

Annual Report and Audited Financial Statements

# **CAVES OF BARBADOS LTD.**

Year Ended 31 March 2024  
(Expressed in Barbados Dollars)

# **APPENDIX A**

**Annual report from Chairman of the Board of Directors**

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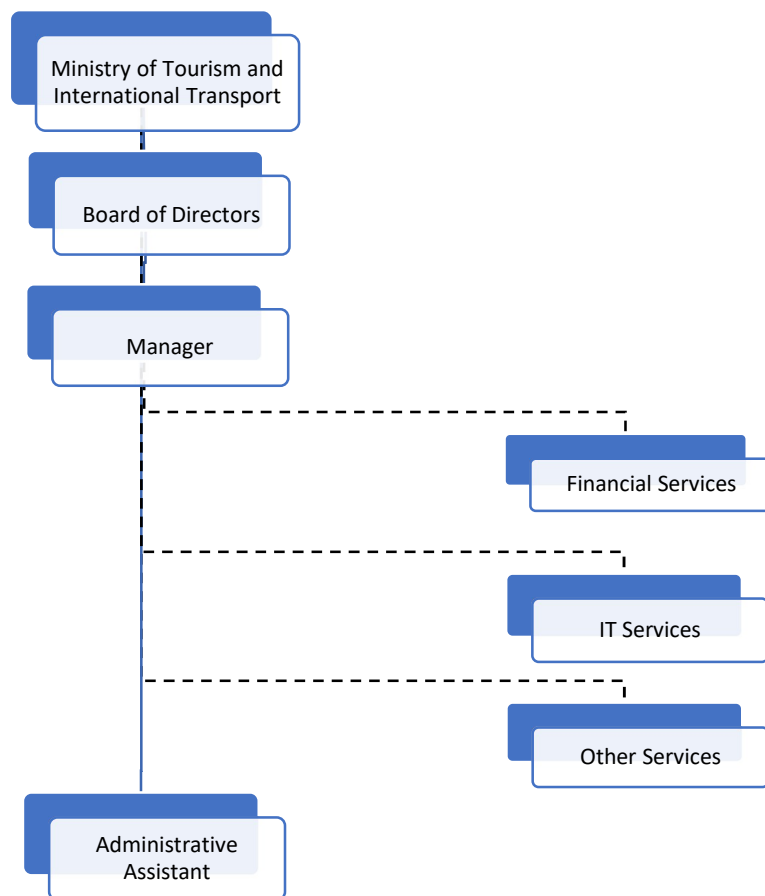
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## INTRODUCTION

Caves of Barbados Ltd. (CBL), a private limited liability company, was incorporated under the (Barbados) Companies Act CAP 308 on 19 March 1996 and assumed ownership for Harrison's Cave. Following the enactment of the Caves Act 2000-12, which provided for the Company's control and management of caves in Barbados, CBL took over full management responsibility in September 2000. The Cabinet of Barbados, on September 10, 2020, approved the Management Agreement between CBL and Chukka Caribbean Adventures (Barbados) Ltd. (Chukka) which changed the role of CBL from owner and operator to owner with responsibilities in accordance with the Management Agreement which was signed on September 18, 2020. This Agreement, inter alia, was for Chukka to manage the operations of Harrison's Cave (the Cave) for twenty-five (25) years. The re-branded Harrison's Cave Eco-Adventure Park was re-opened to the public on July 9, 2021.

The current structure of CBL comprises a Manager and an Administrative Assistant, with other services procured on a contractual basis as needed. The organization chart is as follows:

## CBL ORGANISATION CHART



The following sections provides a historical background of the Cave, as well as the vision and mission statements, objectives and the strategic intent and business model of CBL.

### Historical Background

Harrison’s Cave, Barbados’ most popular land-based visitor attraction, is a natural karst limestone formation featuring a series of subterranean passages, with a gallery of stalactites, stalagmites, lakes, streams and waterfalls. Harrison’s Cave is the only commercialized subterranean cave in Barbados and has the distinction of being one of three (3) drive-in caves in the world.

## Vision Statement

To facilitate Harrison's Cave Eco-Adventure Park being the premier eco-experience in the world and explore other sources of revenues.

## Mission Statement

To exercise oversight of the operations of Harrison's Cave Eco-Adventure Park to ensure that financial, legislative, regulatory and environmental obligations are satisfied in an economic and sustainable manner, thereby preserving this natural heritage for future generations of Barbadians.

## Objectives

- To oversee the operations of the Cave to ensure that agreed financial targets are met.
- To monitor the operations of the Cave to make certain that the legislative, regulatory and environmental obligations are satisfied.
- To explore opportunities to expand revenue generation by assisting in the development of tourism attractions, in collaboration with other public or private-sector partners.
- To facilitate the sustainable preservation of the physical integrity of the Cave.
- To ensure that the physical assets of the Cave are maintained in a sustainable manner.
- To prepare and submit mandatory reports including the Annual Report and Audited Financial Statements, Statement of Corporate Intent and Annual Plan, mid-year report, and monthly financial and other reports, in a timely manner.
- To ensure that the Commitment for Results (CFR) system is functioning efficiently.
- To improve responsiveness of service delivery to the public/clients.

## Strategic Intent and Business Model

CBL's main strategic intent is to facilitate Harrison's Cave Eco-Adventure Park being the premier eco-experience in the world and explore other sources of revenues. In accordance with the Management Agreement, CBL will monitor Chukka's operations to obtain agreed financial returns, ensure compliance with relevant environmental rules for the protection of the asset and make certain that all other interests of CBL are satisfied.

The primary source of revenue for CBL is the Management Fees levied on Chukka in accordance with the Management Agreement. The amount of Management Fees is based on an agreed percentage of the gross revenues of Chukka (with an agreed minimum) to be remitted monthly, together with an annual payment of an agreed percentage of the net profits based on the Audited Financial Statements of Chukka.

The Ministry of Tourism and International Transport (MTI) recommended that as part of its restructured role, CBL, in collaboration with other public sector entities or private sector Joint Venture partners, should consider how best it can drive attractions, build-out communities (starting in St. Thomas) and expand its revenue base. The proposals for community-based tourism can then be expanded to the development of wider tourist attractions, especially where there is a niche or need, such as for family-oriented attractions.

## Organizational Goals 2023/24

The organizational goals from April 1, 2023 to March 31, 2024 were as follows:

- To build relationship capacity with Chukka to ensure that the interests of CBL, and by extension, the shareholder, are met.
- To monitor the operations of Chukka to ensure compliance with the Management Agreement, and other government regulations and policies.
- To explore opportunities to develop community-based tourism to expand revenue generation.

## BOARD OF DIRECTORS

The Members of the Board of Directors for the review period were as follows:

- |                        |   |   |
|------------------------|---|---|
| • Mr. Gregory Nicholls | - | Chairman  |
| • Mr. Dave Layne       | - | Deputy Chairman   |
| • Mr. Trevor Leach     | - | Representative, Planning and<br>Development Department                            |
| • Mrs. Nicole Taylor   | - | Nominee of Permanent Secretary Ministry<br>of Tourism and International Transport |
| • Mr. Steve Devonish   | - | Director, Natural Heritage Department   |

- Ms. Carla Parris - Member
- Mr. Patrick Estwick - Member
- Mr. Stanton Millington - Member
- Ms. Racquel Ramsay - Member
- Ms. Lana Alleyne - Member
- Ms. Gail King - Member
- Dr. Donley Carrington - Member
- Mr. Ronald Bullen - Member

Mrs. Ann Williams performed the duties of Recording Secretary during this period.

Director Steven Williams tendered his resignation from the Board on November 20, 2023. As advised by the MTI, by letter dated March 18, 2024, Mr. Gregory Nicholls was appointed Chairman and Mr. Ronald Bullen was appointed a member, effective March 1, 2024. Mr. Ralph Thorne served as Chairman until January 2024.

### Meetings of the Board of Directors

Thirteen (13) Board of Directors' Meetings were held during the financial year April 2023 to March 2024, comprising twelve (12) regular meetings and one (1) special meeting.

### Sub-committees of the Board

The four sub-committees, with the Chairman as ex-officio on all subcommittees, were as follows:

Human Resources	Marketing
Mrs. Nicole Taylor (Chairperson)	Mr. Patrick Estwick (Chairman)
Mr. Dave Layne	Mrs. Gail King
Ms. Carla Parris	
Technical	Finance and Tenders
Mr. Steve Devonish (Chairman)	Dr. Donley Carrington (Chairman)
Mr. Trevor Leach	Ms. Lana Alleyne
Ms. Racquel Ramsay	Mr. Stanton Millington



Additionally, Mrs. Gail King remained as the Board's Trustee for the CBL's Pension Scheme. The other two Pension Scheme Trustees were former CBL employees Mrs. Jennifer Williams and Mrs. Beverley Giles-Broomes.

## FINANCE

During the year, CBL's total revenues, inclusive of government subvention, was \$5,899,037. This comprised management fees of \$566,668 from Chukka, Government subvention of \$5,328,451 and other income of \$3,918.

CBL's total expenses for the review period amounted to \$2,635,765. Interest on the Caribbean Development Bank (CDB) loans and bank charges of \$116,133, insurance of \$215,590 and non-cash expenses – depreciation, of \$1,758,222 accounted for approximately 80% of total expenditure. The remaining 20% represented salaries and other general expenses related to the operations of the restructured CBL.

The company experienced a loss before government grants of (\$2,065,179). However, the receipt of \$5,328,451 from the Government as a grant toward the repayment of the CDB loans and capital expenditure, resulted in Net Comprehensive Income for the period of \$3,139,908.

## OPERATIONS

Following the transfer of the operations of Harrison's Cave to Chukka, the restructured CBL engaged in general administration, financial management and continuation of the ongoing projects during the review period. The main ongoing projects were the Wind-Up of the Pension Plan, the Investigation of the Structure and Stability of Harrison's Cave Great Hall (Geo-technical Study), the remedial works at the Cave to address safety concerns due to rock falls in the Cascade Archway and Upper Great Hall and the procurement of a consulting firm to prepare a Business/Strategic Plan for the restructured CBL, aimed at expanding revenue generation, outside of inflows from Chukka. Subsequent to the end of the financial year, the Board, at its meeting of April 4, 2024, agreed not to proceed with the procurement of a consulting firm to prepare a Business/Strategic Plan, due to emerging events in the tourism sector.

## ENVIRONMENTAL MONITORING

In accordance with the Management Agreement, Chukka was responsible for the environmental monitoring of Harrison's Cave. CBL reviewed the quarterly reports submitted by Chukka which indicated that air and water quality testing programmes, monitoring of the external environs continued during the review period. There were no major environmental issues during the review period; Chukka successfully addressed the minor environmental concerns that arose.

## HUMAN RESOURCES

As previously stated, the restructured CBL comprises two employees who were on contract during the reporting period. All other professional services, including financial management, information communication technology, actuarial, pension plan management, project management and legal, were obtained on a contractual basis. Based on the recommendation of the Inter-Ministerial Committee, CBL also contracted a Project Officer/Consultant to assist with the management and oversight of the Geotechnical Study of Harrison's Cave.

## PENSION PLAN

During the period under review, CBL continued to address the wind-up of the Caves of Barbados Ltd. Pension Plan (C118). The distribution of the assets of the Pension Scheme to the beneficiaries was completed and the Financial Services Commission removed the Scheme from its records on December 4, 2023. The Trustees of Plan subsequently instructed the Bank to close the Pension Account.

## INVESTIGATION OF THE STRUCTURE AND STABILITY OF HARRISON'S CAVE, ST. THOMAS (GEOTECHNICAL STUDY)

CBL signed an agreement with Mahy. Ridley. Hazzard Engineers Ltd. (MRH) for this study on June 9, 2021. The subconsultants were WSP Canada Inc. (formerly Golder Associates Ltd.), Hydroterra Inc., and Richard Gill and Associates. Other professional services were provided by Hart, Hutchinson & Field Inc. (HHF) and Subsurface Imaging Co. Ltd. (Subsurface).

The Consultants were required to conduct a review of past geophysical, geotechnical and hydrogeological studies done on the Cave. They were required to conduct an accurate survey to locate the Great Hall of the Cave with respect to the Allen View Village on the surface. They were also required to conduct further geophysical, geotechnical and hydrogeological work on the Cave and its environs in order to assess its structural stability, focusing on the Great Hall in particular. The hydrogeological study should assess the impact, both negative and positive, in the longevity and current operation of the Cave.

Following the completion of the electrical resistivity imaging (ERI) survey at the end of March 2023, MRH and its subconsultants commenced preparatory activities for the drilling of the two boreholes for the geotechnical study. Borehole 23-001 required a traffic diversion and related activities. BH 23-002 was within an agricultural plot that required removing and preserving some banana trees. A temporary road was laid for the rig's access, and after completion, the area was reinstated and the trees were replanted. The necessary arrangements were completed with the assistance of M.P. Cynthia Forde (St. Thomas representative) who was instrumental in facilitating the traffic diversion and obtaining permission from the affected landowners to conduct the works.

During the review period, MRH submitted the Inception Report; the revised report was approved by the Inter-ministerial Committee (IMC) for the project in July 2023. The equipment for the drilling of the boreholes were on island early August 2023. Actual drilling of the boreholes commenced on August 17, 2023 and was completed on August 25, 2023. During September 2023, MRH completed the remediation of the properties at the site of Borehole # 2 to their original state prior to the drilling. WSP Canada Inc. conducted the laboratory testing of the samples retrieved from the boreholes and commenced preparation of the Geotechnical Investigation Factual Report.

MRH submitted the Geotechnical Investigation Factual Report in November 2023. This report was review and approved by the IMC in January 2024, subject to the submission of additional information by MRH. The additional information was received in February 2024. MRH submitted the Draft Stability Assessment Report on March 28, 2024. Subsequent to the reporting

period, the IMC considered this report and requested MRH to resubmit a revised report by May 31, 2024. The revised report is currently under review by the IMC.

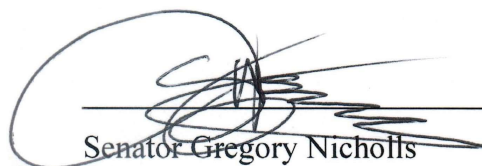
The major remaining tasks include the preparation and submission of the Revised Draft Stability Assessment Report and the Final Stability Assessment Report by MRH and its subconsultants. The total revised cost of the study is \$888,338.68. By the end of the reporting period, a total of \$582,231.90 was expended on the project and the outstanding balance is \$306,106.78. A total of \$455,714 was expended in the current financial year. The project is expected to be completed in the 2024/2025 financial year.

## REMEDIAL WORKS AT HARRISON'S CAVE

MRH was contracted to assist CBL to address safety concerns identified by the Natural Resources Department of the Ministry of Energy and Business related to potentially loose areas of roofs in Cascade Archway and Upper Great Hall of Harrison's Cave. A site visit to the inside of Harrison's Cave with participants from MRH, WSP, the Natural Resources Department of the Division of Energy, Subsurface Imaging Co. Ltd., Hydroterra Inc. and CBL was held on August 25, 2023. Representatives of WSP conducted LiDAR scans of voids and assessed the remedial works required to stabilise potentially loose areas of roofs in Cascade Archway and Upper Great Hall.

MRH subsequently prepared construction drawings and related tender documents of the remedial works. During March 2024, MRH reported that three (3) contractors were invited to bid for the remedial works at Harrison's Cave (Great Hall and Cascade Archway) to address the safety concerns. One contractor expressed interest and submitted his Method Statement and quotation for the remedial works. Subsequent to the reporting period, the IMC considered the Progress Report submitted by MRH and requested that MRH resubmit a full technical report, including justification, by May 31, 2024. The revised report is currently under review by the IMC.

Approved by the Board of Directors on the 18th day of July 2024 and signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by several horizontal strokes, positioned over a horizontal line.

Senator Gregory Nicholls  
Chairman, Board of Directors  
Caves of Barbados Ltd.

Audited Financial Statements

# **CAVES OF BARBADOS LTD.**

Year Ended 31 March 2024  
(Expressed in Barbados Dollars)

# **CAVES OF BARBADOS LTD.**

Year ended 31 March 2024

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# *Drayton J. Carter & Co.*

*Chartered Accountants*



## **Independent auditors' report**

To the Shareholder of Caves of Barbados Ltd.

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

#### **Opinion**

We have audited the financial statements of **Caves of Barbados Ltd**, which comprise the statement of financial position as at 31 March 2024, and the statement of income and retained earnings, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Caves of Barbados Ltd.** as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

#### **Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs for Small and Medium-sized Entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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# CAVES OF BARBADOS LTD

## Independent auditors' report (continued)

To the Shareholder of Caves of Barbados Ltd

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

This report is made solely to the Company's shareholder, as a body, in accordance with Section 147 of the Companies Act of Barbados and its directors and management. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's shareholder, directors and management, for our audit work, for this report, or for the opinion we have formed.



**Drayton J. Carter & Co.**  
**18 July 2024**

# CAVES OF BARBADOS LTD

## Statement of Financial Position

As at 31 March 2024

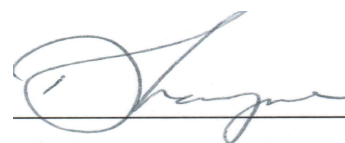
(expressed in Barbados dollars)

	Notes	2024	2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 2,183,003	\$ 2,270,406
Accounts receivable and prepayments	4	197,468	126,436
Amounts due from related party	2,5	-	324,152
Net defined benefit asset	13	-	<u>314,163</u>
		<u>2,380,471</u>	<u>3,035,157</u>
<b>Non-current assets</b>			
Property, plant and equipment	6	<u>48,311,169</u>	<u>49,532,364</u>
<b>Total assets</b>		<b>\$ <u>50,691,640</u></b>	<b>\$ <u>52,567,521</u></b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	7	\$ 260,597	\$ 23,199
Current portion of loans payable	12	-	<u>4,958,497</u>
<b>Total liabilities</b>		<u>260,597</u>	<u>4,981,696</u>
<b>Equity</b>			
Share capital – 7,600,000 common shares	8	\$ 7,600,000	\$ 7,600,000
Subscription shares to be issued	9	27,709,993	27,709,993
Capital contribution by the Government of Barbados	10	4,317,224	4,317,224
Accumulated surplus		<u>10,803,826</u>	<u>7,958,608</u>
<b>Total equity</b>		<u>50,431,043</u>	<u>47,585,825</u>
<b>Total liabilities and equity</b>		<b>\$ <u>50,691,640</u></b>	<b>\$ <u>52,567,521</u></b>

Approved by the Board of Directors on the 18th day of July 2024, and signed on its behalf by:



Chairman, Board of Directors



Director

*The accompanying notes form part of these financial statements*

# CAVES OF BARBADOS LTD

## Statement of Comprehensive Income

For the Year Ended 31 March 2024

(expressed in Barbados dollars)

	Notes	2024	2023
<b>Revenue</b>			
Rent	18	\$ 566,668	\$ 522,918
Other income		<u>3,918</u>	<u>7,526</u>
Gross Revenue		<u>570,586</u>	<u>530,444</u>
<b>Expenses</b>			
Salaries, wages and benefits		198,861	196,221
Other general and administrative expenses	14	572,983	486,217
Depreciation and amortization	6	1,758,222	1,757,350
Employee benefits expense		(10,434)	-
Interest and bank charges		<u>116,133</u>	<u>294,108</u>
<b>Total Expenses</b>		<u>2,635,765</u>	<u>2,733,896</u>
<b>Loss before government grants</b>		(2,065,179)	(2,203,452)
Government grants	17	<u>5,328,451</u>	<u>5,707,139</u>
<b>Income before taxation</b>		3,263,272	3,503,687
Taxation	11	<u>-</u>	<u>-</u>
<b>Income after taxation</b>		3,263,272	3,503,687
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit obligation	13	<u>(123,364)</u>	<u>(44,305)</u>
<b>Net Comprehensive Income</b>		<u>3,139,908</u>	<u>\$ 3,459,382</u>

*The accompanying notes form part of these financial statements*

# CAVES OF BARBADOS LTD

## Statement of Changes in Equity

For the Year Ended 31 March 2024

(expressed in Barbados dollars)

	Share capital	Subscription For shares to Issued	Capital contributed by the Government of Barbados	Accumulated Surplus	Total
<b>Balance - 31 March 2022</b>	<b>7,600,000</b>	<b>27,709,993</b>	<b>4,317,224</b>	<b>4,555,901</b>	<b>44,183,118</b>
Other comprehensive income arising from measurement of Defined Benefit Obligation	-	-	-	(56,675)	(56,675)
Net Comprehensive Income for the year 2023	-	-	-	<u>3,459,382</u>	<u>3,459,382</u>
<b>Balance - 31 March 2023</b>	<b><u>7,600,000</u></b>	<b><u>27,709,993</u></b>	<b><u>4,317,224</u></b>	<b><u>7,958,608</u></b>	<b><u>47,585,825</u></b>
Other comprehensive income arising from measurement of Defined Benefit Obligation	-	-	-	(294,690)	(294,690)
Net Comprehensive Income for the year 2024	-	-	-	<u>3,139,908</u>	<u>3,139,908</u>
<b>Balance - 31 March 2024</b>	<b><u>7,600,000</u></b>	<b><u>27,709,993</u></b>	<b><u>4,317,224</u></b>	<b><u>10,803,826</u></b>	<b><u>50,431,043</u></b>

*The accompany notes form part of these financial statements*

# CAVES OF BARBADOS LTD

## Statement of Cash Flows

For the Year Ended 31 March 2024

(expressed in Barbados dollars)

	Notes	2024	2023
<b>Operating activities</b>			
Income before taxation		3,263,272	\$ 3,503,687
<b>Adjustments for:</b>			
Interest expense		91,700	292,204
Depreciation	7	1,758,222	1,757,350
Expensed work-in-progress		35,250	-
Bad debts		-	43,540
Write off		89,916	
Transferred from Pension company		(123,364)	(44,305)
Defined benefit plan interest and service cost		<u>19,473</u>	<u>(38,154)</u>
Operating income before working capital changes:		5,134,469	5,514,322
(Increase)/ decrease in accounts receivables and prepayments		(71,032)	772,851
Decrease in due from related party		234,236	-
Increase/ (decrease) in accounts payable and accrued expenses		<u>237,399</u>	<u>(54,465)</u>
<b>Cash generated from operations</b>		5,535,072	6,232,708
Interest paid		<u>(157,188)</u>	(305,661)
<i>Net cash from operating activities</i>		<u>5,377,884</u>	<u>5,927,047</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	7	<u>(572,278)</u>	<u>(199,912)</u>
<i>Net cash used in investing activities</i>		<u>(572,278)</u>	<u>(199,912)</u>
<b>Financing activities</b>			
Loan draw downs (repayments) - net		<u>(4,893,009)</u>	<u>(4,893,009)</u>
<i>Net cash used in financing activities</i>		<u>(4,893,009)</u>	<u>(4,893,009)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(87,403)</b>	834,126
Cash and cash equivalents – beginning of year		<u>2,270,406</u>	<u>1,436,280</u>
Cash and cash equivalents – end of year		<u>2,183,003</u>	\$ <u>2,270,406</u>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		<u>2,183,003</u>	\$ <u>2,270,406</u>

The accompanying notes form part of these financial statements

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

*(expressed in Barbados dollars)*

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### **1. Incorporation, ownership and principal activities**

Caves of Barbados Ltd. ("the Company") is incorporated in Barbados under the Companies Act and is authorized to issue an unlimited number of common shares without par value. The sole shareholder is the Government of Barbados.

The Company's mandate under the Caves Act 2000-12 is to manage and develop Harrison's Cave ("the Cave") and any other caves in Barbados. However, with the transition of operations to Chukka Caribbean Adventures (Barbados) Ltd. (Chukka) effective from 1 December 2020, the management of Harrison's Cave is now the responsibility of Chukka. The principal activities of the restructured CBL are to exercise oversight of the Management Agreement with Chukka and to explore opportunities to expand revenue generation.

### **2. Significant accounting policies**

#### **Statement of compliance**

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) promulgated by the International Accounting Standards Board (IASB).

#### **Basis of measurement**

These financial statements are expressed in Barbados dollars which is the both the functional and presentation currency.

#### **Going concern**

These financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations, to generate funds therefrom and on financing from its sole shareholder or third parties sufficient to meet future obligations.

The Government of Barbados has provided support to the Company during the period and is committed to providing continued support as required in the foreseeable future. It is anticipated that the going concern assumption will apply as the tourism industry reverts to normal operations and the Company receives the projected inflows from Chukka.

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **Financial instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Under the IFRS for SMEs, the Company may apply either the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments Issues in full or the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and the disclosure requirements of Sections 11 and 12 to account for all its financial instruments.

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

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### 2. Significant accounting policies (continued)

#### **Financial instruments (continued)**

The Company has elected to account for its financial instruments under the provisions of Sections 11 and Section 12.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on how the financial instrument has been classified.

Basic financial instruments are measured at the transaction cost on initial recognition of the instruments and are subsequently measured at amortized cost using the effective interest method.

#### *Financial assets*

Financial assets are recognized in the financial statements when the Company becomes a party to the contractual provisions of the instruments. Accounts receivable, amount due from related party and cash and cash equivalents are measured at amortized cost using the effective interest rate (EIR) method, less any provision for impairment.

#### *Impairment*

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable and prepayments, where the carrying amount is reduced through an allowance account. When the receivable balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognized in the statement of comprehensive income.

#### *Financial liabilities and equity instruments issued by the Company*

#### *Classification as debt or equity*

Financial liability and equity instruments are classified according to the substance of the contractual arrangements entered into.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### *Other financial liabilities*

Other financial liabilities comprise accounts payable and loans payable are stated at cost. Interest expense on loans payable is recognized on the basis of the effective interest method and is included in interest and bank charges on the statement of comprehensive income.

#### **Property, plant and equipment**

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. except for certain items transferred on 1 April 1982 from the former Caves Authority and Parks and Beaches Commission which are stated at valuation. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

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### 2. Significant accounting policies (continued)

#### Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method at rates considered adequate to write-off the cost of depreciable fixed assets, less salvage value and accumulated impairment losses, over their useful economic lives. The annual rates of depreciation used are:

Computer equipment	–	33%
Computer software	–	25%
Fixtures and fittings	–	20%
Motor vehicles	–	20%
Trams	–	11%
Plant and machinery	–	25%
Buildings	–	2%
Specialized equipment	–	6.67%, 5%, 3.33% and 4%

#### Borrowing costs

If any indicators of impairment exist, the Company determines the recoverable amount for the identified assets, and if the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of comprehensive income.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in comprehensive income in the period in which they are incurred.

#### Revenue recognition

Revenue is recognized when the service is provided, or the product is sold and is shown net of discounts and value added taxes. Funds received before the service is provided are recorded as advance deposits. Interest income is recorded on an accrual basis.

#### Taxation

Taxation charge in the statement of comprehensive income comprises current and deferred taxation. Current taxation is provided on the basis of the income before taxation for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for tax purposes. The Company's liability for current tax is calculated at tax rates that have been enacted at statement of financial position date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the balance sheet liability method in respect of significant temporary differences arising from the differences between the carrying amount of an asset and liability for financial reporting purposes and the amount used for income tax purposes. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

#### Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and



# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

*(expressed in Barbados dollars)*

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### 2. Significant accounting policies (continued)

operating decisions. Parties are considered to be related if they are subject to common control or common significant influence. Related parties may be individuals, government departments or corporate entities.

#### Foreign currency

Transactions originating in foreign currencies are recorded in Barbados dollars at the exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the exchange rates at the statement of financial position date. Gains and losses on exchange transactions are included in the statement of comprehensive income for the year.

#### Government grants

Government subventions received by Caves of Barbados to provide immediate financial support for operating expenses or repay principal and interest on loans are recognized in the statement of comprehensive income in the period in which they are received. Government subventions for the purpose of capital expenditure are deferred and recognised as income on a systematic basis over the useful life of the asset.

#### Employee benefits

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March 2024 by Eckler Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The Company and the Trustees have selected the Insurance Corporation of Barbados Limited to be the pension plan annuities provider and agreed that the benefits will be administered in accordance with the Occupational Pensions Benefits Act.

No cash was transferred to the pension company during the period by Caves of Barbados Ltd. This was due to the severance of all staff of the Company on October 31, 2020, and the subsequent wind-up of the Pension Plan on November 1, 2020. During the year, the Wind-Up of the Pension Plan was completed. The distribution of the assets of the Pension Scheme to beneficiaries was completed and the Financial Services Commission removed the Scheme from its records on December 4, 2023.

#### Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

#### Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

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### 2. Significant accounting policies (continued)

recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### Critical accounting judgments, estimates and assumptions

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial statements. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

#### Key sources of estimation uncertainty

The following are the assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that have a significant risk of causing a material adjustment to the amount of the assets and liabilities within the next financial year.

##### *Useful lives and impairment of property, plant and equipment*

At the end of each annual reporting period, the Company reviews the estimated useful lives of the property, plant and equipment and also assesses them to see if any has been impaired. There have been no changes to the estimates of the useful lives of property, plant and equipment and no impairment has been noted for the current period.

### 3. Cash and cash equivalents

	2024	2023
Petty cash	\$2,000	\$ 2,000
Republic Bank (Barbados) Limited – Payroll account	8,994	57,990
Republic Bank (Barbados) Limited – Current account	<u>2,172,009</u>	<u>2,210,416</u>
	<u>\$2,183,003</u>	<u>\$2,270,406</u>

Cash and cash equivalents include a balance of \$ 1,788,966 (2023 - \$1,895,790) which earns interest at 0.00% to 0.15% per annum. The Directors have restricted the use of this balance to financing the redevelopment costs of Harrison's Cave.

### 4. Accounts receivable and prepayments

	2024	2023
Trade accounts receivable	62,377	\$ 36,892
Other receivables	81,375	36,845
Prepayments	<u>53,716</u>	<u>52,699</u>
	<u>\$197,468</u>	<u>\$126,436</u>

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

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### 4. Accounts receivable and prepayments (continued)

No interest is charged on trade receivables. The Company has assessed the collectability of its trade receivables and has concluded that no allowance for doubtful debts is necessary.

Of the trade receivables balance at the end of the year, \$62,377 (2023 - \$34,933) is due from the Company's largest customer.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Age of receivables that are past due but not impaired:

	<b>2024</b>	<b>2023</b>
Over 90 days	<u>17,791</u>	<u>34,933</u>
Total	\$ <u>17,791</u>	\$ <u>34,933</u>

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the amount owed from each customer is small.

### 5. Amounts due from related party

	<b>2024</b>	<b>2023</b>
Amount due from related party	-	\$ 795,502
Less: Provision for doubtful amount	<u>-</u>	<u>(471,350)</u>
	<u>-</u>	\$ <u>324,152</u>

There are no amounts due to related party as the Wind-Up of the Pension Plan was completed during the year.

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

### 6. Property, plant and equipment

2024	Cost	Accumulated Depreciation	Net Book Value
<b>Computer equipment</b>			
Balances – 31 March 2023	\$ 40,689	\$ (37,847)	\$ 2,842
Depreciation	<u>-</u>	<u>(1,477)</u>	<u>(1,477)</u>
Balances – 31 March 2024	<u>40,689</u>	<u>(39,324)</u>	<u>1,365</u>
<b>Fixtures and fittings</b>			
Balances – 31 March 2023	31,491	(24,307)	7,184
Depreciation	<u>-</u>	<u>(3,207)</u>	<u>(3,207)</u>
Balances – 31 March 2024	<u>31,491</u>	<u>(27,514)</u>	<u>3,977</u>
<b>Trams</b>			
Balances – 31 March 2023	9,174,825	(9,023,634)	151,191
Depreciation	<u>-</u>	<u>(45,540)</u>	<u>(45,540)</u>
Balances – 31 March 2024	<u>9,174,825</u>	<u>(9,069,174)</u>	<u>105,651</u>
<b>Leasehold land</b>			
Balances – 31 March 2023	<u>6,780,459</u>	<u>-</u>	<u>6,780,459</u>
Balances – 31 March 2024	<u>6,780,459</u>	<u>-</u>	<u>6,780,459</u>
<b>Leasehold buildings</b>			
Balances – 31 March 2023	\$ 50,436,614	\$ (13,174,269)	\$ 37,262,345
Depreciation	<u>-</u>	<u>(1,008,732)</u>	<u>(1,008,732)</u>
Balances – 31 March 2024	<u>50,436,614</u>	<u>(14,183,001)</u>	<u>36,253,613</u>
<b>Plant and machinery</b>			
Balances – 31 March 2023	12,930,471	(8,552,390)	4,378,081
Depreciation	<u>-</u>	<u>(621,834)</u>	<u>(621,834)</u>
Balances – 31 March 2024	<u>12,930,471</u>	<u>(9,174,224)</u>	<u>3,756,247</u>
<b>Elevators</b>			
Balances – 31 March 2023	1,161,591	(355,949)	805,642
Depreciation	<u>-</u>	<u>(77,432)</u>	<u>(77,432)</u>
Balances – 31 March 2024	<u>1,161,591</u>	<u>(433,381)</u>	<u>728,210</u>
<b>Capital Work-in Progress</b>			
Balances – 31 March 2023	144,620	-	144,620
Additions	572,278	-	572,278
Expensed	<u>(35,250)</u>	<u>-</u>	<u>(35,250)</u>
Balances – 31 March 2024	<u>681,648</u>	<u>-</u>	<u>681,648</u>

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

### 6. Property, plant and equipment (continued)

	Cost	Accumulated Depreciation	Net Book Value
<b>Summary</b>			
Balances – 31 March 2023	80,700,760	(31,168,396)	49,532,364
Additions	572,278	-	572,278
Expensed Work-in-progress	(35,250)	-	(35,250)
Depreciation	<u>-</u>	<u>(1,758,222)</u>	<u>(1,758,222)</u>
Balances – 31 March 2024	<u>81,237,788</u>	<u>(32,926,618)</u>	<u>48,311,170</u>
<b>2023</b>			
<b>Computer equipment</b>			
Balances – 31 March 2022	\$ 39,064	(33,124)	\$ 5,940
Additions	1,626	-	1,626
Depreciation	<u>-</u>	<u>(4,723)</u>	<u>(4,723)</u>
Balances – 31 March 2023	<u>40,690</u>	<u>(37,847)</u>	<u>2,843</u>
<b>Fixtures and fittings</b>			
Balances – 31 March 2022	28,598	(21,513)	7,085
Additions	3,128	-	3,128
Disposals/Adjustments	(236)	236	-
Depreciation	<u>-</u>	<u>(3,028)</u>	<u>(3,028)</u>
Balances – 31 March 2023	<u>31,490</u>	<u>(24,305)</u>	<u>7,185</u>
<b>Trams</b>			
Balances – 31 March 2022	9,017,624	(8,982,032)	35,592
Additions	157,202	-	157,202
Depreciation	<u>-</u>	<u>(41,602)</u>	<u>(41,602)</u>
Balances – 31 March 2023	<u>9,174,826</u>	<u>(9,023,634)</u>	<u>151,192</u>
<b>Leasehold land</b>			
Balances – 31 March 2022	<u>6,780,459</u>	<u>-</u>	<u>6,780,459</u>
Balances – 31 March 2023	<u>6,780,459</u>	<u>-</u>	<u>6,780,459</u>
<b>Leasehold buildings</b>			
Balances – 31 March 2022	50,452,559	(12,181,487)	38,271,072
Depreciation	<u>-</u>	<u>(1,008,730)</u>	<u>(1,008,730)</u>
Balances – 31 March 2023	<u>50,452,559</u>	<u>(13,190,217)</u>	<u>37,262,342</u>

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

### 6. Property, plant and equipment (continued)

2023	Cost	Accumulated Depreciation	Net Book Value
<b>Plant and machinery</b>			
Balances – 31 March 2022	\$ 12,930,471	\$ (7,930,555)	\$ 4,999,916
Depreciation	<u>-</u>	<u>(621,835)</u>	<u>(621,835)</u>
Balances – 31 March 2023	<u>12,930,471</u>	<u>(8,552,390)</u>	<u>4,378,081</u>
<b>Elevators</b>			
Balances – 31 March 2022	1,161,591	(278,518)	883,073
Depreciation	<u>-</u>	<u>(77,432)</u>	<u>(77,432)</u>
Balances – 31 March 2023	<u>1,161,591</u>	<u>(355,950)</u>	<u>805,641</u>
<b>Capital Work-in Progress</b>			
Balances – 31 March 2022	106,665	-	106,665
Additions	<u>37,956</u>	<u>-</u>	<u>37,956</u>
Balances – 31 March 2023	<u>144,621</u>	<u>-</u>	<u>144,621</u>
<b>Summary</b>			
Balances – 31 March 2022	80,517,031	(29,427,229)	51,089,802
Additions	199,912	-	199,912
Disposals/Adjustments	(236)	236	-
Depreciation	<u>-</u>	<u>(1,757,350)</u>	<u>(1,757,350)</u>
Balances – 31 March 2023	<u>80,716,707</u>	<u>(31,184,343)</u>	<u>49,532,364</u>

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

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### 7. Accounts payable and accrued expenses

	2024	2023
Trade creditors	\$242,714	\$ 5,699
Accrued expenses	<u>17,883</u>	<u>17,500</u>
	<u>\$260,597</u>	<u>\$ 23,199</u>

The average credit period on trade credit purchases is 30 days. The Company has financial risk management policies in place that all payables are paid within the pre-agreed credit terms.

### 8. Share capital

#### Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

#### Issued and outstanding

	2024	2023
7,600,000 common shares, issued and fully paid	\$ <u>7,600,000</u>	\$ <u>7,600,000</u>

### 9. Subscription for shares to be issued

This amount represents funds received from the sole shareholder for which no shares have yet been issued.

### 10. Capital contributed by the Government of Barbados

This amount represents the value of \$4,317,224 placed on the net assets of the former Caves Authority and Parks and Beaches Commission, which were transferred to the National Conservation Commission on 1 April 1982 and subsequently to the Caves of Barbados Ltd. on 1 April 1999.

### 11. Taxation and tax losses

	2024	2023
<b>Taxation expense:</b>		
Provision for current year's corporation tax	\$ _____ -	\$ _____ -

The tax on the Company's income before taxation differs from the theoretical amount that would arise using the basic corporation tax rates as follows:

	2024	2023
Income before taxation	\$3,263,272	\$3,503,687
Taxed at tax rate of 5.5% (2023 – 5.5%)	179,480	192,703
Tax effect of allowable amounts	(293,065)	(313,893)
Tax effect of amounts not deductible for tax purposes	96,702	96,654
Tax effect of deferred tax asset not recorded	<u>16,883</u>	<u>24,539</u>
	\$ _____ -	\$ _____ -

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

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### 11. Taxation and tax losses (continued)

There are tax losses of \$11,455,226 (2023 - \$13,840,557) which have not yet been agreed with Barbados Revenue Authority but are not in dispute. The losses if not utilized, will expire as follows:

Year	Amount	Expiry date
2019	2,015,713	2026
2020	1,042,620	2027
2021	6,340,564	2028
2022	1,303,270	2029
2023	446,102	2030
2024	306,957	2031

Unutilized tax losses of \$2,692,288 for the years 2016 to 2018 expired as a result of the write off of Intragovernmental debt. The Company also has a deferred tax asset of \$630,037 (2023 - \$761,231) that was not recognized due to the uncertainty over the generation of future taxable profits to be utilized.

### 12. Loans payable

	2024	2023
<b>Caribbean Development Bank</b>		
Current portion of long-term loan	\$ _____ -	\$ <u>4,958,497</u>
	\$ _____ -	\$ <u>4,958,497</u>

Effective 7 February 2007, the Company borrowed US\$16,866,000 (BBD \$33,732,000) from the Caribbean Development Bank (CDB) under a guarantee of the Shareholder to assist with the redevelopment of the Cave. The loan bears interest at 6.25% per annum and is repayable in 56 equal quarterly instalments commencing 3 years from the date of the first disbursement on 2 June 2008. An additional loan for US\$12,850,000 (BBD\$25,700,000) was signed on 22 January 2010. A commitment charge of 1% per annum is payable on the amount of loan not drawn down. During the year, the CDB loans were fully repaid.

Interest of \$89,909 (2023 - \$292,204) was incurred during the review period.



# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

### 13. Defined benefit plan

On 7 November 2018 Caves of Barbados Ltd. registered the Pension Plan with the Financial Services Commission. The Pension services agreement was signed on 7 January 2019 with Sagicor as the pension plan administrator of the scheme.

On 1 November 2020, the Plan was terminated under Rule 33 of the Plan. The Trustees and the Company interpret Rule 33 of the Plan Rules to direct that if the Plan is discontinued, the Fund shall be allocated upon recommendation of the Actuary, and approved by the appropriate authority, among members, retired members and any other recipients of benefits under the Plan as allowed under applicable law.

Caves of Barbados Ltd. ceased operations effective October 31, 2020. The Financial Services Commission approved the wind-up of the Caves of Barbados Ltd. Pension Scheme as at November 1, 2020, and the Plan was wound-up during the financial year ended March 31, 2024. The benefits for the Members of the Plan were secured through the purchase of deferred and immediate annuities with Insurance Corporation of Barbados Limited (ICBL), or such other settlement option selected by a Member in accordance with the provisions of the Occupational Pension Benefits Act, Cap 350B.

The Plan liabilities were valued on a "discontinuance basis" to determine the wind-up funded ratio of the Plan at the wind-up date, which was used to determine the financial position of the Plan as at the wind-up date, 1 November 2020. Asset valuation was based on the market value of assets for the going concern and solvency valuations, adjusting for amounts in transit and amounts payable. The impact of the wind up of the Plan is reflected in the IAS 19 valuation for the period ended 31 March 2024.

The actuarial assumptions used in the accounting valuation are as follows:

Year/Period ending 31 March	2024	2023
Discount rate	7.75% per annum	7.75% per annum
Future promotional salary increases	2.50% per annum	2.50% per annum
Future inflationary salary increases	4.25% per annum	4.25% per annum
Future increases in the NIS ceiling for earnings	4.25% per annum	4.25% per annum
Future increases in pensions	3.75% per annum	3.75% per annum
Mortality	UP94 at 2023 with Projection Scale AA	
Early Retirement of terminated employees	100% at earliest possible age	
Early Retirement of for active employees	5% of eligible employees each year between Early Retirement Age and the year prior to Normal Retirement Age with the remaining employees retiring at Normal Retirement Age	
Termination of active members	1% at all ages under 40 and 0.5% at ages between 40 and 50	
Future expenses	Nil	

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2024	2023
Fair value of plan assets	-	\$ 3,725,061
Present value of funded defined benefit obligation	-	(3,410,898)
Net defined benefit asset	-	\$ 314,163

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

### 13. Defined benefit plan (continued)

#### Changes in the present value of defined benefit obligation

	2024	2023
At the beginning of year	3,410,897	\$ 3,978,738
Interest cost	175,865	285,110
Actuarial gains	(63,520)	(253,148)
Benefit payments	(14,115)	(599,802)
Plan settlement	<u>(3,509,127)</u>	<u>-</u>
	<u>-</u>	<u>\$ 3,410,897</u>

#### Changes in the fair value of plan assets

	2024	2023
At the beginning of year	3,725,061	\$ 4,311,422
Employer contributions	(201,234)	-
Actual return on plan assets	-	13,441
Benefit payments	(14,115)	(599,802)
Administration and other non-Plan Investment Management expenses	(584)	-
Plan settlements	<u>(3,509,127)</u>	<u>-</u>
Plan assets at fair value at the end of the period	<u>-</u>	<u>\$ 3,725,061</u>

#### Net benefit expense recognized in comprehensive income

	2024	2023
Interest costs	175,865	\$ 285,110
Expected return on plan assets	(186,883)	(310,894)
Administration and other non-Plan Investment Management expenses	<u>584</u>	<u>-</u>
	<u>(10,434)</u>	<u>\$ (25,784)</u>

#### Statement of other comprehensive income

	2024	2023
(Gain)/Loss from experience	(63,520)	\$ 253,148
Expected return on plan assets	186,883	(310,894)
Actual return on plan assets	<u>-</u>	<u>13,441</u>
	<u>\$ 123,363</u>	<u>\$ 44,305</u>

#### Impact of changes in significant actuarial assumption

	2024	2023
Base IAS 19 Results	-	\$ 3,410,897
Reduce discount rate by 1% p.a.	-	3,597,284
Increase discount rate by 1% p.a.	-	3,241,347
Reduce salary increase by 0.5% p.a.	-	3,410,898
Increase salary increase by 0.5% p.a.	-	3,410,898
Increase average life expectancy by 1 year	-	3,462,580

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

### 13. Defined benefit plan (continued)

#### **Life expectancy**

The primary obligation of the plan is to provide benefits for the life of the member. As such, increases in life expectancy will result in an increase in the plan's liabilities. A sensitivity analysis of changes in life expectancy indicates this risk is not very material.

The weighted average duration of the defined benefit obligation is 4.85 years.

#### **Projected Benefit Payments**

Projected benefit payments	Less than 1 year (Year 1)	Between 1-2 years (Year 2)	Between 2-5 years (Year 3-5)	Over 5 years (Years 6-10)
31 March 2023	\$ 1,095,424	\$ 433,224	\$ 1,181,247	\$ 1,936,353
31 March 2024	-	-	-	-

### 14. Other general and administrative expenses

	2024	2023
	\$	\$
Bad debts	-	43,540
Board expenses	15,614	12,962
Board members' expenses	44,900	42,400
Equipment rental	23,463	27,043
Insurance	215,590	215,590
Membership fees	33,532	11,367
Office expenses	5,522	11,322
Other expenses	12,348	12,592
Professional fees	91,030	79,396
Rental of land	6,000	6,000
Repairs and maintenance	18,155	11,472
Seminars/conferences/training	1,600	-
Utilities	15,313	12,533
Write-off	89,916	-
	<u>572,983</u>	<u>486,217</u>

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2024

(expressed in Barbados dollars)

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### 15. Related party transactions

#### Key management compensation

During the year, the following costs were incurred by key management.

	2024 \$	2023 \$
Key employee benefits	123,600	121,500

### 16. Fair value

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. The fair values of the Company's financial instruments are considered to approximate their book values.

### 17. Government grants

The Company receives grants from the Government of Barbados to assist with repayment of its loans from the Caribbean Development Bank (See also note 12) and capital expenditure. During the financial year ended the Government of Barbados provided the following grants:

	2024 \$	2023 \$
Payments made to the Caribbean Development Bank	5,050,197	5,198,989
Payment made to Caves of Barbados for capital expenditure	278,254	508,150
	<u>5,328,451</u>	<u>5,707,139</u>

### 18. Rent

The signed Management Agreement between the Company and Chukka Caribbean Adventures (Barbados) Ltd. (Chukka) provides for additional rental income calculated at twenty percent (20%) of the net profit from operations of Chukka as reported in their Audited Financial Statements and payable within thirty (30) days of completion of the Financial Audit. No accruals have been made for additional rental revenue as Chukka has not provided any Audited Financial Statements between the date of the signed Agreement (18<sup>th</sup> September 2020) and the date of approval of these Financial Statements.