments Receivables (NMLPR) follow:

	Apr 2017		Jan 2017	
	Future MLPR	PV of NMLPR	Future MLPR	PV of NMLPR
	\$	\$	\$	\$
Within one year	6,283,158	4,833,000	6,914,865	5,057,346
After one year but not more than five years	7,627,759	5,172,952	7,943,448	5,645,891
More than five years	<u>685,832</u>	<u>480,165</u>	<u>852,315</u>	<u>570,407</u>
Total MLP	14,596,749	10,486,117	15,710,628	11,273,644
Amounts representing finance income	<u>(4,110,632)</u>	<u>-</u>	<u>(4,436,984)</u>	<u>=</u>
PV of MLPR	<u>10,486,117</u>	<u>10,486,117</u>	<u>11,273,644</u>	<u>11,273,644</u>

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11 Receivables and prepayments ...continued

The net investment relating to these finance leases is presented as finance lease receivables under receivables and prepayments in the consolidated statement of financial position.

12 Inventories

	Apr 2017 \$	Jan 2017 \$
Goods on hand	24,537,280	24,959,010
Land held for future development	11,647,503	11,647,503
Sunrise Hills Villas	2,658,607	2,658,607
Goods in transit	2,930,901	1,407,969
Work-in-progress	184,198	184,344
	41,958,489	40,857,433

13 Related party balances 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.

Amounts due from related parties are interest-free, unsecured and have no fixed terms of repayment and comprise the following:

Due from related parties	Relationship	Apr 2017 \$	Jan 2017 \$
St. Kitts Masonry Products Limited	Associate company	50,662	694,582
Malliouhana-Anico Insurance Company Limited	Associate company	198,361	—
		249,023	694,582

Due to related parties	Relationship	Apr 2017 \$	Jan 2017 \$
Malliouhana-Anico Insurance Company Limited	Associate company	—	5,896

St. Kitts Nevis Anguilla Trading and Development Company Limited
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13 Related party balances and transactions ...continued

The following transactions were carried out with related parties:

		Apr 2017 \$	Jan 2017 \$
<i>Sales</i>			
Name of related party	Relationship		
St. Kitts Masonry Products Limited	Associate company	<u>479,210</u>	<u>2,403,970</u>
<i>Management fees</i>			
Name of related party	Relationship		
St. Kitts Masonry Products Limited	Associate company	36,000	144,000
Malliouhana-Anico Insurance Company Limited	Associate company	15,000	60,000
		<u>51,000</u>	<u>204,000</u>
<i>Reinsurance premium expense</i>			
Name of related party	Relationship		
Malliouhana-Anico Insurance Company Limited	Associate company	<u>1,122,153</u>	<u>1,536,555</u>
<i>Expenses</i>			
Name of related party	Relationship		
St. Kitts Masonry Products Limited	Associate company	<u>1,471,139</u>	<u>6,117,223</u>

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13 Related party balances and transactions ...continued

Balances with the Group directors

Loans to and deposits from directors are included in loans to customers and customers' deposits, respectively, on the consolidated statement of financial position.

	Apr 2017 \$	Jan 2017 \$
Loans to directors	<u>822,086</u>	<u>1,256,630</u>
Deposits from directors	<u>2,539,089</u>	<u>2,531,567</u>

Advances from directors are repayable on demand and bear interest ranging from 3.5% to 5.0% per annum (2016: 3.5% to 5.0%) and are included in accounts payable and other liabilities on the consolidated statement of financial position.

	Apr 2017 \$	Jan 2017 \$
Advances from directors	<u>3,025,490</u>	<u>2,782,889</u>

Key management compensation

Key management includes the Group's executive and non-executive directors. The compensation incurred in respect of key management is as follows:

	Apr 2017 \$	Jan 2017 \$
Salaries	502,702	1,620,266
Directors' fees	76,375	581,100
Gratuity	82,536	305,195
Allowances	18,975	106,215
Pension	26,363	95,555
Social security	<u>23,408</u>	<u>83,906</u>
	<u>730,359</u>	<u>2,792,237</u>

. Kitts Nevis Anguilla Trading and Development Company Limited

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Interest in subsidiaries

Composition of the Group

Set out below are details of the subsidiaries held directly by the Group:

Name of subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group	
			Apr 2017	Jan 2017
City Drug Store (2005) Limited	St. Kitts	the retailing of consumer products	100%	100%
Conaree Estates Limited	St. Kitts	land and property development	100%	100%
Dan Dan Garments Limited	St. Kitts	leasing of land and building	100%	100%
Ocean Terrace Inn Limited	St. Kitts	operation of Ocean Terrace Inn hotel, Fisherman's Wharf Restaurant and apartments ownership and rentals	100%	100%
Sakara Shipping Inc.	Tortola	the provision of freight and other shipping services	100%	100%
St. Kitts Bottling Company Limited	St. Kitts	the trade or business of aerated beverages and purified water manufacturers and bottlers	51.67%	51.67%
TDC Financial Services Company Limited	St. Kitts	accepting deposits from customers, providing loans to customers and investing in debt and equity securities	100%	100%
TDC Insurance Company Limited	St. Kitts	the business of underwriting all classes of general insurance	100%	100%
TDC Airline Services Limited	St. Kitts	airline, shipping, chartering, forwarding and travel agents	100%	100%

St. Kitts Nevis Anguilla Trading and Development Company Limited

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Interest in subsidiaries ...continued

Composition of the Group ...continued

Name of subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group	
			Apr 2017	Jan 2017
TDC Real Estate and Construction Company Limited	St. Kitts	real estate development and construction of residential villas	100%	100%
TDC Rentals Limited	St. Kitts	car rental services and financing service to consumers	100%	100%
TDC Tours Limited	St. Kitts	organisation of tours, weddings and shore excursions	100%	100%
City Drug Store (Nevis) Limited	Nevis	retailing of customer products	100%	100%
TDC Airline Services (Nevis) Limited	Nevis	travel agents, tour operators, shipping and forwarding agents	100%	100%
TDC Nevis Limited	Nevis	trading as general merchants, manufacturers' representatives and commission agents	100%	100%
TDC Real Estate and Construction Company (Nevis) Limited	Nevis	real estate development and construction	100%	100%
TDC Rentals (Nevis) Limited	Nevis	car rental services and financing service to consumers	100%	100%
East Caribbean Reinsurance Company Limited	Anguilla	the business of reinsurance for all classes of general insurance	80%	80%

St. Kitts Nevis Anguilla Trading and Development Company Limited

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14 Interest in subsidiaries ...continued

There are no subsidiaries with a non-controlling interest that are material to the Group.

The Parent Company has issued guarantees to certain banks in respect of the credit facilities granted to certain subsidiaries (see note 33).

The Group has no interests in unconsolidated structured entities.

Change of name

Effective February 1, 2016, the insurance and financial institution subsidiaries changed their names from St. Kitts-Nevis Insurance Company Limited and St. Kitts-Nevis Finance Company Limited to TDC Insurance Company Limited and TDC Financial Services Company Limited, respectively.

Liquidation of a subsidiary

In 2016, the Group liquidated its 100% interest in its wholly-owned subsidiary, SNIC (Nevis) Limited. The loss on liquidation of SNIC (Nevis) limited amounted to \$187,929 and is shown in the 2016 consolidated statement of income.

Disposal group and discontinued operations

During the year, St. Kitts Bottling Company Limited ceased its operations through sale of its manufacturing of aerated beverages and water along with certain assets and liabilities to a third party purchaser. Accordingly, revenues and expenses, gains and losses relating to the cessation of this business have been eliminated from profit or loss from the Group's continuing operations and are shown as single line item on the face of the consolidated statement of income.

The details of loss for the year from discontinued operations are shown below.

\$

Sales	2,896,471
Cost of sales	(2,342,140)
Other income	215,276
Sales and distribution costs	(270,703)
General and administrative expenses	(1,148,112)
Impairment loss on disposal of plant and equipment (note 16)	(830,466)
Loss on retirement of plant and equipment	<u>(49,094)</u>
Operating loss	(1,528,768)
Finance costs	<u>(547,987)</u>
Loss before income tax from discontinued operations	(2,076,755)
Tax expense	-
Loss for the year from discontinued operations	<u>(2,076,755)</u>

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14 Interest in subsidiaries ...continued

Disposal group and discontinued operations ...continued

The carrying amounts of assets and liabilities in this disposal group are summarized as follows:

	\$
Current assets	
Cash	1,251,993
Receivables, net	<u>1,718,476</u>
Assets included in disposal group	<u>2,970,469</u>
Current liabilities	
Accounts payable and other liabilities	1,788,386
Income tax payable	<u>608,793</u>
Liabilities included in disposal group	<u>2,397,179</u>

Cash flows from/(used in) discontinued operations for the reporting period are as follows:

	\$
Cash from operating activities	124,206
Cash flows from investing activities	8,555,706
Cash flows used in financing activities	<u>(7,794,347)</u>
Cash from discontinued operations	<u>885,565</u>

15 Investment in associates

The Group's associates include the following:

Name of Associate	Country of incorporation/ Principal place of business	Percentage of ownership		Carrying value	
		2017 %	2017 %	Apr 2017 \$	Jan 2017 \$
St. Kitts Masonry Products Limited	St. Kitts	50	50	7,444,937	7,360,922
Malliouhana-Anico Insurance Company Limited	Anguilla	25	25	<u>3,965,926</u>	3,915,216
				<u>11,410,863</u>	<u>11,276,138</u>

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15 Investment in associates ...continued

Movements in the investment in associates account are as follows:

	Apr 2017 \$	Jan 2017 \$
Balance at beginning of year	11,276,138	11,308,099
Share in net earnings of associated companies		
Profit and loss	134,725	368,039
Other comprehensive income	-	-
Dividends received	-	(400,000)
	<u>11,410,863</u>	<u>11,276,138</u>
Balance at end of year	<u>11,410,863</u>	<u>11,276,138</u>

St. Kitts Masonry Products Limited

St. Kitts Masonry Products Limited manufactures and sells ready-mix concrete and concrete blocks for the construction industry.

Condensed financial information of St. Kitts Masonry Products Limited is as follows:

	Apr 2017 \$	Jan 2017 \$
Current assets	4,791,260	4,987,230
Non-current assets	14,568,913	14,494,228
Current liabilities	(4,528,113)	(4,689,483)
Non-current liabilities	<u>(15,465)</u>	<u>(143,410)</u>
Net assets	<u>14,816,595</u>	<u>14,648,565</u>
Revenue	4,347,567	17,806,395
Costs and expenses	<u>(4,179,538)</u>	<u>(17,699,725)</u>
Net income	<u>168,030</u>	<u>106,670</u>

In 2016, St. Kitts Masonry Products Limited revalued its property and the difference between the carrying amounts of property and the fair value amounted to \$5,182,270 is shown as part of its net assets. Accordingly, the Group recognised its share in the revaluation surplus of \$2,591,135 which is shown as part of other reserves – property in the 2016 consolidated statement of financial position (note 25).

Dividends received from St. Kitts Masonry Products Limited amounted to \$0 (2016: \$400,000).

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15 Investment in associates ...continued

Malliouhana-Anico Insurance Company Limited

Malliouhana-Anico Insurance Company Limited's principal activity is the underwriting of all classes of general insurance.

Condensed financial information of Malliouhana-Anico Insurance Company Limited is as follows:

	Apr 2017	Jan 2017
	\$	\$
Assets	25,831,199	25,895,260
Liabilities	<u>(10,135,028)</u>	<u>(10,489,710)</u>
Net assets	<u>15,696,171</u>	<u>15,405,550</u>
Net underwriting income	926,326	2,696,789
Other income	266,994	822,353
Costs and expenses	<u>(990,481)</u>	<u>(2,679,847)</u>
Net income	<u>202,839</u>	<u>839,295</u>

At January 31, 2016, the Malliouhana-Anico Insurance Company Limited held \$2,902,981 and \$5,481,629 in cash and fixed deposits at Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited, respectively. Both the Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited were placed in Conservatorship in August 2013. Further, the appointed Conservator of these two banks has advised that all depositors' balances up to \$2,800,000 are accessible to the depositors and any excess amounts will be transferred to the Depositors Protection Trust. The Bank Resolution Obligation Act, 2016 of Anguilla provides for the Government of Anguilla to fund the Depositors Protection Trust in support of the resolution of the Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited.

Deposits held with the Depositors Protection Trust will be for a term of 10 years scheduled to commence on June 30, 2016, at an interest rate of 2% per annum and with a maximum annual allowed withdrawal of 10% of the principal balance. As at the date of approval of these financial statements, the trust deed was not yet finalized by the Government of Anguilla; hence, these funds were still held by the Receiver of Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited. Further, on April 22, 2016, Caribbean Commercial Bank (Anguilla) Limited and National Bank of Anguilla Limited were placed in Receivership. The funds held at these two banks that were not transferred to the Depositors Protection Trust, were placed with a newly formed Bank, National Commercial Bank of Anguilla Limited.

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Property, plant and equipment

	Land and buildings \$	Furniture and fittings \$	Construction equipment rentals \$	Plant and machinery \$	Containers \$	Motor vehicles \$	Computers and equipment \$	Total \$
Year ended January 31, 2017								
Opening net book amount	121,475,290	2,555,242	127,637	11,971,089	228,325	8,561,746	1,677,761	146,597,090
Additions	960,055	815,668	4,698	2,780,055	96,476	3,273,070	461,304	8,391,326
Disposals	(5,900,000)	(2,249,675)	(13,564)	(14,767,531)	(129,762)	(4,749,800)	(100,791)	(27,911,123)
Writeback on disposals								
Accumulated depreciation	192,567	1,948,256	12,387	8,292,245	108,065	4,153,943	88,471	14,795,934
Accumulated impairment	1,720,673	87,720	–	1,935,669	5,304	46,419	–	3,795,785
Depreciation charge	(2,053,653)	(540,573)	(51,946)	(1,608,635)	(60,259)	(2,769,914)	(881,701)	(7,966,681)
Transfers/reclassifications								
Cost	(1,801,985)	164,485	–	(168,097)	–	–	1,152	(1,804,445)
Accumulated depreciation	11,000	–	–	–	–	–	–	11,000
Impairment loss	(698,068)	(27,967)	–	(784,022)	(1,918)	(16,559)	–	(1,528,534)
Closing net book amount	113,905,879	2,753,156	79,212	7,650,773	246,231	8,498,905	1,246,196	134,380,352
At January 31, 2017								
Cost or valuation	117,789,418	6,645,957	448,657	14,948,316	605,716	22,475,757	7,008,246	169,922,067
Accumulated depreciation	(3,883,539)	(3,892,801)	(369,445)	(7,297,543)	(359,485)	(13,976,852)	(5,762,050)	(35,541,715)
Net book amount	113,905,879	2,753,156	79,212	7,650,773	246,231	8,498,905	1,246,196	134,380,352

.. Kitts Nevis Anguilla Trading and Development Company Limited

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Property, plant and equipment ...continued

	Land and buildings \$	Furniture and fittings \$	Construction equipment rentals \$	Plant and machinery \$	Containers \$	Motor vehicles \$	Computers and equipment \$	Total \$
Quarter ended April 30, 2017								
Opening net book amount	113,905,879	2,753,156	79,212	7,650,773	246,231	8,498,905	1,246,196	134,380,352
Additions	99,175	41,042	-	223,779	-	758,550	81,053	1,203,599
Disposals	-	(5,290)	-	(87,478)	-	(793,673)	(1,536)	(887,977)
Writeback on disposals	-	(11,873)	-	11,152	-	653,125	1,369	653,773
Accumulated depreciation								
Accumulated impairment								
Depreciation charge	(488,181)	(109,793)	(7,921)	(373,213)	(12,312)	(720,075)	(210,774)	(1,922,269)
Transfers/reclassifications								
Cost	-	(292,796)	-	292,796	-	-	-	-
Accumulated depreciation								
Impairment loss								
Closing net book amount	113,516,873	2,374,447	71,291	7,717,809	233,919	8,396,832	1,116,308	133,427,479
At April 30, 2017								
Cost or valuation	119,538,593	6,375,700	448,657	15,377,412	605,716	22,440,634	7,087,763	171,874,475
Accumulated depreciation	(6,021,720)	(4,001,253)	(377,366)	(7,659,603)	(371,797)	(14,043,802)	(5,971,455)	(38,446,996)
Net book amount	113,516,873	2,374,447	71,291	7,717,809	233,919	8,396,832	1,116,308	133,427,479

The Group recognised an impairment loss amounted to \$1,528,534, of which \$830,466 was recognised in the consolidated statement of income shown as part of loss on disposal of plant and equipment under loss for the year from discontinued operations (see Note 14), while the remaining \$698,068 was charged directly against revaluation surplus upon execution of the asset purchase and sale agreement (the Agreement) executed between the Group and third party purchaser. Upon consummation of the Agreement, the revaluation surplus, net of loss charged against revaluation surplus amounted to \$1,059,915 was transferred to retained earnings relative to the sale of its property, plant and equipment.

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16 Property, plant and equipment ...continued

The impairment loss directly charged against revaluation surplus is attributable to:

	Jan 2017
	\$
Parent company (note 25)	360,692
Non-controlling interests	<u>337,376</u>
	<u>698,068</u>

The remaining revaluation surplus of \$1,059,915 transferred from other reserves to retained earnings relative to the sale of its property, plant and equipment is attributable to:

	Jan 2017
	\$
Parent company (note 25)	547,658
Non-controlling interests	<u>512,257</u>
	<u>1,059,915</u>

The details of gain/(loss) on sales of property and equipment were as follows:

	Apr 2017	Jan 2017
	\$	\$
Proceeds from sales of property and equipment	401,461	9,550,095
Carrying amount of property and equipment	<u>(234,203)</u>	<u>(9,319,404)</u>
Gain/(loss) on disposals of property and equipment	<u>167,258</u>	<u>230,691</u>

Gain/(loss) on disposals of property and equipment is recognized as part of other income in the consolidated statement of income (note 26).

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16 Property, plant and equipment ...continued

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

	Land \$	Buildings \$	Total \$
At January 31, 2017			
Opening net book value	24,369,404	69,626,505	93,995,909
Additions	–	960,055	960,055
Disposals	(600,000)	(5,300,000)	(5,900,000)
Transfer to investment property	(3,440,000)	(1,011,360)	(4,451,360)
Depreciation	–	(1,305,731)	(1,305,731)
Closing net book value	20,329,404	62,969,469	83,298,873
At April 30, 2017			
Opening net book value	20,329,404	62,969,469	83,298,873
Additions	–	99,175	99,175
Transfer to investment property	–	–	–
Depreciation	–	(1,261,373)	(1,261,373)
Closing net book value	20,329,404	61,807,271	82,136,675

17 Investment property

Investment property relates to land and building intended for leasing and reflects a change in use of the property in 2016. The gross and accumulated depreciation at the beginning and end of the reporting period are shown below.

	Building \$	Land \$	Total \$
Year ended January 31, 2017			
Opening net book value	1,571,510	315,000	1,886,510
Additions	2,150,745	–	2,150,745
Transfers from property and equipment			
Cost	550,000	1,100,000	1,650,000
Accumulated depreciation	(11,000)	–	(11,000)
Depreciation charge	(37,402)	–	(37,402)
Closing net book value	4,223,853	1,415,000	5,638,853
At January 31, 2017			
Cost	4,309,037	1,415,000	5,724,037
Accumulated depreciation	(85,184)	–	(85,184)
	4,223,853	1,415,000	5,638,853

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17 Investment property

	Building	Land	Total
	\$	\$	\$
Quarter ended April 30, 2017			
Opening net book value	4,223,853	1,415,000	5,638,853
Additions	983,015	-	983,015
Transfers from property and equipment			
Cost			
Accumulated depreciation			
Depreciation charge	(9,351)	-	(9,351)
(Closing net book value	5,197,517	1,415,000	6,612,517
At April 30, 2017			
Cost	5,292,052	1,415,000	6,707,052
Accumulated depreciation	(94,535)	-	(94,535)
	5,197,517	1,415,000	6,612,517

Total rental income earned from the investment property is presented as other income in the consolidated statement of income.

The depreciation charge relating to investment property is shown as part of depreciation and amortization in the consolidated statement of income.

As at April 30, 2017, the carrying amount of the Group's investment property approximates its market value based on the latest market valuation report of the property obtained in 2015 prior to its change in use.

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18 Intangible assets

	Computer software \$
Year ended January 31, 2017	
Opening net book amount	252,944
Amortisation	<u>(186,758)</u>
Closing net book amount	<u>66,186</u>
At January 31, 2017	
Cost	1,510,158
Accumulated amortisation	<u>(1,443,972)</u>
Net book amount	<u>66,186</u>
Quarter ended April 30, 2017	
Opening net book amount	66,186
Amortisation	<u>(18,338)</u>
Closing net book amount	<u>47,847</u>
At April 30, 2017	
Cost	1,299,691
Accumulated amortisation	<u>(1,251,844)</u>
Net book amount	<u>47,847</u>

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19 Borrowings

	Apr 2017 \$	Jan 2017 \$
Bank term loans	18,968,136	18,166,195
Bank overdrafts	20,438,203	23,302,606
Sugar Industry Diversification Foundation	<u>12,206,460</u>	<u>12,452,806</u>
Total borrowings	<u>51,612,799</u>	<u>53,921,607</u>
Current	39,334,482	41,112,998
Non-current	<u>12,278,317</u>	<u>12,808,609</u>
	<u>51,612,799</u>	<u>53,921,607</u>

Bank term loans carry interest rates between 5% and 7% (2016: 5% and 7%) and are repayable in regular instalments of principal and interest, maturing at various intervals from one to fifteen years through 2018 to 2026 (2016: through 2017 to 2026).

Bank overdrafts carry interest rates varying from 6.5% to 9.0% (2016: 6.5% to 9.0%).

The Sugar Industry Diversification Foundation loan carries an interest rate of 5%, is repayable in monthly instalments of principal and interest of \$133,661 and matures at the end of 2026.

Collateral security for indebtedness

The Group's bankers and other lenders hold as collateral security, mortgage debentures creating fixed and floating charges and an equitable mortgage on the Group's assets.

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20 Insurance liabilities

	Apr 2017 \$	Jan 2017 \$
Unearned premiums	4,722,598	4,490,932
Claims reported and outstanding	4,904,763	3,287,971
Life policyholders' benefits	2,738,895	2,738,895
Claims incurred but not reported	365,000	597,000
Unallocated loss adjustment expenses	241,000	241,000
Due to reinsurers	24,167	837,434
	12,996,423	12,193,232
Reinsurance assets		
Unearned reinsurance premiums	3,023,621	1,136,473
Claims incurred but not reported	-	232,000
Claims reported and outstanding	-	-
	3,023,621	1,368,473
Total reinsurance assets (gross)	3,023,621	1,368,473
Unearned premiums	3,499,366	3,354,459
Claims reported and outstanding	3,138,465	3,287,971
Life policyholders' benefits	2,704,804	2,738,895
Claims incurred but not reported	365,000	365,000
Unallocated loss adjustment expenses	241,000	241,000
Due to reinsurers	24,167	837,434
	9,972,802	10,824,759
Total insurance liabilities (net)	9,972,802	10,824,759

The unallocated loss adjustment expenses have been actuarially derived and represent the amounts accrued for unallocated claims handling costs for existing reported losses that were still being processed and accrued for claims incurred but not yet reported as at the financial year-end.

Reinsurance assets are in respect of net outstanding claims payments that are recoverable from reinsurers.

Amounts due to reinsurers represent reinsurance premiums due and payable to the Group's reinsurers at the reporting date.

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20 Insurance liabilities ...continued

The reconciliation of life policyholders' benefits as at January 31 is as follows:

	Apr 2017	Jan 2017
	\$	\$
Life policyholders' benefits (gross)		
Balance at beginning of year	2,442,934	2,442,934
Inforce reserve change (deaths, lapses and actives)	(273,208)	(273,208)
Change of assumption impact		
Interest	694,610	694,610
Expense	48,448	48,448
	<hr/>	<hr/>
Total life policyholders' benefits (gross)	2,912,784	2,912,784

	Apr 2017	Jan 2017
	\$	\$
Life policyholders' benefits (net)		
Balance at beginning of year	2,191,639	2,191,639
Inforce reserve change (deaths, lapses and actives)	73,873	73,873
Change of assumption impact		
Interest	433,405	433,405
Expense	39,978	39,978
	<hr/>	<hr/>
Total life policyholders' benefits (net)	2,738,895	2,738,895

21 Customers' deposits

	Apr 2017	Jan 2017
	\$	\$
Savings deposits	7,815,981	7,228,108
Fixed deposits	98,904,163	98,581,068
	<hr/>	<hr/>
	106,720,144	105,809,176
Interest payable	1,596,992	1,559,259
	<hr/>	<hr/>
Total customers' deposits	108,317,136	107,368,435
Current	100,402,538	97,501,249
Non-current	7,914,598	9,867,186
	<hr/>	<hr/>
	108,317,136	107,368,435

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21 Customers' deposits ...continued

Customers' deposits represent all types of deposit accounts held by the Group on behalf of customers. Deposits include savings account and fixed deposits. The Group pays interest on all categories of customers' deposits. As at the reporting date, total interest expense on deposit accounts for the year amounted to \$3,770,228 (2016: \$4,386,162). The average effective rate of interest paid on customers' deposits was 3.67% (2016: 4.40%).

22 Accounts payable and other liabilities

	Apr 2017 \$	Jan 2017 \$
Credit accounts	26,614,295	26,447,686
Accounts payable	7,809,700	8,658,524
Accrued expenses	6,071,207	4,771,117
Deferred revenue	1,309,712	1,403,544
Dividend payable	1,239,442	859,807
Gratuity reserve	353,180	665,445
Other liabilities	387,019	462,284
Statutory payables	163,492	165,486
Warranty liability	94,212	94,212
Employee health fund	14,500	14,500
Total accounts payable and other liabilities	<u>44,056,759</u>	<u>43,542,605</u>
Current	43,765,979	43,284,696
Non-current	290,780	257,909
	<u>44,056,759</u>	<u>43,542,605</u>

Credit accounts represent interest-bearing liabilities to individual and companies payable on demand and bear interest ranging from 3.5% to 5.0% per annum (Jan 2017: 3.5% to 5.0% per annum).

Employee health fund represents amounts accrued monthly per employee in respect of a constructive obligation established by the Group to cover certain medical costs of employees and their dependents.

The Group provides health plan benefits to all its employees thereby accruing a fixed amount of money every month. In 2016, the Group enrolled all its employees into a group health plan with third party insurance and discontinued the internal health fund, resulting in the over-provided amount being written back to other income amounting to \$3,999,412 in the consolidated statement of income (see note 26).

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23 Taxation

Income tax expense

	Apr 2017	Jan 2017
	\$	\$
Current income tax expense for the year	1,072,657	4,381,410
Net deferred tax expense for the year	<u>(186,227)</u>	<u>660,933</u>
Total income tax expense for the year	<u>886,430</u>	<u>5,042,343</u>

	Apr 2017	Jan 2017
	\$	\$
Current income tax expense		
Profit before income tax from continuing operations	2,321,978	12,950,901
Loss before income tax from discontinued operations	<u>(22,828)</u>	<u>(2,076,755)</u>
Profit before income tax, net	<u>2,299,150</u>	<u>10,874,146</u>
Income tax expense at rate of 33%	714,261	3,588,468
Effect of permanent differences	18,270	2,527,940
Unrecognised deferred tax asset	240,626	240,337
Prior year under provision	-	-
5% claims equalization allowed	-	-
Effect of income not assessable for taxation	<u>(86,727)</u>	<u>(1,314,402)</u>
	<u>886,430</u>	<u>5,042,343</u>

Deferred tax expense

The deferred tax expense is comprised of the following

	Apr 2017	Jan 2017
	\$	\$
Unrecognised deferred tax		240,337
Deferred tax on property, plant and equipment	(58,067)	462,203
Deferred tax on reversal of overstated accelerated capital allowances		(17,060)
Deferred tax on unutilised tax losses	(3,230)	219,491
Deferred tax on unutilised capital allowances	<u>(124,930)</u>	<u>(244,038)</u>
	<u>(186,227)</u>	<u>660,933</u>

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23 Taxation ...continued

Deferred tax asset

The movement in the deferred tax asset is as follows:

	Apr 2017	Jan 2017
	\$	\$
Balance at beginning of year, as previously reported	(200,219)	(182,452)
Prior period adjustment	<u>-</u>	<u>(66,517)</u>
Balance at beginning of year, as restated	(200,219)	(248,969)
Deferred tax expense for the year	(4,926)	75,449
Unrecognised deferred tax written off	<u>-</u>	<u>(26,699)</u>
Balance at end of year	<u>(205,145)</u>	<u>(200,219)</u>

Deferred tax liability

The movement in the deferred tax liability is as follows:

	Apr 2017	Jan 2017
	\$	\$
Balance at beginning of year	5,892,091	5,279,908
Deferred tax expense/(credit) for the year	<u>(181,445)</u>	<u>612,183</u>
Balance at end of year	<u>5,710,648</u>	<u>5,892,091</u>

Provision for taxation

The movement in the provision for taxation is as follows:

	Apr 2017	Jan 2017
	\$	\$
Balance at beginning of year, as previously reported	1,480,032	2,059,511
Prior year adjustment	<u>-</u>	<u>(62,650)</u>
Balance beginning of year, as restated	1,480,032	1,996,861
Current tax expense for the year	1,072,657	4,381,410
Transferred to income tax recoverable	-	87,336
Utilization of taxation recoverable during the year	(49,437)	(99,504)
Income tax paid during the year	(1,349,780)	(4,277,278)
Reclassified to liabilities included in disposal group	<u>-</u>	<u>(608,793)</u>
Balance at end of year	<u>1,153,472</u>	<u>1,480,032</u>

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23 Taxation ...continued

Taxation recoverable

The movement in the taxation recoverable is as follows:

	Apr 2017	Jan 2017
	\$	\$
Balance at beginning of year, as previously reported	120,914	124,092
Prior year adjustment	<u>-</u>	<u>8,990</u>
Balance at beginning of year, as restated	120,914	133,082
Utilization during the year	(49,437)	(99,504)
Transferred from income tax payable	<u>6,447</u>	<u>87,336</u>
Balance at end of year	<u>77,924</u>	<u>120,914</u>

24 Shareholders' equity

Share capital

	Apr 2017	Jan 2017
	\$	\$
Authorised:		
500,000,000 ordinary shares at \$1 per share	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:		
52,000,000 ordinary shares at \$1 per share	<u>52,000,000</u>	<u>52,000,000</u>

Dividends

On July 26, 2016, the Company's Board of Directors approved the declaration of cash dividends amounting to \$2,600,000 (2016: \$2,600,000). The cash dividends were paid during the current financial year.

25 Other reserves

	Apr 2017	Jan 2017
	\$	\$
Revaluation reserve – property	34,094,437	34,094,437
Claims equalization reserve	21,803,237	21,803,237
Statutory reserve fund	5,666,458	5,522,184
Revaluation reserve – AFS financial assets	817,642	700,920
Other reserve (note 10)	<u>211,995</u>	<u>202,400</u>
	<u>62,593,769</u>	<u>62,323,178</u>

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Notes to Consolidated Financial Statements
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25 Other reserves ...continued

Revaluation reserve – property

The revaluation reserve – property relates to the net appreciation of land and freehold buildings based on revaluations performed by an independent property appraiser.

The movement of revaluation reserve relating to property and equipment as at January 31, are as follows:

	Apr 2017 \$	Jan 2017 \$
Balance at beginning of year	34,094,437	35,002,787
Revaluation surplus (notes 15 and 16)	–	–
Loss on retirement of property (note 16)	–	(360,692)
Transfer of revaluation surplus on disposal of property (note 16)	–	(547,658)
Balance at end of year	<u>34,094,437</u>	<u>34,094,437</u>

Claims equalization reserve

Claims equalisation reserve represents cumulative amounts appropriated from retained earnings based on the discretion of the Group’s Board of Directors as part of the Group’s risk management strategies to mitigate against catastrophic events. These reserves are in addition to the catastrophe reinsurance cover. The movement of claims equalisation reserve is as follows:

	Apr 2017 \$	Jan 2017 \$
Balance at beginning of year	21,803,237	21,803,237
Appropriations during the year	–	–
Balance at end of year	<u>21,803,237</u>	<u>21,803,237</u>

Statutory reserve fund

In accordance with Section 14 (1) of the Saint Christopher and Nevis Banking Act No. 6 of 1991, TDC Financial Services Company Limited is required to maintain a reserve fund into which it shall transfer not less than 20% of its net income of each year whenever the reserve fund is less than the finance subsidiary’s paid-up capital.

	Apr 2017 \$	Jan 2017 \$
Balance at beginning of year	5,522,184	5,098,405
Appropriations during the year	<u>144,274</u>	<u>423,779</u>
Balance at end of year	<u>5,666,458</u>	<u>5,522,184</u>

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25 Other reserves ...continued

Revaluation reserve – AFS financial assets

The revaluation reserve arises as a result of the net appreciation in the market value of AFS financial assets.

	Apr 2017	Jan 2017
	\$	\$
Balance at beginning of year	700,920	840,139
Net unrealised fair value (losses)/gains on AFS financial assets (see note 9)	<u>116,722</u>	<u>(139,219)</u>
Balance at end of year	<u>817,642</u>	<u>700,920</u>

Other reserves

Other reserves are reserves established for interest accrued on impaired loans. This reserve is created to set aside interest accrued on non-performing loans where certain conditions are met in accordance with paragraph AG93 of IAS 39. The prudential guidelines of the ECCB do not allow for the accrual of such interest. As a result the interest is set aside in a reserve and it is not available for distribution to shareholders until received.

The movement of other reserve account is as follows:

	Apr 2017	Jan 2017
	\$	\$
Balance at beginning of year	202,400	141,110
Transfer from retained earnings	<u>9,595</u>	<u>61,290</u>
Balance at end of year	<u>211,995</u>	<u>202,400</u>

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Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

26 Other income

	Apr 2017 \$	Jan 2017 \$
Write-back of internal health plan provision (note 22)		3,999,412
Rent	649,950	3,013,917
Commission income	213,808	2,023,010
Damage insurance income	138,057	829,604
Miscellaneous income	580,540	769,623
Equipment rental and repairs	199,166	743,393
Management and administration fees	197,920	728,315
Handling charges	55,395	565,341
Photocopier income	152,840	563,993
Dividend income	78,609	484,408
Vehicle servicing	(16,381)	379,394
Facility income	81,650	296,375
Gain/(loss) on disposals of property and equipment (note 16)	167,258	230,691
Truck operating income	98,786	34,477
Sale of wreck	–	22,000
Villa income	–	6,032
E-top up	–	–
Amortization of grant	–	–
Shipping	(118,624)	(444,205)
	2,478,974	14,245,780

27 Employee costs

	Apr 2017 \$	Jan 2017 \$
Salaries and wages	4,740,637	18,647,843
Statutory contributions	496,728	1,961,727
Bonus and gratuity	313,196	1,103,096
Other staff costs	239,881	1,087,312
Pension savings plan	221,306	893,619
Directors' fees	142,000	612,125
Staff scholarship and training	153,699	511,178
Health insurance	63,868	177,878
	6,371,315	24,994,778

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28 General and administrative expenses

	Apr 2017	Jan 2017
	\$	\$
Advertising and sales promotion	498,291	2,498,691
Utilities	406,538	2,027,500
General	658,748	1,997,070
Legal and professional fees	371,120	1,588,329
Repairs and maintenance	633,931	1,467,406
Motor vehicle	277,458	914,298
Management fees	217,746	869,557
Communications	213,483	824,452
Sewage, waste and landscaping	78,547	638,822
Taxes and licenses	95,320	553,662
Computer installation and consultancy	172,019	487,898
Rent	91,006	440,014
Security	109,375	390,060
Supplies	119,903	312,324
Travel	84,727	305,729
Warranty	51,697	294,263
Entertainment	88,135	292,095
Freight, handling and truckage	146,183	201,044
Annual general meeting	-	183,744
Subscriptions	25,012	144,596
Impairment losses on loans to customers, net (note 10)	(135,951)	129,978
Printing and stationery	79,048	108,507
Impairment (recoveries)/ losses on receivables, net (note 11)	(101,555)	(138,234)
	4,180,781	16,531,805

29 Depreciation and

	Apr 2017	Jan 2017
	\$	\$
Depreciation		
Property, plant and equipment (note 16)	1,605,862	6,239,744
Investment property (note 17)	1,558	37,402
	1,607,420	6,277,146
Amortization (note 18)	18,338	186,758
	1,625,758	6,463,904

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30 Finance charges, net

	Apr 2017 \$	Jan 2017 \$
Interest expense		
Borrowings	460,559	3,762,784
Credit accounts	606,512	1,260,697
	<u>1,067,071</u>	<u>5,023,481</u>
Bank charges	179,930	871,526
	<u>1,247,001</u>	<u>5,895,007</u>

31 Net interest income

	Apr 2017 \$	Jan 2017 \$
Loans to customers	2,054,210	8,007,673
Receivables	417,745	2,320,040
Investments	469,021	2,007,986
Savings account interest expense	(55,069)	(215,573)
Time deposits interest expense	(843,897)	(3,341,743)
	<u>2,042,010</u>	<u>8,778,383</u>

32 Earnings per share

Basic and diluted earnings per share were computed as follows:

	Apr 2017 \$	Jan 2017 \$
Profit attributable to shareholders of parent company		5,977,040
Divided by weighted average number of outstanding ordinary shares	<u>52,000,000</u>	<u>52,000,000</u>
Basic and diluted earnings per share	<u>0.026</u>	<u>0.115</u>

The Group has no dilutive potential ordinary shares as of April 30, 2017 and January 31, 2017.

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33 Commitments and contingencies

Bank guarantees

- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company, TDC Rentals Limited in the amount of \$500,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company, TDC Airline Services Limited in the amount of \$500,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company TDC Nevis Limited in the amount of \$1,500,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company TDC Airline Services (Nevis) Limited in the amount of \$300,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company City Drug Store (2005) Limited in the amount of \$400,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company TDC Tours Limited in the amount of \$150,000.
- The Company has guaranteed a bank overdraft facility on behalf of its subsidiary company Ocean Terrace Inn Limited in the amount of \$1,000,000.

St. Kitts Nevis Anguilla Trading and Development Company Limited

Notes to Consolidated Financial Statements

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34 Reclassifications

The classification of certain items in the consolidated financial statements has been changed from the prior period to achieve a clearer or more appropriate presentation. The comparative figures have been similarly reformatted and reclassified in order to achieve comparability with the current period.