



ANNUAL REPORT

2017



MISSION STATEMENT

Our mission is to display excellence and goodwill in every task undertaken, and to exceed the expectations of our customers, employees and shareholders.



- 4. Notice of Annual General Meeting
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NOTICE OF THE ONE HUNDRED AND THIRTY-THIRD ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the One Hundred and Thirty-third Annual Meeting of the shareholders of BICO Limited will be held at the Cricket Legends of Barbados, Herbert House, Fontabelle, St. Michael on Thursday the 22nd day of February 2018 at 5:00 p.m. for the following purposes:

- (1) To receive and consider the Report of the Directors, the Report of the Auditors and the Audited Financial Statements for the year ended 30th September 2017.
- (2) To elect Directors.
- (3) To appoint Auditors for the ensuing year.
- (4) To consider any other business which may properly come before an Annual Meeting of Shareholders.

By order of the Board of Directors

E. Culpepper

R.L.A. Corporate Services Limited
Company Secretary

Harbour Industrial Park, Bridgetown
January 8th, 2018

BICO Limited Registered Office

Harbour Industrial Park
Bridgetown, BB11145, Barbados
Tel: (246) 430-2100 Fax: (246) 426-2198
Email: admin@bicold.com
Website: www.bicoicecream.com
facebook.com/bico

Board of Directors

F. Edwin Thirlwell, C.I.M - Executive Chairman
Alwyne M. Horsley
Lionel A. Moe, F.C.C.A.
Robert Foster
Jo-anne Pooler, A.C.M.A., C.G.M.A.

Alternate Director

Peter Downes, B. Sc. (Hons.), CMA, FCA, SPHR

Secretary

R.L.A. Corporate Services Limited

Auditors

M. E. Murrell & Company
Public Accountants

Bankers

Republic Bank Limited

Broad Street
Bridgetown
Barbados

CIBC FirstCaribbean International Bank

Broad Street
Bridgetown
Barbados

Royal Bank of Canada

Broad Street
Bridgetown
Barbados



OFFICERS & SENIOR PERSONNEL

F. Edwin Thirlwell, C.I.M

Executive Chairman

Jo-anne Pooler, ACMA, CGMA

General Manager

Dawn-Marie Smith, CPA, CGA

Finance Manager

Orlando Ward, ACCA

Accountant

Paul Trevor Hinds, BSc. Engineering

Engineering Manager

Randy Harris

Sales Manager

Michael Barrow

Sales Manager

Desmond S. Williams

Production Manager

Sylvia M Newsam, B.Sc. (Hons)

Purchasing Officer

The twelve months to 30th September 2017 were challenging in that we saw a total turnaround in performance when compared to the previous year. Total revenues were flat and margins came under significant pressure due to imposed taxes, resulting in increases in all operating costs including freight, raw materials and packaging.

DIVIDENDS - The directors have recommended that no dividends be paid for the year ended September 30, 2017 in view of the financial performance of the Company.

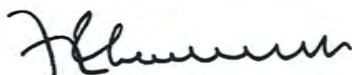
AUDITORS- The auditors M.E. Murrell & Company retire and offer their services for the current year at a fee to be determined. In keeping with good corporate governance and best practices, the directors recommend consideration of rotation of external auditors. Therefore, the directors will initiate the process to go out to tender.

DIRECTORS - The Director retiring by rotation and being eligible offering himself for re-election is Mr Lionel A. Moe. In keeping with the staggering of the appointments of the Directors, the proposed term of office will be for a period of three (3) years.

OUTLOOK - Due to the current economic situation, trading prospects for the remainder of 2018 remain uncertain. We continue to take steps to minimize costs and maximize revenues. Re-newable energy initiatives continue in an effort to lower energy costs, which continue to be a major part of our overheads.

We wish to thank the entire team at BICO for the commitment to preserve the company's viability during the period under review. The current year will require the continued co-operation and support of all stakeholders.

On behalf of the Board of Directors.



F. Edwin Thirlwell
Executive Chairman



DIRECTORS & SUBSTANTIAL INTERESTS

Interest of Shareholders holding more than 5% of the issued common shares on the dates indicated were as follows:

	30-09-17	16-01-18
Nordev One Ltd.	555,809	No change
Windsong Investments Ltd.	466,689	No change
Nordev Two Ltd	225,366	No change
Sagcor (Equity) Fund/Global Balanced Fund/Life Inc.	193,404	No change
Tropic Ice Unlimited Inc.	118,374	No change

According to the Company's share register, no director held an interest in the Company at the above noted dates.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Bico Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Bico Limited** ("the Company") which comprise the balance sheet as at 30 September 2017, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 September 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities describe in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bico Limited

Report on the Audit of the Financial Statements (Continued)

Existence and valuation of inventory

Risk

As disclosed in note 8 of the financial statements, the value of inventories at the end of the reporting period amounted to \$3,740,119 representing 49% of current assets and 14.5% of its total assets.

With inventories at two remote locations, there is the risk with regards to the existence of inventories at the remote locations. The valuation of inventories is based on various components in its costing of inventories, there is the risk of inventories being valued incorrectly.

Accordingly, existence and valuation of inventories was therefore considered to be a key audit matter.

Our response

Our audit procedures to address this key audit matter included:

- Attended the inventory count at all locations with specific consideration over remote locations where inventory is held by suppliers on behalf of the Company.
- Compared inventory counts with final inventory amounts.
- On a sample basis we tested the net realisable value of inventory items to recent selling prices.
- Verified the accuracy of exchange rates used in valuing items.
- For a sample of inventory items, reperformed costing calculations and compared to moving average cost at year end.

Completeness and valuation of trade payables

Risk

The Company sources the majority of its merchandise from foreign suppliers, there is the risk of recording shipments around the year end in the wrong period and when the Company is liable. Reconciliation processes over trade payables are therefore a critical control to ensuring the trade creditors' balances are complete and valued correctly.

Accordingly, the completeness and valuation of, and obligations on accounts payable were considered to be a key audit matter.

Our response

- Test reconciliations of suppliers were performed to ensure that reconciling items were valid and accurate.
- Cutoff procedures were performed to ensure that that amounts are properly recorded in the correct period.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bico Limited

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bico Limited

Report on the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Legal and Regulatory Requirements

This report is made solely to the Company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner in charge of the audit resulting in this independent auditor's report is Mr. Marcel Murrell (Jnr.).

M. E. Murrell & Co.



CHARTERED ACCOUNTANTS

Barbados

January 16, 2018

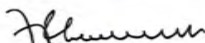
BALANCE SHEET

As at September 30, 2017 (with comparatives as at September, 2016). Expressed in Barbados dollars.



	Note	2017	2016
Property, plant and equipment	6	16,928,963	16,351,728
Pension fund asset	14	1,093,710	1,260,658
Deferred tax asset	7	456,935	452,984
Total non-current assets		18,479,608	18,065,370
Inventories	8	3,740,119	4,063,534
Trade and other receivables	9	2,925,914	2,753,030
Prepaid expenses		235,644	221,629
Cash and cash equivalents	10	728,474	676,138
Total current assets		7,630,151	7,714,331
Total assets		26,109,759	25,779,701
Equity			
Issued capital	11	2,383,828	2,383,828
Capital appraisal surplus	6	6,885,620	6,514,981
Retained earnings		6,200,232	6,399,341
Total equity attributable to equity holders of the company		15,469,680	15,298,150
Liabilities			
Long-term loans	13	8,576,142	8,000,817
Total non-current liabilities		8,576,142	8,000,817
Current liabilities			
Bank overdraft	10	--	184,351
Accounts payable and accrued liabilities	15	1,753,961	1,877,102
Current portion of long-term loans	13	309,976	419,281
Total current liabilities		2,063,937	2,480,734
Total liabilities		10,640,079	10,481,551
Total equity and liabilities		26,109,759	25,779,701

Approved by the Board of Directors on January 16, 2018 and signed on their behalf by:

Director 

Director 

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

As at September 30, 2017 (with comparatives as at September, 2016). Expressed in Barbados dollars.

	Share Capital	Capital Appraisal Surplus	Retained Earnings	Total Equity
Balance at October 1, 2015	2,383,828	6,514,981	5,685,011	14,583,820
Net comprehensive income for the year			714,330	714,330
Balance at September 30, 2016	2,383,828	6,514,981	6,399,341	15,298,150
Balance at October 1, 2016	2,383,828	6,514,981	6,399,341	15,298,150
Net comprehensive loss for the year			(118,054)	(118,054)
Dividends paid			(81,055)	(81,055)
Revaluation surplus		370,639	--	370,639
Balance at September 30, 2017	2,383,828	6,885,620	6,200,232	15,469,680

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE LOSS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016). Expressed in Barbados dollars.



	Note	2017	2016
Revenue	23	15,094,376	15,744,804
Cost of sales		(8,423,722)	(8,206,525)
Gross profit		6,670,654	7,538,279
Other operating income	3	97,832	310,039
Distribution expenses		(2,981,918)	(2,767,483)
Administration expenses		(2,392,246)	(2,675,626)
Engineering expenses		(775,342)	(792,206)
Other operating income/(expenses)		3,794	16,130
Operating profit before financing costs	23	622,774	1,629,132
Other non-operating income			
Loss on pension asset		(166,948)	(85,186)
Gain on disposal of plant and equipment		(15,297)	12,681
Net other non-operating (expenses)/income		(182,245)	(72,505)
Financial expenses	5	(562,534)	(561,087)
Net financing costs		(562,534)	(561,087)
Net (loss)/income before tax		(122,005)	995,540
Taxation	8	3,951	(281,210)
Net comprehensive (loss)/income for the year		(118,054)	714,330
Basic earnings per share	12	(0.05)	.31
Diluted earnings per share	12	(0.05)	.31

The following item is included above:

Depreciation	1,041,554	1,063,034
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The accompanying notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016). Expressed in Barbados dollars.

	Note	2017	2016
Cash flows from operating activities			
(Loss)/income before corporation tax		(122,005)	995,540
Adjustments for:			
Depreciation	6	1,041,554	1,063,034
(Gain) on disposal of property, plant and equipment		15,297	(12,681)
Interest expense	5	562,534	561,087
Operating earnings before changes in working capital		1,497,380	2,606,980
Add/(less) changes in working capital items			
Pension fund asset	14	166,948	85,186
Inventories		323,415	(818,078)
Accounts receivable		(172,884)	(173,386)
Prepaid expenses		(14,015)	90,967
Accounts payable and accrued liabilities		(123,141)	(191,312)
Cash from operations		1,677,703	1,600,357
Interest paid	5	(562,534)	(561,087)
Net cash from operating activities		1,115,169	1,039,270
Cash flows used in investing activities			
Purchase of property, plant and equipment	6	(1,280,744)	(1,073,254)
Loss on investment	7	--	10,245
Proceeds from disposal of property, plant and equipment		17,297	14,249
Net cash (used in) investing activities		(1,263,447)	(1,048,760)
Cash flows from financing activities			
Proceeds from long-term loans		884,232	325,970
Repayment of long-term loans		(418,212)	(312,503)
Dividends paid		(81,055)	--
Net cash from financing activities		384,965	13,467
Net increase in cash and cash equivalents		236,687	3,977
Cash and cash equivalents at Beginning of year		491,787	487,810
Cash and cash equivalents at End of year		728,474	491,787

The accompanying notes form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016). Expressed in Barbados dollars.



1. General information

Bico Limited is incorporated under the Laws of Barbados. The principal activities of the Company are the distribution of ice cream and the rental of cold storage space.

The registered office of the company is Harbour Industrial Park, St. Michael, Barbados.

The Company is listed on the Barbados Stock Exchange.

The financial statements were authorised for issue by the directors on January 16th 2018.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), under the historical cost convention, as modified by the revaluation of land and buildings and are expressed in Barbados dollars.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from estimates made by management.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Barbados dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

(c) Property, plant & equipment

Items of property, plant and equipment are stated at cost, as deemed cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other

costs are recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The principal annual rates used for this purpose are as follows:

Leasehold buildings	1%
Ice cream and cold storage machinery	10%
Motor vehicles and delivery equipment	20%
Furniture, fixtures and fittings	10%
Computer hardware	25%
Computer software	33%

The residual value, if not insignificant, is reassessed annually.

(d) Leased assets

Leases under the terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(e) Investments

Investments are classified as available-for-sale and are stated at fair value, unless it is impracticable to determine the fair value, in which case they are stated at cost less impairment losses. Gains and losses arising from the change in fair value are recognised directly in equity, except for impairment losses.

(f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In general, cost is determined on an average cost basis and includes transport and handling costs. In the case of manufactured inventories and work in progress, cost includes all direct expenditure and production overheads based on a normal level of activity. Provision is made for defective stock.

(h) Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax asset are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of

the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

The Company's net obligation in respect of its defined benefit Pension Plans is calculated separately for each Plan by estimating the amount of future benefit that members have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of Plan assets is deducted.

The cost of the Company's defined benefit Pension Plans is charged to the income statement over the service life of the employees in the Plan. The pension costs are assessed in accordance with the advice of independent consulting actuaries. Actuarial gains on the Plan are recognised over a five year period.

Where the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contribution to the Plan.

(j) Accounts payable and other liabilities

Accounts payable and other liabilities are stated at cost.

(k) Revenue recognition

Revenue from the sale of goods and services is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from cold storage services is recognised at the point when goods enter the cold storage facility.

(l) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as a part of the total lease expense.

(m) Deferred tax

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services, or in providing products and services within a particular economic environment which are subject to risks and rewards that are different from those of other segments.

(o) Borrowing costs

Borrowing costs are recognised in the income statement as an expense in the period in which they are incurred.

3. Other operating income

	2017	2016
Miscellaneous income	48,704	246,531
Exchange gains and losses	49,128	63,508
	97,832	310,039

4. Personnel expenses

	2017	2016
Salaries and wages cost	3,586,004	3,597,287
National insurance	322,762	323,738
Medical and health cost	62,809	63,394
	3,971,575	3,984,419

The average number of persons employed by the Company during the year was 80 (2016 - 79).

5. Net financing costs

	2017	2016
Interest expense	562,534	561,087
Net financing costs	562,534	561,087

6. Property, plant and equipment

	Buildings on leased land	Plant and equipment	Furniture and fittings	Total
At September 30, 2017				
Cost or valuation				
Balance - beginning of year	12,414,000	19,488,222	1,511,097	33,413,319
Additions	14,155	1,257,139	9,450	1,280,744
Revaluation increase/(disposals)	123,031	(45,480)	--	77,551
Balance - end of year	12,551,186	20,699,881	1,520,547	34,771,614

Accumulated Depreciation	124,140	15,465,730	1,471,721	17,061,591
Depreciation for year	123,468	908,587	9,499	1,041,554
Elimination on revaluation/disposal	(247,608)	(12,886)	--	(260,494)
Balance - end of year	--	16,361,431	1,481,220	17,842,651

Net book value				
Beginning of year	12,289,860	4,022,492	39,376	16,351,728
End of year	12,551,186	4,338,450	39,327	16,928,963

At September 30, 2016				
Cost or valuation				
Balance - beginning of year	12,414,000	18,430,027	1,497,606	32,341,633
Additions	--	1,059,763	13,491	1,073,254
Revaluation decrease/disposal	--	(1,568)	--	(1,568)
Balance - end of year	12,414,000	19,488,222	1,511,097	33,413,319
Accumulated Depreciation	--	14,536,096	1,462,461	15,998,557
Depreciation for year	124,140	929,634	9,260	1,063,034
Elimination on revaluation/disposal	--	--	--	--
Balance - end of year	124,140	15,465,730	1,471,721	17,061,591

Net book value				
Beginning of year	12,414,000	3,893,931	35,145	16,343,076
End of year	12,289,860	4,022,492	39,376	16,351,728

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016). Expressed in Barbados dollars.

6. Property, plant and equipment... continued

The buildings are erected on lands leased from The Barbados Port Incorporated for a period of ten years from December 2006, with an option to renew for a further period of fifteen years.

The buildings inclusive of photovoltaic systems are stated by a professional independent valuation carried out to September 30, 2017 in the amount of \$14,690,000. The resultant increase of the valuation over carrying amount was credited to the capital appraisal surplus account.

7. Taxation

The taxation charge for the year is comprised as follows:

	2017	2016
Corporation tax on current year's earnings	--	--
Deferred tax charge/(release)	(3,951)	281,210
	(3,951)	281,210

The tax on the Company's net income before tax differs from the theoretical amount that would arise using the basic tax rate.

	2017	2016
Income before taxation	(120,220)	995,540
Tax calculation at 25% (2016-25%)	(30,055)	248,885
Tax effect of non - deductible expenses	72,902	70,087
Expense/(income) not subject to taxation	(16,633)	(16,465)
Taxation allowances	(196,443)	(148,263)
Tax effect of over/(under) in current year	--	126,966
	(170,229)	281,210

The deferred tax asset consists of the following components:

	2017	2016
Pension fund asset	1,093,710	1,260,658
Tax losses	(4,583,537)	(3,902,621)
Accelerated tax depreciation	1,662,082	830,029
	(1,827,740)	(1,811,934)

Deferred tax (asset)/liability at the statutory corporation tax rate of 25% (2016 - 25%)

	(456,935)	(452,984)
--	------------------	------------------

Except for tax losses, the above noted temporary differences have no expiry date.

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016). Expressed in Barbados dollars.

Tax losses

Tax losses which are available for set off against future taxable income for income and corporation tax purposes are as follows:

Assessment year	Amount	Expiry Date
2009	880,408	September 30, 2018
2011	2,155,225	September 30, 2020
2012	428,513	September 30, 2021
2013	57,790	September 30, 2022
2014	380,685	September 30, 2023
2017	680,916	September 30, 2024
	4,583,537	

These losses are computed by the company in its corporation tax returns and have to date neither been confirmed nor disputed by the Barbados Revenue Authority.

8. Inventories

These comprise the following:

	2017	2016
Raw materials	260,598	339,167
Packaging materials	457,410	815,067
Finished goods	2,788,261	2,528,309
Good in transit	--	176,124
Other	233,850	204,867
	3,740,119	4,063,534

9. Trade and other receivables

	2017	2016
Trade receivables - net of provisions for non-recoverability.	1,216,330	1,414,533
Insurance claims receivable	1,130,673	961,335
Other receivables	573,103	377,162
	2,920,106	2,753,030

10. Cash and cash equivalents

	2017	2016
Cash and bank balances	728,474	676,138
Bank overdraft	--	(184,351)
	728,474	491,787



NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016). Expressed in Barbados dollars.

11. Share capital

Authorised

An unlimited number of common shares of no par value.

Issued

	2017	2016
2,315,871 (2016 -2,315,871) common shares, stated value	2,383,828	2,383,828

12. Earnings per share

The earnings per share is based on the net earnings for the year and the average number of shares in issue during the year. The net book value per share as at September 30, 2017 is \$6.55 and the last trading value was \$2.19.

13. Interest-bearing loans and borrowings

	2017	2016
Secured loans	3,056,415	2,596,203
Related party loans interest rate of 6.25% (see note 21)	5,823,895	5,823,895
Current portion	(309,976)	(419,281)
	8,570,334	8,000,817

There are three secured loans all of which are repayable in monthly instalments of blended principal and interest of \$10,853, \$15,009 and \$11,452 respectively, bearing interest at the rate of 5.5% and 3.75% respectively per annum. These loans are secured by a second mortgage debenture on the Company's fixed and floating assets, stamped to secure \$4,190,000. The maturity date for the first loan is June 2023 the second in December 2023 and the third in September 2026. There are also seven vehicle loans with monthly repayments of blended principal and interest totalling \$7,880 with maturity dates of Sept 2020; Sept 2018; Nov 2019; Jan 2021; Feb 2021 and Oct 2022 respectively. The first two of the loans bear interest at 8.5% p.a and the next four at 7.5% p.a and the final loan 7.85%.

\$5,623,895 of the related party loan bears interest at the rate of 6.25% per annum and is secured by the following instruments with no fixed method of repayment; the second portion of \$200,000 is unsecured and bears interest at 8% per annum:

- A debenture over fixed and floating assets of the Company stamped to secure \$5,724,970 as outlined below:
 - A fixed first charge over the fixed assets of the Company.
 - A floating charge over the floating assets of the Company.
- Fire policy covering buildings, plant, equipment and stock with mortgage clause in favour of the lenders.
- Letter of undertaking by the Company not to further encumber its fixed assets without the lenders' consent.

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016). Expressed in Barbados dollars.



14. Pension fund asset

	2017	2016
The amounts recognised in the Balance Sheet are as follows:		
Present value of funded obligation	(5,708,156)	(5,529,485)
Fair value of plan assets	6,801,866	6,790,143
	1,093,710	1,260,658
Movement in pension fund asset recognised in the Balance Sheet is as follows:		
Pension fund asset - beginning of the year	1,260,658	1,345,844
Net pension (loss)/gain for the year	(166,948)	(85,186)
Pension fund asset - end of the year	1,093,710	1,260,658

The amounts recognised in the Statement of Income are as follows:

Current service costs	96,108	98,825
Net interest cost	(89,775)	(96,612)
Administrative expenses	31,200	16,555
	37,533	18,768
Net actuarial loss/(gains) recognised in the year	129,415	66,418
Net pension cost/(gain)	166,948	85,186

The actual return on plan assets was a gain of \$202,836 (2016 - \$376,602).

Assumptions:	2017	2016
Discount rate at end of year	7.50%	7.50%
Future salary increases	5.50%	5.50%
Future pension increases- post retirement	0.50%	0.50%
Future changes in NIS ceiling increases	3.50%	3.50%

15. Trade and other payables

	2017	2016
Trade payables	1,039,890	1,309,053
Non-trade payables and accrued expenses	714,071	568,049
	1,753,961	1,877,102



NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016), Expressed in Barbados dollars.

16. Financial instruments

The financial assets of the Company comprise cash, trade and other receivables and investments.

Financial liabilities comprise bank overdraft, accounts payable and accrued liabilities, due to related parties and short-term and long-term loans.

The accounting policies for financial assets and liabilities are set out in note 2.

a) Interest rate risk

The interest rates and terms of repayment of financial liabilities are disclosed in note 14.

b) Credit risk

Credit risk is not considered to be significant as accounts receivable is stated net of provisions for non-recoverability.

c) Fair value

The fair value of cash, trade and other receivables, bank overdraft, accounts payable and accrued liabilities, short-term and long-term loans and amounts due to related parties, are not considered to be materially different from their carrying values.

17. Operating leases

The Company leases some of its motor vehicles under operating leases.

The motor vehicle leases typically run for a period of five years. None of these leases includes contingent rentals.

During the year ended September 30, 2017 \$46,087 was recognized as an expense in the income statement in respect of operating leases (2016 – \$35,151).

The future minimum operating lease payments within one year are \$55,098 (2016-\$34,150), and later than one year but within five years are \$73,500 (2016-\$68,080)

18. Capital commitments

At the year end the Company's commitment to purchase capital assets contracted but not yet paid for is Nil (2016 – \$818,507).

19. Contingencies

- (I) Legal action is being pursued against the Company by a former employee for wrongful dismissal. The outcome of this action is uncertain.
- (II) The company is pursuing legal action against a third party for uninsured losses caused by a fire in August 2009.
- (III) At September 30, 2017 the company has bonds of guarantee amounting to \$250,000.

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2017 (with comparatives for year ended September, 2016), Expressed in Barbados dollars.



20. Related party transactions and balances

Parties are considered to be related parties if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

A number of transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions and at market rates.

The Company has a related party relationship with its directors and executive officers.

Transactions with key management personnel

Salaries and fees earned by related parties amounted to \$527,298 (2016 - \$420,271). In addition to their salaries, the executive directors and executive officers participate in the Company's performance bonus scheme.

The key management compensation is as follows:

	2017	2016
Non-executive directors fees	7,650	19,200
Executive directors	519,648	401,071
	527,298	420,271

Executive officers fees/salaries are included in "personnel expenses" (see note 4).

21. Comparative figures

Some comparative figures have been changed to comply with this year's presentation.

22. Segment reporting

Segment information is presented in respect of the Company's business. The primary format, business segments, is based on the Company's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

The Company's operations are conducted in Barbados. All revenues are earned from Barbados. Segment assets consist primarily of property, plant and equipment, inventories and accounts receivable. Segment liabilities comprise operating liabilities and exclude taxation and long-term loans. Capital expenditure comprises additions to property, plant and equipment.

22. Segment reporting continued

Business segment reporting

Year ended September 30, 2017

	Distribution	Cold storage	Unallocated	Total
Gross trading revenue	12,239,496	2,854,880	--	15,094,376
Operating cost	(9,313,895)	(2,098,403)	(3,226,252)	(14,638,550)
Operating profit/(loss)	2,925,601	756,477	(3,226,252)	455,826
Net financing costs	--	--	(562,534)	(562,534)
Loss on disposal	--	--	(15,297)	(15,297)
Earnings before corporation tax	2,925,601	756,477	(3,804,083)	(122,005)
Taxation			3,951	3,951
Net earnings for the year	2,925,601	756,477	(3,800,132)	(118,054)
Segment assets	9,044,906	7,863,047	9,201,806	26,109,759
Segment liabilities	458,106	48,243	10,127,922	10,634,271
Capital expenditure	297,029	101,406	882,309	1,280,744
Depreciation	421,414	201,319	418,821	1,041,554

Year ended September 30, 2016

	Distribution	Cold storage	Unallocated	Total
Gross trading revenue	12,676,407	3,035,892	--	15,712,299
Operating cost	(8,773,455)	(2,184,194)	(3,210,704)	(14,168,353)
Operating profit/(loss)	3,902,952	851,698	(3,210,704)	1,543,946
Net financing costs			(561,087)	(561,087)
Gain on disposal			12,681	12,681
Earnings before corporation tax	3,902,952	851,698	(3,759,110)	995,540
Taxation			(281,210)	(281,210)
Net earnings for the year	3,902,952	851,698	(4,040,320)	714,330
Segment assets	9,671,088	8,261,398	7,847,215	25,779,701
Segment liabilities	737,940	17,092	9,726,519	10,481,551
Capital expenditure	488,180	61,443	523,632	1,073,255
Depreciation	401,866	298,380	362,788	1,063,034