

# **Caribbean Broadcasting Corporation**

Financial Statements

**December 31, 2011**

(expressed in Barbados dollars)



## **INDEPENDENT AUDITOR'S REPORT**

**To the Government of Barbados**

We have audited the accompanying financial statements of **Caribbean Broadcasting Corporation**, which comprise the balance sheet as at December 31, 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's 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 auditor's 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 auditor considers 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.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Caribbean Broadcasting Corporation** as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicate that as at December 31, 2011 the Corporation has an accumulated deficit of \$89,931,351 and its total liabilities exceed its total assets by \$36,943,602. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Corporation's ability to continue as a going concern.

*Richardson Gopers SRL*

September 14, 2012  
Bridgetown, Barbados

# Caribbean Broadcasting Corporation

## Balance Sheet

As at December 31, 2011

(expressed in Barbados dollars)

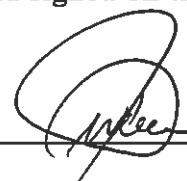
	2011 \$	2010 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash on hand and at bank (note 5)	1,600,190	1,067,011
Accounts receivable and prepaid expenses (note 6)	7,454,517	7,089,161
Inventories (note 7)	1,677,453	2,227,907
	<u>10,732,160</u>	<u>10,384,079</u>
<b>Property, plant and equipment (note 8)</b>	<b>32,347,558</b>	<b>34,567,248</b>
<b>Available-for-sale financial assets (note 9)</b>	<b>-</b>	<b>-</b>
	<u>43,079,718</u>	<u>44,951,327</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft (note 5)	4,953,721	5,104,103
Accounts payable and accrued liabilities (note 10)	34,027,711	26,501,249
Current portion of long term loans (note 11)	1,840,000	3,114,623
	<u>40,821,432</u>	<u>34,719,975</u>
<b>Long term loans (note 11)</b>	<b>21,285,000</b>	<b>23,300,000</b>
<b>Pension fund obligation (note 12)</b>	<b>17,916,888</b>	<b>17,978,663</b>
	<u>80,023,320</u>	<u>75,998,638</u>
<b>Equity</b>		
Capital contributed by Government of Barbados (note 13)	31,464,001	30,339,001
Revaluation surplus (note 14)	21,523,748	21,523,748
Accumulated deficit	(89,931,351)	(82,910,060)
	<u>(36,943,602)</u>	<u>(31,047,311)</u>
<b>Total liabilities and equity</b>	<b>43,079,718</b>	<b>44,951,327</b>

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

Approved by the Board of Directors on 24<sup>th</sup> July, 2012 and signed on their behalf by:



Director



Director

# Caribbean Broadcasting Corporation

## Statement of Changes in Equity

For the year ended December 31, 2011

(expressed in Barbados dollars)

	Capital contributed by Government of Barbados \$	Revaluation surplus \$	Accumulated deficit \$	Total \$
<b>Balance at December 31, 2009</b>	30,339,001	21,523,748	(74,075,583)	(22,212,834)
<b>Comprehensive loss</b>				
Loss and comprehensive loss for the year	—	—	(8,834,477)	(8,834,477)
<b>Balance at December 31, 2010</b>	30,339,001	21,523,748	(82,910,060)	(31,047,311)
<b>Comprehensive loss</b>				
Capital contribution	1,125,000	—	—	1,125,000
Loss and comprehensive loss for the year	—	—	(7,021,291)	(7,021,291)
<b>Balance at December 31, 2011</b>	<b>31,464,001</b>	<b>21,523,748</b>	<b>(89,931,351)</b>	<b>(36,943,602)</b>

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

# Caribbean Broadcasting Corporation

## Statement of Comprehensive Income

For the year ended December 31, 2011

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(expressed in Barbados dollars)

	2011 \$	2010 \$
<b>Operating revenue</b> (note 15)	46,370,059	43,875,011
<b>Government grant - GIS advertising</b>	-	2,491,116
<b>Government grant - Pension</b>	1,724,149	2,341,022
<b>Direct expenses</b> (note 17)	(29,686,103)	(33,593,077)
<b>Administrative expenses</b> (note 17)	(19,962,570)	(20,859,376)
<b>Operating deficit</b>	(1,554,465)	(5,745,304)
<b>Interest and finance charges</b>	(5,466,826)	(3,089,173)
<b>Loss and comprehensive loss for the year</b>	(7,021,291)	(8,834,477)

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

# Caribbean Broadcasting Corporation

## Statement of Cash Flows

For the year ended December 31, 2011

(expressed in Barbados dollars)

	2011	2010
	\$	\$
<b>Operating activities</b>		
Loss for the year	(7,021,291)	(8,834,477)
Adjustments for:		
Depreciation	3,826,087	4,061,159
Gain on disposal of property, plant and equipment	(42,821)	(5,450)
Write-off of available for sale investment	-	26,287
Interest and finance charges	5,466,826	3,089,173
Pension expense	2,679,698	3,175,870
Operating profit before working capital changes	4,908,499	1,512,562
Increase in accounts receivable and prepaid expenses	(365,356)	(635,177)
Decrease in inventories	550,454	3,000,605
Increase in accounts payable and accrued liabilities	7,526,462	11,636,357
Cash generated from operations	12,620,059	15,514,347
Pension contributions paid	(2,741,473)	(3,273,170)
Interest and finance charges paid	(5,466,826)	(3,089,173)
Net cash from operating activities	4,411,760	9,152,004
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,606,397)	(3,411,675)
Proceeds from disposal of property, plant and equipment	42,821	5,450
Net cash used in investing activities	(1,563,576)	(3,406,225)
<b>Financing activities</b>		
Long term loan repayments	(3,289,623)	(5,851,508)
Capital confirmation from Government	1,125,000	-
Net cash used in financing activities	(2,164,623)	(5,851,508)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>683,561</b>	<b>(105,729)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>(4,037,092)</b>	<b>(3,931,363)</b>
<b>Cash and cash equivalents - end of year (note 5)</b>	<b>(3,353,531)</b>	<b>(4,037,092)</b>

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

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 1 Incorporation and principal activity

The Caribbean Broadcasting Corporation ("the Corporation") is a statutory Corporation established under the provisions of the Caribbean Broadcasting Corporation Act, Cap. 276. Its principal activity is the provision of broadcasting services through radio and television. The principal place of business of the Corporation is at the Pine, St. Michael.

## 2 Going concern

These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the payments of liabilities in the regular and ordinary course of business. The Corporation has an accumulated deficit of \$89,931,351 at December 31, 2011 and as at that date, total liabilities exceeded total assets by \$36,943,601. The ability of the corporation to continue as a going concern is dependent on the continued support of its shareholder. In this regard, the shareholder has issued a comfort letter pledging its support to ensure the continued operation of the Corporation.

## 3 Significant accounting policies

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.

### a) Basis of preparation

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

#### *i) New and amended standards adopted by the Corporation*

The Corporation did not adopt any new or amended standards for the financial year.

#### *ii) New standards, amendments and interpretations mandatory for the first time for the financial year beginning January 1, 2011 but not currently relevant to the Company*

IAS 24	Related party disclosures (January 1, 2011)
IAS 32 (amendment)	Financial Instruments: Recognition and Measurement (effective February 1, 2010)
IFRIC 14 (amendment)	Prepayments of a minimum funding requirement (effective January 1, 2011)
IFRIC 19	Extinguishing financial liabilities with equity instruments (effective July 1, 2010)



# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

### a) Basis of preparation ...continued

#### iii) *New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2011 and not early adopted*

IFRS 7 (amendment)	'Financial instruments: Disclosures' on derecognition (effective July 1, 2011)
IAS 1 (amendment)	'Financial statement presentation' regarding other comprehensive income (effective July 1, 2012)
IAS 12 (amendment)	'Income taxes' on deferred tax (effective January 1, 2012)
IAS 19 (amendment)	'Employee benefits' (effective January 1, 2013)
IFRS 9	'Financial instruments' (effective January 1, 2013)
IFRS 12	'Disclosures of interests in other entities' (effective January 1, 2013)
IFRS 13	'Fair value measurement' (effective January 1, 2013)

### b) Cash and cash equivalents

Cash and cash equivalents includes cash and bank overdrafts. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, banks deposits with original maturities of less than ninety days and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

### c) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at the anticipated realisable value. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable is uncollectible it is written off against the provision account and subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income in direct expenses.

### d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the price at which the inventory can be realised in the normal course of business. Provision is made for obsolete, slow moving and defective inventory.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

### e) Financial assets

The Corporation classifies its financial assets as available-for-sale and loan and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification at initial recognition.

Equity investments are classified as available-for-sale and included in non-current assets as they are not intended to be disposed of within 12 months of the balance sheet date. They are carried at cost as they are not quoted on any market and their fair value cannot be reliably measured. They are subject to review for impairment at the balance sheet date. If there is objective evidence of impairment they are written down to estimated recoverable amount and the impairment loss recognised in the statement of comprehensive income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than twelve months after the balance sheet date. The Corporation's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. (Refer to notes 5 and 6).

### f) Property, plant and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers less subsequent depreciation for buildings. Any accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount is restated to the valued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation and any impairment in value.

Historical cost includes expenditures that are directly attributable to the acquisition on the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income in the statement of comprehensive income and accumulated in revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against other comprehensive income in the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line basis, so as to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Buildings - permanent	2½%
- wooden	10%
Plant and equipment, including records and transcript	5% - 25%
Motor vehicles	20%
Furniture and equipment	10% - 25%

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

### f) Property, plant and equipment ...continued

Valuations are performed every 3-5 years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. However, where the fair value of revalued land and buildings differs materially from its carrying amount, a further revaluation is carried out in the year in which it occurs.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

### g) Long term loans

Long term loans are recognised initially at fair value, net of transaction costs incurred. Long term loans are subsequently carried at amortised cost, and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the long term loans using the effective interest method.

Long term loans are classified as current liabilities unless the Corporation has the unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### h) Current and deferred income tax

Taxation expense in the statement of comprehensive income comprises current and deferred tax. Taxation expense is recognised in the statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date.

The Corporation follows the balance sheet liability method of accounting for deferred taxes. This method provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date and expected to apply when the asset is realised or liability settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

### i) Foreign currency

The financial statements are expressed in Barbados dollars which is also the Corporation's functional currency.

Assets and liabilities denominated in foreign currencies are translated to Barbados dollars at the rates of exchange ruling at the balance sheet date. Transactions arising during the year involving foreign currencies are translated and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the statement of comprehensive income.

### j) Pension obligations

The Corporation maintains a non-contributory defined benefit pension plan for its employees. This plan is managed through the Statutory Corporations' Pension Fund administered by the Insurance Corporation of Barbados Inc. Pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out full valuations of the plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows using the interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses are recognised at the rate of 20% of the balance brought forward.

### k) Government grants

Grants from Government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Corporation will comply with attached conditions, if any.

Revenue grants are recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

Grants received from Government for capital expenditure are deferred and amortised over the useful lives of the assets purchased with grant funds.

### l) Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for the provision of services in the ordinary course of business.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that economic benefits associated with the transaction will flow to the Corporation and when specific criteria have been met from each activity as described below.

Advertising revenue is recognised on an accrual basis and is stated net of agency and representative commissions. MCTV and other revenue is recognised on an accrual basis.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

### m) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed by management at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

### n) Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

### o) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 4 Critical accounting estimates and judgements

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

### *Critical accounting estimates and assumptions*

The Corporation makes estimates and assumptions concerning the future.

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on reported assets, liabilities, revenues and expenses. The items which may have the most effect on the Corporation's financial statements are set out below:

### *Valuation of property*

The Corporation utilises professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods, which are all sensitive to the underlying assumptions chosen.

### *Pension benefits*

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are disclosed in note 12. Any changes in these assumptions will impact the carrying amount of pension obligations or assets.

## 5 Cash and cash equivalents

This is comprised of:

	2011 \$	2010 \$
Cash on hand and at bank	1,600,190	1,067,011
Bank overdraft	(4,953,721)	(5,104,103)
	<u>(3,353,531)</u>	<u>(4,037,092)</u>

The Government of Barbados has provided a letter of comfort in support of the bank overdraft facility. Interest is charged on the overdraft at the rate of 9.25% (2010 - 8.5%) per annum.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

## 6 Accounts receivable and prepaid expenses

	2011 \$	2010 \$
Trade receivables	9,575,916	8,581,402
Less: Provision for impairment	<u>(3,329,402)</u>	<u>(2,698,017)</u>
	6,246,514	5,883,385
Other receivables	379,665	947,740
Prepaid expenses	<u>828,338</u>	<u>258,036</u>
	<u>7,454,517</u>	<u>7,089,161</u>

As at year end, trade receivables of \$3,568,095 (2010 - \$3,331,660) were fully performing.

Trade receivables that are less than 4 months past due are not considered impaired. As at year end, trade receivables of \$2,678,419 (2010 - \$2,551,725) were past due but not impaired. Management believes that they are recoverable as these relate to customers for whom there is no history of default.

The ageing analysis of receivables is as follows:

	2011 \$	2010 \$
4 to 6 months	859,930	1,603,985
Over 12 months	<u>1,818,489</u>	<u>947,740</u>
	<u>2,678,419</u>	<u>2,551,725</u>

As at year end, trade receivables of \$3,329,402 (2010 - \$2,698,017) were impaired and provided for. The aging of these trade receivables is as follows:

	2011 \$	2010 \$
Over 12 months	<u>3,329,402</u>	<u>2,698,017</u>

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 6 Accounts receivable ...continued

The movement in the provision for impairment is as follows:

	2011 \$	2010 \$
Balance - beginning of year	2,698,017	2,173,231
Impairment charge	724,353	655,356
Bad debts written off	(92,968)	(130,570)
	<hr/>	<hr/>
Balance - end of year	3,329,402	2,698,017

The creation and release of provision for impairment of trade receivables is included in direct expenses in the statement of comprehensive income. Amounts charged to the provision for impairment of receivables are written off when there is no expectation of receiving additional cash.

No provision for impairment was required for other receivables in 2011 or 2010.

The carrying value of accounts receivable is considered to approximate fair value because of their short term maturity.

The Corporation does not hold any collateral security on these receivables.

## 7 Inventories

	2011 \$	2010 \$
MCTV boxes, antennae and installation materials	1,652,346	2,142,480
Other	25,107	85,427
	<hr/>	<hr/>
	1,677,453	2,227,907



# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

### 8 Property, plant and equipment

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Furniture and equipment \$	Total \$
<b>As at December 31, 2009</b>					
Cost/valuation	27,197,712	82,232,441	2,090,614	13,000,055	124,520,821
Accumulated depreciation	(478,249)	(76,058,472)	(1,881,281)	(10,886,088)	(89,304,089)
Net book value	26,719,463	6,173,969	209,333	2,113,967	35,216,732
<b>Year ended December 31, 2010</b>					
Opening net book value	26,719,463	6,173,969	209,333	2,113,967	35,216,732
Additions	136,278	2,801,647	59,257	414,493	3,411,675
Depreciation	(459,332)	(2,825,528)	(84,310)	(691,989)	(4,061,159)
Closing net book value	26,396,409	6,150,088	184,280	1,836,471	34,567,248
<b>As at December 31, 2010</b>					
Cost/valuation	27,333,990	80,983,339	2,149,871	13,413,942	123,881,140
Accumulated depreciation	(937,581)	(74,833,251)	(1,965,591)	(11,577,471)	(89,313,892)
Net book value	26,396,409	6,150,088	184,280	1,836,471	34,567,248
<b>Year ended December 31, 2011</b>					
Opening net book value	26,396,409	6,150,088	184,280	1,836,471	34,567,248
Additions	34,969	958,585	83,723	529,120	1,606,397
Depreciation	(460,206)	(2,575,814)	(74,221)	(715,846)	(3,826,087)
Closing net book value	25,971,172	4,532,859	193,782	1,649,745	32,347,558
<b>As at December 31, 2011</b>					
Cost/valuation	27,368,959	81,941,924	2,233,594	13,943,062	125,487,539
Accumulated depreciation	(1,397,787)	(77,409,065)	(2,039,812)	(12,293,317)	(93,139,981)
Net book value	25,971,172	4,532,859	193,782	1,649,745	32,347,558

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

## 8 Property, plant and equipment ...continued

The Corporation's buildings at Black Rock, St. Michael with a carrying value of \$1,314,055 (2010 - \$1,349,570) are constructed on land owned by the Government of Barbados.

If land and buildings were stated on the historical cost basis the amounts would be as follows:

	2011	2010
	\$	\$
Cost	11,132,672	11,097,703
Accumulated depreciation	(6,778,331)	(6,318,125)
<b>Net book value</b>	<b>4,354,341</b>	<b>4,779,578</b>

## 9 Available-for-sale financial assets

	2011	2010
	\$	\$
CANA - 696 shares	6,960	6,960
CCTA - 1,000 shares	5,097	5,097
NSR Ltd - 14,230 preference shares	14,230	14,230
<b>Provision for impairment of investments</b>	<b>26,287</b>	<b>26,287</b>
	<b>(26,287)</b>	<b>(26,287)</b>
	<b>-</b>	<b>-</b>

## 10 Accounts payable and accrued liabilities

	2011	2010
	\$	\$
Trade payables	5,924,233	9,351,703
NIS and other taxes	1,232,988	2,118,838
VAT	23,835,415	12,808,675
Accrued expenses	3,035,075	2,222,033
	<b>34,027,711</b>	<b>26,501,249</b>

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

### 11 Long term loans

	2011 \$	2010 \$
(i) Bank of Nova Scotia loan repayable in quarterly instalments of principal of \$215,000 which commenced on October 31, 2007. Interest is charged at 9.25% (2010 - 10%) per annum.	-	1,035,000
(ii) Government of Barbados loan repayable over a period of 20 years in semi-annual instalments of blended principal and interest commencing October, 2003. Interest is charged at 7.25% per annum plus 1% annual charge (2010 - 7.25%) on the outstanding balance.	-	414,623
(iii) Bank loan for a total sum of \$15.5 million of which \$10,500,000 was drawn at year end. Repayable in quarterly instalments of \$175,000 which commenced March 23, 2009. The balance of the loan, accrued interest and all other amounts outstanding under the loan shall be paid on or before the 20 <sup>th</sup> quarter from the aforementioned date. The term of the loan is 5 years and the amortization 15 years. Interest is charged at 9.25 % ( 2010 - 9.25%) per annum.	8,400,000	9,100,000
(iv) Bank loan for a total sum of \$17.1 million drawn at year end. Repayable in monthly instalments of \$95,000 which commenced November 6, 2009. The balance of the loan, accrued interest and all other amounts outstanding under the loan shall be paid on or before the 60 <sup>th</sup> quarter from the date of the initial advance. The term of the loan is 5 years and the amortization 15 years. Interest is charged at 9.25 % (2010 - 9.25%) per annum.	<u>14,725,000</u>	<u>15,865,000</u>
Less: Current portion	<u>23,125,000</u> <u>(1,840,000)</u>	<u>26,414,623</u> <u>(3,114,623)</u>
Long term portion	<u>21,285,000</u>	<u>23,300,000</u>

The Government of Barbados Loan 11(ii) was repaid April 2011. The Nova Scotia Loan 11(ii) was repaid September 2011 with a balloon payment of \$390,000.

The Government of Barbados has provided a Comfort Letter in respect of all loans and any interest accrued thereon in respect of (i) and (iii) above. In respect of (iv) above, the loan is guaranteed by the Government of Barbados.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

## 12 Pension fund obligation

The Corporation's defined benefit pension plan is managed through the Statutory Corporations' Pension Fund administered by the Insurance Corporation of Barbados Inc. An actuarial valuation is carried out every three years. The most recent valuation was carried out as at January 1, 2010. An interim valuation was carried out at December 31, 2011. The next full triennial valuation is due on January 1, 2012.

The amounts recognised in the balance sheet are as follows:

	2011	2010
	\$	\$
Present value of funded obligation	(28,568,855)	(27,427,682)
Fair value of plan assets	11,362,791	9,366,082
	(17,206,064)	(18,061,600)
Unrecognised actuarial losses	(710,824)	82,937
Pension fund obligation at end of year	(17,916,888)	(17,978,663)

Movement in the pension fund obligation recognised in the balance sheet is as follows:

	2011	2010
	\$	\$
Pension fund obligation - beginning of year	(17,978,663)	(18,075,963)
Contributions paid during year	2,741,473	3,273,170
Net expense recognised in the statement of comprehensive income	(2,679,698)	(3,175,870)
Pension fund obligation - end of year	(17,916,888)	(17,978,663)

The amount recognised in the statement of comprehensive income is as follows:

	2011	2010
	\$	\$
Current service costs	973,543	927,289
Interest costs	2,110,746	1,878,000
Actuarial gains	16,586	421,470
Past service cost	232,580	457,294
Expected return on plan assets	(653,757)	(508,183)
Net pension expense included in staff costs (note 17)	2,679,698	3,175,870
Actual return on plan assets	613,268	396,563

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

## 12 Pension fund obligation ...continued

The movement in the present value of funded obligation over the year is as follows:

	2011	2010
	\$	\$
Present value of funded obligation - beginning of year	27,427,682	26,850,182
Interest cost	2,110,746	1,878,000
Current service cost	973,543	927,289
Past service cost - vested benefits	232,580	457,294
Benefits paid	(1,358,032)	(970,521)
Actuarial gain on obligation	(817,664)	(1,714,562)
	<u>28,568,855</u>	<u>27,427,682</u>

The movement in the fair value of plan assets is as follows:

	2011	2010
	\$	\$
Fair value of plan assets - beginning of year	9,366,082	6,666,868
Expected return on plan assets	653,757	508,183
Contributions - total	2,741,473	3,273,170
Benefits paid	(1,358,032)	(970,521)
Actuarial loss on plan assets	(40,489)	(111,618)
	<u>11,362,791</u>	<u>9,366,082</u>

The assets of the plan are invested in a deposit administration contract with Insurance Corporation of Barbados Limited.

Expected contributions for the year ending December 31, 2012 are \$3,301,236.

The principal actuarial assumptions used for accounting purposes were as follows:

	2011	2010
Discount rate at end of year	7.75%	7.75%
Expected return on assets at end of year	6.50%	6.50%
Future salary increases	2.00%	2.00%
Future inflationary salary increases	3.00%	3.00%
Future pension increases	0.00%	0.00%
Future changes in NIS ceiling	3.50%	3.50%
Percentage of employees opting for early retirement	10.00%	10.00%
Mortality	GAM 94	GAM 94

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

### 12 Pension fund obligation ...continued

Amounts for the current and previous three periods are as follows:

	2011 \$	2010 \$	2009 \$	2008 \$
Present value of funded obligation	(28,568,855)	(27,427,682)	(26,850,182)	(24,054,830)
Fair value of plan assets	11,362,791	9,366,082	6,666,868	263,741
	<u>(17,206,064)</u>	<u>(18,061,600)</u>	<u>(20,183,314)</u>	<u>(23,791,089)</u>
Unrecognised actuarial gains	(710,824)	82,937	2,107,351	1,680,949
	<u>(17,916,888)</u>	<u>(17,978,663)</u>	<u>(18,075,963)</u>	<u>(22,110,140)</u>
Deficit				
Experience adjustments on plan liabilities	(817,664)	(1,714,562)	801,055	(1,595,407)
Experience adjustments on plan assets	(40,489)	(111,618)	38,463	(7,426)

### 13 Capital contributed by Government of Barbados

This represents the accumulated capital contributions received from the Government of Barbados either by way of cash transfers, loan conversions or transfer of assets to the Corporation.

	2011 \$	2010 \$
Balance - beginning of year	30,339,001	30,339,001
Capital contribution	1,125,000	—
Balance - end of year	<u>31,464,001</u>	<u>30,339,001</u>

### 14 Revaluation surplus

The Corporation's land and buildings at The Pine and Black Rock, St. Michael and Sturges, St. Thomas were revalued by independent real estate valuers in 2009. Valuations were done on the basis of fair market value. The excess of the revaluation over the carrying value of land and buildings was credited to revaluation surplus.

	2011 \$	2010 \$
Balance - beginning and end of year	<u>21,523,748</u>	<u>21,523,748</u>

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

### 15 Revenue

	Television \$	Radio \$	STV & MCTV operations \$	Other \$	2011 \$	2010 \$
<b>Advertising</b>						
GIS 10% Airtime	5,798,250	4,523,668	-	-	10,321,918	8,943,088
Agency commissions	(1,269,510)	(1,098,394)	-	-	(2,367,904)	-
	(275,257)	(217,030)	-	-	(492,287)	(582,996)
<b>Net advertising revenue</b>	4,253,483	3,208,244	-	-	7,461,727	8,360,092
Subscriptions	-	-	36,067,867	-	36,067,867	32,587,255
Other revenue (note 16)	143,223	971,536	1,307,972	417,734	2,840,465	2,927,664
<b>Operating revenue</b>	4,396,706	4,179,780	37,375,839	417,734	46,370,059	43,875,011

### 16 Other revenue

	Television \$	Radio \$	STV & MCTV operations \$	Other \$	2011 \$	2010 \$
Obituaries	-	921,699	-	-	921,699	857,518
Installations and reconnections	-	-	592,491	-	592,491	891,319
Commercial productions and programme materials	64,362	25,211	-	-	89,573	65,345
Gain on disposal of property, plant and equipment	-	-	-	42,821	42,821	5,450
Pay per view	-	-	422,298	-	422,298	304,129
Miscellaneous	78,861	24,626	293,183	374,913	771,583	803,903
	143,223	971,536	1,307,972	417,734	2,840,465	2,927,664

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

### 17 Expenses by nature

	2011	2010
	\$	\$
Advertising	245,177	276,838
Staff costs	19,962,570	20,859,376
Depreciation	3,826,087	4,061,159
Charge for impairment of receivables	724,353	655,356
Local and imported programmes	14,674,420	14,115,860
Royalties and rights	253,197	408,282
Utilities	2,267,544	1,772,650
Office expenses	1,702,130	1,402,568
Professional services	1,302,708	1,509,814
Insurance	931,209	881,056
Repairs and maintenance	826,752	975,961
Performers' (Freelance and Talent) fees	645,954	622,557
Installation expenses	607,538	1,087,932
Rent and accommodation	489,737	478,909
Security	396,910	373,031
Vehicle expenses	270,734	259,057
Other expenses	521,652	506,647
<b>Total direct and administrative expenses</b>	<b>49,648,672</b>	<b>50,247,053</b>
<b>Staff costs</b>		
Salaries, wages and allowances	15,143,805	15,667,332
National Insurance	1,265,033	1,168,819
Pension costs	2,679,698	3,175,869
Other	874,034	847,355
	<b>19,962,570</b>	<b>20,859,375</b>
<b>Number of persons employed</b>	<b>260</b>	<b>260</b>



# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

### 18 Taxation

The tax on the net loss for the year differs from the theoretical amount that would arise using the basic rate of corporation tax for the following reasons:

	2011 \$	2010 \$
Net loss for the year	<u>(7,021,291)</u>	<u>(8,834,477)</u>
Tax calculated at tax rate of 25% (2010 - 25%)	(1,755,323)	(2,208,619)
Expenses not deductible for tax purposes	115,052	269,956
Increase in deferred tax asset not recognised	1,754,815	1,988,363
Tax effect of commercial building allowance	(50,000)	(50,000)
Prior year under provision of deferred tax	<u>(64,544)</u>	<u>300</u>
	<u>-</u>	<u>-</u>

There is a potential deferred tax asset which has not been recognised in the financial statements since it is uncertain that taxable profits will be unavailable against which the deferred tax asset can be utilised.

	2011 \$	2010 \$
Delayed tax depreciation	48,798,017	45,929,484
Unutilized tax losses (note 19)	20,726,751	16,611,554
Taxed provisions	2,173,231	2,173,231
Pension liability	<u>18,014,188</u>	<u>17,978,663</u>
	<u>89,712,187</u>	<u>82,692,932</u>
Deferred tax asset at 25% (2010 - 25%)	<u>22,428,047</u>	<u>20,673,233</u>

The expiry dates for the unutilised tax losses are disclosed in note 19.

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

### 19 Tax losses

The following tax losses are available for set off in the future against otherwise taxable income for corporation tax purposes. The losses have to date not been confirmed or disputed by the Commissioner of Inland Revenue.

Income year	Losses b/forward \$	Adjustment \$	Incurred \$	Losses c/forward \$	Expiry date
2003	584,436	-	-	584,436	2012
2004	3,075,054	-	-	3,075,054	2013
2005	610,525	-	-	610,525	2014
2006	477,631	-	-	477,631	2015
2008	3,767,673	-	-	3,767,673	2017
2010	8,096,235	-	-	8,096,235	2019
2011	-	-	4,115,197	4,115,197	2020
	<u>16,611,554</u>	<u>-</u>	<u>4,115,197</u>	<u>20,726,751</u>	

### 20 Commitments and contingencies

#### a) Commitments

At December 31, 2011 the Corporation was committed to the rental of television programmes and broadcast rights in the amount of \$1,638,492 (2010 - \$1,191,753).

#### b) Contingencies

There is pending litigation against the Corporation arising in the normal course of business. No assessment of the likely outcome or estimates of settlement have been made, but it is not anticipated that any material liabilities will arise from these contingencies.

### 21 Related party transactions

#### Key management compensation

Key management comprises directors and senior management of the Corporation. Compensation for these was as follows:

	2011 \$	2010 \$
Salaries and other short term benefits	1,297,455	1,247,695
Post employment benefits	116,355	116,355
Directors' fees	29,820	26,040
	<u>1,443,630</u>	<u>1,390,090</u>

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 22 Financial risk management

The Corporation's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, interest rate risk and liquidity risk. The Corporation's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance.

The Corporation's exposure and approach to its key risks are as follows:

### a) Foreign exchange risk

This is the potential adverse impact on the Corporation's earnings and economic value due to movements in exchange rates.

The Corporation's transactions in foreign currencies are mainly for purchases of equipment and programme materials. These transactions are denominated mainly in United States dollars. Since there is fixed exchange rate between the Barbados dollar and the United States dollar there is no significant exposure to foreign exchange risk.

### b) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Corporation. Credit risk arises from cash and cash equivalents, as well as credit exposures to advertising agencies and domestic customers including outstanding receivables and committed transactions. Cash and cash equivalents are placed with financial institutions with high credit ratings.

The maximum exposure is as follows:

	2011	2010
	\$	\$
Cash and cash equivalents	1,600,190	1,067,011
Accounts receivable	6,626,179	6,831,125
	<u>8,226,369</u>	<u>7,898,136</u>

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 22 Financial risk management ...continued

### c) Interest rate risk

The Corporation has no interest bearing assets. Interest rate risk arises from long term loans at variable interest rates which expose the Corporation to cash flow risk.

The interest rates on the bank overdraft and long term loans are disclosed in Notes 5 and 11.

At the reporting date, the interest profile of the Corporation's interest bearing financial liabilities was as follows:

	2011 \$	2010 \$
<b>Fixed rate instruments</b>		
Financial liabilities	-	414,623
<b>Variable rate instruments</b>		
Financial liabilities	23,125,000	26,000,000

### d) Liquidity risk

Liquidity risk refers to the risk that the Corporation will not be able to meet its financial obligations as they fall due.

The Corporation currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Corporation collecting its accounts receivable in a timely manner and maintaining sufficient cash and cash equivalents in excess of anticipated funds. To support the cash flow position, the Corporation has in place a planning and budgeting process to help determine the funds required to support the Corporation's normal operating and capital requirements.

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

### 22 Financial risk management ...continued

#### d) Liquidity risk ...continued

The table below is an analysis of the Corporation's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Balances due within 12 months equal their carrying balances. The amounts included in the table below for long term loans and trade and other payables will not reconcile to the balance sheet as they are the contractual cash flows.

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
<b>At December 31, 2011</b>					
Bank overdraft	4,953,721	-	-	-	4,953,721
Accounts payable and accrued liabilities	8,959,307	-	-	-	8,959,307
Long term loans	3,209,148	5,913,092	7,593,138	11,958,618	28,673,996
Total liabilities (contractual maturity dates)	17,122,176	5,913,092	7,593,138	11,958,618	42,587,024
Cash on hand and at bank	1,600,190	-	-	-	1,600,190
Accounts receivable	6,626,179	-	-	-	6,626,179
Assets held for managing liquidity (contractual maturity)	8,226,369	-	-	-	8,226,369

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

(expressed in Barbados dollars)

## 22 Financial risk management ...continued

### d) Liquidity risk ...continued

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
<b>At December 31, 2010</b>					
Bank overdraft	5,104,103	-	-	-	5,104,103
Accounts payable and accrued liabilities	11,573,736	-	-	-	11,573,736
Long term loans	5,560,423	7,867,544	10,203,738	19,744,464	43,376,169
Total liabilities (contractual maturity dates)	22,238,262	7,867,544	10,203,738	19,744,464	60,054,008
Cash on hand and at bank	1,067,011	-	-	-	1,067,011
Accounts receivable	6,831,125	-	-	-	6,831,125
Assets held for managing liquidity (contractual maturity)	7,898,136	-	-	-	7,898,136

### e) Cash flow and fair value interest rate risk

As the Corporation has no significant interest-bearing assets, the Corporation's income and operating cash flows are substantially independent of changes in market interest rates.

The Corporation's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest rate risk. During 2011 and 2010 the Corporation's borrowings at variable rates were denominated in Barbados dollars. To manage against interest rate risk, the Corporation negotiates the best rates possible.

At December 31, 2011, if interest rates on variable rate borrowings had been 1% higher or lower, with all other variables held constant, net income for the year would have been \$245,857 (2010 - \$281,000) lower or higher, mainly as a result of higher or lower finance costs on floating rate borrowings.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2011

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(expressed in Barbados dollars)

## 22 Financial risk management ...continued

### f) Fair values

Fair value amounts represents estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. The fair value of the Corporation's cash and bank balances, accounts receivable and accounts payable are not considered to be materially different from their carrying values, due to the short term nature of these items. The Corporation has no significant available-for-sale financial assets.

The fair value of the long term loans is not considered to be significantly different from their carrying values as the current interest rates on these debts are similar to market rates existing at the balance sheet date.

### g) Capital risk management

The Corporation's objective is to provide returns for the benefit of its stakeholders and to reduce the cost of capital.

## 23 Subsequent events

On June 8, 2012 the Corporation signed an agreement with the Customs & Excise Department Value Added Tax Division to repay its outstanding principal balance by May 31, 2022. As a condition of this agreement interest and penalties on the outstanding principal balance was waived. As at December 31, 2011 interest and penalties were \$4,831,815 and \$1,874,222 respectively.

# **Caribbean Broadcasting Corporation**

Additional Information to Financial Statements

**December 31, 2011**

(expressed in Barbados dollars)

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# Caribbean Broadcasting Corporation

Index to the Additional Information

For the year ended December 31, 2011

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(expressed in Barbados dollars)

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Statement of Income and Expenditure - Television Department	3
Statement of Income and Expenditure - Radio Department	4
Statement of Income and Expenditure - Administration Department	5

# Caribbean Broadcasting Corporation

## Statement of Revenue

For the year ended December 31, 2011

(expressed in Barbados dollars)

	2011 \$	2010 \$
<b>Revenue</b>		
Radio	4,155,154	4,018,714
MCTV	37,082,656	33,782,703
Television	4,317,845	5,264,126
Administration	-	115
	<u>45,555,655</u>	<u>43,065,658</u>
<b>Other income</b>		
Gain on disposal of asset	42,821	5,450
Other income	771,583	803,903
	<u>814,404</u>	<u>809,353</u>
	<u>46,370,059</u>	<u>43,875,011</u>

# Caribbean Broadcasting Corporation

Statement of Income and Expenditure - STV/MCTV Department

For the year ended December 31, 2011

(expressed in Barbados dollars)

	2011 \$	2010 \$
<b>Income</b>		
Installations	413,294	770,095
Other income	293,183	292,367
Pay per view	422,298	304,129
Reconnections	179,197	121,224
Subscriptions	36,067,867	32,587,168
	<u>37,375,839</u>	<u>34,074,983</u>
<b>Expenses</b>		
Advertising	75	318
Bad debt expense	559,983	511,125
Circuitry	32,760	32,760
Depreciation	2,380,826	2,650,089
Installation expenses	607,148	1,087,932
General expenses	6,182	11,630
Local travel and entertainment	9,012	113
Membership dues	6,620	5,427
Office expenses	750,577	529,570
Overseas travel and conferences	6,851	19,569
Performers' (Freelance and Talent) fees	15,710	1,400
Professional services	751,704	665,731
Programming costs	12,872,669	11,934,787
Rent and accommodation	252,210	255,082
Repairs and maintenance	208,591	413,205
Royalties and rights	-	36,313
Staff costs	2,342,120	2,570,753
Training	2,563	4,814
Utilities	375,889	350,068
Vehicle expenses	74,724	82,775
	<u>21,256,214</u>	<u>21,163,461</u>
<b>Operating surplus for the year</b>	<u>16,119,625</u>	<u>12,911,522</u>

# Caribbean Broadcasting Corporation

## Statement of Income and Expenditure - Television Department

For the year ended December 31, 2011

(expressed in Barbados dollars)

	2011 \$	2010 \$
<b>Revenue</b>		
Airtime	5,798,250	5,622,002
Commercial production	13,666	31,460
Miscellaneous	78,861	220,296
Programme material	50,696	2,530
	<u>5,941,473</u>	<u>5,876,288</u>
Less: GIS 10% Airtime Inventory	1,269,510	-
Agency and Rep. Comm.	275,257	391,866
	<u>4,396,706</u>	<u>5,484,422</u>
<b>Expenses</b>		
Advertising	197,275	272,864
Bad debt expense	85,886	82,265
Circuitry	6,365	4,347
Depreciation	225,485	116,361
General expenses	13,121	11,735
Local travel and entertainment	17,803	28,691
Membership dues	9,207	7,304
Office expenses	227,810	285,151
Overseas travel and conferences	62,910	90,109
Performers' (Freelance and Talent) fees	460,715	453,727
Professional services	139,467	289,181
Programming costs	1,672,217	1,968,441
Rent and accommodation	73,398	72,354
Repairs and maintenance	276,251	274,494
Royalties and rights	299,258	238,346
Staff costs	9,388,998	9,348,149
Training	11,530	18,802
Utilities	200,400	224,985
Vehicle expenses	92,485	105,690
	<u>13,460,581</u>	<u>13,892,996</u>
<b>Operating deficit for the year</b>	<u>(9,063,875)</u>	<u>(8,408,574)</u>

# Caribbean Broadcasting Corporation

## Statement of Income and Expenditure - Radio Department

For the year ended December 31, 2011

(expressed in Barbados dollars)

	2011 \$	2010 \$
<b>Revenue</b>		
Airtime	4,523,668	3,320,972
Commercial production	25,211	31,205
Miscellaneous	24,626	40,413
Programme material	—	150
Obituaries	921,699	857,518
	<u>5,495,204</u>	<u>4,250,258</u>
Less: GIS 10% Airtime Inventory Agency and Rep. Comm.	1,098,394	—
	<u>217,030</u>	<u>191,130</u>
	<u>4,179,780</u>	<u>4,059,128</u>
<b>Expenses</b>		
Bad debt expense	77,181	60,887
Circuitry	7,196	8,564
Depreciation	37,887	73,102
General expenses	(233)	80
Local travel and entertainment	159	11
Membership dues	1,709	8,591
Office expenses	7,954	5,635
Overseas travel and conferences	—	949
Performers' (Freelance & talent ) fees	112,115	111,150
Professional fees	8,060	15,385
Programming costs	129,533	212,631
Rent and accommodation	1,250	225
Repairs and maintenance	21,766	10,028
Royalties and rights	(46,061)	133,623
Staff costs	1,057,451	1,262,605
Utilities	25,469	26,111
Vehicle expenses	10,395	9,783
	<u>1,451,831</u>	<u>1,939,360</u>
<b>Operating surplus for the year</b>	<u>2,727,949</u>	<u>2,119,768</u>

# Caribbean Broadcasting Corporation

## Statement of Income and Expenditure - Admin Department

For the year ended December 31, 2011

(expressed in Barbados dollars)

	2011 \$	2010 \$
<b>Income</b>		
Airtime	–	115
Miscellaneous	417,734	256,363
	<u>417,734</u>	<u>256,478</u>
<b>Expenses</b>		
Advertising	37,242	3,656
Bad debts	1,303	1,079
Board fees	–	26,040
Circuitry	29,820	3,323
Depreciation	439	1,221,606
Foreign exchange gain	1,181,889	(698)
General expenses	9,962	76,894
Impairment of investment	85,004	26,287
Insurance	931,209	881,056
Land tax	104,390	78,491
Local travel and entertainment	2,397	10,714
Membership dues	42,494	2,436
Office expenses	715,789	582,212
Overseas travel and conferences	5,470	5,881
Performers' (Freelance and Talent) fees	57,414	56,280
Professional services	403,478	539,516
Rent and accommodation	162,879	151,248
Repairs and maintenance	320,143	278,235
Security	396,910	373,031
Staff costs	7,174,002	7,677,868
Training	47,924	23,785
Utilities	1,665,785	1,171,487
Vehicle expenses	93,129	60,809
	<u>13,469,072</u>	<u>13,251,236</u>
<b>Operating deficit for the year</b>	<u>(13,051,337)</u>	<u>(12,994,758)</u>