

BARBADOS AUDIT OFFICE



REPORT

of the

AUDITOR GENERAL

on the

Financial Statements

of the

Government of Barbados

2013-2014

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February 26, 2015

His Honour The Speaker
The House of Assembly
Parliament Building
BRIDGETOWN

Dear Sir,

In accordance with Section 22 (5) of the Financial Management and Audit Act, 2007-11, I forward for laying before the House of Assembly the Financial Statements of the Government prepared by the Accountant General for the financial year ended March 31, 2014, along with my opinion on the statements.

The audited financial statements submitted form part of my Report prepared in accordance with Section 113 (3) of the Constitution of Barbados and Section (38) of the Financial Management and audit Act, 2007-11.

A copy of the Report is transmitted to the Senate for information, in accordance with Section 38 (6) of the above mentioned Act.

Yours faithfully,



LEIGH E. TROTMAN
Auditor General

Table of Contents

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS.....	1
CONSOLIDATED FUND STATEMENT OF FINANCIAL PERFORMANCE.....	2-3
CONSOLIDATED FUND STATEMENT OF FINANCIAL POSITION.....	4
CONSOLIDATED CASH FLOW STATEMENT	5
NOTES TO THE CASH FLOW STATEMENT.....	6
STATEMENT OF CHANGE IN NET ASSETS EQUITY.....	7
SIGNIFICANT ACCOUNTING POLICIES.....	7-13
NOTES TO THE FINANCIAL STATEMENTS.....	14-21



**AUDITOR GENERAL'S OFFICE
BARBADOS**



**REPORT ON THE AUDIT OF THE ACCOUNTS OF THE
ACCOUNTANT GENERAL FOR THE FINANCIAL YEAR
ENDED MARCH 31, 2014**

In accordance with Section 36 of the Financial Management and Audit Act, 2007 - 11, I have audited the Statement of Financial Position of the Government of Barbados as at March 31, 2014 and the Statement of Financial Performance and Cash Flow for the year ended. These financial statements are the responsibility of the Accountant General. My responsibility as required by Section 36 (2) (c) of this Act is to express an opinion on these statements based on my audit.

The audit was conducted using the International Organization of Supreme Audit Institutions (INTOSAI) auditing standards as a guide. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements of Barbados are free of material misstatement. Audit procedures include examining, on a test basis, evidence supporting the amounts and other disclosures in the accounts and the evaluation of accounting policies used, as well as evaluating the overall financial statement presentation.

In the absence of supporting schedules my Office was unable to verify \$263 million in receivables of PAYE and Corporation taxes and amounts due to the Ministry of International Transport and other capital assets of \$1.58 billion. There was also the omission of \$211,915,873 owed to various organizations which was not included in the Financial Statements. In a number of instances revenue was not reported on an accrual basis, consequently I was unable to determine whether any adjustments to the amounts stated were necessary. In addition, the pension's liability for Government employees was not disclosed, and there was no consolidation of a number of state entities in the accounts as required by the International Public Sector Accounting Standards.

In my opinion, because of the effects of the matters outlined in the preceding paragraph, the financial statements referred to above are not presented fairly in conformity with the International Public Sector Accounting Standards.

Additional information and comments on these financial statements can be found in Chapter 2 of my Annual Report for 2014.


LEIGH E. TROTMAN
Auditor General

2015-02-26

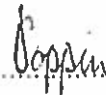
REPORT OF THE ACCOUNTANT GENERAL

FOR

FINANCIAL YEAR 2013 - 2014

The following statements were prepared in accordance with the provisions of the **FINANCIAL ADMINISTRATION AND AUDIT ACT CAP. 5, Section 12** Subsection (1) and (2).

FOR SUBMISSION TO THE AUDITOR GENERAL



Accountant General (ag.)
July 31, 2014



Government of Barbados

Consolidated Fund

Statement of Financial Performance
For the Year Ended March 31, 2014

	Notes	Approved Budget 2014 \$	Revised Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenues					
Taxation:					
Goods and Services		1,257,905,729	1,141,401,145	1,138,434,754	1,130,717,477
Income and Profits		776,707,665	600,143,452	634,376,946	746,241,149
Property		157,591,223	125,819,462	156,008,235	146,546,782
International Trade		212,000,000	200,404,974	193,587,048	201,185,149
Other		15,100,000	12,028,122	11,439,882	11,204,038
Total Taxation Revenue	1	2,419,304,617	2,079,797,155	2,133,846,866	2,235,894,595
Non-Taxation:					
Special Receipts		3,008,249	6,881,463	468,246	447,337
Levies, fees, fines and penalties		67,514,444	42,798,701	46,622,942	39,084,158
Investment Income		59,121,349	24,133,354	31,946,514	49,258,092
Other		49,353,431	40,290,211	100,121,225	68,989,499
Grant Income		26,710,800	8,700,000	89,976	33,518,190
Total Non-Tax Revenue		205,708,273	122,803,729	179,248,904	191,297,276
Total Revenue		2,625,012,890	2,202,600,884	2,313,095,770	2,427,191,871
Expenditure					
Operating Expenses:					
Payroll and Employee Benefits		894,132,992	908,947,671	871,976,358	881,431,063
Personal Emoluments		823,844,979	838,488,152	807,854,408	816,930,446
Employer Contributions		70,288,013	70,459,519	64,121,950	64,500,617
Goods and Services		379,648,413	472,946,062	409,271,986	443,307,515
Depreciation Expense		54,000,000	54,000,000	52,713,189	51,755,010
Bad Debt Expense		11,325,478	11,325,478	11,042,876	8,401,423
Loss on Investments		-	-	-	7,414,793
Total Operating Expenses	2	1,339,106,883	1,447,219,211	1,345,004,409	1,392,309,803
Current Transfers:					
Retiring Benefits and Allowances	3	249,750,026	280,252,178	273,833,403	269,729,104
Subscriptions and Contributions		24,270,035	25,735,434	23,061,322	22,630,941
Grants	4	744,731,915	929,141,521	884,283,286	843,315,924
Subsidies		32,637,980	82,990,269	82,658,070	98,016,882
Total Current Transfers		1,051,389,956	1,318,119,402	1,263,836,080	1,233,692,851



Government of Barbados
Consolidated Fund
Statement of Financial Performance
For the Year Ended March 31, 2014

		Approved Budget	Revised Budget	Actual	Actual
		2014	2014	2014	2013
		\$	\$	\$	\$
Capital Transfers:					
Grants	4	53,887,228	80,780,735	73,850,545	49,758,895
Subscriptions and Contributions		-	-	-	-
Total Capital Transfers		53,887,228	80,780,735	73,850,545	49,758,895
Debt Service					
Interest Expense		608,435,218	635,046,027	597,934,271	565,047,575
Expenses of Loans		4,367,175	14,497,697	13,408,825	3,936,285
Total Debt Service	5	612,802,393	649,543,724	611,343,096	568,983,860
Total Expenditure		3,057,186,460	3,495,663,072	3,294,034,130	3,244,745,408
Consolidated Fund (Surplus) Deficit		432,173,570	1,293,062,188	980,938,360	817,553,538
Annex Revenue		24,116,830	22,331,929	26,416,366	21,428,644
Annex Expenditure		31,351,018	31,351,018	28,340,841	29,975,732
Total Annex - Net Deficit (Surplus)		7,234,188	9,019,089	1,924,474	8,547,087
Total Consolidated Fund (Surplus) Deficit (incl. Annex)		439,407,758	1,302,081,277	982,862,835	826,100,625

The accompanying notes form an integral part of these financial statements



Government of Barbados
Consolidated Fund
Statement of Financial Position
At March 31, 2014

Notes	Actual Mar-14 \$	Restated Mar-13
Current Assets	1,590,933,355	1,327,304,910
Financial Assets	1,590,548,183	1,326,755,905
Cash and bank	6 197,012,287	99,003,006
Investments - Fund accounts	7 723,668	685,094
Receivables (Net)	8 1,223,918,687	1,057,995,894
Restricted cash and cash equivalents	9 168,893,541	169,071,911
Non-Financial Assets	385,172	549,005
Inventories	385,172	549,005
Non-Current Assets	4,621,200,464	4,520,628,777
Sinking Fund Assets	9 888,202,546	844,574,665
Investments	10 312,005,346	291,303,136
Loans to individuals and agencies	11 403,452,318	409,565,427
Receivables - Public Officers	12 21,209,559	22,235,901
Land	13 1,412,667,380	1,406,199,270
Other capital assets (Net)	13 1,583,663,314	1,546,750,378
Total Assets	6,212,133,817	5,847,933,686
Liabilities		
Current Liabilities		
Overdraft Facility	260,820,622	262,206,375
Accounts Payable	116,210,451	118,692,959
Paymaster account	320,338,357	198,158,958
Due to other Governments & agencies	14 113,704,499	99,122,939
Pension Liability	14 8,083,604	7,558,647
Short Term debt	15 2,949,407,454	2,317,371,026
Total Current Liabilities	3,768,564,987	3,003,110,904
Long-term Liabilities		
Debt	15 7,819,805,896	7,252,809,224
Trust Funds	5,740,754	5,934,571
Special Funds	166,110,314	156,055,654
Total Long term Liabilities	7,991,656,964	7,414,799,449
Total Liabilities	11,760,221,951	10,417,910,353
NET ASSET/EQUITY	(5,548,088,134)	(4,569,976,667)
Net Asset/Equity		
Accumulated Deficit	(5,605,492,814)	(4,627,381,347)
Revaluation Reserve	57,404,680	57,404,680
Total Net Asset/Equity	(5,548,088,134)	(4,569,976,667)
NET DEBT	8,544,803,999	7,523,475,319

The accompanying notes form an integral part of these financial statements



Government of Barbados
Consolidated Cash Flow Statement
For the Month Ended March 31, 2014

	<u>2013 / 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Taxation	1,957,760,761
Sale of goods and services	26,416,366
Grants	89,976
Interest received	31,946,514
Other receipts	147,212,414
Total Receipts	<u>2,163,426,032</u>
Payments	
Employee costs	(871,976,358)
Superannuation	(273,833,403)
Suppliers	(439,931,502)
Interest paid	(611,343,096)
Other payments	(1,063,853,222)
Total Payments	<u>(3,260,937,582)</u>
Net cash flows from operating activities	<u>(1,097,511,551)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
(Acquisition) Disposal of Capital Assets	(90,750,588)
(Increase) Decrease in Investments	(64,269,816)
(Increase) Decrease in funding to Broader Public Sector Organisations	6,339,408
Net cash flows from investing activities	<u>(148,680,996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowings	1,749,173,932
Repayment of borrowings	(551,526,586)
Increase (Decrease) in other liabilities	146,554,482
Net cash flows from financing activities	<u>1,344,201,828</u>
Net increase / (decrease) in cash and cash equivalents	98,009,281
Cash and cash equivalents at beginning of year	<u>99,003,006</u>
Cash and cash equivalents at end of year	<u>197,012,287</u>



(a) Reconciliation of Net Cash Flows from Operating Activities to Net Surplus / (Deficit) from Ordinary Activities

Surplus / (Deficit) from ordinary activities	(982,862,835)
Non-cash movements	
Depreciation Expense	52,713,189
Bad Debt Expense	11,042,876
Loss (Gain) on sale of Investment	-
(Increase) decrease in receivables	(176,086,104)
Increase (decrease) in Accrued Liabilities	(2,482,509)
(Increase) decrease in Inventories	163,833
Net cash flows from operating activities	<u>(1,097,511,550)</u>

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	<u>Mar-13</u>	<u>Mar-14</u>
Cash on hand and balances with banks	99,003,006	197,012,287
Short-term investments	-	-
	<u>99,003,006</u>	<u>197,012,287</u>

(C) Capital Asset Acquisition

During the period, the Government of Barbados acquired the following by means of cash payments:

Land	6,468,110
Machinery and Equipment	7,001,710
Furniture and Fixtures	930,109
Software	550,488
Property and Plant	1,775,659
Motor Vehicles	2,426,462
Assets under construction	71,598,049
Total Capital Asset Acquisitions	<u>90,750,588</u>



Government of Barbados
Statement of Change in Net Asset/Equity
For the Year ended March 31, 2014

	Accumulated Surpluses	Other reserves	Translation Reserve	Acquisition clearing account - Prior Years	Total
Balance at March 2013					4,569,976,667
Changes in accounting policy	-				-
Correction of error of estimate		-			-
Prior Year Adjustment				(4,751,368)	(4,751,368)
	-	-	-	(4,751,368)	4,565,225,299
Changes in Consolidated Fund for 2014					
Gain on property revaluation					-
Increases in Capital assets					-
Loss on revaluation of investments	-				-
Exchange differences	19,294				19,294
Net (revenue)/expenditure recognised in Net Asset/Deficit	19,294				19,294
(Surplus)/Deficit for the period	982,843,541				982,843,541
Total recognised revenue and expenses for the year	982,862,835	-	-	-	982,862,835
Balance at March 2014					5,548,088,134

Significant Accounting Policies

Reporting Entity

The Financial Statements of the Government of Barbados are prepared in accordance with the requirements of the Financial Management and Audit Act, 2007-11 and with the accounting principles for Government set out by the International Public Sector Accounting Standards Board.

The reporting entity relates only to Government ministries and departments including the General Post Office.

Reporting Currency

All information presented in the Financial Statements is presented in Barbados Dollars. Rounding is to the nearest dollar value.

Accounting Policies

These financial statements comply with generally accepted accounting practice. The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated.

Transitional Provisions

Transitional provisions allowed by the International Public Sector Accounting Standards (IPSAS) have been applied as appropriate for the allowable five year period commencing April 1, 2007. These provisions allow an entity additional time to meet the full requirements of a specific accrual-based IPSAS or provide relief from certain requirements when initially applying an IPSAS.

Transitional provisions have been applied with respect to Capital assets (IPSAS 17), Foreign Exchange rate differences (IPSAS 4) and Non-exchange Revenue: Taxes on Income and Profits, Goods and Services and Fees and Fines (IPSAS 23).

Reporting and forecast period

The reporting and budget period for these financial statements is the year April 1, 2013 to March 31, 2014.

Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount.

The preparation of the financial Statements in accordance with IPSAS requires management to make estimates and assumptions that would affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the period.

Uncertainty related to the accrual for personal income tax, corporation tax and value added tax arises because of the possible differences between the estimated and actual economic growth and the impact of future tax assessments on tax receivable. Uncertainty in the value of tangible capital assets exists because estimates of historical cost are used and because of differences between estimated useful life and actual useful life.

Estimates are based on best information available at the time of preparation of the financial statements. Actual results may differ from these estimates. The significant accounting policies adopted in the preparation of these financial statements are as follows:

(a) Revenue

Revenues are recognized in the fiscal year in which the related events occur. Amounts received prior to the end of the year in relation to revenues that will be earned in a subsequent year, are treated as liabilities.

Non-exchange Revenue

The Government provides many services and benefits that do not give rise to revenue. Further, payment of tax does not, of itself, entitle the tax payer to an equivalent value of services or benefits as there is no direct relationship between paying tax and receiving services and transfers.

Such revenue is received through the exercise of the Crown's sovereign power. IPSAS 23, "Revenue from Non-Exchange Transactions" is applied in accounting for such revenues.

Revenue Type	Revenue Recognition Point
<i>Income and Profits:</i>	
Income Tax (source deductions)	When an individual earns income that is subject to PAYE
Consolidation Tax (source deductions)	When an individual earns income that is subject to Consolidation Tax
Corporation Tax	When payment is made, with accrual of taxes due for the year at end of year
Withholding Tax	When an individual is paid interest or dividends subject to the deduction at source
<i>Goods and Services:</i>	
Value Added Tax	When the assessment is raised or the undertaking of taxable activity during the period by the tax-payer.
Highway revenue	When payment of the fee or charge is made.
Excise Duties	When Goods are subject to duty
Levies	When payment of the levy is made
Other Direct Taxes	When the debt to the Crown arises

Revenue Earned Through Operations

Government may earn some of its revenue in exchange for the provision of goods and services to third parties. This type of revenue is classified as revenue earned through operations and is recognized when the goods or services are provided.

Investment Income

Investment income is recognized in the period in which it is earned.

Premiums and Discounts

Premiums arising on the issue of a debt instrument are treated as a reduction of the finance cost. Premiums and discounts are recognized in the Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

Gains

Realised gains from the sale of fixed assets or the early repurchase of liabilities are recognized in the Statement of Financial Performance in the period in which the transaction occurs.

Un-realised gains arising from changes in the value of property, plant and equipment are recognized in the Statement of Financial Performance to the extent that a gain reverses a loss previously charged to the Statement of Financial Performance. Otherwise gains are credited to an asset revaluation reserve for the class of asset.

Un-realised foreign exchange gains on monetary assets and liabilities are recognized in the Statement of Financial Performance.

(b) Expenses

Expenses are recognized in the fiscal year that the events to which they relate occur and resources are consumed. Expenses include;

- accounts payable accrued
- transfer payments
- interest accruing on debt
- pension and other employee benefits
- the amortization of tangible capital assets

Retiring Benefits and Allowances

Retiring benefits though statutory in nature are not a right of the employee. The expense associated with Retiring benefits is therefore reported when the amount payable becomes known and approved.

Grants and Subsidies

Grants and subsidies are discretionary until payment; the expense is recognized when the payment is made.

Discounts and Premiums

Discounts arising on the issue of a debt instrument are treated as an increase in the finance cost. Premiums and discounts are recognized in the Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

Losses

Realised losses arising from the sale of fixed assets or the early repurchase of liabilities are recognized in the Statement of Financial Performance in the period in which the transaction occurs.

Un-realised losses arising from changes in the value of property, plant and equipment are recognized at balance sheet date. Un-realised losses are first applied against any revaluation reserve for that asset class. The balance, if any, is charged to the Statement of Financial Performance.

Un-realised foreign exchange gains on monetary assets and liabilities are recognized in the Statement of Financial Performance.

Foreign Currency Transactions

Transactions in foreign currency are translated into Barbados dollars using the exchange rate on the dates of the transactions. Exchange rate differences arising on settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

Currency exchange rates are determined by reference to the Central Bank of Barbados and to International Financial Institutions where appropriate.

Depreciation

Depreciation is charged on a straight line basis calculated to allocate the cost or valuation of an item of property, plant and equipment over the estimated useful life. Typically, the estimated useful lives of different classes of property plant and equipment are as follows:

Heritage Assets:	not amortized
Buildings:	40 years
Machinery and Equipment:	5 to 15 years
Road Works, Bridges and Infrastructure:	20 to 40 years
Computer Hardware:	3 to 5 years
Computer Software:	1 to 5 years
Furniture, Fittings and Equipment:	5 to 10 years
Motor Vehicles:	3 to 10 years
Specialised Military Equipment:	3 to 20 years
Ships and Boats:	10 to 25 years
Aircraft	10 to 20 years

(c) Assets

Assets are resources controlled by the Government from which it will derive future benefits. Assets are recognized in the year the events giving rise to the Government's control of the benefit occur.

Financial Assets

Financial assets are resources that can be used to discharge existing liabilities or finance future operations. They include cash, temporary investments, accounts receivable, loans receivable, advances, investments in government business enterprises.

Receivables and Advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash. A valuation allowance is recorded when collection of the receivable is considered doubtful.

Investments

Investments, including marketable securities held for investment purposes, are recorded at the lower of cost and fair value.

Inventories

Inventories are recorded at the lower of cost and net realizable value. Where inventories acquired are recorded at cost, the weighted average cost method is used.

Tangible Capital Assets

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to acquisition, design, construction, betterment or improvement of tangible capital assets. Estimated historical cost was used to record existing tangible capital assets if actual cost was unknown at April 1, 2007 when accounting for tangible capital assets was introduced.

As the Government is using a phased approach to the introduction of accrual accounting, all capital assets may not have been captured at April 1, 2007. Items which have been sought to be captured include tangible capital assets in the following categories; computers, equipment, machinery, vehicles and furniture, purchased between April 1998 and March 2007 and all lands and buildings owned by the Government at March 31, 2007. It is intended that the remaining other tangible capital assets including road networks, bridges, traffic management systems, would be captured over a five year period ending March 2012.

Revaluations are carried out for the class of tangible capital assets noted below to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset. Classes of property, plant and equipment, where applicable, are revalued at least every three years.

Land and Buildings

Land and buildings are recorded at cost less accumulated depreciation on buildings.

All lands are valued using the Comparative Method which relies on the analysis of recent transactions involving similar lands. Buildings are valued using the Depreciation Replacement Cost Method.

Maintenance and repair costs are recognized as an expense when incurred. Betterments and improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized.

(d) Liabilities

Liabilities are recorded to the extent that they represent obligations to outside parties as a result of transactions occurring prior to the end of the year.

Debt

Debt comprises treasury bills, commercial paper, medium and long term notes, bonds and debentures, tax reserve certificates, tax refund certificates, savings bonds and loans. In the Statement of Financial Position, debt is recorded at nominal value.

Debt denominated in foreign currencies is recorded at the Barbados dollar equivalent using the rates of exchange established in the loan agreements where appropriate. Other foreign currency debt is translated to Barbados dollars at year-end rates of exchange and any exchange gains or losses are recognized in the year they arise.

Leases

Finance leases transfer to the Government as lessee, substantially all the risks and rewards incident on the ownership of the leased asset. The obligations under such leases are capitalized at present value of the minimum lease payments. The capitalized values are amortised over the period in which the Government expects to receive benefits from their use.

Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognized in a systematic manner over the term of the lease.

Leasehold improvements are capitalized and the cost is amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

Other liabilities

All other liabilities are recorded at the estimated obligation to pay.

(e) Contingent liabilities

Government has provided loan guarantees under the Guarantee of Loans (Companies) Act 1998-41, to a number of statutory corporations and private sector entities. These guarantees are for the payment of principal and interest. All balances have been confirmed, and are shown in Schedule 11. Where there are zero balances, there have been no disbursements as at March 31, 2014.

The Act also requires a sinking fund to be established to assist with the repayment of these loans at maturity date. These funds are managed by the Central Bank of Barbados on behalf of the Treasury and are carried in the financial statements under "Restricted Cash and Cash equivalents"

Other contingent liabilities relate to outstanding contracts for goods and services procured by Government ministries and departments; and litigations brought against the Crown by members of the public.

(f) Comparatives

To ensure consistency with the current period, comparative figures have been restated where appropriate.

NOTES TO FINANCIAL STATEMENTS

1 Taxation Revenue

Income and Profits	Actual 2012 - 13	Revised Estimates 2013 - 14	Actual 2013 - 14
Individuals			
Individuals (Net)	397,394,497	323,625,100	379,158,287
Individuals (PAYE)	499,247,549		470,842,573
Refunds	(101,853,052)		(106,050,669)
Consolidation Tax		12,306,445	14,366,384
Corporation			
Corporation Tax (Net)	268,651,199	190,518,448	174,692,376
Corporation Tax	278,524,347		204,819,336
Refunds	(9,873,148)		(30,126,960)
Withholding Tax:			
Withholding Tax (Net)	80,195,453	73,693,459	80,526,283
Withholding Tax	80,195,453		80,526,283
<i>Withholding Tax Non-residents</i>	9,803,955		27,149,023
<i>Withholding Tax on dividend income</i>	12,809,458		5,061,936
<i>Withholding Tax Residents</i>	57,582,040		48,315,324
Refunds	-		-
Total Income and Profits	746,241,149	600,143,452	634,376,946
Goods and Services			
VAT (Net)	879,034,519	884,018,687	905,710,394
Value Added Tax	932,241,242		960,724,911
Refunds	(53,206,723)		(55,014,517)
Excise Duty	141,233,759	135,031,095	115,430,648
Highway Revenue	55,006,181	57,627,645	55,949,860
Other	55,443,018	64,723,718	61,343,852
Total Goods and Services	1,130,717,477	1,141,401,145	1,138,434,754
Property Tax			
Land Tax (Net)	132,091,326	107,100,560	137,607,285
Land Tax	133,161,436		137,725,386
Refunds	(1,070,110)		(118,101)
Property Transfer Tax	14,455,457	18,713,580	18,400,951
Rent registration		5,322	
Total Property Tax	146,546,782	125,819,462	156,008,235
International trade			
Import Duties (Net)	200,848,899	200,404,974	191,523,690
Import Duties	217,201,947		196,647,416
Refunds	(16,353,048)		(5,123,726)
Tax on sugar imports	336,251		2,063,358
Total International Trade	201,185,149	200,404,974	193,587,048
Other Indirect Taxation			
Stamp Duty	11,204,038	12,028,122	11,439,882
Total Indirect Taxation	11,204,038	12,028,122	11,439,882

Total Taxation Revenue	2,235,894,595	2,079,797,155	2,133,846,866
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2 Operating Expenses

Personal Emoluments

Personal Emoluments include salaries, wages and allowances paid to the Governor General, Ministers of Government and public officers.

Personal Emoluments	Actual 2012 - 13	Revised Estimates 2013 - 14	Actual 2013 - 14
Statutory Personal Emoluments	626,201,884	637,186,512	623,965,377
Other Personal Emoluments	190,728,563	201,301,640	183,889,032
Employers's Contribution to NIS	64,500,617	70,459,519	64,121,950
Total	881,431,063	908,947,671	871,976,358

Goods and Services

Goods and Services relate to those expenses incurred in undertaking the functions and activities of entities included in the financial statements, excluding those expenses identified separately in the Statement of Financial Performance. Items disclosed separately below are required by Financial Reporting Standards.

Most items of Goods and Services represent expenses incurred in the normal course of operations.

Included in Operating Expense are prior year expenses of \$37,293,073.26.

Goods and Services	Actual 2012 - 13	Revised Estimates 2013 - 14	Actual 2013 - 14
Travel	8,780,671	9,695,761	7,883,536
Utilities	57,803,836	57,251,183	52,854,753
Rental of Property	57,929,601	60,083,772	57,220,352
Library Books & Publications	1,188,572	1,538,683	934,910
Supplies & Materials	63,361,392	56,503,334	49,464,748
Maintenance of Property	77,356,547	83,166,761	72,390,549
Operating Expenses	117,586,461	144,684,319	141,059,991
Structures	33,391,346	6,164,292	2,957,543
Professional Services	25,424,286	53,013,092	24,166,745
Contingencies	484,803	844,865	338,859
Total	443,307,515	472,946,062	409,271,986

Bad Debt Expense

A change in Bad debt policy was issued by the Director of Finance and Economic Affairs during financial year 2009/10.

It stipulates that the annual provision for Bad Debt will be made at a rate of 2 percent of outstanding receivables.

Further details of the Provision for Bad Debt can be found in Note 11.

Bad Debt Expense	Actual 2012 - 13	Revised Estimates 2013 - 14	Actual 2013 - 14
Bad Debt Expense	8,401,423	11,325,478	11,042,876

Depreciation Expense

All tangible capital assets, except land and assets under construction, are being amortised on a straight line basis over their estimated useful lives. The estimated useful lives have been set out in the accounting policies which form an integral part of these Notes to the Financial Statements.

Depreciation Expense	Actual 2012 - 13	Revised Estimates 2013 - 14	Actual 2013 - 14
<i>Buildings</i>	33,332,995		33,919,803
<i>Machinery and Equipment</i>	12,383,529		12,702,914
<i>Furniture</i>	254,279		308,259
<i>Infrastructure</i>	-		-
<i>Vehicles</i>	4,771,407		5,025,125
<i>Software</i>	1,012,799		757,087
Total	51,755,010	54,000,000	52,713,189
Loss on Investments	Actual 2012 - 13	Revised Estimates 2013 - 14	Actual 2013 - 14
Loss on revaluation of shares	258,874	-	-
Loss on disposal of shares	7,155,918	-	-
Total	7,414,793		
Total Operating Expenses	1,392,309,803	1,447,219,211	1,345,004,409

3 Retiring Benefits

Retiring Benefits and Allowances	Actual 2012 - 13	Revised Estimates 2013 - 14	Actual 2013 - 14
Retiring Benefits	198,768,488	211,289,657	208,635,211
Other Retiring Benefits	70,960,617	68,962,521	65,198,192
Total Retiring Benefits and Allowances	269,729,104	280,252,178	273,833,403

Retiring benefits and allowances include pensions, and cost of living allowances paid to public officers under under Cap 25 of the Laws of Barbados and other related subsidiary legislation. It also includes the payment of ex-gratia awards and payments to legislative officers.

The Government of Barbados uses an unfunded defined benefit plan for the payment of superannuation benefits to its employees. Benefits are paid for by the Government as and when due. No assets are therefore being put aside to meet any obligations that may arise in the future.

4 Grants

Grants	Actual 2012 - 13	Revised Estimates 2013 - 14	Actual 2013 - 14
Grants to Public Institutions	783,773,003	886,501,523	844,626,445
Grants to Individuals	64,845,696	76,930,597	72,639,120
Grants to non-profit organisations	44,456,120	46,490,136	40,868,266
Total Grants	893,074,818	1,009,922,256	958,133,831

Grants include transfers made to statutory corporations, boards and non profit organisations to assist with their day to day operations, plant refurbishment or other capital projects. Grants also include transfers to individual under the Barbados Scholarship program managed by the Ministry of Education.

5 Debt Service Costs			
Debt Service Expenses			
	Actual	Revised	Actual
	2012 - 13	Estimates	2013 - 14
		2013 - 14	2013 - 14
Interest Expense			
Domestic	418,394,533	473,304,422	462,427,528
Foreign	146,653,044	161,741,605	135,506,743
Total Interest Expense	565,047,576	635,046,027	597,934,271
Expenses of Loans	3,936,284	14,497,697	13,408,824
Total	568,983,860	649,543,724	611,343,096

Further details of debt service costs can be found in Schedule 6 of the Financial Statement

6 Cash			
Cash and Bank			
As At March 31			
		2013	2014
Treasury Cash		4,097,081	6,863,650
Treasury Account		57,633,011	155,090,596
Post master General's cash		1,720,011	1,720,011
Mission Bank accounts		4,685,393	8,035,717
Schools' Bank accounts		3,260,847.94	3,549,469
Bank accounts - Projects		27,334,136	21,343,951
Crown Agents		272,525	408,892
Total		99,003,006	197,012,287

7 Investment - Fund Account			
Investment - Fund Account			
As At March 31			
		2013	2014
Fixed Deposits		685,094	723,668
Total Investment - Fund Account		685,094	723,668

8 Receivables			
Receivables (Net)			
As At March 31			
		2013	2014
Tax and Other Receivables			
Corporation Tax Receivable		65,750,837	65,090,311
Provision for Bad Debts		(1,352,137)	(1,352,137)
Corporation Tax Receivable (Net)		64,398,700	63,738,174
PAYE Tax Receivable		183,174,525	184,396,782
Provision for Bad Debts		(3,530,251)	(3,554,696)
PAYE Tax Receivable (Net)		179,644,274	180,842,086
VAT Receivable		379,284,782	463,901,526
Provision for Bad Debts		(7,585,696)	(9,126,317)
VAT Receivable (Net)		371,699,087	454,775,210
Import and Excise Duties Receivable		7,294,567	1,355,124
Provision for Bad Debts		(145,918)	(27,102)
Duties Receivable (Net)		7,148,649	1,328,022
Land Tax Receivable		189,698,518	213,714,643
Provision for Bad Debts		-	-
Land Tax Receivable (Net)		189,698,518	213,714,643

Highway Revenue Receivable	2,264,283	240,913
Provision for Bad Debts	(68,779)	(68,779)
Highway Revenue Receivable (Net)	2,195,505	172,135
Non Tax Revenue Receivables	5,376,753	4,269,825
Barbados Turf Club Receivables	201,927	201,927
Other Receivables	20,380,821	22,891,691
Total Tax and Other Receivables	804,286,261	941,933,713
Advances to Other Governments and agencies		
Advances to Other Governments	2,284,942	1,954,445
Pension Advances	480,638	501,584
Advances to statutory corporation	208,212,742	209,401,857
Other Receivables	6,273,340	70,127,088
Total advances to Other Governments and agencies	217,251,661	281,984,974
Total Receivables (Net)	882,146,741	1,223,918,687

No updated receivables information was received from the Inland Revenue Department.

Other receivables include an amount due for non tax revenue.

Advances to Statutory Corporation comprise mainly of advances to The Transport Board, The Barbados Agricultural Management Company and The National Housing Corporation.

Other Advances to Statutory Corporations relates to sales on credit by the Central Purchasing Department.

These are expected to be settled within a ninety day period.

During the financial year the loan receivable balance relating to Hotels and Resorts Limited (HRL) was written down from \$115,771,416 to \$85,392,579 in accordance with a Cabinet decision based on the likelihood that HRL would be unable to repay the outstanding debt.

9 Restricted cash

Restricted cash and cash equivalents

As At March 31	2013	2014
Sinking Fund Assets	844,574,665	888,202,546
Trust Funds	1,014,747	1,060,975
Special Funds	168,057,164	167,832,566
Total	823,505,505	1,057,096,087

The financial assets above are restricted in their nature in that they are only available to meet specified purposes and are unavailable by statute or other reasons; for general use by the Crown. Ref Note 15

Sinking fund investments are held until maturity of the associated bond instrument, as such they are carried at cost in the financial statements. Sinking fund investments at the financial statement date were \$888,202,545.88 with a market value of \$714,235,128.02 while sinking fund cash was \$174,133,015.24

Sinking fund assets for contingent liabilities was \$9,228,864.74

Special funds include funds held and managed by the Treasury Department as well as special funds managed by the Central Bank of Barbados. Significant amounts include the Industrial Credit Fund which had assets of \$129,268,978.31 at the financial statement date.

10 Investments

Equity Investments

As At March 31	2013	2014
Barbados National Bank Inc.	-	-
Insurance Corporation of Barbados Inc.	4,715,213	4,263,683
Whitepark Development Incorporated	133,337,685	133,337,685
Other Investments	26,961,525	36,633,515
LIAT	126,288,713	137,770,463
Total	291,303,136	312,005,346

Values shown are market values at March 31, 2014, based on listing on the Barbados Stock Exchange. At March 31, 2014 the Government held 1,639,878 shares in the Insurance Corporation of Barbados at quoted trading price per share of \$2.60. This represented no loss per share over the value at March 2013. Government traded 209,225 of ICBL shares during the financial year.

11 Loans to individuals and agencies

As At March	2013	2014
Principal outstanding	382,714,507	380,755,517
Barbados Tourism Investment Inc.	141,500,000	141,500,000
Hotel and Resorts Ltd.	85,392,221	85,392,579
Fund Access	2,150,565	1,869,090
Clearwater Bay	124,329,766	124,329,766
Small Businesses - Enterprise Growth Fund	28,000,000	28,000,000
Fair Trading Commission	(1,100,613)	(1,083,113)
Parliamentarians and Registering Officers	539,553	747,195
Caves of Barbados	1,903,015	1,903,015
Interest accrued	55,532,083	26,016,588
Barbados Tourism Investment Inc.	19,351,206	19,351,206
Hotel and Resorts Ltd.	30,379,195	-
Fund Access	13,257	11,522
Small Businesses - Enterprise Growth Fund	5,788,425	6,653,861
Net Carrying Value		
Barbados Tourism Investment Inc.	160,851,206	160,851,206
Hotel and Resorts Ltd.	115,771,417	85,392,579
<i>Provision for Bad Debt</i>	<i>(36,331,667)</i>	<i>(12,952,829)</i>
Fund Access	2,163,821	1,880,612
Clearwater Bay	124,329,766	124,329,766
Small Businesses - Enterprise Growth Fund	33,788,425	34,653,861
Fair Trading Commission	(1,100,613)	(1,083,113)
Caves of Barbados	1,903,015	1,903,015
Southern Golf	2,000,000	2,000,000
Needham Point	5,650,504	5,730,026
Parliamentarians and Registering Officers	539,553	747,195
Total loans to individuals and agencies	409,565,427	403,452,318

12 Receivables - Public Officers

Receivables - Public Officers		
As At March	2013	2014
Loans - Vehicle loans	20,497,339	18,480,120
Loans - Insurance Loans	1,837	3,966
Overdrawn salaries	1,736,725	2,725,473
Total Public Officers Receivables	22,235,901	21,209,559

This balance include advances to public officers under the POLTA Scheme and amounts relating to overdrawn salaries being repaid by public officers.

13 Tangible Capital Assets

Tangible Capital Assets		
As at March 31	2013	2014
Gross carrying value		
Land (valuation)	1,406,199,270	1,412,667,380
Property and Plant	1,420,344,347	1,422,120,006
Machinery and Equipment	216,435,821	229,655,990

Furniture and Fixtures	13,042,684	13,972,793
Software	15,097,978	15,648,466
Motor vehicles	46,552,780	49,873,894
Infrastructure	74,337,217	73,462,405
Assets Under Construction	167,665,196	239,263,246
Total Gross Carrying Value	1,953,476,023	2,043,996,800
Accumulated Depreciation		
Property and Plant	293,304,883	327,793,314
Machinery and Equipment	78,272,413	91,293,572
Furniture and Fixtures	2,287,581	2,651,357
Software	4,893,432	5,666,603
Motor vehicles	27,967,336	32,928,639
Infrastructure	-	-
Total Accumulated Depreciation	406,725,645	460,333,486
Net Carrying Value		
Property and Plant	1,127,039,464	1,094,326,691
Machinery and Equipment	138,163,408	138,362,418
Furniture and Fixtures	10,755,103	11,321,437
Software	10,204,546	9,981,863
Motor vehicles	18,585,444	16,945,254
Infrastructure	74,337,217	73,462,405
Assets Under Construction	167,665,196	239,263,246
Net Carrying Value	1,546,750,378	1,583,663,314
Total Net Carrying Value	2,952,949,648	2,996,330,695

There are difficulties associated with obtaining an objective valuation for some of the Crown's assets. Therefore all assets are not shown in the Statement of Financial Position for the current financial year. Assets not included in the current year's financial statements will be included in the subsequent period as valuations and other information is obtained. Assets not reflected in the Statement of Financial Position include: road networks, national library collections, recreation facilities and conservation areas and heritage assets.

Land was revalued at March 31, 2011 based on the Commissioner of Land Tax Revaluation for 2011.

Opening balances and the associated accumulated depreciation relating to tangible capital assets were loaded at April 1, 2007. Total prior years accumulated depreciation reflected in the Financial Statements equals \$111,133,799.

14 **Current Liabilities**

Due to other Government and agencies As At March 31

	2013	2014
Unclaimed and Undistributed monies	35,222,220	55,294,262
Other Governments	159,371	104,949
Special Purpose deposits	52,842,809	46,387,537
Deferred Revenue	7,888,971	8,529,502
Pensions Liability	7,558,647	8,083,604
School Deposits	3,009,567	3,388,249
Total Deposits	106,681,585	121,788,103

Pensions Liability represents pensions which have been computed and approved on behalf of retired public officers but payment had not yet been made.

The Investment Division of the Ministry of Finance and Economic Affairs is currently undertaking a consultancy to carry out a pensions study in order to give a better assessment the Government of Barbados' true pension liability.

15 Debt

Public Debt and Sinking Funds (\$millions)			
As At March 31	2014	2013	2014
	Amount authorised	Amount Outstanding	
Legal Authority			
Local Loans Act		5,006.38	5,204.36
<i>Unamortized Bond Discount</i>		18.27	18.38
External Loans Act Cap 94		1,305.72	1,256.92
Caribbean Development Bank Cap 97A		198.89	236.67
Inter American Development Bank Cap 97B		467.13	476.35
Special Loans Act Cap 105	1,500.00	728.11	1,176.34
Treasury Bills & Tax Certificates Cap 106	1,750.00	1,741.59	2,300.56
<i>Treasury Bills</i>		1,739.43	2,297.92
<i>Tax Reserve Certificates</i>		-	-
<i>Tax Refund Certificates</i>		2.16	2.64
Savings Bond Act 1980-30,	250.00	97.91	98.53
Contingent Liabilities taken over		42.72	37.86
Total Public Debt Outstanding		9,570.18	10,769.21

The Laws of Barbados require that sinking funds be established in respect of funds borrowed under the Local and External Loans Acts to assist with the retirement of such debt when due. The rates of contribution are 2% P.A. with respect to local loans and 2.5% P.A. on foreign loans. At March 31, 2014 market value of sinking fund assets was \$714,235,128.02

Debt balances represent the ending balances at March 31, 2014 after revaluation of foreign denominated debt using exchange rates at March 31, 2014. Debt is classified as Current and Long term in the financial statements, with current representing payments due within a twelve month period following the financial statement date. Total principal repayment on public debt for the year under review was as follows:

Debt repayments	Actual	Revised	Actual
	2012 - 13	Estimates 2013 - 14	2013 - 14
Domestic	299,481,657	431,550,871	411,670,785
Foreign	258,913,217	155,980,495	139,855,801
Total debt repayments	558,394,874	587,531,366	551,526,586

16 Foreign Currencies

All monetary amounts in these financial statements are expressed in Barbados dollars.

Exchange rates of the principal operating currencies to the Barbados dollar were as follows:

	Mar-13		Mar-14	
	closing rate	average rate	closing rate	average rate
United States dollar	2.0000	2.0000	2.0000	2.0000
Canadian dollar	1.9933	2.0379	1.8308	1.9218
British pound	3.0634	3.2020	3.3718	3.2215
Euros	2.5880	2.6092	2.7861	2.7161
Venezuelan bolivar fuerte	3.1500	2.6500	3.1500	3.1500
Swiss Francs	2.0969	2.1238	2.2556	2.1801

17 Rounding differences

The individual amounts making up totals on the schedules might have differences due to rounding errors.