

Financial Statements of

**BARBADOS WATER AUTHORITY**

March 31, 2015



## **BARBADOS WATER AUTHORITY**

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## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholder of Barbados Water Authority**

We have audited the accompanying financial statements of Barbados Water Authority (the "Authority"), which comprise the statement of financial position as at March 31, 2015, the statements of changes in equity, revenue and expenses and other comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **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.

### **Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider 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.



## **INDEPENDENT AUDITORS' REPORT**

**To the Shareholder of Barbados Water Authority, continued**

### **Auditors' Responsibility, continued**

An audit also includes evaluating the appropriateness of accounting principles 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 opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2015 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 in the financial statements. As of March 31, 2015, the Authority had an accumulated deficit of \$179,099,971. These factors, as set forth in Note 2, raise substantial doubt that the Authority will be able to continue as a going concern.

*KPMG*

Chartered Accountants  
Bridgetown, Barbados  
October 24, 2019

# BARBADOS WATER AUTHORITY

## Statement of Financial Position

As at March 31, 2015  
with comparative figures for 2014

(Expressed in Barbados dollars)

	Notes	2015	Restated 2014	Restated April 1 2013
<b>Assets</b>				
Plant, equipment and property	7	\$ 609,215,474	540,874,965	491,483,176
Less accumulated depreciation	7	(225,586,731)	(213,789,425)	(203,625,284)
<b>Net plant, equipment and property</b>		<b>383,628,743</b>	<b>327,085,540</b>	<b>287,857,892</b>
Other	11	468,475	451,657	580,413
<b>Current Assets:</b>				
Cash and term deposits	8	18,045,209	8,306,484	9,689,610
Customers' accounts receivable	9	16,434,616	17,883,363	17,679,220
Work-in-progress - private developments		133,567	189,509	132,302
Inventories	10	7,165,384	6,759,344	8,475,233
Prepaid expenses		3,822,995	6,114,484	727,999
Other	11	27,139,291	18,566,730	18,884,414
<b>Total current assets</b>		<b>72,741,062</b>	<b>57,819,914</b>	<b>55,588,778</b>
<b>Total Assets</b>		<b>\$ 456,838,280</b>	<b>385,357,111</b>	<b>344,027,083</b>
<b>Owner's Equity and Liabilities</b>				
<b>Owner's Equity:</b>				
Government of Barbados	20	\$ 298,266,718	252,335,930	216,951,512
Other comprehensive income		(4,270,568)	9,508,002	5,486,242
Deficit		(179,099,971)	(187,212,952)	(189,122,254)
Reserve - Asset valuation	7	70,653,966	70,653,966	70,653,966
<b>Total owner's equity</b>		<b>185,550,145</b>	<b>145,284,946</b>	<b>103,969,466</b>
<b>Liabilities</b>				
<b>Long-term liabilities:</b>				
Long-term loans	13	127,155,725	130,528,908	139,230,836
Employee benefits	16	62,475,338	46,474,115	48,165,329
<b>Total long-term liabilities</b>		<b>169,631,063</b>	<b>177,003,023</b>	<b>189,396,165</b>
<b>Current Liabilities:</b>				
Accounts payable		31,651,251	30,427,391	34,425,655
Customers' deposits	12	4,642,450	4,606,464	4,636,026
Other		3,528,075	4,743,117	4,317,730
Salaries and wages		108,070	516,742	580,113
Short-term loans	13	4,741,079	-	-
Current portion of long-term loans	13	36,986,147	22,775,428	8,701,928
<b>Total current liabilities</b>		<b>81,657,072</b>	<b>63,069,142</b>	<b>52,661,452</b>
Commitments	21	-	-	-
<b>Total Owner's Equity and Liabilities</b>		<b>\$ 456,838,280</b>	<b>385,357,111</b>	<b>344,027,083</b>

See accompanying notes to financial statements

Approved on behalf of the Board

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Chairman

.....

Director

## BARBADOS WATER AUTHORITY

### Statement of Changes in Equity

For the year ended March 31, 2015  
with comparative figures for 2014

(Expressed in Barbados dollars)

	Notes	Government of Barbados	Deficit	Other Comprehensive Income	Fair Value Reserve	Total
Balance at March 31, 2013		\$ 216,951,512	(189,122,254)	5,486,242	70,653,966	103,969,466
Contributions		35,384,418	-	-	-	35,384,418
Net income for the year		-	2,176,318	-	-	2,176,318
Remeasurement of defined benefits liability		-	-	4,021,760	-	4,021,760
Balance at March 31, 2014, as previously stated		252,335,930	(186,945,936)	9,508,002	70,653,966	145,551,962
- Net income for the year, as previously stated		-	2,176,318	-	-	2,176,318
- Prior period adjustment	25	-	(267,016)	-	-	(267,016)
Net income for the year, restated		-	1,909,302	-	-	1,909,302
Balance at March 31, 2014, as restated		252,335,930	(187,212,952)	9,508,002	70,653,966	145,284,946
Contributions		45,930,788	-	-	-	45,930,788
Net income for the year		-	8,112,981	-	-	8,112,981
Remeasurement of defined benefits liability		-	-	(13,778,570)	-	(13,778,570)
Balance at March 31, 2015		\$ <u>298,266,718</u>	<u>(179,099,971)</u>	<u>(4,270,568)</u>	<u>70,653,966</u>	<u>185,550,145</u>

See accompanying notes to financial statements.

# BARBADOS WATER AUTHORITY

## Statement of Revenue and Expenses and Other Comprehensive Income

For the year ended March 31, 2015  
with comparative figures for 2014

(Expressed in Barbados dollars)

	Notes	2015	Restated 2014
<b>Operating Revenues:</b>			
Sale of water		\$ 116,643,617	106,095,021
Private developments and plumbing (net)	14	(824,774)	1,097,759
Sewerage		<u>6,472,402</u>	<u>7,153,622</u>
<b>Total operating revenues</b>		<u>122,291,245</u>	<u>114,346,402</u>
<b>Operating Expenses:</b>			
Operations and maintenance		56,018,774	62,983,680
Commercial		3,991,436	4,208,138
Administrative		28,561,193	24,155,630
Sewerage		5,879,303	5,118,719
Depreciation and amortization	7, 15	<u>12,347,957</u>	<u>10,164,141</u>
<b>Total operating expenses</b>		<u>106,798,663</u>	<u>106,630,308</u>
Operating income		15,492,582	7,716,094
Interest expense		(10,124,406)	(8,895,331)
Finance charges		(544,378)	(1,384,751)
Pension expense	16	(5,824,002)	(5,992,291)
Interest income		15,584	21,238
Gain on sale of property, plant and equipment		62,258	-
Other income		<u>548,625</u>	<u>1,101,815</u>
Loss before government grant and corporation tax		(373,737)	(7,433,226)
Government grant	17	<u>8,486,718</u>	<u>9,342,528</u>
Income before corporation tax		8,112,981	1,909,302
Corporation tax	18	<u>-</u>	<u>-</u>
Net income for the year		<u>8,112,981</u>	<u>1,909,302</u>
<b>Other comprehensive income</b>			
Items that would never be classified to profit and loss:			
Re-measurement of employee benefit obligation	16	<u>(13,778,570)</u>	<u>4,021,760</u>
Total comprehensive (loss) income		\$ <u>(5,665,589)</u>	<u>5,931,062</u>

See accompanying notes to financial statements

# BARBADOS WATER AUTHORITY

## Statement of Cash Flows

For the year ended March 31, 2015  
with comparative figures for 2014

(Expressed in Barbados dollars)

	<u>Notes</u>	<u>2015</u>	<u>Restated 2014</u>
<b>Cash Flow from Operating Activities:</b>			
Net income for the year		\$ 8,112,981	1,909,302
Adjustments for:			
Depreciation and amortization	7, 15	12,347,957	10,164,141
Pension expense	16	5,824,002	5,992,291
Interest expense		10,124,406	8,895,331
Interest income		(15,584)	(21,238)
Gain on sale of plant and equipment		(62,258)	-
Assets written off	7	<u>4,149,758</u>	<u>70,642</u>
<b>Operating income before working capital changes</b>		40,481,262	27,010,469
Decrease (increase) in customers' accounts receivable		1,448,747	(204,143)
Decrease (increase) in prepaid expenses		2,291,489	(5,386,485)
Decrease (increase) in work-in-progress - private developments		55,942	(57,207)
(Increase) decrease in inventories		(406,040)	1,715,889
(Increase) decrease in other assets		(8,572,561)	444,450
Increase (decrease) in accounts payable		1,223,860	(3,998,264)
Increase (decrease) in customers' deposits		35,986	(29,562)
(Decrease) in salaries and wages liabilities		(408,672)	(63,371)
(Decrease) increase in other liabilities		<u>(1,215,042)</u>	<u>425,387</u>
<b>Cash from operating activities</b>		34,509,723	19,857,163
Contribution to pension plan	16	(3,601,349)	(3,661,745)
Interest paid		<u>(9,716,349)</u>	<u>(8,895,331)</u>
<b>Net cash from operating activities</b>		<u>21,192,025</u>	<u>7,300,087</u>
<b>Cash Flows from Investing Activities</b>			
Additions to plant, equipment and property - net	7	(73,042,167)	(49,462,431)
Interest received		15,957	23,228
Proceeds from sale of property, plant and equipment		<u>63,507</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(72,962,703)</u>	<u>(49,439,203)</u>
<b>Cash Flows from Financing Activities:</b>			
Repayment of long-term loans	13	(8,701,928)	(8,701,928)
Issuance of long-term loans	13	19,539,464	14,073,500
Repayment of short-term loans	13	(3,234,868)	-
Issuance of short-term loans	13	7,975,947	-
Government contribution		<u>45,930,788</u>	<u>35,384,418</u>
<b>Net cash from financing activities</b>		<u>61,509,403</u>	<u>40,755,990</u>
Increase (decrease) in cash during the year		9,738,725	(1,383,126)
Cash and term deposits beginning of year		<u>8,306,484</u>	<u>9,689,610</u>
Cash and term deposits end of year	8	<u>\$ 18,045,209</u>	<u>8,306,484</u>
Cash and term deposits comprise:			
Cash on hand and at bank	8	\$ 16,998,147	7,051,379
Fixed deposits		<u>1,047,062</u>	<u>1,255,105</u>
	8	<u>\$ 18,045,209</u>	<u>8,306,484</u>

See accompanying notes to financial statements



# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

*(Expressed in Barbados dollars)*

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## 1. Reporting Entity

Barbados Water Authority ("the Authority") was established by the Barbados Water Authority Act 1980-42 to take over the functions, rights and liabilities of the Waterworks Department on the "appointed day". The "appointed day" is regarded as April 1, 1981. The registered office of the Authority is located at The Pine, St. Michael.

The financial statements were approved for issuance by the Board of Directors on October 24, 2019.

## 2. Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern" which assumes that the Authority will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

As at March 31, 2015, the Authority had an accumulated deficit of \$179,099,971 (2014: \$187,212,952) arising out of losses incurred over several years. The Authority's operating results and financial position raise significant doubt about its ability to continue its operations in the foreseeable future.

These financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate because management believes that the actions already taken or planned will mitigate the adverse conditions and events which raise doubt about the validity of the "going concern" assumption used in preparing these financial statements.

If the "going concern" assumption were not appropriate for these financial statements, then adjustments would be required to the carrying values of assets and liabilities and the reported revenue and expenses and the statement of financial position classifications used.

## 3. Basis of accounting

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB).

## 4. Functional and presentation currency

The financial statements are presented in Barbados dollars which is the Authority's functional currency.

## 5. Use of judgements and estimates

In preparing the financial statements management has made judgements, estimates and assumptions that affect the application of the Authority's accounting policies and reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### (a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes

- Note 16 – Employee Benefits

### (b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the year ended March 31, 2015 is included in the following notes:

- Note 9 – Customers' Accounts Receivable
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# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

*(Expressed in Barbados dollars)*

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## 6. Significant Accounting Policies

(a) *Statement of compliance*

Certain new, revised and amended standards and interpretations which were in issue came into effect for the current financial year. The adoption of these standards, amendments and interpretations did not have any significant impact on amounts and disclosures in the financial statements.

(b) *Inventories*

Inventories are valued at the lower of cost and net realizable value. In general, cost is determined, on an average cost basis.

(c) *Work-in-progress - private developments*

Work-in-progress consists of materials and labour at cost plus recognized profit on contracts in progress.

(d) *Recognition of revenue*

*Sale of Water*

The Board of the Authority with the approval of the Cabinet of Barbados, makes regulations prescribing the rates and charges payable in respect of water supply and sewerage services.

Revenue is recognized when water is used by customers, under this method water usage is tracked by water meters.

The Authority's bills for domestic customers are calculated according to four rates blocs per cubic meter with charges determined over a 30-day period. The Authority's bills for commercial customers are calculated according to the commercial rate of \$4.66 per cubic meter with charges calculated for the entire billing period in question.

*Sewerage Services*

Domestic customers connected to sewage treatment plants are charged a sewage tariff of 1/3 of the water bill. Commercial customers connected to sewage treatment plants, are charged a sewage tariff of 2/3 of the water bill.

*Private developments*

Revenue is recognized on the percentage of completion method of accounting. Under this method, the degree of completion is generally determined by comparing the costs incurred to date to the total cost anticipated for the entire contract.

*Plumbing*

Revenue is recognized on completion of plumbing works.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

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## 6. Significant Accounting Policies, continued

### (e) *Plant, equipment and property* *Recognition and measurement*

Plant, equipment and property are measured at cost less accumulated depreciation and accumulated impairment losses. The Authority revalued its fixed property, plant and equipment as at January 1, 2007 based on an asset valuation study conducted by PricewaterhouseCoopers and the revalued amounts became the "deemed" cost for depreciation purposes. Subsequent to January 1, 2007, property, plant and equipment are being depreciated on a straight line basis over the remaining useful life of the assets.

The Authority defines capital assets as assets with an initial, individual cost of more than \$500 and estimated useful life in excess of one year. Such assets are recorded at historical cost and software is capitalized when acquired.

#### *Depreciation*

Depreciation is provided on the straight-line basis at the following annual rates:

#### **Water System**

Structures improvements and buildings	2% - 10%
Potable water distribution network	2% - 15%
Transportation equipment	6.66%
Computer equipment	25% - 33%
Other	2% - 15%

#### **Sewerage System**

Bridgetown Sewerage Treatment Plant	2% - 15%
South Coast Sewerage Treatment Plant	2% - 15%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### *Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with expenditure will flow to the Authority.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

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## 6. Significant Accounting Policies, continued

### (f) Allowance for doubtful accounts

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics.

### (g) Taxation

Corporation tax in the statement of revenue and expenses and other comprehensive income for the year comprises current and deferred tax. Corporation tax is recognised in the statement of revenue and expenses and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in owner's deficit.

#### *Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

#### *Deferred tax*

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets and liabilities that affect neither the accounting nor taxable income. The amount of deferred tax provided is based on the expected manner of realisation of settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

The tax value of losses expected to be available for utilisation against future taxable income is set off against the deferred tax liability within the legal unit and jurisdiction. The deferred tax asset arising from unused tax losses or tax credit is recognised to the extent that the Authority has sufficient taxable profit against which the unused tax losses or unused tax credit can be utilised by the Authority. Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in tax rates is charged to the statement of revenue and expenses, except to the extent that it relates to items previously charged or credited to equity.

### (h) Government grants

Grants that compensate the Authority for expenses incurred are recognised in the statement of revenue and expenses and other comprehensive income on a systematic basis in the periods in which the expenses are recognised.

Grants that compensate the Authority for expenditure that is capital in nature are recognised as a capital contribution by the Government of Barbados.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

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## 6. Significant Accounting Policies, continued

### (i) Employee benefits

#### *Short-term employee benefits*

Employee benefits include current or short-term benefits such as salaries, NIS contributions paid, annual vacation, and non-monetary benefits such as sick leave; post-employment benefits such as pensions; other long-term employee benefits such group life pension and termination benefits. Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

#### *Defined benefit plans*

The Authority contributes to a defined benefit pension plan. The recognized amount in the statement of financial position is determined as the present value of the defined benefit obligation adjusted for the unrecognised actuarial gains or losses less any past service costs not yet recognised and the fair value of any plan assets. Where this calculation results in a net surplus, the recognised asset does not exceed the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The amount recognised in the Authority's statement of financial position and the statement of revenue and expenses and other comprehensive income for pension and other post-employment benefits are determined using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations. The discount rate is determined based on the estimate of yield on long-term government securities.

Pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations were conducted in accordance with IAS 19 – *Employee Benefits*, and the financial statements reflect the Authority's post-employment benefit assets and obligations as computed by the actuary. The amount charged to the statement of revenue and expenses and other comprehensive income consists of current service cost, interest cost, the expected return on any plan assets and actuarial gains and losses (see note 16).

### (j) Impairment of assets

#### *Financial assets*

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor
- Indicators that a debtor will enter bankruptcy
- Adverse changes in payment status of debtors
- Observable data indicating that there is measurable decrease in expected cash flows

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of revenue and expenses and other comprehensive income and reflected in an allowance account.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

*(Expressed in Barbados dollars)*

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## 6. Significant Accounting Policies, continued

### (j) *Impairment of assets, continued* *Financial assets, continued*

If the amount of the impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised then the previously recognised impairment loss is reversed through the statement of revenue and expenses and other comprehensive income.

#### *Non-financial assets*

At each reporting date the Authority reviews the carrying value of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying value of an asset exceeds its recoverable amount. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognised in the statement of revenue and expenses and other comprehensive income and reduce the carrying value of the assets.

### (k) *Leases* *Determining whether an arrangement contains a lease*

At inception of an arrangement the Authority determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease the Authority separates payments required by the arrangement into those for the lease and those for other element on the basis of their relative fair values. If the Authority concludes for a finance lease that it is impractical to separate the payments reliably then an asset and liability are recognised at an amount equal to the fair value of the underlying asset.

#### *Leased assets*

Leases of plant, equipment and property that transfer to the Authority substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Authority's statement of financial position.

#### *Lease payments*

Payments made under operating leases are recognised in the statement of revenue and expenses on a straight-line basis over the term of the lease.

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

# BARBADOS WATER AUTHORITY

## Notes to Financial Statements

March 31, 2015

*(Expressed in Barbados dollars)*

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### 6. Significant Accounting Policies, continued

(l) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and fixed deposits with a maturity of less than three months. The bank overdraft that is repayable on demand and forms an integral part of the Authority's cash management is included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(m) *Interest*

Interest income and expense are recognized in the statement of revenue and expenses and other comprehensive income using the effective interest method.

(n) *Foreign currency transactions*

Foreign currency transactions completed during the year are recorded at actual rates of exchange prevailing at the dates of such transactions. Monetary assets and liabilities are translated into Barbados dollars at rates of exchange prevailing at the statement of financial position date. Resulting exchange differences are taken into income.

(o) *New standards and interpretations not yet adopted and effective*

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Authority are as follows:

IFRS 9 – Financial Instruments (effective 1 January 2018)

IFRS 10 – Consolidated Financial Statements (Amendments) (effective 1 January 2016)

IFRS 11 – Joint Arrangements (Amendments) (effective 1 January 2016)

IFRS 14 – Regulatory Deferral Accounts (effective 1 January 2016)

IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018)

IAS 16 – Property, Plant & Equipment (Amendments) (effective 1 January 2016)

IAS 19 – Employee Benefits (Amendments) (effective 1 July 2014)

IAS 27 – Separate Financial Statements (Amendments) (effective 1 January 2016)

IAS 28 – Investments in Associates (Amendments) (effective 1 January 2016)

IAS 38 – Intangible Assets (Amendments) (effective 1 January 2016)

None of these is expected to have a significant effect on the financial statements of the Authority in the period of adoption, except for IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers*, which tentatively become mandatory for the Authority's 2019 financial statements. A description of these standards is provided below.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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## 6. Significant Accounting Policies, continued

### (o) *New standards and interpretations not yet adopted and effective, continued*

IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2018. It replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

The Authority is assessing the impact these new, revised and amended standards and interpretations will have on the financial statements when they become effective.



**BARBADOS WATER AUTHORITY**

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**7. Plant, Equipment and Property**

This comprises:

	WATER SYSTEM							SEWERAGE SYSTEM		CAPITAL WORK-IN-PROGRESS				Total
	Land & Land Rebits	Structures, Improvements and Buildings	Potable Water Distribution Networks	Transportation Equipment	Computer Equipment	Operations and Maintenance Equipment	Projects	BSTP	SCIP	Water	Sewerage	Other		
Cost/Valuation														
Balance at April 1, 2013	\$ 8,243,005	12,393,331	322,877,881	7,329,568	5,173,332	1,711,875	3,901,705	88,304,142	955,428	3,393,988	15,945,194	21,253,727	491,483,176	
Additions	-	842,496	869,295	2,087,312	2,015	2,219,075	-	51,123	6,084	2,907,159	434,155	45,540,168	54,938,862	
Assets written off	-	-	-	-	(70,642)	-	-	-	-	-	-	(7,542)	(70,642)	
Disposals/transfers	-	(277,795)	1,837,137	-	-	-	-	-	-	(1,551,800)	-	-	-	
Balance at March 31, 2014	\$ 8,243,005	12,958,032	325,584,313	9,396,880	5,104,705	3,930,950	3,901,705	88,355,265	961,512	4,749,347	16,379,349	68,786,352	548,351,416	
Reclassification - additions	\$ -	-	-	-	-	-	-	-	-	-	-	(5,478,451)	(5,478,451)	
Balance at April 1, 2014	\$ 8,243,005	12,958,032	325,584,313	9,396,880	5,104,705	3,930,950	3,901,705	88,355,265	961,512	4,749,347	16,379,349	61,309,902	540,874,965	
Additions	-	318,932	1,872,037	388,333	126,596	131,341	-	45,040	38,452	12,662,149	3,577,073	53,882,208	73,042,187	
Assets written off	-	-	-	-	-	-	-	-	-	-	-	(4,149,758)	(4,149,758)	
Disposals	-	-	-	(551,900)	-	-	-	-	-	-	-	-	(551,900)	
Disposals/transfers	-	-	4,368,253	-	-	-	-	-	-	-	-	-	(4,368,253)	
Balance at March 31, 2015	\$ 8,243,005	13,276,964	331,824,603	9,233,313	5,231,391	4,062,291	3,901,705	88,400,311	999,964	17,411,496	19,956,422	106,674,099	609,215,474	
Accumulated Depreciation														
Balance at April 1, 2013	\$ -	6,308,750	134,387,421	6,986,931	4,370,882	466,329	3,901,705	47,043,959	159,307	-	-	-	203,625,264	
Charge for the year	-	817,178	5,983,820	202,305	215,748	255,584	-	2,825,284	64,214	-	-	-	10,164,141	
Balance at March 31, 2014	\$ -	6,925,928	140,371,249	7,189,236	4,586,630	721,913	3,901,705	49,869,243	223,521	-	-	-	213,789,425	
Balance at April 1, 2014	\$ -	6,925,928	140,371,249	7,189,236	4,586,630	721,913	3,901,705	49,869,243	223,521	-	-	-	213,789,425	
Charge for the year	-	639,058	7,401,657	237,759	194,254	324,691	-	3,483,172	67,368	-	-	-	12,347,957	
Disposal	-	-	-	(550,651)	-	-	-	-	-	-	-	-	(550,651)	
Balance at March 31, 2015	\$ -	7,564,986	147,772,906	6,873,344	4,780,884	1,046,604	3,901,705	53,352,415	290,889	-	-	-	225,586,731	
Carrying Amounts														
At April 1, 2013	\$ 8,243,005	6,084,581	186,490,460	342,637	802,450	1,245,545	-	41,260,183	796,121	3,393,988	15,945,194	21,253,727	287,857,892	
At March 31, 2014	\$ 8,243,005	6,032,104	185,213,084	7,207,844	518,075	3,209,037	-	38,486,022	717,991	4,749,347	16,379,349	61,309,902	327,085,540	
At April 1, 2014	\$ 8,243,005	6,032,104	185,213,084	7,207,844	518,075	3,209,037	-	38,486,022	717,991	4,749,347	16,379,349	61,309,902	327,085,540	
At March 31, 2015	\$ 8,243,005	4,711,980	184,051,637	2,356,969	460,187	3,015,687	-	35,047,896	709,075	17,411,496	19,956,422	106,674,099	383,626,743	

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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## 7. Plant, Equipment and Property, continued

The Authority revalued its land and buildings at several locations as at March 2007, based on an independent appraisal done at January 2007, by the firm PricewaterhouseCoopers.

The cost method was used in estimating the values, where having estimated the replacement cost, a deduction is made for accrued depreciation, from physical, functional and economic sources to calculate a cost less depreciation. The excess of the appraised value of the properties over the carrying value in the amount of \$70,653,966 (2014: \$70,653,966) has been recorded as revaluation reserves in owner's equity.

Had the property been recorded at cost less accumulated depreciation and impairment losses, the net book value would have been \$318 million (2014: \$253.7 million).

The Authority has reclassified an amount of \$5,476,451, which was incorrectly included in the balance of Capital Works in Progress – Other for March 31, 2014 to prepayments. The balance for Capital Works in Progress – Other has been revised from \$66,786,353 to \$61,309,902 as at April 1, 2014.

## 8. Cash and Term Deposits

Cash and term deposits comprise:

	<u>2015</u>	<u>2014</u>
Cash and bank balances	\$ 16,998,147	7,051,379
Term deposits	<u>1,047,062</u>	<u>1,255,105</u>
	<u>\$ 18,045,209</u>	<u>8,306,484</u>

Interest rates on term deposits range from 1.50% to 1.70% (2014: 0.05% to 1.10%).

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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(Expressed in Barbados dollars)

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## 9. Customers' Accounts Receivable

This amount comprises:

	<u>2015</u>	<u>2014</u>
Rates	\$ 38,847,539	36,430,705
Plumbing	8,445,288	8,894,252
Private developments	19,208,179	18,825,879
Septage	141,598	141,598
Sewage	63,176	63,176
Miscellaneous	<u>6,297</u>	<u>6,610</u>
	66,712,077	64,362,220
Less: allowance for doubtful accounts	<u>(50,277,461)</u>	<u>(46,478,857)</u>
	<u>\$ 16,434,616</u>	<u>17,883,363</u>

## 10. Inventories

This amount comprises:

	<u>2015</u>	<u>2014</u>
Materials and supplies	\$ 6,685,321	6,431,605
Sewerage	319,299	327,739
Small tools and spare parts	<u>160,764</u>	<u>-</u>
	<u>\$ 7,165,384</u>	<u>6,759,344</u>

# BARBADOS WATER AUTHORITY

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## 11. Other Assets

This amount comprises:

	<u>2015</u>	<u>2014</u>
Advances to employees	\$ 709,730	287,136
Car/cycle loans	239,547	112,914
Due to project unit	-	(135,792)
In-house loans	571,849	571,849
Interest receivable	11,654	12,027
Loan advances	13,956,137	12,194,335
Other	2,164,156	127,647
Payroll deductions receivable	44,840	-
VAT recoverable	<u>9,441,378</u>	<u>5,396,614</u>
	<u>\$ 27,139,291</u>	<u>18,566,730</u>
Car/cycle loans due after one year:		
Due within two to four years	\$ 404,691	338,743
Due within five to seven years	<u>63,784</u>	<u>112,914</u>
	<u>\$ 468,475</u>	<u>451,657</u>

## 12. Customers' Deposits

This amount comprises:

	<u>2015</u>	<u>2014</u>
Bond deposits	\$ 69,674	66,674
Customers' deposits	4,530,655	4,497,669
MTW special deposit	<u>42,121</u>	<u>42,121</u>
	<u>\$ 4,642,450</u>	<u>4,606,464</u>

Customers are required to pay a deposit of \$350 or \$400 for the installation of a new service and private developers are required to pay 75% of an estimate of works as a deposit. In addition, private developers are required to take out a performance bond equal to 10% of the estimated value of works. This money is released on the condition that the Authority has not incurred any costs in repairing the mains installed.

**BARBADOS WATER AUTHORITY**

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**13. Loans Payable**

*a. Long-term Loans*

	<u>150M Bond Issue</u>	<u>Citicorp Loan</u>	<u>First Citizens</u>	<u>IFL Pipelines</u>	<u>Total 2015</u>	<u>Total 2014</u>
Balance beginning of year	\$ 115,192,288	14,073,500	-	-	129,265,788	123,894,216
Interest capitalised	<u>24,038,548</u>	-	-	-	<u>24,038,548</u>	<u>24,038,548</u>
Loans issued during year	139,230,836	14,073,500	-	-	153,304,336	147,932,764
Loan repayment	<u>(8,701,928)</u>	-	14,000,000	5,539,464	19,539,464	14,073,500
Current portion of loans	\$ 130,528,908	14,073,500	14,000,000	5,539,464	164,141,872	153,304,336
	<u>(8,701,928)</u>	<u>(14,073,500)</u>	<u>(14,000,000)</u>	<u>(210,719)</u>	<u>(36,986,147)</u>	<u>(22,775,428)</u>
Balance end of year	\$ <u>121,826,980</u>	-	-	<u>5,328,745</u>	<u>127,155,725</u>	<u>130,528,908</u>

*b. Short-term loans*

	<u>SCL</u>	<u>H2O #1</u>	<u>H2O #2</u>	<u>Total 2015</u>	<u>Total 2014</u>
Balance beginning of year	\$ -	-	-	-	-
Loans issued during year	4,227,697	1,499,300	2,248,950	7,975,947	-
Loan repayment	<u>(1,613,029)</u>	<u>(1,098,526)</u>	<u>(523,313)</u>	<u>(3,234,868)</u>	-
Balance end of year	\$ <u>2,614,668</u>	<u>400,774</u>	<u>1,725,637</u>	<u>4,741,079</u>	-

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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## 13. Loans Payable, continued

### (a) \$150M Bond Issue

This amount represents a 25 year fixed rate bond issue of \$150,000,000 at an effective annual interest rate of 5.7% amortised over 25 years inclusive of a moratorium on interest for three years and on principal for five years. The moratorium on interest expired on September 30, 2008 and the moratorium on principal expired on September 30, 2010. The loan is thereafter payable in monthly instalments of principal and interest. The loan matures on March 31, 2030.

The effective interest rate of 5.7% is determined as follows:

	Per annum
For the first two years	4.90%
For the next five years	5.25%
For the next five years	5.80%
For the next five years	6.85%
For the final eight years	6.95%

The security provided for the loans is a Letter of Comfort from the Government of Barbados dated September 29, 2004, for \$150 million pending the execution of a Government of Barbados Guarantee.

### (b) Citicorp Merchant Bank Limited

On November 6, 2013, the Authority entered into a credit agreement with Citicorp Merchant Bank Limited to borrow an amount of US \$7,000,000, via a promissory note. The security provided for the loan is the receipts for a select group of accounts as well as a Letter of Comfort from the Government of Barbados. The loan is to be repaid on the finalization of the loan with the Canadian Commercial Corporation. The interest rate on the loan is 8.75%. A non-refundable upfront fee of USD \$500,000 was charged and deducted from the loan proceeds.

### (c) First Citizens Bank (Barbados) Limited

On September 30, 2014, the Authority obtained a bridging loan from First Citizens Bank (Barbados) Limited to assist with the Smart Meter Generation Project. The security provided for the loan is a Letter of Comfort from the Government of Barbados - Ministry of Finance. The maximum term of the loan is six months from the date of first drawn down. The interest rate on the loan is 7.65%. An agreement fee of \$70,000 was charged on acceptance of the agreement.

### (d) SCL Sales and Services Inc.

On November 10, 2014, the Authority entered into one year contract with SCL Sales and Services Inc. to obtain pipes and fittings for US \$2,084,992. A deposit of US \$208,499 was paid on the execution of the contract. Interest of US \$187,649 is charged on the remaining principal of US \$1,876,493. The loan is repayable in 12 monthly payments of US \$172,012 (inclusive of interest) commencing one month after the contract is executed and continuing each month thereafter until the full sum is repaid. Interest rate on loan is 10%.

As security, the Authority assigned SCL Sales and Services Inc. the receipts of its account at the Bank of Nova Scotia. A minimum amount of \$350,000 will be maintained in this account for the duration of the contract to enable monthly payments.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

*(Expressed in Barbados dollars)*

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## 13. Loans Payable, continued

*(e) IFL Pipelines Inc.*

On February 7, 2012, the Authority entered into a loan agreement with IFL Pipelines Inc. to finance, design, supply, install, erect, construct, fabricate and test three pipelines for the Authority along three different routes.

On January 23, 2015, the Authority negotiated a loan to finance the installation of three major pipelines. The interest rate charged is 9.25% annually, which is fixed for the first five years, with interest rate reset every five years and the term of the loan is 15 years.

Interest is payable by equal monthly amounts throughout the life of the finance period of 120 months in respect of each individual pipeline. The finance period commences on practical completion of each section.

On December 19<sup>th</sup> 2014, the Certification of the Practical Completion of Section One Pipe System the Belle to Bussa 18" Ductile Iron transfer main was executed. The value of the work performed, equivalent to the amount of the loan, was \$5,539,464.

The interest rate on the loan is 9.25%.

*(f) H2O Consulting Inc. – Loan #1*

On July 24, 2014, the Authority entered into a loan agreement with H2O Consulting Inc. to finance the Feasibility Study, West Coast Sewage Project Stage 1, for US \$749,650. The loan is repayable in 12 monthly payments of US \$68,718, inclusive of interest expense and commission fees, beginning July 30, 2014 and forthwith on the last working day of each month. The interest rate on the loan is 10% per annum. The commission charged on the loan agreement is \$68,150

The loan is secured via an unlimited fixed charge over all properties, assets and interests in properties and assets, both present and future and an unlimited floating charge over revenue and other receivables stamped to cover US \$824,500.

*(g) H2O Consulting Inc. – Loan #2*

In December 4, 2014, the Authority entered into a loan agreement with H2O Consulting Inc. to finance the undertaking of Stage 2 for Services Supplementary to Stage 1 for \$2,248,950. The loan is repayable in 12 monthly payments of \$206,154, interest and commission inclusive, beginning January 30, 2015 and due the last working day of each month following. The interest rate on the loan is 10% per annum. The commission charged on the loan agreement is \$204,450.

Security is granted as an unlimited floating charge over revenues and other receivables which was initially stamped to cover \$2,474,000.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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(Expressed in Barbados dollars)

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## 14. Operating Revenue – Private Developments and Plumbing (net)

This amount comprises:

	<u>2015</u>	<u>2014</u>
<b><u>Private developments</u></b>		
Gross income	\$ 835,236	1,752,494
Less cost of related works	<u>(754,432)</u>	<u>(697,195)</u>
<b>Operating revenue</b>	<u>80,804</u>	<u>1,055,299</u>
<b><u>Plumbing</u></b>		
Gross income	500,746	843,306
Less cost of related works	<u>(1,406,324)</u>	<u>(800,846)</u>
<b>Operating (cost) revenue</b>	<u>(905,578)</u>	<u>42,460</u>
<b>Net operating (cost) revenue</b>	\$ <u><u>(824,774)</u></u>	<u><u>1,097,759</u></u>

Operating expenses associated with Private Developments and Plumbing are incorporated in operating revenue in the Statement of Revenue and Expenses and Other Comprehensive Income.

## 15. Depreciation and Amortization

This amount comprises:

	<u>2015</u>	<u>2014</u>
<i>Depreciation</i>		
Water system	\$ 8,797,417	7,274,643
Sewerage system	<u>3,550,540</u>	<u>2,889,498</u>
	\$ <u><u>12,347,957</u></u>	<u><u>10,164,141</u></u>



# BARBADOS WATER AUTHORITY

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## 16. Employee Benefits

The Authority maintains a non-contributory defined benefit plan which covers all of its eligible employees. The pension plan provides benefits based on length of service and the best three years' average earnings in the current year. The Authority contributes amounts recommended by the actuary to meet the cost of the benefits arising under the Plan.

At the year end, the defined benefit obligation can be specified as follows:

	<u>2015</u>	<u>2014</u>
<b>Benefit obligation</b>		
Balance at beginning of year	\$ 113,549,594	114,332,153
Current service cost	1,848,324	1,874,761
Interest cost	8,606,716	8,725,964
Actuarial losses (gains)	11,631,528	(6,030,381)
Benefit payments	<u>(6,838,711)</u>	<u>(5,352,903)</u>
Balance at end of year	\$ <u>128,797,451</u>	<u>113,549,594</u>
<b>Plan assets at fair value</b>		
Balance at beginning of year	\$ 67,075,479	66,166,824
Actual return on plan assets	2,912,245	3,039,758
Employer contributions	3,250,000	3,300,000
Benefit payments	(6,838,711)	(5,352,903)
Administration expenses	<u>(76,900)</u>	<u>(78,200)</u>
Balance at end of year	\$ <u>66,322,113</u>	<u>67,075,479</u>
Liability on Statement of Financial Position	\$ <u>62,475,338</u>	<u>46,474,115</u>
<b>Benefit cost</b>		
Current service cost	\$ 1,848,324	1,874,761
Interest on obligation	8,606,716	8,725,964
Expected return on plan assets	(5,059,287)	(5,048,379)
Administration expenses	<u>76,900</u>	<u>78,200</u>
Other	5,472,653	5,630,546
	<u>351,349</u>	<u>361,745</u>
Total included in income	\$ <u>5,824,002</u>	<u>5,992,291</u>

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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(Expressed in Barbados dollars)

## 16. Employee Benefits, continued

	<u>2015</u>	<u>2014</u>
<b>Statement of Other Comprehensive Income</b>		
Loss (gain) loss from experience	\$ 11,631,528	(6,030,381)
Expected return on plan assets	5,059,287	5,048,379
Actual return on plan assets	<u>(2,912,245)</u>	<u>(3,039,758)</u>
	\$ <u>13,778,570</u>	<u>(4,021,760)</u>
<b>Statement of Financial Position Reconciliation</b>		
Balance at beginning of year	\$ 46,474,115	48,165,329
Net periodic benefit income	5,472,653	5,630,546
Employer contributions	(3,250,000)	(3,300,000)
Effect of Statement of Other Comprehensive Income	<u>13,778,570</u>	<u>(4,021,760)</u>
	\$ <u>62,475,338</u>	<u>46,474,115</u>

Principal actuarial assumptions at the statement of financial position date are as follows:

	<u>2015</u>	<u>2014</u>
Assumed discount rate	7.75%	7.75%
Expected rate of future salary increases	5.75%	6.50%
Expected rate of future pension increases	3.50%	3.50%
Expected rate of return on plan assets	7.75%	7.75%

## 17. Government grant

Government grant consists of funds received from the Government of Barbados to assist in the Authority's operational activities totaling \$8,486,718 (2014: \$9,342,528).

# BARBADOS WATER AUTHORITY

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## 18. Corporation Tax

Corporation tax expense comprises:

	<u>2015</u>	<u>2014</u>
Current tax expense	\$ -	-
Deferred tax expense (income)	(108,999)	-
Deferred tax not recognised	<u>108,999</u>	<u>-</u>
Corporation tax expense	\$ <u>-</u>	<u>-</u>

### Reconciliation of taxes calculated at the applicable tax rate with tax expense

	<u>2015</u>	<u>Restated</u> <u>2014</u>
Accounting income before corporation taxes	\$ <u>8,112,981</u>	<u>1,909,302</u>
Tax at 25% (2014: 25%)	\$ 2,028,245	477,326
Tax effect of revenue that is not assessable in determining taxable profits	(2,121,680)	(2,338,639)
Tax effect of allowable revenue	-	3,504
Tax effect of gain on sale of fixed asset not subject to CCA	(15,565)	-
Tax effect of expenses not allowable for tax purposes	-	4,344,959
Tax effect of expenses allowable for tax purposes	-	(825,000)
Benefit of loss utilized	-	(1,662,150)
Deferred tax asset not recognized	<u>108,999</u>	<u>-</u>
	\$ <u>-</u>	<u>-</u>

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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(Expressed in Barbados dollars)

## 18. Corporation Tax, continued

### Unrecognised Deferred Tax Assets

Deferred tax assets have not been utilized in respect of the following items:

	<u>2015</u>	<u>2014</u>
Deductible (taxable) temporary differences:		
Accounts receivable	\$ 50,277,461	46,478,857
Employee benefit plan	62,475,338	46,474,115
Property, plant and equipment	<u>105,115,377</u>	<u>93,318,071</u>
Net	217,868,176	186,271,043
Tax losses	<u>21,729,263</u>	<u>40,014,204</u>
	\$ <u>239,597,439</u>	<u>226,285,247</u>
Deferred taxes not recognized	\$ <u>59,899,360</u>	<u>56,571,312</u>

The tax losses expire between 2016 and 2018. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been utilized in respect of these items because it is not probable that future tax profit will be available against which the Authority can utilize the benefits.

As at the statement of financial position date, the Authority had the following estimated losses available for set off against future taxable income.

<u>Year of</u> <u>Income</u>	<u>Amount</u> <u>Brought</u> <u>Forward</u>	<u>Losses</u> <u>Utilised</u>	<u>Losses</u> <u>Incurred</u>	<u>Losses</u> <u>Expired</u>	<u>Amount</u> <u>Carried</u> <u>Forward</u>	<u>Expiry</u> <u>Date</u>
2007	28,681,377	18,284,941	-	-	10,396,436	2016
2008	2,947,557	-	-	-	2,947,557	2017
2009	<u>8,385,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,385,270</u>	2018
	\$ <u>40,014,204</u>	<u>18,284,941</u>	<u>-</u>	<u>-</u>	<u>21,729,263</u>	

The Barbados Revenue Authority has agreed the losses for the years 1996 to 2002. Losses for the subsequent years have not been agreed or contested by the Barbados Revenue Authority .

The above losses have not been agreed or contested by the Barbados Revenue Authority . The tax benefit of these losses has not been recognised in these financial statements.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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(Expressed in Barbados dollars)

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## 19. Related Party Transactions

The following related party transactions occurred during the year:

### *Transactions with Key Management Personnel*

The key management personnel compensations are as follows:

	<u>2015</u>	<u>2014</u>
Directors	\$ 38,400	42,800
Senior Management	\$ 1,471,982	1,534,692

## 20. Government of Barbados

	<u>2015</u>	<u>2014</u>
Government contributions	\$ <u>298,266,718</u>	<u>252,335,930</u>

This consists of capital grants received from the Government of Barbados to assist in the Authority's acquisition of capital assets.

## 21. Commitments and Contingencies

### (a) *Commitments*

The Authority has entered into a 15 year agreement with Ionics Incorporated of Massachusetts ("Ionics"), United States of America. Ionics, in a joint venture with a local company, and has constructed a 30,000m<sup>3</sup> Desalination Plant in Barbados under a "BOO" (build, own, operate) basis.

Under the agreement, the Authority purchases a minimum of 27,000m<sup>3</sup> of desalinated water per day with an option to purchase the Plant at some time in the future.

### (b) *Contingent Liability*

#### *Legal Proceedings*

The residents surrounding the Bridgetown Sewerage Treatment Plant have filed a lawsuit against the Authority for damages with respect to the inconveniences and ill health caused by the operations of the plant. The case has been settled, however the amount of the settlement is under negotiations and it ranges between \$2.5 million and \$7.3 million. In addition the proposed legal fees range from \$1.3 million to \$1.6 million. No amounts have been accrued in the financial statements relating to this lawsuit.

### (c) *Contingent Asset*

#### *South Coast Sewerage Treatment Plant*

The Ministry of Health in conjunction with the Inter-American Development Bank constructed the South Coast Sewerage Treatment plant, which the Authority manages and operates. The net book value of the plant is \$151 million (2014: \$157 million) as at year-end. The value of this plant has not been included in the financial statements as this asset has not been formally transferred to the Authority.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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*(Expressed in Barbados dollars)*

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## 22. Fair Value Disclosure of Financial Instruments

Financial assets of the Authority include cash and term deposits, customers' accounts receivable and other assets. Financial liabilities include accounts payable, customers' deposits, other liabilities, salaries and wages payable and short and long-term loans.

(a) *Credit risk*

Cash is placed with more than one reputable bank. Credit risk on customers' accounts receivable is limited as these accounts are shown net of provision for bad and doubtful receivables.

(b) *Fair value*

The fair values of cash, term deposits, customers' accounts receivable, other assets, accounts payable, customers' deposits, short-term loans, long-term loans, salaries and wages payable and other liabilities are not materially different from their carrying amounts.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

## 23. Financial Risk Management

The Authority has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

### ***Risk Management Framework***

The Authority's Board of Directors has overall responsibility for the establishment and oversight of the Authority's risk management framework. Senior Management is responsible for developing and monitoring the Authority's risk management policies. The management team periodically reports to the Board of Directors on its activities.

The Authority's risk management policies are established to identify and analyze the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Authority, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

# BARBADOS WATER AUTHORITY

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## 23. Financial Risk Management (continued)

### ***Credit Risk***

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to financial instrument fails to meet its contractual obligations, and arises principally from the Authority's cash and term deposits, accounts receivable and other assets.

### ***Exposure to credit risk***

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<u>2015</u>	<u>2014</u>
Cash and term deposits	\$ 18,045,209	8,306,484
Customers' accounts receivable	\$ 16,434,616	17,883,363
Other assets	\$ 27,607,766	19,018,387

### ***Cash and term deposits***

The Authority's cash and term deposits held of \$18,045,209 (2014: \$8,306,484) represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and substantial financial institutions which present minimal risk of default.

### ***Customers' accounts receivable***

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are a commercial, government or residential customer, industry, aging profile, maturity and existence of previous financial difficulties.

In the event of non-payment the Barbados Water Authority Act stipulates that unpaid rates and charges are a lien and charge against the premises in respect of which the debt is incurred. The Authority requires a deposit to be made on the installation on new water services and work carried out with respect to private development work.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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## 23. Financial Risk Management, continued

### **Credit Risk (continued)**

#### *Customers' accounts receivable*

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for customers' accounts receivable at the end of the reporting period by type of customer was as follows:

	<u>2015</u>	<u>2014</u>
Commercial customers	\$ 11,938,775	13,069,366
Government receivables	11,189,350	5,955,020
Residential customers	15,719,415	17,406,319
Plumbing receivables	8,445,288	8,894,252
Private development receivables	19,208,179	18,825,879
Other receivables	<u>211,070</u>	<u>211,384</u>
	\$ <u>66,712,077</u>	<u>64,362,220</u>

#### *Impairment losses*

The aging of customers' accounts receivable at the reporting date was as follows:

	<u>Gross</u> <u>2015</u>	<u>Impairment</u> <u>2015</u>	<u>Gross</u> <u>2014</u>	<u>Impairment</u> <u>2014</u>
Current 0 – 60 days	\$ 7,169,825	-	8,069,208	-
Past due 61-180 days	4,919,458	-	5,260,887	-
Past due 181-360 days	5,168,856	-	4,824,005	-
More than 360 days	<u>49,453,938</u>	<u>50,277,461</u>	<u>46,208,120</u>	<u>46,478,857</u>
	\$ <u>66,712,077</u>	<u>50,277,461</u>	<u>64,362,220</u>	<u>46,478,857</u>



# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

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## 23. Financial Risk Management, continued

### *Exposure to credit risk, continued*

The movement in the allowance for impairment in respect of customers' accounts receivables was as follows:

	<u>2015</u>	<u>2014</u>
Balance as at April 1	\$ 46,478,857	45,255,453
Impairment loss recognised	3,798,595	1,222,079
Adjustment to receivables	<u>9</u>	<u>1,325</u>
Balance as at March 31	\$ <u>50,277,461</u>	<u>46,478,857</u>

The Authority believes that all closed accounts are uncollectible and that all accounts less than 360 days that are not closed are collectible, based on historic payment. The Authority has monitored customer credit risk, by grouping customer receivables based on their characteristics.

### **Liquidity Risk**

Liquidity risk is the risk that the Authority will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Authority'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 Authority's reputation.

## BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

### 23. Financial Risk Management, continued

#### *Exposure to liquidity risk*

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

#### Non-derivative Financial Liability

	Carrying Amount	Contractual Cash Flows	6 Months or Less	6 to 12 Months	1 to 5 Years	Over 5 Years
<b>March 31, 2015</b>						
Accounts payable	\$ 31,651,251	31,651,251	31,651,251	-	-	-
Customers' deposits	4,642,450	4,642,450	-	4,642,450	-	-
Other	3,528,075	3,528,075	3,528,075	-	-	-
Salaries and wages	108,070	108,070	108,070	-	-	-
Short-term loans	4,741,079	5,057,972	3,741,941	1,316,031	-	-
Long-term loans	<u>164,141,872</u>	<u>234,768,648</u>	<u>37,939,057</u>	<u>8,352,194</u>	<u>64,115,611</u>	<u>124,361,786</u>
	\$ <u>208,812,797</u>	<u>279,756,466</u>	<u>76,968,394</u>	<u>14,310,675</u>	<u>64,115,611</u>	<u>124,361,786</u>
<b>March 31, 2014</b>						
Accounts payable	\$ 30,427,391	30,427,391	30,427,391	-	-	-
Customers' deposits	4,606,464	4,606,464	-	4,606,464	-	-
Other	4,743,117	4,743,117	2,682,988	-	-	2,060,129
Salaries and wages	516,742	516,742	516,742	-	-	-
Long-term loans	<u>153,304,336</u>	<u>226,784,940</u>	<u>22,462,158</u>	<u>8,262,480</u>	<u>62,836,617</u>	<u>133,223,685</u>
	\$ <u>193,598,050</u>	<u>267,078,654</u>	<u>56,089,279</u>	<u>12,868,944</u>	<u>62,836,617</u>	<u>135,283,814</u>

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

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## 23. Financial Risk Management, continued

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

### Currency risk

The Authority is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currency of the Authority. The currencies in which these transactions primarily are denominated are USD and GBP.

### Sensitivity analysis currency risk

The risk for USD denoted financial liabilities strengthening or weakening is limited as the US dollar to Barbados dollar exchange rate is fixed.

### Interest rate risk

The Authority's main exposure to market risk arises from the Barbados National Bank Inc. \$150,000,000 loan which as disclosed in note 13, is charged interest on the outstanding balance at a rate of 5.70%, as well as the loan with IFL Pipelines at an interest rate of 9.25%, the loan with CitiCorp Merchant Bank Limited at 8.75% and with First Citizens Bank (Barbados) Limited at 7.65%

The Authority adopts a policy of ensuring that 100 percent of its exposure to changes in interest rate on borrowings is on a fixed-rate basis.

### Exposure to interest rate risk

At the reporting date the interest rate profile of the Authority's interest bearing financial instruments was as follows:-

	<u>2015</u>	<u>2014</u>
Fixed Rate Instruments		
Financial Assets	\$ 1,047,062	1,255,105
Financial Liabilities	\$ 168,882,951	153,304,336

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

## 23. Financial Risk Management, continued

*Interest rate sensitivity:*

Fair value sensitivity analysis for fixed rate instruments:

The Authority does not account for any fixed rate financial assets or liabilities at fair value. Therefore, a change in interest rates at the reporting date would not affect profit or equity recognised for the year.

*Sensitivity analysis – Revenue*

The impact of an increase or decrease of 5% in the average tariff charged per cubic meter is as follows:-

A 5% increase in the average tariff per cubic meter would increase the profit by \$5,507,900. This analysis assumes that all other variables, remain constant.

A 5% decrease in the average tariff per cubic meter would have had the equal and opposite effect on the basis that all variables remain constant.

	Actual Revenue	Statement of Revenue And Expenses		Equity	
		Strengthening	Weakening	Strengthening	Weakening
<b>March 31, 2015</b>					
Water Revenue \$	116,643,617	5,832,181	(5,832,181)	5,832,181	(5,832,181)
Sewerage revenue	6,472,402	320,508	(320,508)	320,508	(320,508)
Total billed					
Consumption	26,482,882				
Average tariff					
Per cubic meter	4.40				
<b>March 31, 2014</b>					
Water Revenue \$	106,095,021	5,304,751	(5,304,751)	5,304,751	(5,304,751)
Sewerage revenue	7,153,622	354,499	(354,499)	354,499	(354,499)
Total billed					
Consumption	26,482,882				
Average tariff					
Per cubic meter	4.40				

### Capital management

The Authority's policy is to maintain a strong capital base to maintain the confidence of the government, customers, creditors and other stakeholders and to sustain future development of the Authority. The Authority is not subjected to any externally imposed capital requirements.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

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## 24. Subsequent Events

For the purposes of these financial statements, subsequent events have been evaluated through October 24, 2019 which is the date the financial statements were finalized.

### *Raising of Financing from Canadian Commercial Corporation*

On June 26, 2015, the Government of Barbados signed a credit agreement with the Canadian Commercial Corporation in amount of US \$67.9 million. This money is being used to finance the Island wide meter replacement program and the modernization of the information systems such as the customer information system, work management system, financial information system and a procurement and inventory management system.

### *Raising of Financing from the Caribbean Development Bank*

On August 25, 2016, the Government of Barbados, the Barbados Water Authority and the Caribbean Development Bank signed a loan agreement in the amount of US \$35.7 million. The money is being used to upgrade the water supply network.

### *Salary Adjustment*

On March 26, 2016, the Barbados Water Authority and the Barbados Public Workers Union entered into an agreement to adjust the basic salaries and wages of staff in Bargaining Unit One for the period April 1, 2006 to March 31, 2015, utilizing a 17 point system. The approximate value of the arrears to be paid is \$20million and the estimated increase in salaries and wages amount to 20%. This was implemented in May 2016. Additionally, in November 2017, the Authority implemented another salary adjustment for the period April 2015 to March 2018. The approximate value of the arrears is under review.

### *Government Financing*

Over the period 2016 to 2019, the Government of Barbados provided the Authority with funds totaling \$247 million to finance capital expenditure and operations.

### *Increase in Commercial Tariff*

The Prime Minister and Minister of Finance and Economic Affairs in her 2019 Financial Statement and Budgetary Proposals stated that effective May 1, 2019 the commercial rate will move from a fixed \$4.66/m<sup>3</sup> for all water levels to \$4.66/m<sup>3</sup> for up to 40 cubic meters and then \$7.78 for usage in excess of 40 cubic meters with a monthly cap of 12,000 cubic meters, after which the rate reverts to \$4.66/m<sup>3</sup>.

### *Raising of Financing from Caribbean Development Bank*

On August 25, 2016, the Government of Barbados, the Authority and the Caribbean Development Bank signed a loan agreement in the amount of US\$35.7 million to be used for the Water Supply Network Upgrade Project.

### *Raising of Financing from the Green Climate Fund*

In March 2018 the Authority signed a grant agreement with the Green Climate Fund for US\$29.0 million for the Water Sector Resilience Nexus for Sustainability in Barbados Project.

### *Raising of Financing from Caribbean Development Bank*

The Authority is in the process of preparing the submission of a loan application to the Caribbean Development Bank for the purpose of funding the construction of a permanent marine outfall to facilitate the final and permanent replacement for the temporary outfall constructed in 2019 as a part of emergency works to resolve issues with the disposal of effluent from the South Coast Treatment plant. The cost of the works is currently estimated at \$66 million.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

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## 24. Subsequent Events, continued

### *Service Contracts*

On April 7, 2016, the Authority signed an agreement with Ionics Freshwater Limited in the amount of \$70,000 per month for 60 months for rental of plant equipment and \$59,000 per month for 60 months for operational charge related to the supply of desalinated water at Hope, St. Lucy.

On October 5, 2016, the Authority signed an agreement with Everclear Water Inc. Ionics Freshwater Limited in the amount of \$4.06 per cubic meter for 27,277m<sup>3</sup>/day and \$3.99 per cubic meter per day for over 27,277m<sup>3</sup>/day for supply of 27,277m<sup>3</sup>/day from a Seawater Reverse Osmosis Desalination Facility at Gibbons/Ealing Grove, Christ Church.

On October 20, 2016, the Authority signed an agreement with Innotech Services Limited in the amount of \$78,000 per month for 60 months for rental of plant equipment and \$62,000 per month for 60 months for operational charge related to the supply of desalinated water at Trents (Brackish Water Plant).

On October 20, 2016, the Authority signed an agreement with Innotech Services Limited in the amount of \$105,000 per month for 60 months for rental of plant equipment and \$88,000 per month for 60 months for operational charge related to the supply of desalinated water at Trents (Seawater Plant)

On December 12, 2016, the Authority signed an agreement with Water Technology Systems in the amount of \$4.02 per cubic meter for 27,277m<sup>3</sup>/day and \$3.95 per cubic meter per day for over 27,277m<sup>3</sup>/day for supply of 27,277m<sup>3</sup>/day from a Seawater Reverse Osmosis Desalination Facility at Harrison's Point, St. Lucy.

On January 23, 2017, the Authority signed an agreement with Ortus Plumbing & Plumbing Supplies Ltd. in the amount of \$5.3 million to supply pipes and fittings.

On October 27, 2017, the Authority signed an agreement with Amec Foster Wheeler Americas Limited in the amount of US\$1.8 million for consultancy services for the design and supervision of the upgrade of the water production and distribution facilities, reservoir replacement and refurbishment the Green Climate Fund. The Caribbean Development Bank is providing funding while the Authority bears the VAT portion.

On October 27, 2017, the Authority signed an agreement with Stantec Consulting Caribbean Limited in the amount of \$2.0 million for consultancy services for the design and supervision of the replacement of approximately thirty kilometers of waters mains within the island.

On January 29, 2018, the Authority signed an agreement with the United Arab Emirates in the amount of US\$3.5m for a solar project for the Bridgetown Sewage Treatment Plan and Bowmanstan.

On February 12, 2018, the Authority signed an agreement with Insight Freightling in the amount of \$2.2 million to carry out maintenance works, including debushing, on all stations and reservoirs at a minimum of twice a month.

On March 8, 2018 the Authority signed an agreement with Innotech Equipment Inc. in the amount of US\$2.4 million to supply potable water meters.

On March 9, 2018 the Authority signed an agreement with Innotech Supply Company Limited in the amount of US\$8.0 million for reconstruction of the Grand View Reservoir.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

*(Expressed in Barbados dollars)*

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## **24. Subsequent Events, continued**

On March 23, 2018 the Authority signed an agreement with DCH Energy GmbH, Germany in the amount of \$36.0 million to develop, construct and own an 8 MWp solar PV power plant in Barbados.

On April 11, 2018 the Authority signed an agreement with Innotech Utilities Inc. in the amount of US\$7.7 million for water meter data management and mobile collection system. Modification to the contract is being pursued.

On May 10, 2018 the Authority signed an agreement with Jada Builders Inc. in the amount of \$26.1 million for replacement of approximately thirty kilometers of water mains within the island. The Caribbean Development Bank is providing funding while the Authority bears the VAT portion.

On May 14, 2018 the Authority signed a memo of understanding agreement with H2O Consulting Ltd. in the amount of US\$30.0 million for upgrade of the South Coast Sewage Treatment Plant. Cancellation of the contract is being pursued.

On May 22, 2018 the Authority signed an agreement with Innotech Services Limited in the amount of \$31.1 million to supply and install seven glass lined steel water storage tanks and perform repairs to ten.

### *Garbage and Sewage Levy*

The Garbage and Sewage Contribution Levy (GSC) was introduced in August 2018 in order to fund the Sanitation Services Authority (SSA) after its removal from the consolidated fund. The GSC is collected by the Authority which charges households \$1.50 per day, and commercial entities 50% of their water bill. Approximately \$1.25 from the \$1.50 charged to households and 50% of the GSC for commercial entities goes to fund the SSA. The remainder is kept by the Authority to offset the operational costs of the sewage systems.

### *Barbados Economic Recovery and Transformation (BERT) Program*

Under the BERT program all State Owned Enterprises (SOE) and other public sector bodies were instructed that all claims on other SOEs and public sector bodies prior to September 1, 2018 were to be written off, including tax refunds. In addition, any amounts owed to other public sector bodies (including the Barbados Revenue Service Authority) incurred prior to September 1, 2018 should also be written off. As part of the program offers were made to settle amounts owed by SOEs for services rendered to other companies. Companies were offered 85% of the agreed and vetted amount owed (before Value Added Tax and excluding any penalties or late charges) for payment by March 31, 2019 or the full balance owed before the end of calendar year 2023.

# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

## 25. Prior Year Adjustment

The Barbados Water Authority has reclassified a payment of \$5,476,451, which was incorrectly included in the balance of Capital Works in Progress – Other for March 31, 2014 to the Accounts Prepayment, which is included in line item Prepaid Expenses in the Statement of Financial Position in the Current Assets section. The balance for Capital Works in Progress – Other has been revised from \$66,786,353 to \$61,309,902 and the value of prepaid expenses have increased from \$638,033 to \$6,114,484. The effects of the adjustments are detailed below:

### At March 31, 2014:

		<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
<i>Statement of Financial Position</i>				
Net plant equipment and property	\$	332,561,991	(5,476,451)	327,085,540
Prepaid expenses	\$	638,033	5,476,451	6,114,484

A total of \$267,016 of interest and finance charges pertaining to the stamp duty for Citicorp Merchant Bank Limited bridging loan for US \$7million was not captured and has been correctly recorded as additional interest expenses.

### At March 31, 2014:

		<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
<i>Statement of Revenue and Expenses and Other Comprehensive Income</i>				
Interest expense	\$	8,628,315	267,016	8,895,331
Total comprehensive income	\$	6,198,078	(267,016)	5,931,062



# BARBADOS WATER AUTHORITY

Notes to Financial Statements

March 31, 2015

(Expressed in Barbados dollars)

## 26. Reclassification

The following 2014 balances have been reclassified to conform to the current year's presentation.

Line item	Balance per 2014 audited financial statements	Change	2014 financial balances reclassified	Prior year adjustment	Adjusted Balance
Operations and maintenance	\$ 63,617,247	(633,567)	62,983,680	-	62,983,680
Commercial expenses	4,213,138	(5,000)	4,208,138	-	4,208,138
Administrative expenses	23,502,063	653,567	24,155,630	-	24,155,630
Sewerage expense	5,149,763	(31,044)	5,118,719	-	5,118,719
Other income	1,117,859	(16,044)	1,101,815	-	1,101,815
Interest expense	10,013,066	(1,384,751)	8,628,315	267,016	8,895,331
Finance charges	-	1,384,751	1,384,751	-	1,384,751
Accounts payable	30,550,578	(123,187)	30,427,391	-	30,427,391
Customers' deposits	4,601,463	5,001	4,606,464	-	4,606,464
Other	4,357,915	118,186	4,476,101	267,016	4,743,117