

# **BARBADOS NATIONAL INSURANCE BOARD**



**REPORT ON THE AUDIT OF THE ACCOUNTS OF  
THE SUGAR WORKERS' PROVIDENT FUND  
FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup>, 2016**

# SUGAR WORKERS' PROVIDENT FUND

Index to the Financial Statements  
For the year ended December 31, 2016

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## Page

Auditor General's Report	1-2
Statement of Financial Position	3
Statement of Changes in Reserves	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-10



**AUDITOR GENERAL'S OFFICE  
BARBADOS**



**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of the National Insurance – Sugar Workers' Provident Fund**

**Opinion**

I have audited the financial statements of The Sugar Workers' Provident Fund, which comprise the Statement of Financial Position as at 31<sup>st</sup> December 2016, Statement of Changes in Reserves, Statement of Comprehensive Income, and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects the financial position of the Sugar Workers' Provident Fund as at 31<sup>st</sup> December 2016 and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

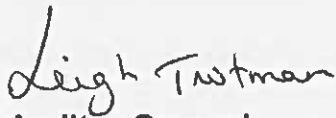
**Responsibility of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRS), 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 for the Audit of the Financial Statements**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statements.



**Auditor General**

**2<sup>nd</sup> Floor Weymouth Corporate Centre**

**31<sup>st</sup> May 2021**

**SUGAR WORKERS PROVIDENT FUND**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2016**  
(Expressed in Barbados Dollars)

	Notes	2016 \$	2015 \$
<b>INCOME</b>			
Contributions Income	3a (i)	18,760	17,752
Investment Income	3a (ii)	1,144	1,073
<b>Total Income</b>		<b>19,904</b>	<b>18,825</b>
<b>EXPENDITURE</b>			
SWPF Benefit Expense	3a (iii)	9,428	11,201
Administration Expense	3a (iv)	4,776	6,782
<b>Total Expenditure</b>		<b>14,204</b>	<b>17,983</b>
<b>NET (LOSS) INCOME FOR THE YEAR</b>		<b>5,700</b>	<b>842</b>
<b>Fund Reserve at January 1</b>		<b>41,496</b>	<b>40,654</b>
Prior year Adjustment		15,688	-
<b>Adjusted Fund Reserve</b>		<b>57,184</b>	<b>40,654</b>
<b>Fund Reserve at December 31</b>		<b>62,884</b>	<b>41,496</b>

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

**SUGAR WORKERS PROVIDENT FUND**  
**Statement of Cash Flows**  
**For the year ended December 31, 2016**  
(Expressed in Barbados Dollars)

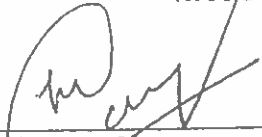
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating activities</b>		
Net (loss) income for the period	5,700	842
<b>Adjustments for:</b>		
Fund reserve	15,688	-
	<u>21,388</u>	<u>842</u>
(Increase) Decrease in receivables	(9,431)	20,385
Increase (Decrease) in payables	(13,618)	2,453
	<u>(1,661)</u>	<u>23,680</u>
<b>Net cash from (used in) operating activities</b>		
<b>Cash Flows from Investing activities</b>		
Redemption of T-Bill	65,500	63,500
Purchase of short term investments	(65,356)	(63,387)
Interest Earned on T-bills	(1,144)	(1,072)
	<u>(1,000)</u>	<u>(959)</u>
<b>Net cash from (used in) investing activities</b>		
<b>Net change in cash and cash equivalents</b>	(2,661)	22,721
<b>Cash and cash equivalents at January 1</b>	24,946	2,225
<b>Cash and cash equivalents at December 31</b>	<u><u>22,285</u></u>	<u><u>24,946</u></u>


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


**SUGAR WORKERS' PROVIDENT FUND**  
**Statement of Financial Position**  
**As at December 31, 2016**  
(Expressed in Barbados Dollars)

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & cash equivalents	4	22,285	24,946
Receivables	5	15,045	5,614
Short-term investments	6	33,418	32,417
Total Current Assets		<u>70,748</u>	<u>62,977</u>
<b>TOTAL ASSETS</b>		<u><b>70,748</b></u>	<u><b>62,977</b></u>
<b>LIABILITIES AND RESERVES</b>			
<b>Current Liabilities</b>			
Liability to National Insurance	8	4,499	20,187
Other Liabilities	8	3,365	1,294
Total Current Liabilities		<u>7,864</u>	<u>21,481</u>
<b>Reserves</b>			
Fund reserve		<u>62,884</u>	<u>41,496</u>
Total reserves		<u>62,884</u>	<u>41,496</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u><b>70,748</b></u>	<u><b>62,977</b></u>

APPROVED FOR ISSUE BY THE BOARD AND SIGNED ON ITS BEHALF BY:

  
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Leslie Haynes QC  
Chairman,  
National Insurance Board

  
\_\_\_\_\_  
Janice Estwick  
Financial Controller  
National Insurance

  
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Jennifer Hunte  
Director (Ag.)  
National Insurance

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

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expenses (cont'd)

recognized at the time of approval of claim and are reported on an accrual basis.

are accrued on a monthly basis. As an administrative arrangement the National  
all business on behalf of the Sugar Workers Provident Fund and charges a fee for those  
approved by the National Insurance Board for 2016 was \$3,500 and for 2015 was \$5,497.  
charges relate to Audit fees and bank charges.

plus interest earned.

less impairment losses.

the data has been reclassified to conform to the presentation in the current year.  
reclassify balances prior to 2015 which were still outstanding at December 2016.  
on the operating results or profit of the Fund for the previous year.

Y Bills is now being recognised at year-end under a new SAP module and deferred revenue is a liability  
amount of the Treasury Bills in the Balance Sheet.

**Fund balance**  
\$

40,654

842

41,496

5,700

15,688

62,884

	December 31, 2016	December 31, 2015
	\$	\$
Carbados) Limited - Admin Account	15,582	20,619
Carbados) Limited - Pension Account	6,703	4,327
	<u>22,285</u>	<u>24,946</u>

term securities with original maturity periods of three months or less. At December 31,  
investments which can be classified as cash equivalents.

	December 31, 2016	December 31, 2015
	\$	\$
	15,045	5,614
	<u>15,045</u>	<u>5,614</u>

2-31:

	%	2016	%	2015
	100.00	33,418	100.00	32,417
	100.00	<u>33,418</u>	100.00	<u>32,417</u>



## 7. Financial Instruments

### (a) Introduction and overview

The Fund has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of reserves.

#### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and services offered.

### (b) Credit risk

Credit risk is the risk of financial loss to the Fund if a contributor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from investments and accounts receivable.

#### Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure.

#### Management of credit risk

The Board of Directors has responsibility for the management of credit risk and this includes:

- *Formulating credit policies* covering collateral requirements, credit assessment, documentary and legal procedures and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval of investments.
- *Reviewing and assessing credit risk* including assessing all credit exposures in excess of designated limits, prior to funds being committed to new investments.

impaired securities are securities for which the Fund determines that it is probable that it will be unable to collect all principle and interest due according to the contractual terms of the security agreement(s).

### (c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

7. Financial Instruments (cont'd)

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Fair value of financial instruments

The fair values of cash at bank, term deposits, interest receivable short term investments, accounts payable and accrued expenses are not materially different from the carrying amounts.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

8. Accounts Payable

	December 31, 2016	December 31, 2015
	\$	\$
Liability to National Insurance Fund (NIF)	4,499	20,187
Other Liabilities	3,365	1,294
	<u>7,864</u>	<u>21,481</u>

The Liability to NIF represents the Sugar Workers' Provident Fund's indebtedness to the National Insurance Fund, in respect of Audit fees and benefits paid on its behalf prior to 2015 but not yet re-imbursed. Other Liabilities include pensions as well as amounts due to Severance and Unemployment.

9. Contingencies

As at the statement of financial position date, there are no known contingencies.

10. Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

During the period under review the Sugar Workers' Provident Fund invested in financial instruments issued by various institutions inclusive of the Government of Barbados as follows:

	2016	2015
Balance at beginning of year	32,417	31,458
Investments during the year	65,356	63,386
Maturities during the year	(65,500)	(63,500)
Interest during the year	1,144	1,073
Balance at end of year	<u>33,417</u>	<u>32,417</u>