BERGER PAINTS BARBADOS LIMITED

Board of Directors

Directors

Mr. Jalaj A Dani

Mr. Ritesh Doshi

Mr. Colin C Fields

Mr. Warren McDonald

Mr. Tom Thomas

Registered office

Exmouth Gap

Brandons

St. Michael

Barbados

Bankers

Bank of Nova Scotia

Broad Street

St. Michael

Barbados

Auditors

PricewaterhouseCoopers SRL
Chartered Accountants
The Financial Services Centre
Bishop's Court Hill
St. Michael
Barbados

Directors' Report

As at 31st March, 2015

The Directors submit their annual report and the audited financial statements for the year ended 31 March, 2015 which show the state of the Company's affairs.

1. The Company's principal activities during the year were the manufacture and sale of paints.

		$
2.	The total comprehensive income for the year was	1,158,741
	Which is added to the retained earnings brought forward of	7,564,976
	Giving an amount available for distribution of	8,723,717
	Dividend paid	(350,000)
	Leaving retained earnings to be carried forward of	8,373,717

3. The retiring auditors, PricewaterhouseCoopers SRL, offer themselves for re-appointment at a fee to be agreed with the directors.

By Order of the Board:

Sandra A. Hope-Blackman
Company Secretary

BARBADOS

Independent Auditors' Report

To the Shareholder of

BERGER PAINTS BARBADOS LIMITED

We have audited the accompanying financial statements of **BERGER PAINTS BARBADOS LIMITED** which comprise the balance sheet as of 31 March, 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BERGER PAINTS BARBADOS LIMITED as of 31 March, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

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

April 24, 2015
Bridgetown, Barbados

PricewaterhouseCoopers SRL

Balance Sheet

As at 31st March, 2015

(expressed in Barbados dollars)

	Notes	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents		1,376,130	2,093,793
Accounts receivable	4	3,030,329	2,692,123
Due from related parties	5	32,420	14,096
Inventories	6	2,896,952	2,556,730
Prepayments and deposits		132,521	61,819
		7,468,352	7,418,561
Property, plant and equipment	7	3,454,613	3,213,451
Pension surplus	8	1,488,855	1,787,850
		12,411,820	12,419,862
Liabilities and shareholder's equity			
Current liabilities			
Accounts payable and accrued liabilities	10	1,468,588	2,324,578
Corporation tax payable		148,121	175,182
Due to related parties	5	229,757	131,528
		1,846,466	2,631,288
Non-current liabilities			
Deferred income tax	11	311,637	343,598
Shareholder's equity			
Share capital	12	1,880,000	1,880,000
Retained earnings		8,373,717	7,564,976
		10,253,717	9,444,976
		12,411,820	12,419,862

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

Approved on April 23, 2015 by the Board.

Director

Director

Statement of Comprehensive Income

For the year ended 31st March 2015

(expressed in Barbados dollars)

	Notes	2015 $	2014 $
Revenue (net of discounts)		17,054,324	17,005,394
Cost of goods sold:			
Changes in inventories of finished goods and work-in-progress		211,514	(234,552)
Raw materials and consumables used		(7,800,545)	(7,705,509)
		(7,589,031)	(7,940,061)
Gross profit		9,465,293	9,065,333
Employee benefits expense		(3,943,393)	(3,826,426)
Other expenses		(3,562,777)	(3,422,217)
Depreciation	7	(461,795)	(420,742)
Finance costs	9	(1,485)	(5,604)
Other gains/(losses)		(5,893)	17,808
Income before taxation		1,489,950	1,408,152
Taxation	11	(148,727)	(169,467)
Net income for the year		1,341,223	1,238,685
Other comprehensive income:			
Remeasurements of defined employee benefits	8	(214,685)	147,440
Deferred tax income tax charge/(credit) on remeasurements of employee benefits		32,203	(22,116)
		(182,482)	125,324
Total comprehensive income for the year		1,158,741	1,364,009

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

Statement of Changes in Shareholder’s Equity

For the year ended 31st March 2015

(expressed in Barbados dollars)

	Share capital $	Retained earnings $	Total shareholder’s equity $
Balance at March 31, 2013	1,880,000	6,600,967	8,480,967
Comprehensive income for the year:			
Net income for the year	–	1,238,685	1,238,685
Other comprehensive loss	–	125,324	125,324
Total comprehensive income for the year	–	1,364,009	1,364,009
Dividend paid		(400,000)	(400,000)
Balance at March 31, 2014	1,880,000	7,564,976	9,444,976
Comprehensive income:			
Net income for the year	–	1,341,223	1,341,223
Other comprehensive income	–	(182,482)	(182,482)
Total comprehensive income for the year	–	1,158,741	1,158,741
Dividend paid	–	(350,000)	(350,000)
Balance at March 31, 2015	**1,880,000**	**8,373,717**	**10,253,717**

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

Statement of Cash Flows

For the year ended 31st March 2015

(expressed in Barbados dollars)

	2015 $	Restated 2014 $
Operating activities		
Income before tax	1,489,950	1,408,152
Items not affecting cash:		
Depreciation	461,795	420,742
Gain on sale of property, plant and equipment	(24,172)	(29,784)
Loss on sale of property, plant and equipment	7,895	1,797
Interest expense	1,485	5,604
Pension plan expense	84,310	87,796
	2,021,263	1,894,307
Changes in operating assets/liabilities:		
Increase in accounts receivable	(338,206)	(34,096)
Increase in due from related parties	(18,324)	(14,096)
(Increase)/decrease in inventories	(340,222)	78,411
(Increase)/decrease in prepayments and deposits	(70,702)	55,961
(Decrease)/increase in accounts payable and accrued liabilities	(855,990)	660,864
Increase/(decrease) in due to related parties	98,229	(32,949)
Cash generated from operations	496,048	2,608,402
Interest paid	(1,485)	(5,604)
Tax refund received	–	23,044
Tax paid	(175,546)	(100,772)
Net cash from operating activities	319,017	2,525,070
Investing activities		
Purchase of property, plant and equipment	(720,297)	(510,703)
Proceeds from sale of fixed assets	33,617	30,287
Net cash used in investing activities	(686,680)	(480,416)
Financing activities		
Payment of dividends	(350,000)	(400,000)
(Decrease)/increase in net cash	(717,663)	1,644,654
Net cash and cash equivalents - beginning of year	2,093,793	449,139
Cash and cash equivalents - end of year	1,376,130	2,093,793

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

Notes to the Financial Statements

31st March, 2015

1. **General**

   Berger Paints Barbados Limited ("the Company") was incorporated under the laws of Barbados and is a wholly owned subsidiary of Lewis Berger (Overseas Holdings) Limited, a company registered in the United Kingdom. The ultimate parent company is Asian Paints (India) Limited, a company registered in India. The Company's principal activities are the manufacture and sale of paints in Barbados and the Eastern Caribbean.

2. **New and revised accounting standards**

   The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

   a) **New and amended standards adopted by the Company**

      The company did not adopt any new or amended standards for the financial year.

   b) **New standards, amendments and interpretations mandatory for the first time for the financial year beginning April 1, 2014 but not currently relevant to the Company**

IAS 32	'Financial Instruments: Presentation' (effective January 1, 2014)
IAS 36 (amendment)	'Impairment on assets - recoverable amount disclosures for non-financial assets (effective January 1, 2014)
IAS 39 (amendment)	Financial Instruments - recognition and measurement (effective January 1, 2014)
IFRS 10	'Consolidated Financial Statements'
IFRS 12	'Disclosures of interests in other entities'
IFRS 13	'Fair value measurement' (effective January 1, 2013)
IFRS 11 (amendment)	Accounting for acquisitions of an interest in joint operations
IFRIC 21	'Levies - recognition of levies' (effective January 1, 2014)

   c) **New standards, amendments and interpretations issued but not effective for the financial year beginning April 1, 2014 and not early adopted**

IFRS 9	'Financial instruments: Classification of Measurement of Financial Assets' (effective January 1, 2018)
IAS 19 (amendment)	Defined benefit plans (effective July 1, 2014)
IAS 16 (amendment)	Property, plant and equipment - depreciation calculation (effective January 1, 2016)

Basis of presentation

These financial statements are expressed in Barbados dollars and have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards.

3. **Significant accounting policies**

   Critical accounting judgements and key sources of estimation uncertainty

   The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial statements. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and liabilities are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

Other than in the establishment of routine provision against accounts receivables, provision for stock obsolescence and provision for accounts payable and accrued liabilities, the following are the key estimates or judgements which are required in applying policies which may have a material impact on the Company's reported assets, liabilities, revenues and expenses within the next financial year.

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. There have been no changes to the estimates of the useful lives of property, plant and equipment for the current year.

Principal actuarial assumptions

The determination of the pension surplus requires the use of actuarial assumptions as described in Note 8.

Use of accounting estimates

The financial statements are prepared in conformity with International Financial Reporting Standards. In certain cases, the Company's management is required to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from estimates made by management.

Foreign currency transactions

Transactions in currencies other than the Company's operating currency (Barbados dollars) are converted at the rate of exchange ruling at the posting date of the transaction. At the balance sheet date, foreign currency monetary assets and monetary liabilities are converted at rates of exchange not materially different from those ruling at the balance sheet date. Resulting exchange differences are recognised in the income activities for the period.

Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence. Related parties may be individual or corporate entities.

Financial instruments

Financial assets and liabilities are recognised in the financial statements at the trade date when the Company becomes a party to the contractual provisions of the instruments. Regular purchases of financial assets are accounted for at trade date.

i) **Financial assets**

The company classifies its financial assets in the following categories: cash and cash equivalents, accounts receivable and due from related parties. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank.

Accounts receivable

Accounts receivable are stated at their nominal values less any provisions for estimated irrecoverable balances.

Amounts due from related parties

Amounts due from related parties are stated at their nominal values less any provisions for estimated irrecoverable balances.

Impairment of financial assets

Financial assets are assessed for indicators of impairment annually. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. When a trade receivable is uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income. Changes in the carrying amount of the provision account are recognised in the statement of comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Company classifies its financial liabilities in the following categories: accounts payable and accrued liabilities and due to related parties.

Operating leases

Rentals payable under operating leases are charged to statement of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is based on weighted average and includes expenditures incurred in acquiring the inventories and bringing them to their existing condition and location. For raw materials and packaging materials costs represents the direct material costs while finished goods and work in progress include the added costs of labour and manufacturing overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. A provision is made for obsolescence.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost.

The Company depreciates its property, plant and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives of the assets are as follows:

Building	-	50 years
Machinery and equipment	-	5 - 10 years
Furniture, fixtures and office fixtures	-	5 - 8 years
Vehicles	-	4 - 5 years
Computer equipment and software	-	1 - 5 years

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Revenue recognition

Revenue is recognised at the point of sale or when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

Share capital

Ordinary shares with discretionary dividends are classified as equity.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for employee retirement benefits

An actuarial valuation of the plan is carried out annually, using the projected unit credit method. Under this method, the actuarial present value of benefits expected to be paid in respect of service prior to valuation date is determined and referred to as the actuarial liability. The difference between actuarial value of assets and the actuarial liability represents the surplus or deficiency, as the case may be. For benefits accruing after the valuation date, this method measures the required contribution rate as the actuarial present value of benefits expected to be paid in respect of service during the year following the valuation date.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowing costs are recognised in the statement of comprehensive income in the period when they are incurred.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

4. Accounts receivable

The credit period on the sale of goods ranges from 30 to 60 days. No interest is charged on trade receivables. All receivables over 365 days have been fully provided for because the Company's historical experience is such that receivables past due beyond 365 days are generally non recoverable.

The table below is an analysis of trade receivables as at 31 March, 2015.

	2015 $	2014 $
Not past due and not impaired	1,856,822	1,788,047
Past due but not impaired	1,173,507	904,076
	3,030,329	2,692,123
Impaired receivables - collectively assessed	456,152	437,533
Less: provision for impairment	(456,152)	(437,533)
	–	–
Total trade receivables, net	3,030,329	2,692,123

Aging of receivables that are past due but not impaired.

	2015 $	2014 $
<3 months	388,444	353,539
3 months to 6 months	568,902	525,178
6 months to 12 months	216,161	25,359
	1,173,507	904,076

	2015 $	2014 $
Trade accounts receivable	3,465,212	3,122,301
Other accounts receivable	21,269	7,355
	3,486,481	**3,129,656**
Movement in provision for doubtful debt:		
Balance at beginning of the year	(437,533)	(449,231)
(Increase)/decrease in provision	(18,619)	11,698
Balance at end of the year	(456,152)	(437,533)
	3,030,329	**2,692,123**

5. Due from/(to) related parties

The amounts due from (to) related parties comprise:

Due from related parties:

	2015 $	2014 $
Berger Paints Bahrain W.L.L.	498	–
Berger Paints Trinidad Ltd	16,055	10,146
Berger Paints Jamaica Ltd	15,867	3,950
	32,420	**14,096**

Due to related parties:

	2015 $	2014 $
Lewis Berger (Overseas Holdings) Limited	100,853	87,534
Berger Paints Jamaica Limited	45,505	7,420
Asian Paints (India) Limited	83,399	36,574
	229,757	**131,528**

These balances, which arose in the normal course of operations, are unsecured, interest free and there are no stated terms of repayment.

Related party transactions

The Company's results include the following transactions with related parties.

	2015 $	2014 $
Purchases	105,200	91,431
Sales	44,042	122,553
Technical service fee	469,918	453,819
Regional costs	91,944	121,166
Other costs	93	61,269
Regional charges	53,420	–
Other charges	36,058	–

Notes to the Financial Statements

Key management compensation

	2015 $	2014 $
Salaries and other short term employee benefits	407,083	374,466
Post employee benefits	11,320	9,400
	418,403	**383,866**

6. Inventories

This balance comprises:

	2015 $	2014 $
Raw materials	1,669,755	1,572,284
Work-in-progress	112,122	100,631
Finished goods	1,308,041	1,083,076
	3,089,918	2,755,991
Provision for obsolescence	(201,073)	(201,464)
	2,888,845	2,554,527
Goods-in-transit	8,107	2,203
	2,896,952	**2,556,730**

7. Property, plant and equipment

	Land $	Buildings $	Machinery and equipment $	Furniture, fixtures & office fixtures $	Vehicles $	Computer equipment and software $	Total $
Year ended 31 March, 2015							
Opening net book amount	660,000	1,586,585	757,724	151,376	12,875	44,891	3,213,451
Additions	–	107,869	354,820	159,610	65,300	32,698	720,297
Disposals	–	–	(7,511)	(370)	(9,446)	(13)	(17,340)
Depreciation charge for year	–	(47,411)	(247,255)	(118,557)	(15,673)	(32,899)	(461,795)
Closing net book amount	**660,000**	**1,647,043**	**857,778**	**192,059**	**53,056**	**44,677**	**3,454,613**
At 31 March, 2015							
Cost	660,000	2,439,799	3,207,147	936,042	112,746	446,345	7,802,079
Accumulated depreciation	–	(792,756)	(2,349,369)	(743,983)	(59,690)	(401,668)	(4,347,466)
Net book amount	660,000	1,647,043	857,778	192,059	53,056	44,677	3,454,613

7. Property, plant and equipment

	Land $	Buildings $	Machinery and equipment	Furniture, fixtures & office fixtures $	Vehicles $	Computer equipment and software $	Total $
Year ended 31 March, 2014							
Opening net book amount	660,000	1,347,053	859,755	189,642	33,544	35,796	3,125,790
Additions	–	281,549	155,119	40,688	–	33,347	510,703
Disposals	–	–	(224)	(2,071)	(3)	(2)	(2,300)
Depreciation charge for year	–	(42,017)	(256,926)	(76,883)	(20,666)	(24,250)	(420,742)
Closing net book amount	**660,000**	**1,586,585**	**757,724**	**151,376**	**12,875**	**44,891**	**3,213,451**
At 31 March, 2014							
Cost	660,000	2,331,931	2,960,077	985,694	102,581	475,222	7,515,505
Accumulated depreciation	–	(745,346)	(2,202,353)	(834,318)	(89,706)	(430,331)	(4,302,054)
Net book amount	**660,000**	**1,586,585**	**757,724**	**151,376**	**12,875**	**44,891**	**3,213,451**

8. Pension surplus

The Company maintains a contributory defined benefit pension plan ("the Plan") that is open to all employees over the age of eighteen (18) years, and has been confirmed as a permanent employee. The Plan is administered by Sagicor Life Inc. Members contribute 5% of their salary while the Company contributes 0.5% of the relevant salary.

An actuarial valuation of the Plan is conducted every year by an independent valuer and was performed as of 31 March, 2014 (2013 - 31 March, 2013). Based on this valuation, the actuary has determined that the post-employment benefits recognised in the financial statements with respect to the Company's pension plan are as follows:

a) The amounts recognised on the balance sheet are as follows:

	2015 $	2014 $
Present value of funded obligations	(8,079,883)	(7,711,773)
Fair value of plan assets	9,568,738	9,499,623
Net assets on balance sheet	**1,488,855**	**1,787,850**

b) The amounts recognised in the statement of comprehensive income are as follows:

	2015 $	2014 $
Current service cost	(205,709)	(214,875)
Net interest on the net defined benefit asset	(609,357)	(581,376)
Expected return on plan assets	727,787	707,040
Plan administrative expenses	(8,133)	(8,438)
Net expense recognised in the income statement	(95,412)	(97,649)

The loss for the year is included in the employee benefits expense in the statement of comprehensive income.

c) The amounts recognised in the statement of other comprehensive income are as follows:

	2015 $	2014 $
Remeasurements:		
Experience losses	(226,324)	(339,481)
Expected returns on plan assets	727,787	707,040
Actual return on plan assets	(286,778)	(514,999)
Net amount included in statement of other comprehensive income	**214,685**	**(147,440)**

d) Movements in the net asset recognised on the balance sheet are as follows:

	2015 $	2014 $
Net asset, at start of year	1,787,850	1,728,206
Net expense recognised in the income statement	(95,412)	(97,649)
Remeasurements included in the statement of other comprehensive income	(214,685)	147,440
Contribution - employer	11,102	9,853
Net asset, at end of year	**1,488,855**	**1,787,850**

e) Changes in the present value of defined obligation are as follows:

	2015 $	2014 $
Present value of obligation at start of the year	(7,711,773)	(7,533,368)
Interest cost	(609,357)	(581,376)
Current service cost (plus employee AVC)	(316,716)	(313,420)
Benefits paid	331,639	376,910
Actuarial loss/(gain) on obligation	226,324	339,481
Present value of obligation at year end	**(8,079,883)**	**(7,711,773)**

f) The changes in the fair value of plan assets are as follows:

	2015 $	2014 $
Opening fair value of plan asset	9,499,623	9,261,574
Actual return on plan assets	286,778	514,999
Plan administrative expenses	(8,133)	(8,438)
Contributions by employer and employees	122,109	108,398
Benefits paid	(331,639)	(376,910)
	9,568,738	**9,499,623**

g) **The fair value of plan assets at the balance sheet date is analysed as follows:**

	2015 $	2014 $
Mortgages	1,381,726	1,346,097
Debt instruments	3,863,857	3,800,799
Equity instruments	3,363,412	2,987,631
Property	414,326	613,676
Other assets	545,417	751,420
	9,568,738	**9,499,623**

h) **Principal actuarial assumptions**

	2015	2014
Discount rate, at end of year	7.75%	7.75%
Expected return on plan assets, at end of year	7.75%	7.75%
Future promotional salary increases	2.50%	2.50%
Future inflationary salary increases	4.25%	4.25%
Future pension increases	1.75%	1.75%
Proportion of employees opting for early retirement	0.00%	0.00%

Life expectancy (in years) of a pensioner retiring at age 65 on the balance sheet date is as follows:

	2015	2014
Male	19.92	19.84
Female	22.21	22.17

These assumptions are set to approximate the expected average rates over the long term and may not be appropriate in any specific year.

i) **Sensitivity analysis**

		Benefit obligation $
Change in assumption		
Base IAS 19 results	8,079,883	7,711,773
Reduce discount rate by 1% per annum	9,672,813	9,236,353
Increase discount rate by 1% per annum	7,007,954	6,727,027
Reduce salary increase by 1% per annum	7,530,726	7,187,570
Increase salary increase by 1% per annum	8,789,694	8,400,930
Increase average life expectancy by 1 year	8,092,781	7,723,855
Decrease average life expectancy by 1 year	8,060,342	7,695,950

9. Bank overdraft

The Company has a bank overdraft facility of $2,700,000 which is secured by a first demand “All Monies” debenture/mortgage stamped for $4,360,000 over all of the Company’s assets with a first legal mortgage over land with buildings thereon and an assignment of the fire and all risk insurance policies.

Notes to the Financial Statements

31st March, 2015

10. Accounts payable and accrued liabilities

	2015 $	2014 $
Trade creditors	692,348	1,267,874
Accrued liabilities	350,295	593,158
Other payables	425,945	463,546
	1,468,588	**2,324,578**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The credit period on goods payable ranges from one to three months. The Company's trade and other payables that are not denominated in the functional currency of the company are as follows:

	2015 $	2014 $
Denominated in:		
United States dollars	593,495	1,264,487
Pounds Sterling	32,373	12,166
Eastern Caribbean dollars	3,329	10,270

11. Taxation

The taxation charge consists of the following:

	2015 $	2014 $
Current income tax	148,485	175,182
Deferred income tax	242	(5,715)
	148,727	**169,467**

The tax on the Company's income before taxation differs from the theoretical amount that would arise using the basic tax rate of Barbados as follows:

	2015 $	2014 $
Income before taxation	1,489,950	1,408,152
Taxation calculated at 15% (2014 - 15%)	223,493	211,223
Expenses not deductible for tax	2,174	1,647
Tax allowances	(76,316)	(43,010)
Export allowance	(659)	(393)
Net under provision of prior year tax	35	–
	148,727	**169,467**

	2015 $	2014 $
Deferred tax liability - beginning of year	343,598	327,197
Deferred tax charge/(release) to statement of comprehensive income	242	(5,715)
Deferred tax (release)/charge to statement of other comprehensive income	(32,203)	22,116
	311,637	**343,598**

The deferred liability results from differences between the tax value and book value of the following items:

	2015 $	2014 $
Accelerated depreciation	588,724	502,800
Pension fund assets	1,488,855	1,787,850
	2,077,579	2,290,650
Deferred tax liability at corporation tax 15% (2014 - 15%)	311,637	343,598

12. Share capital

The Company is authorised to issue an unlimited number of common shares of no par value. At the balance sheet dates, the share capital account was made up as follows:

	Issued and outstanding	
	Number	Amount $
Common shares	376,000	1,880,000

13. Capital risk management policies and objectives

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, the bank overdraft net of cash and cash equivalents and equity comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in shareholder's equity.

The Board of Directors reviews the capital structure on an annual basis. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board of Directors, the Company will balance its overall capital structure through the payment of dividends, as well as the issue of new debt or the redemption of existing debt.

The Company's overall strategy remains unchanged from 2013.

14. Financial instruments

Financial assets and liabilities of the Company include cash and cash equivalents, accounts receivable, due from (to) related parties, bank overdraft, and accounts payable and accrued liabilities.

Fair values

The carrying values of cash and cash equivalents, accounts receivable, due from/(to) related parties, bank overdraft, accounts payable and accrued liabilities, approximate their fair values due to their short term to maturity. The investment is carried at cost as fair value information is not available.

Fair value estimates are made at a specific point in time based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Interest rate risk

The Company's exposure to interest rate risk is disclosed in Note 9.

Liquidity risk

The Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $	More than 1 year $	Total $
At March 31, 2015			
Trade payables and accrued liabilities	1,468,588	–	1,468,588
Amounts due to related parties	229,757	–	229,757
	1,698,345	–	1,698,345
At March 31, 2014			
Trade payables and accrued liabilities	2,324,578	–	2,324,578
Amounts due to related parties	131,528	–	131,528
	2,456,106	–	2,456,106

Foreign currency risk

Certain of the Company's transactions are conducted in currencies other than Barbados dollars. Consequently, the Company is exposed to foreign exchange risk on these transactions and any resulting foreign exchange gain/losses are recognised in the statement of comprehensive income. Most of the Company's foreign purchases and made in United States dollars which is fixed with the Barbados dollars at 2:1. The impact of foreign exchange risk is therefore not considered to be significant.

Concentration of credit risk

The financial instruments which potentially subject the Company to concentrations of credit risk are cash and cash equivalents and accounts receivable. The Company places its cash with two financial institutions in Barbados.

Concentrations of credit risk with respect to trade accounts receivable are limited by the large number of customers and their dispersion across the Caribbean region. However, a significant amount of the receivable balance is with hardware retail operations based in several of the islands of the Eastern Caribbean. Although the Company does not see a credit risk associated with these balances, repayment is dependent on the financial stability of the national economies of these countries.

15. Commitments and contingencies

Performance bond

The Company has established a customs bond in favour of the Crown in the amount of $160,000 (2014 - $160,000).

Operating leases

As at 31 March, 2015, the Company held cancellable leases on vehicles for extended periods. The future rental commitments under these leases were as follows:

	2015 $	2014 $
Not later than 1 year	56,618	55,573
Later than 1 year and less than 5 years	68,675	79,908