

BARBADOS ACCREDITATION COUNCIL

FINANCIAL STATEMENTS

For the year ended 31 March 2019

BARBADOS ACCREDITATION COUNCIL

Financial statements

For the year ended 31 March 2019

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INDEPENDENT AUDITORS' REPORT

To the Directors of Barbados Accreditation Council

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Barbados Accreditation Council, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) for Small and Medium Sized Entities as issued by the International Accounting Standards Board (IASB).

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 Council in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Council's financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 IFRSs 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council 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 auditors' 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

RBCI

Chartered Accountants

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiencies in internal control that we identify during our audit.

Other matters

This report is made solely to the directors of Barbados Accreditation Council. Our audit work has been undertaken so that we might state to the Council's directors 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 Barbados Accreditation Council and its directors for our audit work, for this report or for the opinion we have formed. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come.

PAE

14 June 2019
Bridgetown, Barbados

BARBADOS ACCREDITATION COUNCIL

Statement of financial position

As of 31 March 2019

	Notes	2019 \$	2018 \$
Assets			
Current Assets			
Cash at bank		1,030,608	781,882
Accounts receivable		10,195	9,815
Prepaid expenses		27,326	27,705
		<u>1,068,129</u>	<u>819,402</u>
Property, plant and equipment	3	81,758	-
		<u>1,149,887</u>	<u>819,402</u>
Liabilities and general fund			
Liabilities			
Accounts payable	4	101,453	107,060
Deferred revenue		4,906	4,906
		<u>106,359</u>	<u>111,966</u>
General fund		1,043,528	707,436
		<u>1,149,887</u>	<u>819,402</u>

The accompanying notes form an integral part of these financial statements

Approved by the Council.


Council Member


Executive Director

BARBADOS ACCREDITATION COUNCIL

Statement of comprehensive income

For the year ended 31 March 2019

	Notes	2019 \$	2018 \$
Revenue			
Subvention revenue		2,251,259	1,534,354
Revenue from operations		116,813	95,456
		<u>2,368,072</u>	<u>1,629,810</u>
Expenditure			
Salaries and wages		941,353	864,588
Rental of property		386,358	374,780
Conferences, seminars and training		85,350	120,131
General expenses		75,837	188,594
National insurance		74,334	62,229
Depreciation	3	1,465	-
Supplies and materials		46,452	48,679
Consultancy		221,339	96,572
Legal fees		28,500	3,750
Maintenance and insurance		42,326	50,357
Utilities, net		92,533	81,489
Advertising and promotion		11,635	28,455
Subscriptions		18,664	10,242
Honorarium and stipends		750	3,373
Travel		5,084	3,244
		<u>2,031,980</u>	<u>1,936,483</u>
Surplus (deficit) for the year		<u>336,092</u>	<u>(306,673)</u>

The accompanying notes form an integral part of these financial statements

BARBADOS ACCREDITATION COUNCIL

Statement of changes in general fund

For the year ended 31 March 2019

	\$
Balances – end of the year 2017	1,014,109
Deficit for the year	(306,673)
Balances – end of the year 2018	<u>707,436</u>
Surplus for the year	336,092
Balances – end of the year 2019	<u>1,043,528</u>

BARBADOS ACCREDITATION COUNCIL

Statement of cash flows

For the year ended 31 March 2019

	2019	2018
	\$	\$
Cash flows from operating activities		
Surplus (deficit) for the year	336,092	(306,673)
<i>Adjustments for:</i>		
Depreciation	1,465	-
Operating income before working capital changes	337,557	(306,673)
Changes in non-cash working capital accounts:		
Change in accounts receivable	(380)	(3,570)
Change in prepaid expenses	379	(375)
Change in deferred revenue	-	-
Change in accounts payable	(5,607)	81,319
<i>Net cash (used in) from operating activities</i>	331,949	(229,299)
Cash flows from investing activities		
Purchase of fixed assets	(83,223)	-
Net change in cash at bank	248,726	(229,299)
Cash at bank – beginning of year	781,882	1,011,181
Cash at bank – end of year	1,030,608	781,882

The accompanying notes form an integral part of these financial statements

BARBADOS ACCREDITATION COUNCIL

Notes to the financial statements

For the year ended 31 March 2019

1. Organisation and principal activities

The Barbados Accreditation Council (the "Council") is a statutory corporation enacted by the Parliament of Barbados on 28 June 2004 and is governed by the Barbados Accreditation Council Act 2004-11.

The main operating activities of the Council are:

Firstly, the registration and re-registration of institutions offering post-secondary or tertiary education and programmes of study, the accreditation and re-accreditation of programmes and institutions in Barbados and related functions, such as recognition and equivalency of local and foreign-based qualifications, articulation and conferral of institutional titles; and

Secondly, the granting of Certificates of Recognition of CARICOM Skills Qualification to applicants who satisfy the requirements for recognition as skilled CARICOM nationals and examining and verifying of certificates of Recognition of Caribbean Community Skills granted to community nationals by Member States.

Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards.

Adoption of new and revised standards

In the current year, the Council has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the ISAB") and the International Financial Reporting Interpretations Committee ("the IFRIC") of the IASB if relevant to its operations and effective for accounting periods beginning on 1 April 2018. The adoption of these new and revised Standards and Interpretations has not significantly affected the amounts reported for the current year.

Standards issued but not yet effective

During the year, there were several standards and interpretations issued, but not yet effective, up to the date of issuance of the Council's financial statements. The Council has not adopted any of these standards and does not expect any significant impact on its operating activities when these standards become effective.

BARBADOS ACCREDITATION COUNCIL

Notes to the financial statements

For the year ended 31 March 2019

2. Significant accounting policies and adoption of standards

Significant accounting policies adopted by the Council are as follows:

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and are expressed in Barbados dollars. The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Council's accounting policies.

Revenue recognition

Subvention revenue is recognized on a cash basis. The revenue from operations is generated when services are provided.

Foreign currencies

Transactions originating in foreign currencies are recorded in Barbados dollars at the exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the exchange rates at the balance sheet date.

Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individual or corporate entities.

BARBADOS ACCREDITATION COUNCIL

Notes to the financial statements

For the year ended 31 March 2019

2. Significant accounting policies and adoption of standards (continued)

Depreciation

Property, plant and equipment are originally recorded at cost less accumulated depreciation and any accumulated losses. Depreciation is applied on the straight-line basis to write off the cost of the assets over their estimated useful lives at the following annual rates:

Furniture and fixtures	33%
Computers	25%
Vehicle	14%
Software	25%
Printer	20%
Air condition units	33%

Loans and receivables

Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. The financial assets of the entity which are designated as loans and receivables are all short term in nature and recognition of interest is immaterial. The significant categories of loans and receivables of the Council include accounts receivable.

Impairment of loans and receivables

Loans and receivables are assessed for indications of impairment at each balance sheet date. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the investment have been impacted.

Financial liabilities

Financial liabilities of the Council are classified as "other financial liabilities". Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Accounts payable represents the only significant other financial liability of the Council.

The financial liabilities of the Council are all short term in nature and the recognition of interest expense is immaterial.

BARBADOS ACCREDITATION COUNCIL

Notes to the financial statements

For the year ended 31 March 2019

2. Significant accounting policies and adoption of standards (continued)

Accounts payable are stated at their nominal values.

Intangible assets

Intangible assets are measured at cost net of amortization on a straight-line basis at a rate of 25% per annum.

Intangible assets comprise of Council's website development costs.

Critical accounting judgments and key sources of estimation uncertainty

The Council makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial statements. Estimates and judgments are continually evaluated and on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the application of the Council's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are readily apparent from other sources. The estimates and liabilities are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Other than in the establishment of routine provision against accounts receivable, depreciation of property, plant and equipment, and amortization of intangible assets, there are no estimates or judgments which are required in applying policies which may have a material impact on the Council's reported assets, liabilities, revenue and expenses.

BARBADOS ACCREDITATION COUNCIL

Notes to the financial statements

For the year ended 31 March 2019

3. Property, plant and equipment

	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Furniture & fixtures			
Balances - 1 April	122,835	122,835	-
Depreciation	-	-	-
Balances - 31 March	122,835	122,835	-
Computers			
Balances - 1 April	108,799	108,799	-
Depreciation	-	-	-
Balances - 31 March	108,799	108,799	-
Printer			
Balances - 1 April	46,112	46,112	-
Depreciation	-	-	-
Balances - 31 March	46,112	46,112	-
Software			
Balances - 1 April	54,011	54,011	-
Additions	20,223	-	20,223
Depreciation	-	1,465	(1,465)
Balances - 31 March	74,234	55,476	18,758
Property and Plant: Air-condition Units			
Balances - 1 April	29,988	29,988	-
Depreciation	-	-	-
Balances - 31 March	29,988	29,988	-

BARBADOS ACCREDITATION COUNCIL

Notes to the financial statements

For the year ended 31 March 2019

3. Property, plant and equipment (continued)

Motor vehicles

Balances - 1 April	54,870	54,870	-
Additions	63,000	-	63,000
Depreciation	-	-	-
Balances - 31 March	117,870	54,870	63,000

Summary

Balances - 1 April	416,615	416,615	-
Additions	83,223	-	83,223
Depreciation	-	1,465	(1,465)
Balances - 31 March	499,838	418,080	81,758

4. Accounts payable

The average credit period on payables is 30 days. No interest is charged on accounts payable if this average credit period is maintained. Thereafter interest may be charged at a rate determined by the supplier. The Council has financial risk management policies to ensure that payables are paid in a reasonable time frame.

5. Financial instruments

Financial assets of the Council comprise cash at bank and accounts receivable. Financial liabilities comprise accounts payable and deferred revenue.

Credit Risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Council. The Council's exposure to credit risk is indicated by the carrying amount of its assets.

The majority of the Council's assets consist of cash is placed with one reputable bank, thereby minimizing credit risk.

BARBADOS ACCREDITATION COUNCIL

Notes to the financial statements

For the year ended 31 March 2019

5. Financial instruments (continued)

Fair value

The fair values of the Council's financial assets and liabilities approximate their carrying values at the balance sheet date.

Interest rate risk

Differences in contractual re-pricing or maturity dates and changes in interest rates may expose the Council to interest rate risk. The Council's exposure to such risk is limited to variations in bank interest rates. However, interest earned on savings does not form a material source of revenue.