LASCO MANUFACTURING LIMITED

FINANCIAL STATEMENTS

31 MARCH 2015

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31 MARCH 2015

I N D E X

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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
Lasco Manufacturing Limited

Report on the Financial Statements

We have audited the financial statements of Lasco Manufacturing Limited set out on pages 3 to 34, which comprise the statement of financial position as at 31 March 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and 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.

Auditors' 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 about 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 auditors' 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 auditors consider internal control relevant to the company'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 company'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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Manufacturing Limited

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act, in the manner so required.

BDO

Chartered Accountants

28 May 2015

LASCO MANUFACTURING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2015

	Note	2015 $'000	2014 $'000
REVENUE	6	4,788,583	4,023,673
COST OF SALES		(3,365,043)	(2,967,310)
GROSS PROFIT		1,423,540	1,056,363
Other operating income	7	16,458	1,636
		1,439,998	1,057,999
EXPENSES:			
Administrative and other expenses		(555,164)	(385,592)
Selling and promotion expenses		(90,088)	(73,387)
	8	(645,252)	(458,979)
OPERATING PROFIT		794,746	599,020
Finance costs	10	(125,378)	(14,570)
PROFIT BEFORE TAXATION		669,368	584,450
Taxation	11	-	-
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		669,368	584,450
EARNINGS PER STOCK UNIT	12	$0.16	$0.14

LASCO MANUFACTURING LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2015

	Note	2015 $'000	2014 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	3,396,350	2,942,178
CURRENT ASSETS:			
Inventories	14	759,421	741,884
Receivables	15	1,131,713	811,932
Tax recoverable		309	10,494
Related companies	16	3	3,157
Directors' current account	16	13,126	2,377
Short term investments	17	82,480	77,871
Cash and bank balances	18	108,127	59,352
		2,095,179	1,707,067
		5,491,529	4,649,245
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	19	305,298	305,298
Retained earnings		2,888,223	2,218,855
		3,193,521	2,524,153
NON-CURRENT LIABILITY:			
Long term loan	20	958,439	1,301,385
CURRENT LIABILITIES:			
Payables	21	655,659	636,092
Related company	16	704	-
Bank overdraft	18	340,260	-
Current portion of long term loan	20	342,946	187,615
		1,339,569	823,707
		5,491,529	4,649,245

Approved for issue by the Board of Directors on 28 May 2015 and signed on its behalf by:

L A Chin — Chairman

Peter Chin — Director

LASCO MANUFACTURING LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2015

	Share Capital $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 APRIL 2013	305,298	1,634,405	1,939,703
TOTAL COMPREHENSIVE INCOME			
Net profit	-	584,450	584,450
BALANCE AT 31 MARCH 2014	305,298	2,218,855	2,524,153
TOTAL COMPREHENSIVE INCOME			
Net profit	-	669,368	669,368
BALANCE AT 31 MARCH 2015	305,298	2,888,223	3,193,521

LASCO MANUFACTURING LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2015

	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	669,368	584,450
Items not affecting cash resources		
Depreciation	67,098	26,941
Effect of exchange rate translation	(4,840)	(8,279)
Interest income	(208)	(1,195)
Gain on disposal of property, plant and equipment	(973)	(10)
Interest expense	125,378	14,570
	855,823	616,477
Changes in operating assets and liabilities:		
Inventories	(17,537)	(258,282)
Receivables	(319,794)	(176,708)
Related companies	3,858	(6)
Taxation recoverable	10,185	2,097
Payables	16,859	369,144
Directors' current account	(10,749)	541
Cash provided by operating activities	538,645	553,263
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	221	1,167
Short term investments	(4,609)	(8,657)
Purchase of property, plant and equipment	(522,747)	(1,063,784)
Proceeds from disposal of property, plant and equipment	2,450	413
Cash used in investing activities	(524,685)	(1,070,861)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	(125,378)	(14,570)
Loan received	141,000	483,145
Loan paid	(328,615)	-
Cash (used in)/provided by financing activities	(312,993)	468,575
Net decrease in cash and cash equivalents	(299,033)	(49,023)
Exchange gain on foreign cash balances	7,548	16,374
Cash and cash equivalents at beginning of year	59,352	92,001
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 18)	(232,133)	59,352

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES**:

(a) Lasco Manufacturing Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10 and it currently operates from leased premises at 38½ Red Hills Road, Kingston 10. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activities of the company are the manufacturing of soy based products and packaging of milk based products. Distribution of these products is done in the local and export markets.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (‘the functional currency’). These financial statements are presented in Jamaican dollars, which is considered the company’s functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRSs 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. Although these estimates are based on management’s best knowledge of current events and action, actual results could differ from those estimates. 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 4.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

Amendments to published standards and interpretations effective in the current year that are relevant to the company's operations (cont'd)

IAS 32 (Amendments), 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 1 January 2014) clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparts. In addition, it clarifies that gross settlement is equivalent to net settlement if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.

IAS 36 (Amendments), 'Impairment of Assets' (effective for annual periods beginning on or after 1 January 2014) was amended by the issue of Recoverable Amount Disclosures for Non-financial Assets, which is effective for accounting periods beginning on or after 1 January 2014. The amendments align the disclosures required for the recoverable amount of an asset or Cash Generating Unit (CGU) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use. Certain disclosures are now only required when an impairment loss has been recorded or reversed in respect of an asset or CGU. Other disclosure requirements have been clarified and expanded, for assets or CGUs where the recoverable amount has been determined on the basis of fair value less costs of disposal.

The amendments did not result in any effect on the company's financial statements.

IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016). The amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

IFRS 15, 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2017). It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC–31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

Annual improvements to IFRS, 2010-2012, 2011-2013 and **2012-2014** cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 July 2014. The main amendments applicable to the company are as follows:

IAS 24, 'Related Party Disclosures' has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

IFRS 13, 'Fair Value Measurement' has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

IFRS 7, 'Financial Instruments: Disclosures', (effective for annual periods beginning on or after 1 July 2016) has been amended to clarify when servicing arrangements are the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset – e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**:

(a) **Basis of preparation (cont'd)**

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (cont'd)

IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 2018), replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

(b) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(c) **Property, plant and equipment**

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation on all other items of property, plant and equipment is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Furniture and fixtures	10 years
Machinery and equipment	10 years
Computer equipment	5 years
Motor vehicles	5 years
Leasehold improvements	5 years

(d) **Inventories**

Inventories are stated at the lower of cost and fair value less costs to sell. Cost is determined as follows:

Finished goods	-	Cost of product plus all indirect costs to bring the item to a saleable condition.
Goods-in-transit	-	Cost of goods converted at the year end exchange rate.

Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

(e) **Provisions**

Provisions for restructuring costs and legal claims are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **Revenue recognition**

Revenue is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis unless collectibility is doubtful.

(g) **Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(h) **Trade receivables**

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

(i) **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturities of three months or less, net of bank overdraft.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(j) **Borrowings –**

Borrowings are recognised initially at the proceeds received, net of transaction costs Incurred. Borrowings are subsequently stated at amortised cost.

Borrowing costs incurred for the construction of the qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(k) **Current and deferred income taxes**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. 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 financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(l) **Trade and other payables**

Trade payables are stated at amortized cost.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Employee benefits**

(i) Defined contribution plan

The company operates a defined contribution pension plan which is funded by employees' contribution of 5% of salary and employer's contribution of 5%. Once the contributions have been paid, the company has no further obligations. Contributions are charged to the statement of profit or loss, in the year to which they relate.

(ii) Profit-sharing and bonus plan

The company recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's stockholders after certain adjustments. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Other employee benefits

Employee entitlement to annual leave and other benefits are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the end of the reporting period.

(n) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

(i) **Classification**

Financial assets

The company classifies its financial assets as loans and receivables. 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The company's loans and receivables comprise receivables, cash and bank balances, short term investments and due from related companies.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(n) **Financial instruments (cont'd)**

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment testing of trade receivables is described in note 3(h).

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, long term loan, due to related company, bank overdraft and payables were classified as financial liabilities.

(o) **Segment reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operation Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(p) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity.

(q) **Other receivables**

Other receivables are stated at amortised cost less impairment losses, if any.

(r) **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. In the case of interim dividends, this is recognised when declared by the directors.

Dividend for the year that are declared after the reporting date are dealt with in the subsequent events note.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the company's accounting policies**

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Fair value estimation**

A number of assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, at fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the company's financial and non financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique are.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices(or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market date (that is, unobservable inputs).

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(i) **Fair value estimation (cont'd)**

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

The fair value of financial instruments traded in active markets, such as available-for-sale investments, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1 and comprise equity instruments traded on the Jamaica Stock Exchange.

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

(a) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables and payables.

(b) The carrying values of long term liability approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(ii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in statement of income through impairment or adjusted depreciation provisions.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

5. **FINANCIAL RISK MANAGEMENT:**

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and bank balances
- Payables
- Due from/to related companies
- Long term loan
- Bank overdraft
- Short term investments

(b) **Financial instruments by category**

Financial assets

	Loans and Receivables	
	2015 $'000	2014 $'000
Cash and bank balances	108,127	59,352
Short term investment	82,480	77,871
Related companies	3	3,157
Receivables	1,065,273	795,371
Total financial assets	1,255,883	935,751

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Financial instruments by category (cont'd)**

	Financial liabilities at amortised cost	
	2015 $'000	2014 $'000
Payables	600,537	574,582
Bank overdraft	340,260	-
Related company	704	-
Long term loan	1,301,385	1,489,000
Total financial liabilities	2,242,886	2,063,582

(c) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value includes cash and bank balances, receivables, payables, related company, bank overdraft and long term loan.

Due to their short-term nature, the carrying value of cash and bank balances, receivables, bank overdraft and payables approximates their fair value.

(d) **Financial instruments measured at fair value**

The company had no financial instruments which were measured at fair value subsequent to initial recognition.

(e) **Financial risk factors**

The Board of Directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Foreign exchange risk arises from transactions for sales, purchases and US Dollar denominated investments. The company's exposure to foreign currency risk was as follows:

	2015 $'000	2014 $'000
Cash and bank balances	107,352	54,765
Short term investments	82,480	77,871
Receivables	136,765	110,548
Payables	(452,486)	(476,907)
	(125,889)	(233,723)

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank, accounts receivable balances and accounts payables balances, and adjusts their translation at the year-end for 15% (2014 – 10%) depreciation and a 1% (2014 – 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate 2015	Effect on Profit before Tax 31 March 2015 $'000	% Change in Currency Rate 2014	Effect on Profit before Tax 31 March 2014 $'000
Currency:				
USD	+1	1,264	+1	2,377
USD	-10	(12,589)	-15	(35,058)

Exchange rates in terms of Jamaican dollar for US$1 were as follows:

31 March 2015	114.49
31 March 2014	109.28

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(**i)** **Market risk (cont'd)**

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the company does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Cash flow is the risk that the future cash flows associated with monetary financial instrument will fluctuate in amount. The company manages this risk through budgetary measures, ensuring as far as possible that fluctuation in cash flows relating to monetary financial assets and liabilities are matched to mitigate any significant adverse cash flows.

Interest rate sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

The company's interest rate risk arises from cash and bank balances, loan and bank overdraft. Loan interest is fixed for three years hence there is no significant exposure to interest rate fluctuations.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, due from related company and cash and bank balances.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables

Revenue transactions in respect of the company's primary operations are settled in cash. For its operations done on a credit basis, the company has policies in place to ensure that sales are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

The aging of trade receivables

	2015 $'000	2014 $'000
0-30 days	1,031,595	665,755
31-60 days	172	85,781
61-90 days	22,827	8,848
90 days and over	-	21,248
	1,054,594	781,632

Trade receivables that are past due but not impaired

At as 31 March 2015, trade receivables of $22,999,000 (2014 - $115,877,000) were past due but not impaired. These relate to customers for whom there is no recent history of default.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(iii) **Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a bi-weekly basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
31 March 2015					
Payables	655,659	-	-	-	655,659
Bank overdraft	340,260	-	-	-	340,260
Long term loan	342,946	958,439	-	-	1,301,385
Total financial liabilities (contractual maturity dates)	1,338,865	958,439	-	-	2,297,304
31 March 2014					
Payables	636,092	-	-	-	636,092
Long term loan	187,615	342,946	958,439	-	1,489,000
Total financial liabilities (contractual maturity dates)	823,707	342,946	958,439	-	2,125,092

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Capital management -**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subject.

6. **REVENUE:**

Revenue represents the price of goods sold after discounts and allowances.

7. **OTHER OPERATING INCOME:**

	2015 **$'000**	**2014** **$'000**
Interest income	208	1,195
Tax refund	14,472	
Other income	1,778	441
	16,458	1,636

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

8. **EXPENSES BY NATURE:**

Total administrative, selling and other expenses:

	2015 $'000	2014 $'000
Staff costs (note 9)	209,884	147,233
Directors' fees	5,083	2,833
Auditors' remuneration –		
current year	4,300	4,000
prior year	-	(35)
Legal and professional	27,531	16,147
Security	22,028	22,699
Insurance	51,676	40,224
Repairs and maintenance	16,302	9,248
Building rental	9,556	11,655
Advertising and promotion	90,088	73,387
Foreign exchange loss	4,840	8,279
Travelling and entertainment	25,363	21,299
Depreciation	67,098	26,941
Donations and subscriptions	14,071	7,309
Bank charges	7,890	7,372
Utilities	75,944	44,150
Other operating expenses	13,598	16,238
	645,252	458,979

Included in other operating expenses are expense categories amounting to less than $3 million.

9. **STAFF COSTS:**

	2015 $'000	2014 $'000
Salaries and related costs	123,284	75,391
Directors' emoluments	48,796	45,242
Profit related pay	3,297	2,937
Termination costs	9,649	2,479
Pension costs	3,137	3,032
Staff welfare	17,636	16,188
	205,799	145,269
Redundancy costs	4,085	1,964
	209,884	147,233

The average number of persons employed by the company during the year was fifty-one (51), (2014 – forty-two (42)).

Also included in cost of sales is an amount of $90,295,389 (2014 - $71,183,557) representing production workers staff costs.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

10. **FINANCE COSTS:**

	2015 $'000	2014 $'000
Interest expense	125,378	14,570

11. **TAXATION EXPENSE:**

(a) Reconciliation of theoretical tax charge that would arise on profit before tax using the applicable tax rate to actual tax charge.

	2015 $'000	2014 $'000
Profit before taxation	669,368	584,450
Taxation calculated at 25%	167,342	146,113
Adjusted for the effects of:		
Expenses not deducted for tax purposes	19,056	9,095
Net effect of other charges and allowances	(9,131)	(36,466)
	177,267	118,742
Adjustment for the effect of tax remission:		
Current tax	(177,267)	(118,742)
Taxation in income statement	-	-

(b) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 12 October 2010. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

(c) The Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries, effective 1 January 2014. Some of these changes are as follows:

- The maximum capital allowances on private motor vehicles, which were previously limited to J$3,200, increased to a maximum of US$35,000;
- Initial allowance has been abolished on capital expenditure except for industrial buildings, plant and machinery used in manufacturing and computers;
- Annual allowances are now granted on a straight line basis at various improved rates ranging from 4% to 25%.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

11. **TAXATION EXPENSE (CONT'D):**

(d) Under the Provisional Collection of Tax Act, the Minimum Business Tax Order, 2014, enacted a new minimum tax of $60,000 per annum commencing in the year of assessment 2014. The Minimum Business Tax paid can be credited towards the Income Tax Payable for the year of assessment, provided that the income tax liability is greater than the minimum tax. This tax has been paid by the company and has been included in other operating expenses. No reclassification has been deemed necessary due to the insignificance of the amount.

12. **EARNINGS PER STOCK UNIT:**

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year-end.

	2015	**2014**
Net profit attributable to stockholders ($'000)	669,368	584,450
Number of ordinary stock units ('000)	4,087,130	4,087,130
Earnings per stock unit ($ per share)	0.16	0.14

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

13. **PROPERTY, PLANT AND EQUIPMENT:**

	Land & Buildings $'000	Machinery & Equipment $'000	Leasehold Improvement $'000	Assets under Construction $'000	Motor Vehicles $'000	Furniture & Fixtures $'000	Computer Equipment & Accessories $'000	Total $'000
At cost:								
1 April 2013	149,479	159,126	5,277	1,707,853	15,698	6,994	195,331	2,239,758
Transfer	747,377	(26)	-	(747,377)	-	-	26	-
Additions	-	1,336	-	1,001,304	-	85	61,059	1,063,784
Retirement/disposal	-	-	-	-	-	(518)	-	(518)
31 March 2014	896,856	160,436	5,277	1,961,780	15,698	6,561	256,416	3,303,024
Transfer	205,556	925,920	-	(1,131,500)	-	-	24	-
Additions	-	1,398	-	510,133	1,847	701	8,667	522,746
Retirement/disposal	-	(1,441)	-	-	(2,943)	-	-	(4,384)
31 March 2015	1,102,412	1,086,313	5,277	1,340,413	14,602	7,262	265,107	3,821,386
Depreciation:								
1 April 2013	14,604	108,897	2,840	-	9,845	4,004	193,830	334,020
Adjustment	-	(4)	-	-	-	-	5	1
Charge for the year	5,698	10,910	698	-	2,347	349	6,939	26,941
Retirement/disposal	-	-	-	-	-	(116)	-	(116)
March 2014	20,302	119,803	3,538	-	12,192	4,237	200,774	360,846
Charge for the year	24,478	25,624	698	-	2,613	415	13,270	67,098
Retirement/disposal	-	(1,441)	-	-	(1,467)	-	-	(2,908)
31 March 2015	44,780	143,986	4,236	-	13,338	4,652	214,044	425,036
Net Book Value:								
31 March 2015	1,057,632	942,327	1,041	1,340,413	1,264	2,610	51,063	3,396,350
31 March 2014	876,554	40,633	1,739	1,961,780	3,506	2,324	55,642	2,942,178

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

13. **PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

Included in land and buildings is a property located at White Marl, St. Catherine which is owned as Tenants in Common in equal shares with a related company.

The net book value of property, plant and equipment includes assets under construction amounting to $1,340,412,000 (2014 - $1,961,780,000) relating to the construction of new warehouse, plant and equipment to be located at White Marl, St. Catherine.

The cost will be depreciated once the property is complete and available for use. The estimated (additional) cost of completion of the facility is $373,173,000.

14. **INVENTORIES:**

	2015 $'000	2014 $'000
Raw materials	423,472	341,266
Finished goods	36,703	18,220
Goods in transit	299,246	382,398
	759,421	741,884

15. **RECEIVABLES:**

	2015 $'000	2014 $'000
Trade receivables	1,054,594	781,632
Other receivables	77,119	30,300
	1,131,713	811,932

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

16. **RELATED PARTY TRANSACTIONS AND BALANCES:**

	2015 $'000	2014 $'000
Transactions during the year		
Purchase of goods/foreign currency:		
Lasco Distributors Limited	41,927	32,953
Lasco Financial Services Limited	2,538,135	2,348,512
Sale of goods/services:		
Lasco Distributors Limited	4,190,445	3,622,535
Loan from director	141,000	-
Management fees income/(expense):		
Lasco Financial Services Limited	-	(143)
Building rental expense	6,840	6,840
Key management compensation (included in staff costs – note 9):		
Key management includes directors, (executive and senior managers) -		
Salaries and other short-term employee benefits	52,926	52,908
Directors' emoluments:		
Fees	5,083	2,833
Management remuneration (included above)	52,093	48,179
Year end balances		
With related companies:		
Due from –		
Lasco Distributors Limited	-	7
Lasco Foods Limited	-	3,141
Lasco Financial Services Limited	3	9
	3	3,157
Lasco Distributors Limited (included in trade receivables)	910,248	669,379
Lasco Financial Services Limited (included in trade receivables)	14	1,203

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

16. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

Year end balances (cont'd)

	2015 $'000	2014 $'000
Due to –		
Lasco Distributors Limited (included in payables)	21,758	13,628
Lasco Financial Services Limited (included in payables)	-	542

There is a thirty (30) day repayment term of the amounts due to and from related companies.

With directors and other key management:		
Directors' current account	13,126	2,377

This amount was repaid in April 2015.

17. **SHORT TERM INVESTMENTS:**

This represents US$ interest bearing deposit which have been invested for a period of one (1) year at a weighted average interest rate of 1.24%.

18. **CASH AND CASH EQUIVALENTS:**

	2015 $'000	2014 $'000
Cash and bank balances –		
Cash at bank and in hand	70,295	23,522
Short term deposit	37,832	35,830
	108,127	59,352
Bank overdraft	(340,260)	-
	(232,133)	59,352

The bank overdraft is secured as a part of the total security for the loan facility (see note 20).

Included in short term deposits is interest receivables of $18,215 (2014 - $12,347).

The weighted average interest rate on short term deposits denominated in United States dollars was 0.80% (2014 – 0.80%) and these deposits mature within 30 days,

19. **SHARE CAPITAL:**

	2015 $'000	2014 $'000
Authorised -		
4,427,500,000 ordinary shares of no par value		
Stated capital –		
Issued and fully paid –		
4,087,130,170 ordinary shares of no par value	305,298	305,298

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

20. **LONG TERM LOAN:**

	2015 $'000	2014 $'000
Expansion loan	1,301,385	1,489,000
Less: current portion	(342,946)	(187,615)
	958,439	1,301,385

The loan attracts an interest rate of 8.4% per annum which is fixed for three years to 31 May 2015. Thereafter, either a new fixed rate is to be determined for the remaining two years of the facility or a variable rate of 6 month weighted average treasury bill yield rate plus 2%, with the interest rate to be reset semi-annually based on the most recent 6 month treasury bill yield rate immediately prior to the date of reset, will be applied.

The expansion loan facility was extended by thirty six months to a new maturity date of 31 August 2021. As such, beginning 31 March 2015 the loan will be payable at an interest rate of 8.7% per annum, amortised over seventy nine months. After three years (effective 31 March 2018) the monthly payment on principal and interest will be determined based on the new interest rate and repayment structure agreed at that time.

The loan and bank overdraft are secured by the following:

(i) First mortgage issued by Lasco Manufacturing Limited and Lasco Distributors Limited over each mortgagor's interest in commercial property located at White Marl, St. Catherine and registered at Volume 1092 Folio 796 ("White Marl") in the names of the mortgagors and which mortgage is to be issued by each mortgagor to secure:

(a) its indebtedness arising from its borrowing from and other direct liabilities incurred to the bank; and

(b) its indebtedness as guarantor of payment of the other mortgagor's indebtedness to the bank as at (a), such guarantee to be limited in each cases to the value of the mortgagor's interest in White Marl. The said mortgage to be stamped to cover JMD$1.207 billion (with power to upstamp) and to be the principal security intended to secure indebtedness arising from advances to Lasco Manufacturing Limited pursuant to this facility letter as well as advances to Lasco Distributors Limited pursuant to a facility letter of even date hereto, issued to Lasco Distributors Limited and in the case of each company, such other indebtedness as may arise pursuant to other agreements with the bank.

(ii) First debenture over fixed and floating assets of the company.

(iii) Hypothecation of credit balances held, whether in foreign or local currencies or both, being not less than US$1.05 million or equivalent.

(iv) Fire or peril insurance including all risks over building, content (inventories, machinery, equipment) with the interest of the bank noted thereon.

(v) Overdraft lending agreement of JMD$605M.

LASCO MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2015

21. **PAYABLES:**

	2015 $'000	2014 $'000
Trade payables	498,071	503,707
Other payables and accruals	157,588	132,385
	655,659	636,092

22. **PENSION SCHEME:**

The company operates a defined contribution pension scheme which is administered by BPM Financial Limited and is open to all permanent employees.

The scheme is funded by the company's and employees' contributions. The company's contributions to the scheme are expensed and amounted to $3,136,822 (2014 - $3,032,276) for the year.

23. **CONTINGENT LIABILITIES:**

The company's banker has issued guarantees in favour of third parties totalling $8,000,000 (2014 – Nil).