

Transport Authority

Financial Statements
Year ended March 31, 2020
(expressed in Barbados dollars)



CHARTERED ACCOUNTANTS

Transport Authority
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Year ended March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Transport Authority

We have audited the accompanying financial statements of Transport Authority ("the Authority"), which comprise the statement of financial position as of March 31, 2020, and the statements of changes in net assets, financial performance, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of March 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, 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.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditors' responsibilities for the audit of the financial statements is located at the Institute of Chartered Accountants of Barbados' website at: <http://www.icab.bb/about-icab/auditing/>. This description forms part of our auditors' report.

Independent Auditors' Report...continued

**To the Directors of
Transport Authority**

Other Matters

This report is made solely to the Authority as a body, in accordance with Part 4 of the Transport Authority Act 2007-28. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Board of Directors as a body, for our audit work, for this report, or for the opinion we have formed.

Chartered Accountants

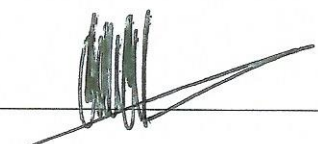
Barbados, W.I.
June 18, 2021

Transport Authority
Statement of Financial Position
As of March 31, 2020
(expressed in Barbados dollars)

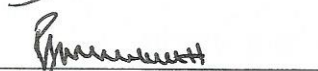
	2020	2019
	\$	\$
Assets		
Current assets		
Cash	1,722,282	563,837
Other assets	14,415	19,583
	<u>1,736,697</u>	<u>583,420</u>
Non-current assets		
Plant and equipment (Note 3)	205,283	176,361
	<u>1,941,980</u>	<u>759,781</u>
Total assets	1,941,980	759,781
Liabilities		
Current liabilities		
Accounts payable and accruals	253,290	833,820
	<u>1,688,690</u>	<u>(74,039)</u>
Net assets (liabilities)	1,688,690	(74,039)
Net assets (liabilities)	1,688,690	(74,039)

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

Approved by the Board of Directors on June 18, 2021



Chairman



Director

Transport Authority
Statement of Changes in Net Assets
Year ended March 31, 2020
(expressed in Barbados dollars)

	Contributed Capital \$	Accumulated Surplus \$	Total \$
Balance at March 31, 2018	67,522	(433,175)	(365,653)
Surplus for the year	-	291,614	291,614
Balance at March 31, 2019	67,522	(141,561)	(74,039)
Contributed capital (Note 6)	549,864	-	549,864
Surplus for the year	-	1,212,865	1,212,865
Balance at March 31, 2020	617,386	1,071,304	1,688,690

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

Transport Authority
Statement of Financial Performance
Year ended March 31, 2020
(expressed in Barbados dollars)

	2020	2019
	\$	\$
Revenue		
Transfers from The Ministry of Transport, Works & Maintenance	4,372,400	2,815,144
Other income	80,468	-
	<u>4,452,868</u>	<u>2,815,144</u>
Expenses		
Operating expenditure - administration (Note 4)	757,691	515,646
Operating expenditure - terminals (Note 4)	847,560	918,361
Transport Authority Service Integration (TASI) Project (Note 4)	-	79,578
Staff costs (Note 5)	1,559,482	970,836
Depreciation (Note 3)	74,402	37,096
Finance costs - bank charges	868	2,013
	<u>3,240,003</u>	<u>2,523,530</u>
Surplus for the year	<u>1,212,865</u>	<u>291,614</u>

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

Transport Authority
Statement of Cash Flows
Year ended March 31, 2020
(expressed in Barbados dollars)

	2020	2019
	\$	\$
Cash flows from operating activities		
Surplus for the year	1,212,865	291,614
Adjustments for:		
Depreciation	74,402	37,096
Payment by Government of Barbados under BERT programme	<u>549,864</u>	<u>-</u>
Operating surplus before working capital changes	1,837,131	328,710
Decrease (increase) in other assets	5,168	(19,583)
(Decrease) increase in accounts payable and accruals	<u>(580,530)</u>	<u>183,269</u>
Cash generated from operations	1,261,769	492,396
Cash flows from investing activities		
Purchase of plant and equipment	<u>(103,324)</u>	<u>(210,026)</u>
Net increase in cash	1,158,445	282,370
Cash - beginning of year	<u>563,837</u>	<u>281,467</u>
Cash - end of year	<u><u>1,722,282</u></u>	<u><u>563,837</u></u>

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

Transport Authority
Statement of Comparison of Budget and Actual Amounts
Year ended March 31, 2020
(expressed in Barbados dollars)

	Unaudited Approved Budget 2020 \$	Actual on Comparable Basis 2020 \$	Performance Difference 2020 \$
Revenue (Note 7)			
Transfers from The Ministry of Transport, Works and Maintenance	1,582,579	4,372,400	(2,789,821)
Other income	-	80,468	(80,468)
	<u>1,582,579</u>	<u>4,452,868</u>	<u>(2,870,289)</u>
Personal emoluments (Note 7)			
Personal emoluments	585,895	1,407,144	(821,249)
Employer contributions	33,188	152,338	(119,150)
	<u>619,083</u>	<u>1,559,482</u>	<u>(940,399)</u>
Recurrent expenditure (Note 7)			
Utilities	90,000	128,636	(38,636)
Rental of property	-	5,913	(5,913)
Library books and publication	4,000	29,646	(25,646)
Supplies and materials	121,971	146,669	(24,698)
Maintenance of property	100,000	206,754	(106,754)
Other operating expenses	130,525	82,640	47,885
Terminal security	450,000	630,288	(180,288)
Professional services	67,000	374,705	(307,705)
Finance costs	-	868	(868)
	<u>963,496</u>	<u>1,606,119</u>	<u>(642,623)</u>
Capital expenditure (Note 7)			
Plant and equipment	-	103,324	(103,324)
Total expenditure	<u>1,582,579</u>	<u>3,268,925</u>	<u>(1,686,346)</u>
Performance difference for the year	<u>-</u>	<u>1,183,943</u>	<u>(1,183,943)</u>

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

1. Establishment and principal activity

The Transport Authority was established by an Act of Parliament of Barbados on August 16, 2007 and this Act may be cited as the Transport Authority Act 2007. Its principal activity involves inter alia; monitoring and regulation of the operations of the public transportation system and promoting the use of public transport.

From inception the Transport Authority “the Authority” operated under the aegis and administration of the Ministry of Transport and Works “MTW” until March 31, 2010; where-after the Authority was given operating autonomy. These financial statements reflect activities from April 1, 2010. Activities of the Authority prior to this date would have been subsumed in the operations of the MTW.

During the year ended March 31, 2019 MTW’s was renamed Ministry of Transport, Works and Maintenance “MTWM”.

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Barbados dollars, which is the functional and reporting currency of the Authority.

The financial statements have been prepared under the basis of historical cost unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on an accrual basis.

Financial year

The financial year for all ministries and departments of the Barbados Government runs from April 1 of one year to March 31 of the next year.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. Transfers from MTWM are as approved in the Government Estimates for the financial year for the operations of the Authority.

Transport Authority
Notes to Financial Statements
Year ended March 31, 2020
(expressed in Barbados dollars)

2. Significant accounting policies...continued

Plant and equipment

All plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Expenditure of \$3,000 or more on any one item or on several items of the same type bought at the same time must be capitalized. All repair and maintenance costs are recognized in the statement of financial performance.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value, where fair value can be reliably determined. Certain assets purchased on behalf of the Authority were transferred from the MTWM at net book value on April 1, 2010. These assets were partially depreciated according to their initially estimated useful lives. On transfer, the Authority continued the depreciation of these assets according to their initial estimated useful lives.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset and in accordance with the instructions set out in the Instructions to Ministries and Departments - Accrual Accounting issued in March 2007.

Provision for depreciation of an asset must be made in financial year of acquisition based on the half year rule which states that *"for tangible assets half a year's depreciation is accrued in the year of acquisition and a similar half year's depreciation in the year of disposal"*.

Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Software	1 year
Leasehold Improvements	5 years
Furniture	3-12 years
Equipment	3-10 years
Vehicle	7 years

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

2. Significant accounting policies...*continued*

Plant and equipment...*continued*

The Authority derecognizes items of plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance when the asset is derecognized.

Impairment of non-financial assets

The Authority assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. The resultant impairment loss is recognized as an expense in the statement of financial performance.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Transport Authority
Notes to Financial Statements
Year ended March 31, 2020
(expressed in Barbados dollars)

2. Significant accounting policies...continued

Financial liabilities

The Authority's financial liabilities include trade and other payables. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Cash

Cash comprise cash on hand and cash at bank.

Significant judgments and sources of estimation uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Taxation

The Authority is not subject to income tax.

Contributed capital

On April 1, 2010, MTWM transferred the plant and equipment being used by the Authority to the Authority under the transition arrangement.

The Government of Barbados under the Barbados Economic Recovery and Transformation (BERT) programme settled outstanding debts at September 30, 2018 of Government departments, Statutory Corporations and Government owned Institutions. Accordingly, in May 2019, it settled the debt of an Authority's creditor of \$549,864.

Transport Authority
Notes to Financial Statements
Year ended March 31, 2020
(expressed in Barbados dollars)

3. Plant and equipment	Leasehold Improvements	Computer and other equipment	Software	Furniture and fixtures	Motor vehicle	Total
	\$	\$	\$	\$	\$	\$
Cost						
March 31, 2018	-	113,947	-	10,112	43,195	167,254
Additions	-	62,743	34,088	113,195	-	210,026
March 31, 2019	-	176,690	34,088	123,307	43,195	377,280
Additions	26,961	44,309	28,200	3,854	-	103,324
March 31, 2020	26,961	220,999	62,288	127,161	43,195	480,604
Accumulated depreciation						
March 31, 2018	-	110,914	-	9,714	43,195	163,823
Charge for the year	-	12,580	17,044	7,472	-	37,096
March 31, 2019	-	123,494	17,044	17,186	43,195	200,919
Charge for the year	2,696	26,172	31,144	14,390	-	74,402
March 31, 2020	2,696	149,666	48,188	31,576	43,195	275,321
Net book value						
March 31, 2018	-	3,033	-	398	-	3,431
March 31, 2019	-	53,196	17,044	106,121	-	176,361
March 31, 2020	24,265	71,333	14,100	95,585	-	205,283

Transport Authority
Notes to Financial Statements
Year ended March 31, 2020
(expressed in Barbados dollars)

4. Operating expenses	2020	2019
	\$	\$
Operating expenditure - administration		
Audit fees	27,250	11,750
Board fees	36,300	36,660
Conference and meetings	10,080	6,510
COVID-19 expenses	9,291	-
Donations	-	1,705
Entertainment	22,175	10,400
Legal fees	125,372	2,174
Library and publication	29,646	40,387
Office supplies and expenses	79,706	73,612
Professional fees	222,083	111,512
Rent	5,913	6,399
Repairs and maintenance	56,445	84,311
Training	4,794	18,186
Travel	-	4,950
Utilities	128,636	107,090
	<u>757,691</u>	<u>515,646</u>
Operating expenditure - terminals		
Insurance	15,742	15,000
Repairs and maintenance - Constitution River Terminal	75,854	117,439
Repairs and maintenance - Fairchild Street Terminal	-	1,137
Repairs and maintenance - Princess Alice Terminal	4,926	9,294
Repairs and maintenance - Speightstown Terminal	53,787	-
Security services	630,288	712,887
Supplies	66,963	62,604
	<u>847,560</u>	<u>918,361</u>
Transport Authority Service Intergration (TASI) Project		
Concessionary fees	-	22,535
Operating expenses	-	9,858
Staff costs - wages	-	71,124
Staff costs - national insurance	-	(23,939)
	<u>-</u>	<u>79,578</u>

Transport Authority
Notes to Financial Statements
Year ended March 31, 2020
(expressed in Barbados dollars)

5. Staff costs	2020	2019
	\$	\$
Salaries	1,407,144	845,547
Severance	-	59,727
National insurance	<u>152,338</u>	<u>65,562</u>
	<u>1,559,482</u>	<u>970,836</u>
Number of permanent employees at year end	8	8
Number of temporary employees at year end	<u>27</u>	<u>13</u>
Total number of employees at year end	<u>35</u>	<u>21</u>
6. Contributed capital	2020	2019
	\$	\$
Contributed by MTWM:		
Equipment	20,589	20,589
Furniture	3,738	3,738
Motor vehicle	<u>43,195</u>	<u>43,195</u>
	67,522	67,522
Contributed capital under BERT programme	<u>549,864</u>	<u>-</u>
	<u>617,386</u>	<u>67,522</u>

On April 1, 2010, MTWM transferred the assets listed above to the Authority.

In May 2019, the Ministry of Finance and Economic Affairs and Investment ("MOFEI") settled the outstanding debt of an Authority's creditor of \$549,864 under the BERT programme.

7. Notes to the statement of comparison of budget and actual amounts

IPSAS 24 requires a comparison of budget amounts and actual amounts arising from the execution of the budget to be included in the financial statements of entities that are required to make publicly available their approved budget, and for which they are, therefore, held publicly accountable. The Authority prepares its budget on an accrual basis and for the same year (April 1 to March 31) as the financial statements. As such, the budget and the financial statements are already on the same basis and further adjustments are not required to align the financial statements to the budget.

Explanation of material differences between the budget and actual amounts.

The performance surplus of \$1,183,943 is primarily attributable to:

- a) Revenue (\$2,870,289) – Supplemental funding was received to facilitate the Authority’s full staff compliment as well as other operating expenditure
- b) Personal emoluments (\$940,399) – The budget did not reflect the increase in staff needed to adequately manage and operate the Constitution River Terminal (CRT)
- c) Maintenance of property (\$106,754) – Cleaning and other costs of maintaining the terminals were higher than budgeted
- d) Terminal security (\$180,288) – Security costs for the three terminals exceeded the approved budget
- e) Professional services (\$307,705) – The cost of legal services increased significantly and exceeded the budgeted amount. Public relations including commuter advocate was not included in the approved budget
- f) Plant and equipment (\$103,324) – No provision was made in the budget for an increase in machinery and equipment

8. COVID-19 impact

During the year 2020, the World Health Organization declared the outbreak of the coronavirus disease (COVID-19) to be a pandemic. As the pandemic continues to evolve, governments are implementing additional measures to address the resulting public issues and the economic impact. The continued extent of the impact will depend on, but not limited to, (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted.

Management is not aware of any material adverse effects on the financial statements of the Company as a result of the COVID-19 outbreak. The Company continues to monitor the COVID-19 pandemic and will take action as necessary in response to the economic disruption.

9. Comparatives

Certain comparative figures have been restated to conform with the current year's presentation.