

Schedule 1
FORM ECSRC – K
ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001

For the financial year ended
 December 31, 2018

Issuer Registration number
 CBSKN31101960KN

CARIB BREWERY (ST.KITTS & NEVIS) LTD

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

ST.CHRISTOPHER AND NEVIS

(Territory of incorporation)

C/O S.L.HORSFORD & CO LTD, West Independence Square Street, Basseterre, St.Kitts, W.I

(Address of principal office)

REPORTING ISSUER'S:

Telephone number (including area code): 1-869-465-2309

Fax number: 1-869-465-0902

Email address: _____

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes

No

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
Ordinary	8,200,000

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:

Mr. Mark Wilkin



Signature

30-Apr-19

Date

Name of Director:

Mr. Linkon Maynard



Signature

30-Apr-19

Date

Name of Chief Financial Officer:

Ms. Charmaine Reece



Signature

30-Apr-19

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

Carib Brewery (St.Kitts & Nevis) Ltd is a manufacturing company in the beverage sector. Carib Brewery manufacture alcoholic beverages such as beers eg, Skol, Carib and Stag, Stout (Guinness, mackeson and Royal) and non-alcoholic beverages such as malts and soft Drink. Carib Brewery also distribute tobacco cigarettes to the local and foreign market. During 2018, Carib Brewery introduced new beverages to the local market such as Pink Ting, Smirnoff green and seven (7) flavours of Caribe Beers.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

The Brewery's sole property is situated on 6.3 acres of land at the Buckley's Site, Basseterre. The productive capacity of the existing plant is 60,000 hectolitres per year. The present production is 25,000 hectolitres and plans are to utilise the remaining capacity of the plant through exports and increased product portfolio.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no pending legal proceedings involving the company during 2018

4. 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.

N/A

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

There were no issues of common stock made or sold by the issuer during the financial year.

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

7. 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.

There were no risk factors affecting the company during the financial year.

8. 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 during the financial year.

- (b) 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.

Dividends payments have not been restricted by working capital requirements or any other limitations.

9. 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 were no defaults in any payments made during the financial year.

- (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.

There were no arrears in dividends payments or any material delinquency payments that were not satisfied.

10. 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 financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

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 non-financial indicators.

General Discussion and Analysis of Financial Condition

1. See Audited Financial Statement

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

See Audited Financial Statement

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 off-balance 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

See Audited Financial Statement

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

There were no changes or disagreements with the Auditors on the Financial Statement Disclosures.

12. Directors and Executive Officers of the Reporting Issuer. (Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer)

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K 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.

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

1. Detailed Financial Statements for Carib Brewery (St.Kitts & Nevis) Ltd for the year ending December 2018.
2. Directors Bio.

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Mr Mark Wilkin Position: Managing Director

Mailing Address: P.O.BOX 478, FRIGATE BAY, ST.KITTS
P.O.BOX 478, FRIGATE BAY, ST.KITTS

Telephone No.: 1-869-465-2309 EXT 133

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Managing Director - Carib Brewery (St.Kitts) Ltd

Education (degrees or other academic qualifications, schools attended, and dates):

Masters of Business Administration (MBA) University of Keele, Staffordshire, England Dec 1, 1990
Bachelors of Arts(Administrative and commercial Studies) (BA) The university of Western Ontario. London, Ontario Canada. June 6th, 1988.

Use additional sheets if necessary.

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Mr Linkon Maynard Position: Plant Manager /Director

Mailing Address: Carib Brewery, Buckley's Site, Basseterre, St.Klts
Carib Brewery, Buckley's Site, Basseterre, St.Klts

Telephone No.: 1-869-465-2309 ext 110

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Plant Manager at Carib Brewery - 1995
Overseeing of Production and Operaton in general

Education (degrees or other academic qualifications, schools attended, and dates):

BSC (HONS) UW1 (1982)
Diploma in Brewing (Siebel) 1989

Use additional sheets if necessary.

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Mr Anthony Kelsick Position: Managing Director - S.L.Horsford & Co Ltd

Mailing Address: P.O.BOX 45, Basseterre, St.Kitts
P.O.BOX 45, Basseterre, St.Kitts

Telephone No.: 1-869-465-3745

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Managing Director - S.L.Horsford & Co Ltd

Education (degrees or other academic qualifications, schools attended, and dates):

Certified Accountant - Canada
B.A (Mathematics & Economics)

Use additional sheets if necessary.

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Mr Ron Antoine Position: Managing Director - Grenda Breweries

Mailing Address: L'ansa Aux Epines, St.Georges, Grenada
L'ansa Aux Epines, St.Georges, Grenada

Telephone No.: 1-473-444-4248

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Managing Director - Grenada Breweries

Education (degrees or other academic qualifications, schools attended, and dates):

Accounting MBA - Cornell University
Mechanical Engineer - UW1

Use additional sheets if necessary.

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Mr Anthony N Sabga 111 Position: Beverage Sector head /Chairman

Mailing Address: #5 Wrainwright Street, St.Clair, Port of Spain, Trinidad
#5 Wrainwright Street, St.Clair, Port of Spain, Trinidad

Telephone No.: 1-868-662-2231

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Ansa Mcal Ltd - Group Business Development Executive/Beverage Sector Head

Education (degrees or other academic qualifications, schools attended, and dates):

MBA International Business Administration at Regents Business School
B.S.C B.A Economins. City University

Use additional sheets if necessary.

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Mr Jerome Singh Position: Director

Mailing Address: 1 Hilltop Drive, Champ Fleurs, Trinidad
1 Hilltop Drive, Champ Fleurs, Trinidad

Telephone No.: 1-868-662-2231

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Ansa Mcal Ltd - Human Resource Manager

Education (degrees or other academic qualifications, schools attended, and dates):

BSC - Management Studies (University of the West Indies)
Post Graduate Diploma - Human Resource Management & MBA(Arthur Lok Jack Graduate School of Business) Trinidad
MBA (Heriot-Watt University (UK)

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Mr Mark Wilkin Position: Managing Director

Mailing Address: _____
P.O.BOX 478, FRIGATE BAY, ST.KITTS

Telephone No.: 1-869-465-2309 ext 133

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Managing Director - Carib Brewery (St.Kitts) Ltd

Education (degrees or other academic qualifications, schools attended, and dates):

Masters of Business Administration (MBA) University of Keele, Staffordshire, England Dec 1, 1990
Bachelors of Arts(Administrative and commercial Studies) (BA) The university of Western Ontario, London, Ontario Canada, June 6th, 1988.

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Mr Linkon Maynard Position: Plant Manager /Director

Mailing Address: _____
Carib Brewery, Buckley's Site, Basseterre, St.KIIts

Telephone No.: 1-869-465-2309 ext 110

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Plant Manager at Carib Brewery - 1995
Overseeing of Production and Operaton in general

Education (degrees or other academic qualifications, schools attended, and dates):

BSC (HONS) UWI (1982)
Diploma in Brewing (Siebel) 1989

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Ms Charmaine Reece Position: Chief Financial Officer

Mailing Address: Carib Brewery, Buckley's Site, Basseterre, St.Kitts

Telephone No.: 1-869-465-2309 ext 119

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Carib Brewery (St.Kitts) - CFO

Education (degrees or other academic qualifications, schools attended, and dates):

BSC (HONS) Mathematics & Meteorology
Certified General Accountant CGA (Canada)

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

PKF

Chartered Accountants &
business advisers

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

STATUTORY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CARIB BREWERY (ST KITTS & NEVIS) LIMITED

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Carib Brewery (St Kitts & Nevis) Limited, which comprise the statement of financial position as at 31 December 2018, and the 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 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

**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 other 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.

**Responsibilities of Management and those charged with governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CARIB BREWERY (ST KITTS & NEVIS) LIMITED

**Report on the Audit of the Financial Statements**

(Continued)

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Chartered Accountants

BASSETERRE – St Kitts

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(Expressed in Eastern Caribbean Dollars)

| CURRENT ASSETS                                            | <u>Notes</u> | <u>2018</u>          | <u>2017</u>          |
|-----------------------------------------------------------|--------------|----------------------|----------------------|
| Cash at Bank and in Hand                                  | 3            | 4,443,204            | 4,464,400            |
| Accounts Receivable and Prepayments                       | 4            | 8,040,197            | 4,243,717            |
| Amount Due from Group Companies                           | 5(b)         | 1,115,390            | 896,316              |
| Inventories                                               | 6            | 6,371,786            | 4,001,233            |
|                                                           |              | <u>19,970,577</u>    | <u>13,605,666</u>    |
| <br>                                                      |              |                      |                      |
| LESS: CURRENT LIABILITIES                                 |              |                      |                      |
| Trade Creditors, Provisions and Accruals                  | 8            | 5,967,578            | 4,929,658            |
| Amount Due to Group Companies                             | 5(b)         | 2,320,090            | 463,593              |
| Provision for Repayment of Deposits on Bottles and Crates | 2(i)         | 895,073              | 1,289,521            |
| Provision for taxation                                    | 9            | 11,058,339           | 6,992,812            |
|                                                           |              | <u>20,241,080</u>    | <u>13,675,584</u>    |
| <br>                                                      |              |                      |                      |
| WORKING CAPITAL DEFICIT                                   |              | (270,503)            | (69,918)             |
| <br>                                                      |              |                      |                      |
| DEFERRED EXPENDITURE ON BOTTLES AND CRATES                | 2(h)         | 4,746,478            | 3,086,788            |
| <br>                                                      |              |                      |                      |
| DEFERRED TAX ASSETS                                       | 10           | 102,558              | 59,044               |
| <br>                                                      |              |                      |                      |
| AVAILABLE-FOR-SALE INVESTMENT                             | 11           | 40,248               | 40,248               |
| <br>                                                      |              |                      |                      |
| INTANGIBLES                                               | 12           | 174,135              | 188,592              |
| <br>                                                      |              |                      |                      |
| PROPERTY, PLANT AND EQUIPMENT                             | 7 & 13       | 13,000,388           | 12,259,051           |
| TOTAL                                                     |              | <u>\$ 17,793,304</u> | <u>\$ 15,563,805</u> |
| <br>                                                      |              |                      |                      |
| FINANCED BY:-                                             |              |                      |                      |
| <br>                                                      |              |                      |                      |
| SHARE CAPITAL                                             | 14           | 8,200,000            | 8,200,000            |
| <br>                                                      |              |                      |                      |
| CAPITAL RESERVE                                           | 15           | 77,500               | 77,500               |
| <br>                                                      |              |                      |                      |
| RETAINED EARNINGS                                         |              | <u>7,530,023</u>     | <u>5,414,898</u>     |
| <br>                                                      |              |                      |                      |
| SHAREHOLDERS' EQUITY                                      |              | 15,807,523           | 13,692,398           |
| <br>                                                      |              |                      |                      |
| EMPLOYEE BENEFIT LIABILITY                                | 16           | 310,780              | 178,917              |
| <br>                                                      |              |                      |                      |
| DEFERRED TAX LIABILITY                                    | 17           | <u>1,675,001</u>     | <u>1,692,490</u>     |
| <br>                                                      |              |                      |                      |
| CAPITAL EMPLOYED                                          |              | <u>\$ 17,793,304</u> | <u>\$ 15,563,805</u> |

The attached notes form an integral part of these Financial Statements.

Approved by the Board of Directors on

  
A N Sabga III

  
M A Wilkin

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018  
 (Expressed in Eastern Caribbean Dollars)

|                                                                         | <u>Notes</u> | <u>2018</u>  | <u>2017</u>  |
|-------------------------------------------------------------------------|--------------|--------------|--------------|
| Revenue - Local                                                         |              | 36,654,637   | 35,460,746   |
| - Export                                                                |              | 8,746,321    | 4,868,979    |
|                                                                         |              | 45,400,958   | 40,329,725   |
| Cost of Sales                                                           |              | (27,146,730) | (23,453,862) |
|                                                                         |              | 18,254,228   | 16,875,863   |
| Other Income                                                            | 22           | 304,307      | 163,994      |
| Administrative Expenses                                                 | 23           | (3,767,295)  | (3,389,667)  |
| Marketing and Distribution Costs                                        | 24           | (3,904,751)  | (3,650,182)  |
|                                                                         |              | 10,886,489   | 10,000,008   |
| Provision for Taxation                                                  | 9            | (4,041,841)  | (3,684,185)  |
| INCOME FOR THE YEAR AFTER TAXATION                                      |              | 6,844,648    | 6,315,823    |
| OTHER COMPREHENSIVE INCOME                                              |              |              |              |
| Employee Benefits - IAS 19                                              |              | (113,082)    | 29,545       |
| Less: Related taxation                                                  |              | 37,317       | (9,750)      |
|                                                                         |              | (75,765)     | 19,795       |
| TOTAL COMPREHENSIVE INCOME CARRIED TO<br>STATEMENT OF CHANGES IN EQUITY |              | \$ 6,768,883 | \$ 6,335,618 |
| Income for the year attributable to:                                    |              |              |              |
| Owners of the parent                                                    |              | 3,501,037    | 3,230,543    |
| Non-controlling interest                                                |              | 3,343,611    | 3,085,280    |
|                                                                         |              | \$ 6,844,648 | \$ 6,315,823 |
| Total Comprehensive Income attributable to:                             |              |              |              |
| Owners of the parent                                                    |              | 3,462,284    | 3,240,669    |
| Non-controlling interest                                                |              | 3,306,599    | 3,094,949    |
|                                                                         |              | \$ 6,768,883 | \$ 6,335,618 |
| EARNINGS PER SHARE                                                      | 21           | \$0.83       | \$0.77       |

The attached notes form an integral part of these Financial Statements



CARIB BREWERY (ST KITTS & NEVIS) LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018  
 (Expressed in Eastern Caribbean Dollars)

|                                                       | <u>Share Capital</u> | <u>Capital Reserve</u> | <u>Retained Earnings</u> | <u>Total</u>  |
|-------------------------------------------------------|----------------------|------------------------|--------------------------|---------------|
| Balance at 1 January 2017                             | 8,200,000            | 77,500                 | 8,757,996                | 17,035,496    |
| Unclaimed Dividends Reinstated (Note 26)              | -                    | -                      | 161,284                  | 161,284       |
| Total Comprehensive Income for the year               | -                    | -                      | 6,335,618                | 6,335,618     |
| Dividend Paid - \$1.20 per share (Note 20)            | -                    | -                      | (9,840,000)              | (9,840,000)   |
| Balance at 31 December 2017                           | \$ 8,200,000         | \$ 77,500              | \$ 5,414,898             | \$ 13,692,398 |
| Balance at 1 January 2018                             | 8,200,000            | 77,500                 | 5,414,898                | 13,692,398    |
| Adjustment for IFRS 9 Adoption (Note 2 (a) & 4)       | -                    | -                      | (143,682)                | (143,682)     |
| Unclaimed Dividends reinstated - Adjustment (Note 26) | -                    | -                      | (76)                     | (76)          |
| Total Comprehensive Income for the Year               | -                    | -                      | 6,768,883                | 6,768,883     |
| Dividend Paid - \$0.55 per share (Note 20)            | -                    | -                      | (4,510,000)              | (4,510,000)   |
| Balance at 31 December 2018                           | \$ 8,200,000         | \$ 77,500              | \$ 7,530,023             | \$ 15,807,523 |

The attached notes form an integral part of these Financial Statements.

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018  
 (Expressed in Eastern Caribbean Dollars)

|                                                            | <u>2018</u>         | <u>2017</u>         |
|------------------------------------------------------------|---------------------|---------------------|
| <b>CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>   |                     |                     |
| Net Income for the year before Taxation                    | 10,886,489          | 10,000,008          |
| Depreciation and amortisation                              | 2,405,834           | 2,434,735           |
| IAS 9 Adjustment                                           | (143,682)           | -                   |
| Employee Benefits Adjustment                               | (113,082)           | 29,545              |
| Loss/(Gain) on disposal of Property, Plant and Equipment   | 3,720               | (350)               |
|                                                            | <u>13,039,279</u>   | <u>12,463,938</u>   |
| <b>CHANGES IN WORKING CAPITAL BALANCES OTHER THAN CASH</b> |                     |                     |
| Accounts Receivable and Prepayments                        | (3,796,480)         | 355,008             |
| Amount Due from Group Companies                            | (219,074)           | 243,358             |
| Inventories                                                | (2,370,553)         | 401,954             |
| Trade Creditors and Accruals                               | 1,037,920           | (1,793,135)         |
| Amount Due to Group Companies                              | 1,856,497           | (153,776)           |
| Provision for Repayment of Deposits on Bottles and Crates  | (394,448)           | (51,220)            |
| Taxation paid                                              | -                   | (1,699,456)         |
|                                                            | <u>9,153,141</u>    | <u>9,766,671</u>    |
| <b>CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES</b>   |                     |                     |
| Proceeds on disposal of Property, Plant and Equipment      | 2,000               | 350                 |
| Purchase of Property, Plant and Equipment                  | (3,113,677)         | (2,233,051)         |
| Purchase of Intangibles                                    | (24,757)            | (25,200)            |
| Unclaimed Dividend Reinstated - Adjustment                 | (76)                | 161,284             |
| Deferred Expenditure on Bottles and Crates                 | (1,659,690)         | (80,317)            |
|                                                            | <u>(4,796,200)</u>  | <u>(2,176,934)</u>  |
| <b>CASH (USED IN)/ PROVIDED BY FINANCING ACTIVITIES</b>    |                     |                     |
| Employee Benefit Liability                                 | 131,863             | (12,776)            |
| Dividend paid                                              | (4,510,000)         | (9,840,000)         |
|                                                            | <u>(4,378,137)</u>  | <u>(9,852,776)</u>  |
| CASH DECREASE FOR THE YEAR                                 | (21,196)            | (2,263,039)         |
| CASH POSITION - AT BEGINNING OF YEAR                       | 4,464,400           | 6,727,439           |
| CASH POSITION - AT END OF YEAR                             | <u>\$ 4,443,204</u> | <u>\$ 4,464,400</u> |
| Comprised of:                                              |                     |                     |
| Cash at Bank and in Hand                                   | <u>\$ 4,443,204</u> | <u>\$ 4,464,400</u> |

The attached notes form an integral part of these Financial Statements.

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018  
(Expressed in Eastern Caribbean Dollars)

1 INCORPORATION AND PRINCIPAL ACTIVITY

Incorporation:

The Company was incorporated as a public limited liability company under the provisions of the Companies Ordinance Chapter 335 of the Laws of St Kitts-Nevis.

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

The Company's Registered Office is situated at "Marshall House", Independence Square West, Basseterre, St Kitts.

In accordance with a resolution of change of name dated 1 May 1997, the name of the company previously known as St Kitts Breweries Limited was changed to Carib Brewery (St Kitts & Nevis) Limited by the issue of a Certificate of Change of Name dated 3 July 1997 by the Registrar of Companies.

Principal Activity:

The Company is engaged in the manufacture, brewing and distribution of beer, lager, stout and non-alcoholic beverages and has the capacity to engage in any lawful acts or activities.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

The Financial Statements are prepared in accordance with International Financial Reporting Standards under the historical cost basis of accounting except for the revaluation of certain property, plant and equipment.

The accounting policies which are followed are set out below.

The accounting policies adopted are consistent with those of the previous financial year including the adoption of the new and amended IAS, IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations effective for periods beginning on or after the dates indicated:

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## a) Basis of Accounting: (cont'd)

**New and Amended Standards and Interpretations in effect and applicable****IFRS 9, 'Financial Instruments'**

Phase I – Classification and measurement of financial instruments, was early adopted by the Company in its financial statements for the year ended 31 December 2011. The exemption given in the transitional provision for early application was applied and hence the Company did not restate the comparative information in the year of application.

The Company applied Phase II - Impairment, of IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under the relevant aspects of IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in Retained Earnings and other components of equity.

The adoption of Phase II has fundamentally changed the Company's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Upon adoption of IFRS 9 the Company recognised additional impairment on the Company's trade and other receivables of \$143,682 with a corresponding decrease in retained earnings of the same amount as at 1 January 2018.

Phase III - Hedge accounting of IFRS 9 had no impact on the Company's financial statements.

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## a) Basis of Accounting: (cont'd)

**IFRS 15 Revenue from Contracts with Customers**

The Company applied IFRS 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The performance obligation is satisfied upon delivery of the beverages and bottles. The terms of payment are determined by prior approval and can be cash, cash on delivery, or credit for a period of 7, 21 or 30 days. Returns due to damaged or expired products or sales errors are entitled to full refunds. Such returns usually occur within one month of delivery. Empty bottles and crates in good condition can be returned at any time in exchange for a partial refund. A deposit liability has been created based on the historic trends of such returns. The Company has no warranties.

Effective for annual periods beginning on or after 1 January 2018.

Adoption of this Standard had no effect on the performance of the Company.

**IFRIC 22 - Foreign Currency Transactions and Advance Considerations**

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Company's financial statements.

Effective for annual periods beginning on or after 1 January 2018.

Adoption of this Standard had no effect on the performance of the Company.

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## a) Basis of Accounting: (cont'd)

**Standards and Interpretations in Issue but not yet effective and not early adopted**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements are disclosed below. The Company intends to adopt this standard, if applicable, when it become effective:

- Annual improvements to IFRS standards 2015-2017 cycle, resulting in amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23. Effective 1 January 2019

## b) Use of estimates:

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

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

## Provisions for Inventory obsolescence:

Provision for obsolescence on inventory is based on the assessment of the physical condition of inventory and the levels of obsolete or unsaleable inventory items on hand;

## Depreciation of property, plant and equipment:

The company estimates the useful lives and residual values of property, plant and equipment based on the intended use of these assets and the periodic review of actual asset lives.

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## c) Revenue Recognition:

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

## Sales to Third Parties:

Revenue from the sale of products to third parties is recognised when the significant risks and rewards of ownership have been passed to the buyer and the amounts can be measured reliably.

## Rendering of Services:

Revenue is recognised in the accounting period in which the services are provided by reference to the stage of completion.

## Interest Income:

Interest income is recognised as the interest accrues, unless collectibility is in doubt.

## Dividend:

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

## d) Translations of Foreign Currencies:

All amounts are stated in Eastern Caribbean Dollars (functional currency).

Current assets and current liabilities in foreign currencies are translated into Eastern Caribbean Dollars at exchange rates prevailing at the year end. Fixed and other assets are reflected at the rates prevailing when acquired.

Other foreign currency transactions are reflected at the exchange rates ruling at the dates of these transactions.

During the year, exchange differences arising from currency translations in the course of trading and gains and losses arising from the translation of monetary current assets and liabilities are dealt with through the Income Statement.

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## e) Financial Assets:

## Loans and Receivables:

The company's loans and receivables comprise trade and other receivables and cash at bank and in hand in the statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (eg trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Due to their short-term nature, the carrying value of cash and short-term deposits and trade and other receivables, net any provision for impairment, approximates their fair values.

As required by IFRS 9.5.5.15, the simplified approach is applied to trade receivables that do not contain a significant financing component and arise within the scope of IFRS 15. One of the approaches suggested in the Standards is the use of a provision matrix as a practical expedient. This approach is used by the Company.

This matrix is developed by:

- Generating detailed aging report as per aging buckets determining the total outstanding amounts excluding credit balances.
- Invoices/amounts outstanding in the subsequent periods that relate to the previous period under the same aging bucket are totalled and calculated as a percentage of that of the previous period.
- This process is repeated for the last three (3) years.

## Other Considerations: Expected Economic/Industrial Conditions:

In the immediate future, the economy is not expected to deteriorate or improve significantly. It is expected that in the next 12 months that it will not differ from the last 3 years. We note that the Manufacturers' Rebate has been offset in part against the Corporate tax obligation on several occasions with the permission of the Comptroller of Inland Revenue of St. Kitts & Nevis.

The Company has determined that there will be no provisions against intragroup balances as these have a far lower risk of impairment than third party balances and should be collectible in general. Historically, collection of intragroup balances has been successful. Given the foregoing the impact of IFRS 9 on these balances should therefore be negligible.



CARIB BREWERY (ST KITTS & NEVIS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Financial Assets: (cont'd)

Available-for-Sale Investments:

These securities are not held with the intention of generating profits from market movements, and the general purpose is to hold these securities for an indefinite period.

Available-for-sale investments for which there are no quoted market prices, are carried at cost less provision for diminution in the value thereof. While it is not practical to determine the current market value of these investments, it is not considered necessary to make any provision for permanent impairment in the value of investments as at 31 December 2018.

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired;
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party.

f) Inventories:

Inventories are valued as follows:-

|   |                                  |   |                                                                                              |
|---|----------------------------------|---|----------------------------------------------------------------------------------------------|
| 1 | Raw Materials and General Stocks | - | The lower of landed cost determined on the average price basis and net realisable value.     |
| 2 | Consumable Stores                | - | The lower of landed cost and net realisable value on a first-in, first-out basis.            |
| 3 | Work-in-Progress                 | - | Raw Material Costs, Direct Labour and Overheads incurred in brewing.                         |
| 4 | Finished Products                | - | Raw Material Costs, Direct Labour and Overheads incurred in brewing, bottling and packaging. |
| 5 | Goods In Transit                 | - | Suppliers' Invoiced Cost.                                                                    |

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

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## g) Property, Plant and Equipment and Depreciation:

Property, Plant and Equipment are stated at cost or valuation. Depreciation is provided for on the straight line method at annual rates estimated to write off the assets over their expected useful lives as follows:

|                                   |   |                       |
|-----------------------------------|---|-----------------------|
| Buildings                         | - | 2 1/2% to 4%          |
| Fences                            | - | 10%                   |
| Plant, Machinery and Equipment    | - | various 2 1/2% to 50% |
| Motor Vehicles                    | - | 20%                   |
| Furniture, Fittings and Equipment | - | 20% to 50%            |

No depreciation is provided for on freehold land, roads, drains and parking lot. Maintenance and repair costs of these assets are charged to current operations.

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

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

## h) Deferred Expenditure on Bottles and Crates:

Deferred expenditure on bottles and crates represents the written down value of Bottles and Crates in circulation.

Local market - Bottles put into local circulation are amortised over thirty-six months. Crates put into local circulation are amortised over seventy-two months. Amortisation commences from the month the bottles and crates are put into circulation. Bottles and Crates damaged before being put into circulation or damaged during production are written off completely.

Export market – Bottles put into export circulation are amortised based on the average rate of return of the bottles from the export market. Crates put into export circulation are amortised over seventy-two months. Amortisation commences from the month the bottles and crates are put into circulation. Bottles and Crates damaged before being put into circulation or damaged during production are written off completely.

## i) Provision for Repayment of Deposits on Bottles and Crates:

The provision is based on the number of Bottles and Crates in circulation at the end of the financial year as estimated by the Directors.

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## j) Financial Liabilities:

The company's financial liabilities comprise primarily trade and other payables. The company has not designated any financial liabilities upon recognition as at fair value through profit or loss.

All financial liabilities are recognized initially at fair value. Due to their short-term nature, the carrying value of trade and other payables and overdrafts approximates their fair value. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

## k) Provisions:

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

## l) Taxation:

The company follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the current corporation tax rate. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the assets may be utilised.

## m) Intangibles:

Intangible assets are identifiable non-monetary assets without physical substance. Computer software meets this description. Acquired computer software licences, upgrades to software and related costs that are expected to contribute to the future economic benefit of the company are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. During the year under review, the estimated useful lives of the intangibles have been revised from 5 years to lives ranging from 3 years to 10 years.

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

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

## 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## n) Current versus non-current distinction

The Company presents assets and liabilities in the company's statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## o) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

|   |                          |                    |                    |
|---|--------------------------|--------------------|--------------------|
| 3 | CASH AT BANK AND IN HAND | <u>2018</u>        | <u>2017</u>        |
|   | Cash in Hand             | 2,316              | 2,171              |
|   | Current Accounts         | <u>4,440,888</u>   | <u>4,462,229</u>   |
|   | TOTAL                    | <u>\$4,443,204</u> | <u>\$4,464,400</u> |

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

(Expressed in Eastern Caribbean Dollars)

|   |                                                                                                   |                    |                    |
|---|---------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 4 | ACCOUNTS RECEIVABLE AND PREPAYMENTS                                                               | <u>2018</u>        | <u>2017</u>        |
|   | Trade Receivables                                                                                 | 3,663,394          | 2,280,431          |
|   | <u>Less:</u> Provision for impairment of Trade Receivables                                        | <u>(325,901)</u>   | <u>(153,334)</u>   |
|   |                                                                                                   | 3,337,493          | 2,127,097          |
|   | Prepayments and Other Receivables (Net of Provision<br>for impairment - \$92,974/2017 = \$86,245) | <u>4,702,704</u>   | <u>2,116,620</u>   |
|   | TOTAL                                                                                             | <u>\$8,040,197</u> | <u>\$4,243,717</u> |

Aging analysis of Trade Receivables:

|                  | <u>Total</u>       | <u>Neither past due<br/>nor impaired</u> | <u>Past due but not impaired<br/>30 to 90 days</u> | <u>over 90 days</u> |
|------------------|--------------------|------------------------------------------|----------------------------------------------------|---------------------|
| 31 December 2018 | <u>\$3,337,493</u> | <u>\$2,153,840</u>                       | <u>\$1,062,906</u>                                 | <u>\$120,747</u>    |
| 31 December 2017 | <u>\$2,127,097</u> | <u>\$1,854,494</u>                       | <u>\$272,603</u>                                   | <u>---</u>          |

Analysis of Provision for impairment of Trade Receivables and Other Receivables:

|                                                  | <u>Trade</u>     | <u>Other</u>    | T O T A L        |                  |
|--------------------------------------------------|------------------|-----------------|------------------|------------------|
|                                                  |                  |                 | <u>2018</u>      | <u>2017</u>      |
| Balance brought forward                          | 153,334          | 86,245          | 239,579          | 210,035          |
| IFRS 9 adjustment through Equity<br>(Note 2 (e)) | 128,821          | 33,062          | 161,883          | -                |
| Charge for the year                              | 410,001          | 40,683          | 450,684          | 54,771           |
| Recoveries                                       | (238,392)        | (67,016)        | (305,408)        | (25,227)         |
| Amounts Written Off                              | <u>(127,863)</u> | <u>-</u>        | <u>(127,863)</u> | <u>-</u>         |
| TOTAL                                            | <u>\$325,901</u> | <u>\$92,974</u> | <u>\$418,875</u> | <u>\$239,579</u> |

Included in Prepayments and Other Receivables is a rebate due from the Government of St Kitts-Nevis.

The carrying value of trade and other receivables approximates fair value.

Credit quality of the customer is assessed based on regular monitoring of accounts receivable and actual incurred historical data. Customer credit risk is also managed by establishing defined limits based on the customer's ability to pay. Accounts receivable are unsecured.

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
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## 5 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of CDC (St Kitts) Limited which owns a 51% interest in its share capital. The remaining 49% of the shares are widely held. The ultimate parent company is Ansa McAL Limited.

|                                                 | <u>2018</u>        | <u>2017</u>        |
|-------------------------------------------------|--------------------|--------------------|
| a) Key Management Compensation:                 |                    |                    |
| Salaries and other short term employee benefits | <u>\$1,628,814</u> | <u>\$1,405,963</u> |
| b) Year End Balances:                           | <u>2018</u>        | <u>2017</u>        |
| Due from related parties:                       |                    |                    |
| Caribbean Development Company Limited           | 1,115,390          | 225,737            |
| Carib Brewery Limited                           | <u>-</u>           | <u>670,579</u>     |
| TOTAL                                           | <u>\$1,115,390</u> | <u>\$896,316</u>   |
| Due to related parties:                         |                    |                    |
| CDC (St Kitts) Limited                          | 1,680,412          | -                  |
| ANSA Polymer                                    | 91,833             | -                  |
| Caribbean Development Company Limited           | -                  | 151,515            |
| Ansa McAL Chemicals                             | 12,789             | 22,662             |
| Ansa McAL (US) Inc                              | 28,119             | 80,787             |
| Ansa McAL Limited                               | 415,318            | 13,032             |
| T & T Insurance Company Limited                 | -                  | 2,385              |
| Carib Brewery Limited                           | 12,590             | 126                |
| Carib Glassworks Limited                        | -                  | 66,832             |
| Florida Beer Company                            | 3,182              | 3,060              |
| Ansa Coatings Limited                           | -                  | 123,194            |
| ANSA Merchant Bank Limited                      | 3,954              | -                  |
| Grenada Breweries Limited                       | <u>71,893</u>      | <u>-</u>           |
| TOTAL                                           | <u>\$2,320,090</u> | <u>\$463,593</u>   |

These balances are as a result of transactions incurred in the normal course of business and are unsecured.

The company has not made any allowance for bad or doubtful debts in respect of related party debtors.

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

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|   |                                                                  |                    |                    |
|---|------------------------------------------------------------------|--------------------|--------------------|
| 6 | INVENTORIES                                                      | <u>2018</u>        | <u>2017</u>        |
|   | Raw Materials (including packaging)                              | 2,317,253          | 1,755,250          |
|   | Work-in-Progress                                                 | 583,193            | 28,827             |
|   | Finished Products - Manufactured and Imported                    | 1,515,190          | 699,630            |
|   | Consumables                                                      | <u>796,486</u>     | <u>714,490</u>     |
|   | Inventories net of provisions – (\$1,773,525/2017 = \$1,790,349) | 5,212,122          | 3,198,197          |
|   | Goods in Transit                                                 | <u>1,159,664</u>   | <u>803,036</u>     |
|   | TOTAL                                                            | <u>\$6,371,786</u> | <u>\$4,001,233</u> |

Analysis of provision for impairment of inventories:

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
|                         | <u>2018</u>        | <u>2017</u>        |
| Balance brought forward | 1,790,349          | 1,767,451          |
| Charge for the year     | 599,148            | 342,178            |
| Recoveries/reversals    | <u>(615,972)</u>   | <u>(319,280)</u>   |
| TOTAL                   | <u>\$1,773,525</u> | <u>\$1,790,349</u> |

7 BANKING FACILITIES

Collateral for Banking Facilities

Royal Bank of Canada:

Registered Demand First Mortgage Debenture creating a fixed first charge on all assets of the company including uncalled capital and goodwill, and a floating charge on all other assets S.T.S \$3,850,000.00.

The above debenture ranks pari-passu with a debenture in favour of First Caribbean International Bank, in the ratio of Barclays Bank EC \$1,700M and Royal Bank EC \$3,400M, as per agreement dated July 26, 1991.

First Caribbean International Bank:

Mortgage debentures registered and stamped for XCD 2,400,000 giving First Caribbean a 1<sup>st</sup> legal charge over the real property of the company, and a floating charge over the business assets. This debenture ranks pari-passu with the debenture held by the Royal Bank of Canada.

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

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(Expressed in Eastern Caribbean Dollars)

|   |                                          |                    |                    |
|---|------------------------------------------|--------------------|--------------------|
| 8 | TRADE CREDITORS, PROVISIONS AND ACCRUALS | <u>2018</u>        | <u>2017</u>        |
|   | Trade Creditors                          | 962,074            | 1,509,014          |
|   | Other Payables, Provisions and Accruals  | <u>5,005,504</u>   | <u>3,420,644</u>   |
|   | TOTAL                                    | <u>\$5,967,578</u> | <u>\$4,929,658</u> |

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

|   |                        |             |             |
|---|------------------------|-------------|-------------|
| 9 | PROVISION FOR TAXATION | <u>2018</u> | <u>2017</u> |
|---|------------------------|-------------|-------------|

Statement of Financial Position

|  |               |                     |                    |
|--|---------------|---------------------|--------------------|
|  | Current       | 4,065,527           | 3,505,263          |
|  | Previous Year | <u>6,992,812</u>    | <u>3,487,549</u>   |
|  | TOTAL         | <u>\$11,058,339</u> | <u>\$6,992,812</u> |

Charge in the Statement of Comprehensive Income

The charge in the Statement of Comprehensive Income comprises the following:

|  |                                  |                 |                  |
|--|----------------------------------|-----------------|------------------|
|  | Provision for Taxation - Current | 4,065,527       | 3,797,614        |
|  | Deferred Tax (Notes 10 & 17)     | <u>(61,003)</u> | <u>(103,679)</u> |

|  |                                                        |                    |                    |
|--|--------------------------------------------------------|--------------------|--------------------|
|  | <u>Charge in the Statement of Comprehensive Income</u> | <u>\$4,004,524</u> | <u>\$3,693,935</u> |
|--|--------------------------------------------------------|--------------------|--------------------|

Comprising:

|  |                                                      |                    |                    |
|--|------------------------------------------------------|--------------------|--------------------|
|  | - Taxation charge against income                     | 4,041,841          | 3,684,185          |
|  | - Taxation charge against other comprehensive income | <u>(37,317)</u>    | <u>9,750</u>       |
|  | TOTAL                                                | <u>\$4,004,524</u> | <u>\$3,693,935</u> |



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## 9 PROVISION FOR TAXATION (cont'd)

The company's effective rate of tax of 36.8% (2017 = 36.9%) differs from the statutory rate of tax of 33% as follows:

|                                                                      | <u>2018</u>         | <u>2017</u>         |
|----------------------------------------------------------------------|---------------------|---------------------|
| Profit before Taxation                                               | <u>\$10,886,489</u> | <u>\$10,000,008</u> |
| Tax expense at rate of 33%                                           | 3,592,541           | 3,300,003           |
| Tax effect of expenses not deductible in determining taxable profits | 449,291             | 384,172             |
| Tax effect re: Employee benefits - Other Comprehensive Income        | (37,317)            | 9,750               |
| Other                                                                | <u>9</u>            | <u>10</u>           |
|                                                                      | <u>\$4,004,524</u>  | <u>\$3,693,935</u>  |

Income tax returns up to and including the year of assessment 2018/17 have been submitted to the Comptroller of Inland Revenue. The Company is in negotiations with the Inland Revenue Authorities for the extension of certain tax concessions.

| 10 DEFERRED TAX ASSETS        | <u>2018</u>      | <u>2017</u>     |
|-------------------------------|------------------|-----------------|
| Balance at beginning of year  | 59,044           | 63,260          |
| Deferred tax credit/(charge)  | <u>43,514</u>    | <u>(4,216)</u>  |
| Balance at end of year        | <u>\$102,558</u> | <u>\$59,044</u> |
| Deferred Tax Assets comprise: |                  |                 |
| -Employee benefits            | <u>\$102,558</u> | <u>\$59,044</u> |

CARIB BREWERY (ST KITTS & NEVIS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
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|    |                                         |                 |                 |
|----|-----------------------------------------|-----------------|-----------------|
| 11 | AVAILABLE-FOR-SALE INVESTMENT - At Cost | <u>2018</u>     | <u>2017</u>     |
|    | St Kitts Developments Limited:          |                 |                 |
|    | 261 Ordinary Shares of \$100 each       | 10,930          | 10,930          |
|    | 900 Preference Shares of \$100 each     | <u>29,318</u>   | <u>29,318</u>   |
|    | TOTAL                                   | <u>\$40,248</u> | <u>\$40,248</u> |

St Kitts Developments Limited:

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

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

|    |                                                 |                  |                  |
|----|-------------------------------------------------|------------------|------------------|
| 12 | INTANGIBLES                                     | <u>2018</u>      | <u>2017</u>      |
|    | Gross carrying amount – at beginning of year    | 609,239          | 584,039          |
|    | Additions/transfers                             | <u>24,757</u>    | <u>25,200</u>    |
|    | Gross carrying amount – at end of year          | <u>633,996</u>   | <u>609,239</u>   |
|    | Accumulated amortization - at beginning of year | 420,647          | 253,378          |
|    | Current Year's amortization                     | <u>39,214</u>    | <u>167,269</u>   |
|    | Accumulated amortization -- at end of year      | <u>459,861</u>   | <u>420,647</u>   |
|    | NET CARRYING AMOUNT                             | <u>\$174,135</u> | <u>\$188,592</u> |

During the year under review, the estimated useful lives of intangibles were revised from 5 years to lives ranging from 3 years to 10 years. As a result, the amortization charge for the year has been reduced by \$103,429 (See Note 2 (m)).

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

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13 PROPERTY, PLANT AND EQUIPMENT

|                                    | <u>Land &amp;<br/>Buildings<br/>-At Cost/<br/>Valuation</u> | <u>Plant &amp;<br/>Machinery<br/>- At Cost/<br/>Valuation</u> | <u>Other<br/>Assets<br/>- At Cost</u> | <u>Capital<br/>Work in<br/>Progress<br/>- At Cost</u> | <u>Total</u>        |
|------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------|-------------------------------------------------------|---------------------|
| <b>Year Ended 31 December 2018</b> |                                                             |                                                               |                                       |                                                       |                     |
| Gross Carrying Amount              |                                                             |                                                               |                                       |                                                       |                     |
| - At 31 December 2017              | 4,804,179                                                   | 37,685,382                                                    | 3,104,954                             | 607,366                                               | 46,201,881          |
| Additions                          | 107,925                                                     | 2,212,184                                                     | 389,248                               | 404,320                                               | 3,113,677           |
| Disposals/Transfers                | -                                                           | 399,981                                                       | (139,564)                             | (400,341)                                             | (139,924)           |
| Gross Carrying Amount              |                                                             |                                                               |                                       |                                                       |                     |
| - At 31 December 2018              | <u>4,912,104</u>                                            | <u>40,297,547</u>                                             | <u>3,354,638</u>                      | <u>611,345</u>                                        | <u>49,175,634</u>   |
| Accumulated Depreciation           |                                                             |                                                               |                                       |                                                       |                     |
| - At 31 December 2017              | 3,564,537                                                   | 27,928,911                                                    | 2,449,382                             | -                                                     | 33,942,830          |
| Current Year's Depreciation        | 95,599                                                      | 2,034,786                                                     | 236,235                               | -                                                     | 2,366,620           |
| Disposals                          | -                                                           | -                                                             | (134,204)                             | -                                                     | (134,204)           |
| Accumulated Depreciation           |                                                             |                                                               |                                       |                                                       |                     |
| -At 31 December 2018               | <u>3,660,136</u>                                            | <u>29,963,697</u>                                             | <u>2,551,413</u>                      | <u>-</u>                                              | <u>36,175,246</u>   |
| Net Carrying Amount                |                                                             |                                                               |                                       |                                                       |                     |
| -At 31 December 2018               | <u>\$1,251,968</u>                                          | <u>\$10,333,850</u>                                           | <u>\$803,225</u>                      | <u>\$611,345</u>                                      | <u>\$13,000,388</u> |
| <b>Year Ended 31 December 2017</b> |                                                             |                                                               |                                       |                                                       |                     |
| Gross Carrying Amount              |                                                             |                                                               |                                       |                                                       |                     |
| - At 31 December 2016              | 4,804,179                                                   | 40,265,700                                                    | 4,111,092                             | 2,030,068                                             | 51,211,039          |
| Additions                          | -                                                           | 263,483                                                       | 508,641                               | 1,460,927                                             | 2,233,051           |
| Disposals/Transfers                | -                                                           | (2,843,801)                                                   | (1,514,779)                           | (2,883,629)                                           | (7,242,209)         |
| Gross Carrying Amount              |                                                             |                                                               |                                       |                                                       |                     |
| - At 31 December 2017              | <u>4,804,179</u>                                            | <u>37,685,382</u>                                             | <u>3,104,954</u>                      | <u>607,366</u>                                        | <u>46,201,881</u>   |
| Accumulated Depreciation           |                                                             |                                                               |                                       |                                                       |                     |
| - At 31 December 2016              | 3,463,314                                                   | 31,663,835                                                    | 3,790,424                             | -                                                     | 38,917,573          |
| Current Year's Depreciation        | 101,223                                                     | 1,992,506                                                     | 173,737                               | -                                                     | 2,267,466           |
| Disposals                          | -                                                           | (5,727,430)                                                   | (1,514,779)                           | -                                                     | (7,242,209)         |
| Accumulated Depreciation           |                                                             |                                                               |                                       |                                                       |                     |
| -At 31 December 2017               | <u>3,564,537</u>                                            | <u>27,928,911</u>                                             | <u>2,449,382</u>                      | <u>-</u>                                              | <u>33,942,830</u>   |
| Net Carrying Amount                |                                                             |                                                               |                                       |                                                       |                     |
| -At 31 December 2017               | <u>\$1,239,642</u>                                          | <u>\$9,756,471</u>                                            | <u>\$655,572</u>                      | <u>\$607,366</u>                                      | <u>\$12,259,051</u> |

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## 13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

## Revaluation:

The majority of the Company's Freehold Properties, Plant, Machinery and Equipment were revalued in January 1982 by D M Simpson & Company (1969) Limited, professional valuers, to an amount which approximated their replacement cost at 31 December 1981.

As explained in Note 7, the Company's Property, Plant and Equipment have been charged to secure banking facilities.

|    |                                       |                     |                     |
|----|---------------------------------------|---------------------|---------------------|
| 14 | SHARE CAPITAL                         | <u>2018</u>         | <u>2017</u>         |
|    | Authorised                            |                     |                     |
|    | 15,000,000 Shares of \$1 each         | <u>\$15,000,000</u> | <u>\$15,000,000</u> |
|    | Fully Paid Up                         |                     |                     |
|    | 8,200,000 Ordinary Shares of \$1 each | <u>\$8,200,000</u>  | <u>\$8,200,000</u>  |

## 15 RESERVES

**Capital Reserve – Surplus on Return on Investment:**

During the year ended 31 December 2001, there was a full and final return on the investment in St Kitts Tourism Development Company Limited in the amount of \$232,500. The Capital Reserve is made up as shown hereunder:

|                                 |                 |                 |
|---------------------------------|-----------------|-----------------|
|                                 | <u>2018</u>     | <u>2017</u>     |
| Return on Investment            | 232,500         | 232,500         |
| Original Cost of Investment     | (155,000)       | (155,000)       |
| Surplus on Return on Investment | <u>\$77,500</u> | <u>\$77,500</u> |

**Retained Earnings:**

- All other net gains and losses and transactions with owners (eg. dividends) not recognised elsewhere.

|    |                                        |                  |                  |
|----|----------------------------------------|------------------|------------------|
| 16 | EMPLOYEE BENEFIT LIABILITY             | <u>2018</u>      | <u>2017</u>      |
|    | Balance at Beginning of Year           | 178,917          | 191,693          |
|    | Increase/(Decrease) for the Year (Net) | <u>131,863</u>   | <u>(12,776)</u>  |
|    | Balance at End of Year                 | <u>\$310,780</u> | <u>\$178,917</u> |

The Company has created a liability for employees' benefits to provide for post retirement medical benefits for the members of the medical plan.

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|    |                                   |                    |                    |
|----|-----------------------------------|--------------------|--------------------|
| 17 | DEFERRED TAX LIABILITY            | <u>2018</u>        | <u>2017</u>        |
|    | Balance at Beginning of Year      | 1,692,490          | 1,800,385          |
|    | Deferred Tax Credit               | (17,489)           | (107,895)          |
|    | Balance at End of Year            | <u>\$1,675,001</u> | <u>\$1,692,490</u> |
|    | Deferred Tax Liability comprises: |                    |                    |
|    | -Accelerated Capital Allowances   | <u>\$1,675,001</u> | <u>\$1,692,490</u> |

18 CAPITAL COMMITMENTS

At 31 December 2018, there were Capital Commitments of EC \$1,287,053 (2017 = EC \$1,067,814) related to outstanding amounts due for the Labeller Project and purchase of a truck.

19 CONTINGENT LIABILITIES

The Company's legal counsel has advised that at 31 December 2018, there was an occurrence pending and existing litigation against the Company:

In the Supreme Court of Belize, High Court Claim No. 247 of 2018, Carib, inter alia was sued by a Company for declarations as to whether there were infringements of a copyright alleged to be held by this Company in relation to the sale of certain products in Belize (produced by Carib in St Kitts) and an inquiry as to damages on an account of profits made. Counsel has not expressed any opinion whatsoever on the chance of Carib Brewery successfully defending the said claim.

|    |                                      |                    |                    |
|----|--------------------------------------|--------------------|--------------------|
| 20 | DIVIDEND PAID                        | <u>2018</u>        | <u>2017</u>        |
|    | 2018: Interim Dividend Paid - \$0.25 | 2,050,000          | -                  |
|    | 2017: Final Dividend Paid - \$0.30   | 2,460,000          | -                  |
|    | 2017: Interim Dividend Paid - \$0.60 | -                  | 4,920,000          |
|    | 2016: Final Dividend Paid - \$0.60   | -                  | <u>4,920,000</u>   |
|    | TOTAL                                | <u>\$4,510,000</u> | <u>\$9,840,000</u> |

The 2017 final dividend of \$0.30 per ordinary share (amounting to \$2,460,000) and an interim dividend of \$0.25 per ordinary share (amounting to \$2,050,000) has been charged as an appropriation of revenue reserves in the current year.

Proposed dividend is not recognised as a liability at December 31, 2018 but will be accounted for as an appropriation of revenue reserves in the year ending December 31, 2019.

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## 21 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the year by the number of ordinary shares in issue during the year.

|                                           | <u>2018</u>        | <u>2017</u>        |
|-------------------------------------------|--------------------|--------------------|
| Net Income for the year                   | <u>\$6,844,648</u> | <u>\$6,315,823</u> |
| Number of shares in issue during the year | <u>8,200,000</u>   | <u>8,200,000</u>   |
| Basic earnings per share                  | <u>\$0.83</u>      | <u>\$0.77</u>      |

## 22 OTHER INCOME

|                                                          | <u>2018</u>      | <u>2017</u>      |
|----------------------------------------------------------|------------------|------------------|
| (Loss)/Gain on Disposal of Property, Plant and Equipment | (3,721)          | 350              |
| Interest Income                                          | -                | 127,342          |
| Tent Rental and Other                                    | <u>308,028</u>   | <u>36,302</u>    |
| TOTAL                                                    | <u>\$304,307</u> | <u>\$163,994</u> |

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|    |                                  |                    |                    |
|----|----------------------------------|--------------------|--------------------|
| 23 | ADMINISTRATIVE EXPENSES          | <u>2018</u>        | <u>2017</u>        |
|    | Staff Costs                      | 2,080,213          | 1,683,979          |
|    | Directors' Fees                  | 6,781              | 6,522              |
|    | Depreciation                     | 120,280            | 237,928            |
|    | Insurances                       | 35,771             | 34,642             |
|    | Rents                            | 13,200             | 28,800             |
|    | Other                            | <u>1,511,050</u>   | <u>1,397,796</u>   |
|    | TOTAL                            | <u>\$3,767,295</u> | <u>\$3,389,667</u> |
| 24 | MARKETING AND DISTRIBUTION COSTS | <u>2018</u>        | <u>2017</u>        |
|    | Staff Costs                      | 1,643,416          | 1,582,278          |
|    | Depreciation                     | 157,709            | 103,077            |
|    | Rent                             | 90,000             | 90,068             |
|    | Insurances                       | 38,033             | 26,296             |
|    | Export costs                     | 192,227            | 171,673            |
|    | Bad and Doubtful Debts           | 159,925            | 29,342             |
|    | Other                            | <u>1,623,441</u>   | <u>1,647,448</u>   |
|    | TOTAL                            | <u>\$3,904,751</u> | <u>\$3,650,182</u> |

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NOTES TO THE FINANCIAL STATEMENTS  
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25 FINANCIAL INSTRUMENTS

a) Credit Risk:

Credit risk management:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables:

Customer credit risk is managed by the business subject to established policies procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limit defined in accordance with their assessment. Outstanding customer receivables are regularly monitored.

b) Fair Values:

The carrying amounts of the following financial assets and liabilities approximate their fair value: cash at Bank and in hand, accounts receivable, available-for-sale investment and accounts payable.

|                               | <u>Carrying<br/>Amount</u><br>\$ | <u>Fair<br/>Value</u><br>\$ |
|-------------------------------|----------------------------------|-----------------------------|
| <b><u>2018</u></b>            |                                  |                             |
| Financial Assets:             |                                  |                             |
| Cash at Bank and in hand      | 4,443,204                        | 4,443,204                   |
| Trade and other receivables   | 8,684,901                        | 8,684,901                   |
| Available-for-sale investment | 40,248                           | 40,248                      |
| Financial Liabilities:        |                                  |                             |
| Trade and other payables      | 9,182,741                        | 9,182,741                   |
| <b><u>2017</u></b>            |                                  |                             |
| Financial Assets:             |                                  |                             |
| Cash at Bank and in hand      | 4,464,400                        | 4,464,400                   |
| Trade and other receivables   | 5,077,961                        | 5,077,961                   |
| Available-for-sale investment | 40,248                           | 40,248                      |
| Financial Liabilities:        |                                  |                             |
| Trade and other payables      | 6,682,772                        | 6,682,772                   |



CARIB BREWERY (ST KITTS & NEVIS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

(Expressed in Eastern Caribbean Dollars)

25 FINANCIAL INSTRUMENTS (cont'd)

c) Currency Risk:

Substantially all of the Company's transactions and assets and liabilities are denominated in Eastern Caribbean Dollars or United States Dollars. Therefore, the Company has no significant exposure to currency risk.

The aggregate values of financial assets and liabilities by reporting currency are as follows:

CARIB BREWERY (ST KITTS & NEVIS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

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25 FINANCIAL INSTRUMENTS (cont'd)

c) Currency Risk: (cont'd)

| ASSETS                      | US \$              | EC \$              | TT\$            | BDS\$           | GBP£            | EURO €          | Total               |
|-----------------------------|--------------------|--------------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| 2018                        |                    |                    |                 |                 |                 |                 |                     |
| Cash at Bank and in hand    | 586,379            | 3,856,825          | -               | -               | -               | -               | 4,443,204           |
| Trade and Other Receivables | 3,977,888          | 4,707,013          | -               | -               | -               | -               | 8,684,901           |
| Investment                  | -                  | 40,248             | -               | -               | -               | -               | 40,248              |
|                             | <u>\$4,564,267</u> | <u>\$8,604,086</u> | -               | -               | -               | -               | <u>\$13,168,353</u> |
| 2017                        |                    |                    |                 |                 |                 |                 |                     |
| Cash at Bank and in hand    | 421,474            | 4,042,926          | -               | -               | -               | -               | 4,464,400           |
| Trade and Other Receivables | 1,299,153          | 3,778,808          | -               | -               | -               | -               | 5,077,961           |
| Investment                  | -                  | 40,248             | -               | -               | -               | -               | 40,248              |
|                             | <u>\$1,720,627</u> | <u>\$7,861,982</u> | -               | -               | -               | -               | <u>\$9,582,609</u>  |
| LIABILITIES                 |                    |                    |                 |                 |                 |                 |                     |
| 2018                        |                    |                    |                 |                 |                 |                 |                     |
| Trade and Other Payables    | <u>\$3,162,665</u> | <u>\$5,936,962</u> | -               | <u>\$30,079</u> | <u>\$33,633</u> | <u>\$19,402</u> | <u>\$9,182,741</u>  |
| 2017                        |                    |                    |                 |                 |                 |                 |                     |
| Trade and Other Payable     | <u>\$1,514,102</u> | <u>\$5,150,098</u> | <u>\$13,464</u> | <u>\$5,108</u>  | -               | -               | <u>\$6,682,772</u>  |