

Financial Statements

CAVES OF BARBADOS LTD

Year Ended 31 March 2014
(Expressed in Barbados Dollars)

CAVES OF BARBADOS LTD

Year ended 31 March 2014

Index to the Financial Statements

	Page
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 24

Independent auditors' report

To the Shareholder of Caves of Barbados Ltd

We have audited the accompanying financial statements of Caves of Barbados Ltd, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

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 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.



Independent auditors' report (continued)

To the Shareholder of Caves of Barbados Ltd

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Caves of Barbados Ltd. as of 31 March 2014, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read "Deloitte Touche".

20 April 2017

CAVES OF BARBADOS LTD

Statement of Financial Position

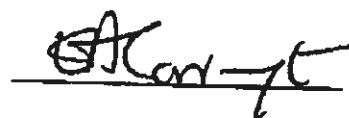
At 31 March 2014

(expressed in Barbados dollars)

	Notes	2014	2013
Assets			
Current assets			
Cash at bank	4	\$ 1,227,465	\$ 1,975,775
Accounts receivable and prepayments	5	1,842,359	1,744,515
Inventories	6	403,495	361,913
Corporation tax recoverable		11,927	11,927
Amount due from related party	7	<u>1,168</u>	<u>3,478</u>
		3,486,414	4,097,608
Non-current assets			
Property, plant and equipment	8	<u>67,967,596</u>	<u>67,566,949</u>
		\$ <u>71,454,010</u>	\$ <u>71,664,557</u>
Liabilities and equity			
Current liabilities			
Bank overdraft	9	\$ -	\$ 223,927
Accounts payable and accrued expenses	10	631,938	892,377
Due to shareholder	7	1,903,015	1,903,015
Current portion of loans payable		4,996,840	5,549,461
Amount due to related party	7	<u>201,237</u>	<u>199,745</u>
		<u>7,733,030</u>	<u>8,768,525</u>
Non-current liabilities			
Loans payable	15	39,908,457	41,692,468
Net defined benefit liability	16	<u>1,287,976</u>	<u>1,298,619</u>
		41,196,433	42,991,087
		<u>48,929,463</u>	<u>51,759,612</u>
Equity			
Share capital - 7,600,000 common shares	11	7,600,000	7,600,000
Subscription shares to be issued	12	27,709,993	27,709,993
Capital contribution by the Government of Barbados	13	4,317,224	4,317,224
Accumulated deficit		<u>(17,102,670)</u>	<u>(19,722,272)</u>
		<u>22,524,547</u>	<u>19,904,945</u>
Total liabilities and equity		\$ <u>71,454,010</u>	\$ <u>71,664,557</u>

Approved by the Board of Directors on 20 April 2017 and signed on its behalf by:


Director


Director

The accompanying notes form part of these financial statements

CAVES OF BARBADOS LTD

Statement of Comprehensive Income

For the Year Ended 31 March 2014 (with comparatives for the
Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

Revenue	Notes	2014	2013
Entrance fees		\$ 4,356,933	\$ 5,967,356
Shop and bar sales		<u>483,366</u>	<u>500,586</u>
		4,840,299	6,467,942
Cost of sales		<u>(311,783)</u>	<u>(290,646)</u>
Gross profit		4,528,516	6,177,296
Government grants	22	7,827,484	10,613,579
Other income		<u>297,865</u>	<u>318,396</u>
		<u>12,653,865</u>	<u>17,109,271</u>
Expenses			
Salaries, wages and benefits		3,288,899	4,200,193
Other general and administrative expenses	17	2,122,919	3,285,530
Depreciation and amortization	8	2,624,860	3,183,115
Employee benefits expense		182,761	248,912
Interest and bank charges		<u>2,008,219</u>	<u>2,585,214</u>
		<u>10,227,658</u>	<u>13,502,964</u>
Income for the year/period before taxation		<u>2,426,207</u>	<u>3,606,307</u>
Taxation		-	-
Income for the year/period		<u>2,426,207</u>	<u>3,606,307</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit obligation	16	<u>193,395</u>	<u>909,118</u>
Other comprehensive income for the year		<u>193,395</u>	<u>909,118</u>
Total comprehensive income for the year/period		\$ <u>2,619,602</u>	\$ <u>4,515,425</u>

The accompanying notes form part of these financial statements

CAVES OF BARBADOS LTD

Statement of Changes in Equity

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

	Share capital	Subscription for shares to be issued	Capital contributed by the Government of Barbados	Accumulated deficit	Total
Balance – 1 January 2011	\$ 7,600,000	\$ 27,709,993	\$ 4,317,224	\$ (24,237,697)	\$ 15,389,520
Total comprehensive income for the period	-	-	-	4,515,425	4,515,425
Balances – 31 March 2013	7,600,000	27,709,993	4,317,224	(19,722,272)	19,904,945
Total comprehensive income for the year	-	-	-	2,619,602	2,619,602
Balances – 31 March 2014	<u>\$ 7,600,000</u>	<u>\$ 27,709,993</u>	<u>\$ 4,317,224</u>	<u>\$ (17,102,670)</u>	<u>\$ 22,524,547</u>

CAVES OF BARBADOS LTD

Statement of Cash Flows

For the Year Ended 31 March 2014 (with comparatives for the
Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

	Notes	2014	2013
Operating activities			
Income before taxation		\$ 2,426,207	\$ 3,606,307
Adjustments for:			
Interest expense		1,957,891	2,473,938
Depreciation	8	2,624,860	3,183,115
Unrealised foreign exchange loss		-	128,758
Defined benefit plan interest and service costs		<u>182,752</u>	<u>248,912</u>
Operating income before working capital changes		7,191,710	9,641,030
Increase in accounts receivables and prepayments		(97,844)	(159,273)
Increase in inventories		(41,582)	(26,636)
Decrease in due from related party		2,310	6,050
Decrease in accounts payable and accrued expenses		<u>(260,439)</u>	<u>(885,217)</u>
Cash generated from operations		6,794,155	8,575,954
Interest paid		<u>(1,354,376)</u>	<u>(1,432,964)</u>
<i>Net cash from operating activities</i>		<u>5,439,779</u>	<u>7,142,990</u>
Investing activities			
Adjustments to property and equipment		-	286,750
Purchase of property, plant and equipment	8	<u>(3,025,508)</u>	<u>(2,615,271)</u>
<i>Net cash used in investing activities</i>		<u>(3,025,508)</u>	<u>(2,328,521)</u>
Financing activities			
Decrease in amount due to shareholder		-	(12,686,766)
Increase in amount due to related party		1,492	-
Loan draw downs (repayments) (net)		<u>(2,940,146)</u>	<u>1,480,776</u>
<i>Net cash used in financing activities</i>		<u>(2,938,654)</u>	<u>(11,205,990)</u>
Increase in cash and cash equivalents		(524,383)	(6,391,521)
Cash and cash equivalents - beginning of period		<u>1,751,848</u>	<u>8,143,369</u>
Cash and cash equivalents - end of year		\$ <u>1,227,465</u>	\$ <u>1,751,848</u>
Cash and cash equivalents comprise:			
Cash at bank		\$ 1,227,465	\$ 1,975,775
Bank overdraft		-	<u>(223,927)</u>
		\$ <u>1,227,465</u>	\$ <u>1,751,848</u>

The accompanying notes form part of these financial statements

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

1. Incorporation, ownership and principal activities

Caves of Barbados Ltd ("the Company") is incorporated in Barbados under the Companies Act and is authorized to issue an unlimited number of common shares without par value. The sole shareholder is the Government of Barbados.

The Company's mandate under the Caves Act 2000-12 is to manage and develop Harrison's Cave ("the Cave") and any other caves in Barbados. As described in Note 19, the Company is redeveloping Harrison's Cave.

During the period, the Company changed its reporting year end from 31 December to 31 March to comply with that of its sole shareholder.

2. Adoption of new and revised International Financial Reporting Standards

The following new and revised standards have been adopted in the current period. The adoption of these new/revised standards and interpretations did not have any effect on the financial performance or position of the Company.

- IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income - effective 1 July 2012
- IAS 16, Property, Plant and Equipment. Amendments resulting from May 2012 annual improvements to IFRS effective 1 January 2013
- Amendments to IAS 19 Employee Benefits – effective 1 January 2013
- IFRS 13 Fair Value Measurement – effective 1 January 2013
- Amendments to IFRS 7, Disclosures Offsetting Financial Assets and Financial Liabilities effective 1 January 2013

Standards issued but not yet effective

- IFRS 7, Financial Instruments. Disclosure amendments to offsetting financial assets and financial liabilities (annual periods beginning on or after 1 January 2013)
- IFRS 7, Financial Instruments. Amendments resulting from September 2014 annual improvements to IFRSs (annual periods beginning on or after 1 January 2016)
- IFRS 9, Financial Instruments. Classification and Measurement (annual periods beginning on or after 1 January 2018)
- IAS 1, Presentation of Financial Statements. Clarification of the requirements for comparative information (annual periods beginning on or after 1 July 2013)
- IAS 7, Statements of Cash Flows. Amendments as result of the disclosure initiative (annual period beginning on or after 1 January 2017)
- IAS 12, Income Taxes. Amendments regarding the recognition of deferred tax assets for unrealised losses (annual periods beginning on or after 1 January 2017).
- IAS 16, Property, Plant and Equipment. Amendments regarding the clarification of acceptable methods of depreciation and amortisation (annual periods beginning on or after 1 January 2016)
- IAS 19, Employee Benefits. Amendments resulting from September 2014 annual improvements to IFRSs (annual periods beginning on or after 1 January 2016)
- IAS 32, Financial Instruments: Presentation. Offsetting financial assets and financial liabilities (annual periods beginning on or after 1 January 2014)
- IAS 36, Impairment of assets: Disclosures. Amendments enhancing recoverable amounts and disclosure for non-financial assets (annual periods beginning on or after 1 January 2014)

Management anticipates that all of the above Standards and Interpretations will be adopted in the Company's financial statements when applicable and have not yet ascertained what impact its adoption will have on the financial statements of the Company in the period of initial application.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

3. Significant accounting policies

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB). The financial statements have been prepared on the historical cost basis except for the revaluation of certain items of property, plant and equipment. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of measurement

These financial statements are expressed in Barbados dollars.

Going concern

These financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations, to generate funds therefrom and on financing from its sole shareholder or third parties sufficient to meet future obligations. The Government of Barbados is committed to providing continual support to the Company as required in the foreseeable future.

Financial instruments

Financial assets

Financial assets are recognized in the financial statements when the Company becomes a party to the contractual provisions of the instruments. Accounts receivable and due from related party are classified as "loans and receivables" and are measured at amortized cost using the effective interest rate (EIR) method, less any provision for impairment.

Impairment

The carrying amount of financial assets are reduced by the impairment loss directly for all financial assets with the exception of accounts receivable and prepayments, where the carrying amount is reduced through an allowance account. When the receivable balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognized in the statement of comprehensive income.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Financial liability and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

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.

Other financial liabilities

Other financial liabilities comprise bank overdraft, accounts payable, due to shareholder and amounts due to related party and are stated at cost.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

3. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost or net realizable value and the method used for valuing inventories is first-in, first-out. In estimating net realizable value, allowance is made for slow moving and obsolete items.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, except for certain items transferred on 1 April 1982 from the former Caves Authority and Parks and Beaches Commission which are stated at valuation. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

Depreciation is calculated using the straight-line method at rates considered adequate to write-off the cost of depreciable fixed assets, less salvage value and accumulated impairment losses, over their useful economic lives. The annual rates of depreciation used are:

Computer equipment	-	33%
Computer software	-	25%
Fixtures and fittings	-	20%
Motor vehicles	-	20%
Trams	-	11%
Plant and machinery	-	25%
Buildings	-	2%
Specialized equipment	-	6.67%, 5%, 3.33% and 4%

If any indicators of impairment exist, the Company determines the recoverable amount for the identified assets, and if the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in comprehensive income in the period in which they are incurred.

Revenue recognition

Revenue is recognized when the service is provided or the product is sold and is shown net of discounts and value added taxes. Funds received before the service is provided are recorded as advance deposits. Interest income is recorded on an accrual basis.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

3. Significant accounting policies (continued)

Taxation

Taxation charge in the statement of comprehensive income comprises current and deferred taxation. Current taxation is provided on the basis of the income before taxation for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for tax purposes. The Company's liability for current tax is calculated at tax rates that have been enacted at statement of financial position date.

Deferred tax is the tax 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 balance sheet liability method in respect of significant temporary differences arising from the differences between the carrying amount of an asset and liability for financial reporting purposes and the amount used for income tax purposes. Currently enacted tax rates are used in the determination of deferred income tax. 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.

Foreign currency

Transactions originating in foreign currencies are recorded in Barbados dollars at the exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the exchange rates at the balance sheet date. Gains and losses on exchange transactions are included in the statement of comprehensive income for the year.

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 other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control or common significant influence. Related parties may be individuals, government departments or corporate entities.

Government grants

Government subventions are received by Caves of Barbados to provide immediate financial support for operating expenses. The government grants are recognized in the statement of comprehensive loss in the period in which they are received.

Defined benefit plan

As at 31 March 2014, there was no formal pension plan in existence at the Company. The Company will source a pension plan provider in the upcoming financial years.

The Company participates in a defined benefit pension plan. The pension plan is funded by payments from employees and the Company, taking into account the recommendations of independent qualified actuaries.

The pension accounting costs are accrued using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement, so as to spread the regular cost over the service lives of the employees, in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plan every three years.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

3. Significant accounting policies (continued)

Defined benefit plan (continued)

The pension asset comprises the fair value of the plan assets out of which obligations are to be settled less past service costs and actuarial gains and losses not yet recognized and less the present value of the defined benefit obligation. The present value of the defined benefit obligation is measured using discounted future cash flows based on the interest rates of Government Securities, which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are spread forward over the average remaining service lives of employees. The fair value of any defined benefit asset recognized is restricted to the sum of any past service costs and actuarial gains and losses not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions of the plan.

Provisions

Provisions 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Critical accounting judgments, estimates and assumptions

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

The estimates and the underlying assumptions are reviewed on an on-going 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 revisions and future periods if the revision affects both current and future periods.

Other than the establishment of routine provisions against accounts receivable, accounts payable and property, plant and equipment depreciation and impairment, no significant estimates or judgments have been required in applying policies which may have a material impact on the Company's reported assets, liabilities, revenues and expenses.

Key sources of estimation uncertainty

The following are the assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that have a significant risk of causing a material adjustment to the amount of the assets and liabilities within the next financial year.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

3. Significant accounting policies (continued)

Useful lives and impairment of property, plant and equipment

At the end of the each annual reporting period, the Company reviews the estimated useful lives of the property, plant and equipment and also assesses them to see if any has been impaired. There have been no changes to the estimates of the useful lives of property, plant and equipment and no impairment has been noted or the current period.

Employee benefits

As disclosed in Note 16, the Company has a defined benefit obligation. The calculation of defined benefit expenses and obligations requires significant judgment as the recognition is dependent on discount rates, expected rates of returns on assets and various actuarial assumptions such as the healthcare cost trend rates, projected salary increases, retirement age and mortality and termination rates. Due to the long-term nature of these plans, such estimates and assumptions are subject to inherent risks and uncertainties. For the pension and other post-employment plans, the discount rate is determined by reference to market yields on government securities. Since the discount rate is based on currently available yields and involves management's assessment of market liquidity, it is only a proxy of future yields. Management judgment is also required in estimating the expected rate of return on assets because of possible changes to the asset allocation and the inherent risks in predicting future investment returns. The expected rate of return on assets is a weighted average of expected long-term asset return by asset class and is selected from a range of possible future asset returns. Actuarial assumption, set in accordance with current practices in the respective country of the plan, may differ from actuarial experience as country specific statistics is only an estimate for future employee behaviour. These assumptions are determined by management and are reviewed by actuaries at least annually. Changes to any of the above assumptions may affect the amounts of benefits, obligations and expenses that are recognised.

4. Cash and cash equivalents

	2014	2013
Petty cash	\$ 9,805	\$ 8,805
Republic Bank (Barbados) Limited – Payroll account	52,654	34,613
Republic Bank (Barbados) Limited – Current account	<u>2,496,006</u>	<u>3,263,357</u>
	<u>2,558,465</u>	<u>3,306,775</u>
Funds designated for pension benefits	<u>(1,331,000)</u>	<u>(1,331,000)</u>
	<u>\$ 1,227,465</u>	<u>\$ 1,975,775</u>

Cash and cash equivalents includes a balance of \$1,792,125 (2013 - \$3,263,357) which earns interest at 2.5% per annum. The Directors have restricted the use of this balance to financing the redevelopment costs of Harrison's Cave (Note 19) and for funds to pay pension benefits. The funds designated for pension benefits amount to \$1,331,000.

5. Accounts receivable and prepayments

	2014	2013
Trade accounts receivable	\$ 569,750	\$ 616,857
Other receivables	1,188,265	1,049,165
Prepayments	<u>84,344</u>	<u>78,493</u>
	<u>\$ 1,842,359</u>	<u>\$ 1,744,515</u>

Other receivables includes an amount of \$1,176,847 (2013 - \$1,009,224) relating to VAT refunds. The average credit period on sales of goods is 30 days. No interest is charged on trade receivables. The Company has assessed the collectability of its trade receivables and has concluded that no allowance for doubtful debts is necessary.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

5. Accounts receivable and prepayments (continued)

Of the trade receivables balance at the end of the year, \$569,750 (2013 - \$616,857) amounts of \$164,460 (2013 - \$261,963) and \$258,847 (2013 - \$79,461), are due from two of the Company's largest customers. There are no other customers who represent more than 25% of the total balance of trade receivables.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Age of receivables that are past due but not impaired

	2014	2013
30-60 days	\$ 59,817	\$ 74,685
60-90 days	1,140	8,415
Over 90 days	<u>69,245</u>	<u>125,426</u>
Total	\$ <u>130,202</u>	\$ <u>208,526</u>

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the amount owed from each customer is small.

The Company has NIL (2013 - NIL) impaired trade receivables.

6. Inventories

	2014	2013
Shop inventory	\$ 369,743	\$ 328,161
Spare parts	<u>33,752</u>	<u>33,752</u>
	\$ <u>403,495</u>	\$ <u>361,913</u>

7. Amounts due from (to) related party

Due from related party

	2014	2013
Barbados Tourism Authority	\$ <u>1,168</u>	\$ <u>3,478</u>

Due to related parties

National Conservation Commission	\$ <u>201,237</u>	\$ <u>199,745</u>
Due to Shareholder	\$ <u>1,903,015</u>	\$ <u>1,903,015</u>

The Company received advances from the Government of Barbados to assist in the financing of the redevelopment of the Caves. All related party balances are unsecured, interest-free and bear no fixed terms of repayment.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

8. Property, plant and equipment

2014	Cost	Accumulated depreciation	Net book value
Computer equipment			
Balances – 1 April 2013	\$ 282,459	(231,112)	51,347
Additions	20,022	-	20,022
Depreciation	-	(30,037)	(30,037)
Balances – 31 March 2014	\$ <u>302,481</u>	<u>(261,149)</u>	<u>41,332</u>
Fixtures and fittings			
Balances – 1 April 2013	743,069	(539,451)	203,618
Additions	35,205	-	35,205
Disposal	(2,885)	-	(2,885)
Depreciation	-	(76,279)	(76,279)
Balances – 31 March 2014	<u>775,389</u>	<u>(615,730)</u>	<u>159,659</u>
Motor Vehicles			
Balances – 1 April 2013	232,676	(112,612)	120,064
Additions	-	-	-
Depreciation	-	(46,535)	(46,535)
Balances – 31 March 2014	<u>232,676</u>	<u>(159,147)</u>	<u>73,529</u>
Trams			
Balances – 1 April 2013	8,873,277	(5,391,299)	3,481,978
Additions	52,993	-	52,993
Depreciation	-	(802,353)	(802,353)
Balances – 31 March 2014	<u>8,926,270</u>	<u>(6,193,652)</u>	<u>2,732,618</u>
Leasehold land			
Balances – 1 April 2013	5,993,854	-	5,993,854
Additions	100,414	-	100,414
Depreciation	-	-	-
Balances – 31 March 2014	<u>6,094,268</u>	<u>-</u>	<u>6,094,268</u>
Leasehold buildings			
Balances – 1 April 2013	50,277,122	(3,112,491)	47,164,631
Additions	79,610	-	79,610
Depreciation	-	(1,005,634)	(1,005,634)
Balances – 31 March 2014	<u>50,356,732</u>	<u>(4,118,125)</u>	<u>46,238,607</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

8. Property, plant and equipment (continued)

	Cost	Accumulated depreciation	Net book value
Plant and machinery			
Balances – 1 April 2013	12,758,506	(2,357,339)	10,401,167
Additions	53,881	-	53,881
Depreciation	-	(615,830)	(615,830)
Balances – 31 March 2014	<u>12,812,387</u>	<u>(2,973,169)</u>	<u>9,839,218</u>
Software			
Balances – 1 April 2013	200,804	(134,433)	66,371
Additions	2,429	-	2,429
Depreciation	-	(48,191)	(48,191)
Balances – 31 March 2014	<u>203,233</u>	<u>(182,624)</u>	<u>20,609</u>
Capital work-in progress			
Balances – 1 April 2013	83,917	-	83,917
Additions	2,855,763	-	2,855,763
Completed	(171,924)	-	(171,924)
Balances – 31 March 2014	<u>2,767,756</u>	<u>-</u>	<u>2,767,756</u>
Summary			
Balances – 1 April 2013	79,445,684	(11,878,736)	67,566,948
Additions	3,028,393	-	3,028,393
Disposal	(2,885)	-	(2,885)
Depreciation	-	(2,624,860)	(2,624,860)
Balances – 31 March 2014	<u>82,471,192</u>	<u>(14,503,596)</u>	<u>67,967,596</u>
2013			
Computer equipment			
Balances – 1 January 2012	\$ 271,577	(191,205)	80,372
Additions	10,882	-	10,882
Depreciation	-	(39,906)	(39,906)
Balances – 31 March 2013	<u>\$ 282,459</u>	<u>(231,111)</u>	<u>51,348</u>
Fixtures and fittings			
Balances – 1 January 2012	614,879	(448,226)	166,653
Additions	128,190	-	128,190
Depreciation	-	(91,225)	(91,225)
Balances – 31 March 2013	<u>743,069</u>	<u>(539,451)</u>	<u>203,618</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

8. Property, plant and equipment (continued)

	Cost	Accumulated depreciation	Net book value
Motor Vehicles			
Balances – 1 January 2012	141,406	(74,218)	67,188
Additions	91,270	-	91,270
Depreciation	-	(38,394)	(38,394)
Balances – 31 March 2013	<u>232,676</u>	<u>(112,612)</u>	<u>120,064</u>
Trams			
Balances – 1 January 2012	8,774,449	(4,398,138)	4,376,311
Additions	98,828	-	98,828
Depreciation	-	(993,161)	(993,161)
Balances – 31 March 2013	<u>8,873,277</u>	<u>(5,391,299)</u>	<u>3,481,978</u>
Leasehold land			
Balances – 1 January 2012	5,947,343	-	5,947,343
Additions	46,511	-	46,511
Depreciation	-	-	-
Balances – 31 March 2013	<u>5,993,854</u>	<u>-</u>	<u>5,993,854</u>
Leasehold buildings			
Balances – 1 January 2012	48,414,182	(1,922,761)	46,491,421
Additions	2,105,582	-	2,105,582
Adjustments	(242,642)	15,772	(226,870)
Depreciation	-	(1,205,502)	(1,205,502)
Balances – 31 March 2013	<u>50,277,122</u>	<u>(3,112,491)</u>	<u>47,164,631</u>
Plant and machinery			
Balances – 1 January 2012	12,754,284	(1,588,841)	11,165,443
Additions	4,222	-	4,222
Depreciation	-	(768,498)	(768,498)
Balances – 31 March 2013	<u>12,758,506</u>	<u>(2,357,339)</u>	<u>10,401,167</u>
Software			
Balances – 1 January 2012	199,043	(72,232)	126,811
Additions	1,761	-	1,761
Depreciation	-	(62,201)	(62,201)
Balances – 31 March 2013	<u>200,804</u>	<u>(134,433)</u>	<u>66,371</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

8. Property, plant and equipment (continued)

	Cost	Accumulated depreciation	Net book value
Capital work-in progress			
Balances – 1 January 2012	-	-	-
Additions	2,280,118	-	2,280,118
Transfers out	(2,152,093)	-	(2,152,093)
Expensed	<u>(44,108)</u>	<u>-</u>	<u>(44,108)</u>
Balances – 31 March 2013	<u>83,917</u>	<u>-</u>	<u>83,917</u>
Summary			
Balances – 1 January 2012	77,117,163	(8,695,621)	68,421,542
Additions	2,615,271	-	2,615,271
Adjustments	(242,642)	15,772	(226,870)
Expensed	(44,108)	-	(44,108)
Depreciation	<u>-</u>	<u>(3,198,886)</u>	<u>(3,198,886)</u>
Balances – 31 March 2013	<u>79,445,684</u>	<u>(11,878,735)</u>	<u>67,566,949</u>

9. Bank overdraft

The Company has a bank overdraft facility of \$NIL (2013 – \$223,927) which is secured by a Letter of Comfort from the Ministry of Finance and Economic Affairs guaranteeing repayment of the overdraft plus interest accrued thereon. The overdraft is subject to interest of 8.7% at 31 March 2013.

10. Accounts payable and accrued expenses

	2014	2013
Trade creditors	\$ 224,418	\$ 318,341
Accrued expenses	<u>407,520</u>	<u>574,036</u>
	-	-
	<u>\$ 631,938</u>	<u>\$ 892,377</u>

The average credit period on trade credit purchases is 30 days. The Company has financial risk management policies in place that all payable are paid within the pre-agreed credit terms.

Other payables represent the deferred interest payable on the Caribbean Development Bank (CDB) loan and will become payable when the Company commences principal repayment on the loan. The amount and interest payable are included in the quarterly loan statement balance of CDB.

11. Share capital

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and outstanding

	2014	2013
	\$	\$
7,600,000 common shares, issued and fully paid	<u>\$ 7,600,000</u>	<u>\$ 7,600,000</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

12. Subscription for shares to be issued

This amount represents funds received from the sole shareholder for which no shares have yet been issued.

13. Capital contributed by the Government of Barbados

This amount represents the value of \$5,485,224 placed on the net assets of the former Caves Authority and Parks and Beaches Commission, which were transferred to the National Conservation Commission on 1 April 1982 and subsequently to the Caves of Barbados Ltd on 1 April 1999.

14. Taxation and tax losses

	2014	2013
Taxation expense:		
Provision for current year's corporation tax	\$ _____	\$ _____

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

	2014 \$	2013 \$
Income before taxation	\$ <u>2,426,207</u>	\$ <u>3,306,307</u>
Taxed at tax rate of 25% (2013 - 25%)	606,552	901,577
Tax effect of expenses not deductible for tax purposes	656,215	795,779
Tax effect of temporary differences	-	-
Tax effect of unused tax losses not recognized	-	-
Tax effect of losses utilized	<u>(1,262,767)</u>	<u>(1,697,356)</u>
	_____	_____

There are tax losses of \$16,648,292 (2013 - \$17,911,059) which have not yet been agreed with the Commissioner of Inland revenue, but are not in dispute. The losses if not utilized, will expire as follows:

Year	Amount	Expiry date
2006	34,432	2015
2007	3,104,798	2016
2008	3,351,200	2017
2009	2,950,472	2018
2010	6,466,981	2019
2011	740,409	2020

The deferred tax asset in respect of the losses which amount to \$2,068,154 (2013 - \$3,330,921) at the current rate of tax has not been recognized in the financial statements due to the uncertainty that sufficient taxable profits will be available to allow the asset to be recovered.

15. Loans payable

	2014	2013
Caribbean Development Bank		
Current portion	\$ 4,633,739	\$ 4,180,965
Long-term portion	<u>39,908,457</u>	<u>41,329,367</u>
	<u>44,542,196</u>	<u>45,510,332</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

15. Loans payable (continued)

	2014	2013
Republic Bank (Barbados) Limited		
Current portion	\$ 363,101	\$ 1,368,496
Long-term portion	<u>-</u>	<u>363,101</u>
	<u>363,101</u>	<u>1,731,597</u>
Total	\$ <u>44,905,297</u>	\$ <u>47,241,929</u>

Effective 7 February 2007, the Company borrowed US\$16,866,000 (BBD \$33,732,000) from the Caribbean Development Bank under a guarantee of the Shareholder to assist with the redevelopment of the Cave. The loan bears interest at 6.25% per annum and is repayable in 56 equal quarterly instalments commencing 3 years from the date of the first disbursement on 2 June 2008. An additional loan for US\$12,850,000 (BBD \$25,700,000) was signed on 22 January 2010. A commitment charge of 1% per annum is payable on the amount of loan not drawn down.

During the year, interest of \$1,957,891 (2013 - \$2,257,121) was incurred.

Cash at bank includes a balance of \$461,125 (2013 - \$1,932,357) which has been designated to fund redevelopment expenditure

Republic Bank (Barbados) Limited

On 26 April 2012, the Company entered into a loan agreement with Republic Bank (Barbados) Limited (formerly Barbados National Bank) in the amount of \$2,681,000 to have off temporary increase in overdraft facility. This amount is repayable over two years in blended quarterly installments of principal and interest totaling \$368,748.33. Interest is to be charged at a rate of prime floating which is currently 8.70%.

16. Defined benefit plan

As at 31 March 2014, there was no formal pension plan in existence at Caves of Barbados Ltd. Caves of Barbados Ltd. will source a pension plan provider in the upcoming years.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 March 2014 by Eckler Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Year/Period ending 31 March	2014	2013
Discount rate	7.75% per annum	7.75% per annum
Future promotional salary increase	2.50% per annum	2.50% per annum
Future inflationary salary increases	4.25% per annum	4.25% per annum
Future increases in the NIS ceiling for earnings	4.25% per annum	4.25% per annum
Future increases in pensions	3.75% per annum	3.75% per annum
Mortality	Group annuity mortality 1994 statistic for males and females	
Termination of active members	1% at all ages under 40 and 0.5% at ages between 40 and 50	

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

16. Defined benefit plan (continued)

Year/Period ending 31 March	2014	2013
Early retirement for active employees	5% of eligible employees each year between early retirement age and the year prior to retirement age with the remaining employees retiring at normal retirement age	
Early retirement for terminated employees	100% at earliest age	
Future expenses	Nil	

Amounts recognized in other comprehensive income in respect of these defined benefit plans are as follows:

	2014	2013
	\$	\$
(Gain) or loss from change in assumptions	-	58,807
Losses arising from experience	(296,548)	(1,096,855)
Expected return on plan assets	<u>103,153</u>	<u>128,941</u>
Total	<u>(193,395)</u>	<u>(909,107)</u>

The re-measurement of the net defined benefit liability is included in other comprehensive income. The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2014	2013
	\$	\$
Present value of funded defined benefit obligation	(2,618,976)	(2,629,619)
Fair value of plan assets	<u>1,331,000</u>	<u>1,331,000</u>
Net defined benefit liability	<u>(1,287,976)</u>	<u>(1,298,619)</u>

Changes in the present value of defined benefit obligation

	2014	2013
	\$	\$
At the beginning of year	2,629,619	3,289,825
Current service cost	114,343	190,675
Interest cost	211,124	330,244
Actuarial (gains) losses	(296,548)	(1,038,058)
Benefit payments	<u>(39,562)</u>	<u>(143,066)</u>
	<u>2,618,976</u>	<u>2,629,620</u>

Changes in the fair value of plan assets

	2014	2013
	\$	\$
At the beginning of year	1,331,000	1,331,000
Employee contributions	39,562	143,006
Benefit payments	<u>(39,562)</u>	<u>(143,006)</u>
Plan assets at fair value at the end of the period	<u>1,331,000</u>	<u>1,331,000</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

16. Defined benefit plan (continued)

Net benefit expense recognized in comprehensive income

	2014	2013
	\$	\$
Current service cost	114,343	190,675
Interest costs	211,124	330,244
Expected return on plan assets	<u>(103,153)</u>	<u>(128,941)</u>
	<u>222,314</u>	<u>391,978</u>
Impact of changes in significant actuarial assumption	2014	2013
	\$	\$
Base IAS 19 Results	2,618,976	2,629,619
Reduce discount rate by 1% p.a	3,058,106	3,096,634
Increase discount rate by 1% p.a.	2,266,733	2,258,202
Reduce salary increase by 0.5% p.a	2,368,853	2,359,099
Increase salary increase by 0.5% p.a	2,916,419	2,942,483
Increase average life expectancy by 1 year	2,662,094	2,669,464

17. Other general and administrative expenses

	2014	2013
	\$	\$
Ceremonial/special events	36,954	34,556
Seminars/conferences/training	2,038	102,520
Utilities	365,933	425,592
Insurance	457,280	546,589
Office expenses	150,485	167,485
Equipment rental	14,487	38,243
Repairs and maintenance	278,765	434,890
Security	486,158	686,921
Advertising	135,052	293,765
Other expenses	155,150	237,029
Professional fees	14,450	123,708
Board members' expenses	7,800	37,433
Membership fees	16,658	16,214
Board expenses	1,709	11,827
Foreign exchange loss	-	128,758
	<u>2,122,919</u>	<u>3,285,530</u>

18. Key management compensation

	2014	2013
	\$	\$
Short-term benefits	144,026	180,033
Gratuity payments	-	23,764
Total	<u>144,026</u>	<u>203,797</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

19. The redevelopment of Harrison's Cave

The Company is redeveloping Harrison's Cave at an estimated cost of \$84,849,000 December 2011 - \$84,849,000. At 31 March 2014, expenditure of \$2,855,763 (2013 - \$2,280,118) has been incurred with respect to this development (Note 8). It is a condition of the loan agreement that the Shareholder will provide additional capital in connection with the redevelopment project.

20. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables, bank overdraft and due to related parties. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, due from related party and cash and that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company. The Board of Directors provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loan payable, due to shareholder and due to related party. The Company is not exposed to other price risk since it has no investment in equity securities,

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations. However, since the interest rate on the loan payable is fixed, the Company's exposure is insignificant.

The Company is also exposed to interest rate risk on its bank overdraft and related party balances. The Company considers this risk to be insignificant as these balances are either interest free or at fixed rates.

Market risk

Assuming that the bank overdraft and loan payable balances at the reporting date were outstanding for the entire year and other variables were held constant, a 1% change in the interest rate would have the following effect;

- The income for the period ended 31 March 2014 would decrease by approximately \$36,655 (2013 = \$37,647).

Interest rate risk is disclosed in notes 7, 9 and 15.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

20. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company major transactions are denominated in United States dollars.

At the reporting period, the significant balance denominated in foreign currency was the US\$ loan payable to the Caribbean Development Bank. The exposure to foreign currency risk is considered to be insignificant as the Barbados dollar is currently tied to the United States dollar.

Credit risk

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

Trade receivables

Customer credit risk is subject to the Company's established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 4.

Concentration of credit risk exists if a number of clients are engaged in similar activities or are located in the same industry sector or have similar economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Management does not believe that that the concentration is unusual or provides undue risks.

Financial instruments and cash deposits

Credit risk from balances with banks is managed by management in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2014 and 2013 is the carrying amounts as illustrated in Note 4.

Liquidity risk

Liquidity risk is the risk of financial loss arising from the inability to meet obligations when they come due. Liquidity risk also arises from changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Company believes that it has adequate liquid funds to meet its obligations as and when they fall due and to carry out activities. In addition, the Shareholder has guaranteed the entity's major borrowings.

CAVES OF BARBADOS LTD

Notes to the Financial Statements

For the Year Ended 31 March 2014 (with comparatives for the
Fifteen Month Period Ended 31 March 2013)

(expressed in Barbados dollars)

20. Financial risk management objectives and policies (continued)

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return for stakeholders through the optimization of the debt and equity balances. The capital structure of the Company consists of debt, which includes due to related party, loan payable and the equity comprising share capital, subscription for shares to be issued, capital contributed by the Government of Barbados and accumulated deficit, as disclosed in the statement of changes in equity.

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

21. Fair value

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. The fair values of the Company's financial instruments are considered to approximate their book values.

22. Government grants

The Company receives subventions from the Government of Barbados to assist with the payment of operational expenses. During the period, the Company received \$7,827,484 (2013 - \$10,613,579).