

## Chairman's Report

In 2013 Consolidated Finance Co Limited (CFCL) recorded a significantly improved operating performance driven by strong cost management and much lower loan loss provisions compared to 2012. Net Interest and Other Income however fell by 19% reflecting the continued impact of weak economic conditions in the country and resultant effects on vehicle sales and financing.

Earnings before tax in 2013 was \$2.1 million compared to a loss of \$8.0 million in 2012. General and Administrative expenses were down 19% compared to 2012 and loan loss provisioning was at \$1.9 million in 2013 compared to \$12.8 million in 2012.

Our Asset Finance business comprising vehicle leasing and hire purchase remains our core activity. Excellent customer service and a unique product which combines the Group's strengths in Insurance through Brydens Insurance, Automobile sales through McEneaney Quality Inc. and Financing from ourselves, has enabled us to maintain our market share.

Foreign Exchange remains a very important business line but was impacted by declining foreign exchange volumes in the market compared to previous years.

Improved active management of the portfolios, both performing and non-performing, led to lower provisions in our commercial lending and this has reduced the drag that this placed on earnings in 2012. The resources we have dedicated to remediating this portfolio are working effectively to mitigate further risk and look for opportunities to secure gains as we regularize this part of our book.

Our Balance sheet remains strong with a capital base of \$47.4 million as at December 31, 2013 and a capital adequacy ratio of 20% which is well above the regulatory requirement of 8%.

The planned acquisition of the issued capital of CFCL by ANSA Merchant Bank Limited has progressed and we expect this transaction to be completed in 2014. This will lead to more efficient operations and an enhanced ability to generate revenues with continued focus on strong controls and governance.

In 2013, two of our long-standing directors Mrs. Monica Hinds and Mr. Stanislaus Affonso retired and I wish to thank them for their wise counsel through the many years they dedicated to CFCL. I also wish to thank my fellow directors for their insight and strategic direction. We sincerely thank our many customers for their continued loyal support and we recognize the dedication and commitment of our staff who create value and provide excellent service.

We are encouraged by our results in 2013 and look forward to sustaining and building this momentum in 2014 and beyond.



Chip Sa Gomes  
Chairman of the Board of Directors  
21 March 2014

## Independent Auditors' Report

### To the Shareholder of Consolidated Finance Co. Limited

The accompanying summarized financial statements, which comprise the summarized statement of financial position as of 31 December 2013, and the summarized statement comprehensive income, summarized statement changes in equity and summarized statement of cash flows for the year then ended, are derived from the audited financial statements of Consolidated Finance Co. Limited for the year ended 31 December 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 21 March 2014. The summarized financial statements do not reflect the effect of events that occurred subsequent to the date of our audit report on the financial statements.

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements.

### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis of their established criteria as described in Note 1.

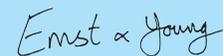
### Auditors' Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our proce-

dures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

### Opinion

In our opinion, the summarized financial statements derived from the audited financial statements for the year ended 31 December 2013 are consistent, in all material respects, with those financial statements, on the basis of management's established criteria as described in Note 1.



CHARTERED ACCOUNTANTS  
Barbados  
21 March 2014

### Note 1

The summarized financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summarized statement of financial position, summarized statement of comprehensive income, summarized statement of changes in equity and summarized statement of cash flows. These summarized financial statements are derived from the audited financial statements of Consolidated Finance Co. Limited for the year ended 31 December 2013 which are prepared in accordance with International Financial Reporting Standards.

## Statement of Financial Position

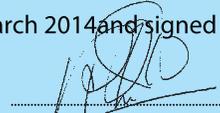
As at December 31, 2013  
(Expressed in Barbados Dollars)

	2013 \$	2012 Restated \$	As at January 1, 2012 Restated
<b>Assets</b>			
Cash and short-term deposits	36,093,186	30,188,723	22,424,942
Loans and other receivables	132,660,930	155,975,771	168,108,532
Inventories	651,023	1,020,325	885,482
Due from parent and fellow subsidiaries	12,647,484	12,804,875	12,626,722
Investments	15,981,181	16,653,712	17,814,952
Property and equipment	2,353,386	2,586,291	2,486,669
Leased assets	52,083,610	55,870,667	51,884,544
Corporation tax recoverable	870,283	741,360	517,549
Deferred tax asset	2,166,210	2,674,945	482,347
Employee benefit asset	1,525,253	1,387,254	1,154,408
<b>Total assets</b>	<b>257,032,546</b>	<b>279,903,923</b>	<b>278,386,147</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	11,751,330	14,700,637	7,314,048
Other liability	-	18,061	2,809,424
Due to fellow subsidiaries	100,974	376,562	1,007,011
Fixed deposits and accrued interest	189,247,140	210,303,022	207,124,289
Deferred taxation	8,385,662	8,336,633	8,094,203
Employee benefit liability	107,000	85,000	144,000
<b>Total liabilities</b>	<b>209,592,106</b>	<b>233,819,915</b>	<b>226,492,975</b>
<b>Shareholder's equity</b>			
Stated capital	10,000,000	10,000,000	10,000,000
Reserves	10,780,099	10,828,848	10,631,978
Retained earnings	26,660,341	25,255,160	31,261,194
<b>Total shareholder's equity</b>	<b>47,440,440</b>	<b>46,084,008</b>	<b>51,893,172</b>
<b>Total liabilities and shareholder's equity</b>	<b>257,032,546</b>	<b>279,903,923</b>	<b>278,386,147</b>

Approved by the Board of Directors on 21 March 2014 and signed on its behalf by:


 Director

N.V. Mouttet


 Director

R.K. Phillips

**Statement of Comprehensive Income**

 Year ended December 31, 2013  
 (Expressed in Barbados Dollars)

	2013 \$	2012 Restated \$
<b>Income</b>		
Interest income from loans	14,334,671	16,283,112
Interest income from investments	1,899,010	1,951,350
<b>Total interest income</b>	16,233,681	18,234,462
Finance costs	(8,796,274)	(9,213,911)
Net interest income	7,437,407	9,020,551
Net lease rental income	3,855,386	4,125,497
Other income	1,553,170	2,722,277
<b>Net interest and other income</b>	12,845,963	15,868,325
General and administrative expenses	(8,894,860)	(10,999,160)
<b>Income before impairment losses on loans and taxation</b>	3,951,103	4,869,165
Impairment losses on loans	(1,892,143)	(12,837,614)
<b>Income (loss) before taxation</b>	2,058,960	(7,968,449)
Tax (charge) credit	(653,779)	1,962,415
<b>Net profit (loss) for the year</b>	1,405,181	(6,006,034)
<b>Other comprehensive (loss) income not to be reclassified to profit and loss in subsequent periods:</b>		
Revaluation of land and buildings	-	160,120
Re-measurement (losses) gains on post retirement plans	(48,749)	36,750
<b>Other comprehensive (loss) income for the year, net of tax</b>	(48,749)	196,870
<b>Total comprehensive income (loss) for the year, net of tax</b>	1,356,432	(5,809,164)

**Statement of Cash Flows**

 Year ended December 31, 2013  
 (Expressed in Barbados Dollars)

	2013 \$	2012 \$
<b>Cash flows from operating activities</b>		
Income (loss) before taxation	2,058,960	(7,968,449)
Adjustments for:		
Impairment losses on loans and investments	1,892,143	13,532,032
Impairment on inventory	(89,915)	575,615
Depreciation	12,364,099	12,520,166
Interest income from investments	(1,899,010)	(1,951,350)
Gain on disposal of property, equipment and leased assets	(1,068,877)	(1,063,096)
Employee benefits	(180,999)	(242,849)
Operating income before working capital changes	13,076,401	15,402,069
Decrease (increase) in loans and other receivables	21,422,698	(704,853)
Decrease in cash reserves held at Central Bank	-	135,046
Decrease in cash held as administrative agent	18,061	2,791,363
Decrease (increase) in inventories	459,217	(710,458)
Decrease (increase) in due from parent and fellow subsidiaries	157,391	(178,153)
(Decrease) increase in account payable and accrued liabilities	(2,949,307)	7,386,589
Decrease in other liability	(18,061)	(2,791,363)
Decrease in due to fellow subsidiaries	(275,588)	(630,449)
(Decrease) increase in fixed deposits and accrued interest	(21,055,882)	3,178,733
Cash from operations	10,834,930	23,878,524
Corporation tax paid	(79,765)	(98,804)
Interest income received	1,682,485	1,648,548
Withholding tax paid	(128,923)	(125,008)
Net cash from operating activities	12,308,727	25,303,260
<b>Cash flows used in investing activities</b>		
Purchase of property, equipment and leased assets	(14,402,061)	(26,432,159)
Proceeds from disposal/maturities of investments	889,056	769,624
Proceeds from disposal of property, equipment and leased assets	7,126,802	11,049,464
Net cash used in investing activities	(6,386,203)	(14,613,071)
<b>Net increase in cash and cash equivalents</b>	5,922,524	10,690,189
<b>Cash and cash equivalents – beginning of year</b>	23,573,517	12,883,328
<b>Cash and cash equivalents – end of year</b>	29,496,041	23,573,517

**Statement of Changes in Equity**

 Year ended December 31, 2013  
 (Expressed in Barbados Dollars)

	Stated capital \$	Reserves \$	Retained earnings \$	Total \$
<b>Balance at January 1, 2012 as previously reported</b>	10,000,000	10,687,478	30,720,464	51,407,942
Prior period adjustment	-	(55,500)	540,730	485,230
<b>Balance as at January 1, 2012 restated</b>	10,000,000	10,631,978	31,261,194	51,893,172
Total comprehensive loss for the year	-	196,870	(6,006,034)	(5,809,164)
<b>Balance as at December 31, 2012 restated</b>	10,000,000	10,828,848	25,255,160	46,084,008
<b>Balance as of January 1, 2013 as previously reported</b>	10,000,000	10,847,598	24,691,931	45,539,529
Prior period adjustment	-	(18,750)	563,229	544,479
<b>Balance as at January 1, 2013 restated</b>	10,000,000	10,828,848	25,255,160	46,084,008
Total comprehensive income for the year	-	(48,749)	1,405,181	1,356,432
<b>Balance at December 31, 2013</b>	10,000,000	10,780,099	26,660,341	47,440,440

**Board of Directors**

Mr. Chip Sa Gomes – Chairman | Mr. S. R. Edghill | Mr. J. W. Gellineau, FCA | Mr. G. N. Hill, MBA, FCCA | Mr. N. V. Mouttet | Mr. R. K. Phillips

Corporate Secretary - Ms. L. R. McCollin, FCCA, FCA