

# **Caribbean Broadcasting Corporation**

Financial Statements

**December 31, 2012**

(expressed in Barbados dollars)



## INDEPENDENT AUDITOR'S REPORT

To the Government of Barbados

We have audited the accompanying financial statements of the **Caribbean Broadcasting Corporation**, which comprise the balance sheet as at December 31, 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the financial statements*

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

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our qualified audit opinion.



*Basis for qualified opinion*

As disclosed in Note 8 to the financial statements, land and buildings were revalued by the corporation during the year. Management has valued its land and buildings using the market approach at \$28,102,500. We have assessed management's valuation and are not in agreement with the capitalisation rate used in the determination of the fair value of the corporation's land and buildings. As a result of the difference in the capitalisation rate, property, plant and equipment and the revaluation surplus as shown in the balance sheet would decrease by \$4,210,533 respectively.

*Qualified opinion*

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the **Caribbean Broadcasting Corporation** as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*PricewaterhouseCoopers SPK*

March 11, 2014  
Bridgetown, Barbados

# Caribbean Broadcasting Corporation

## Balance Sheet

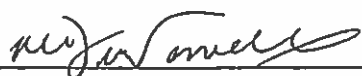
As at December 31, 2012

(expressed in Barbados dollars)

	2012	2011
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash on hand and at bank (note 5)	3,893,886	1,600,190
Accounts receivable and prepaid expenses (note 6)	7,176,135	7,454,517
Inventories (note 7)	617,028	1,677,453
	<u>11,687,049</u>	<u>10,732,160</u>
Property, plant and equipment (note 8)	<u>36,845,308</u>	<u>32,347,558</u>
<b>Total assets</b>	<u>48,532,357</u>	<u>43,079,718</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft (note 5)	5,479,439	4,953,721
Accounts payable and accrued liabilities (note 10)	14,072,141	34,027,711
Current portion of long term loans (note 11)	1,840,000	1,840,000
	<u>21,391,580</u>	<u>40,821,432</u>
Long term liabilities (note 11)	40,824,009	21,285,000
Pension fund obligation (note 12)	17,802,342	17,916,888
	<u>80,017,931</u>	<u>80,023,320</u>
<b>Equity</b>		
Capital contributed by Government of Barbados (note 13)	32,964,207	31,464,001
Revaluation surplus (note 14)	23,853,838	21,523,748
Accumulated deficit	(88,303,619)	(89,931,351)
	<u>(31,485,574)</u>	<u>(36,943,602)</u>
<b>Total liabilities and equity</b>	<u>48,532,357</u>	<u>43,079,718</u>

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

Approved by the Board of Directors on February 27, 2014 and signed on their behalf by:



Director



Director

# Caribbean Broadcasting Corporation

## Statement of Changes in Equity

For the year ended December 31, 2012

(expressed in Barbados dollars)

	Capital contributed by Government of Barbados \$	Revaluation surplus \$	Accumulated deficit \$	Total \$
<b>Balance at December 31, 2010</b>	30,339,001	21,523,748	(82,910,060)	(31,047,311)
<b>Comprehensive loss</b>				
Capital contribution	1,125,000	—	—	1,125,000
Loss and comprehensive loss for the year	—	—	(7,021,291)	(7,021,291)
<b>Balance at December 31, 2011</b>	31,464,001	21,523,748	(89,931,351)	(36,943,602)
<b>Comprehensive income</b>				
Capital contribution	1,500,206	—	—	1,500,206
Income and comprehensive income for the year	—	—	1,627,732	1,627,732
Revaluation surplus	—	2,330,090	—	2,330,090
<b>Balance at December 31, 2012</b>	<b>32,964,207</b>	<b>23,853,838</b>	<b>(88,303,619)</b>	<b>(31,485,574)</b>

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

# Caribbean Broadcasting Corporation

## Statement of Comprehensive Income For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012 \$	2011 \$
<b>Operating revenue</b> (note 15)	47,404,783	46,370,059
<b>Government grant - Pension</b>	1,416,049	1,724,149
<b>Direct expenses</b> (note 17)	(32,450,617)	(29,686,103)
<b>Administrative expenses</b> (note 17)	(18,399,878)	(19,962,570)
<b>Operating deficit</b>	(2,029,663)	(1,554,465)
Interest and finance charges	(2,741,443)	(5,466,826)
Other (note 18)	6,398,838	-
<b>Income/(loss) before taxation</b>	1,627,732	(7,021,291)
Taxation (note 19)	-	-
<b>Income/(loss) for the year</b>	1,627,732	(7,021,291)
<b>Other comprehensive income</b>		
Revaluation surplus on land and buildings (note 14)	2,330,090	-
<b>Total comprehensive income/(loss) for the year</b>	3,957,822	(7,021,291)

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

# Caribbean Broadcasting Corporation

## Statement of Cash Flows

For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012	2011
	\$	\$
<b>Operating activities</b>		
Income/(loss) for the year	1,627,732	(7,021,291)
Adjustments for:		
Depreciation	4,055,460	3,826,087
Gain on disposal of property, plant and equipment	(9,300)	(42,821)
Interest and finance charges	(3,657,395)	5,466,826
Pension expense	2,336,832	2,679,698
Operating profit before working capital changes	4,353,329	4,908,499
Decrease/(increase) in accounts receivable and prepaid expenses	278,382	(365,356)
Decrease in inventories	1,060,425	550,454
(Decrease)/increase in accounts payable and accrued liabilities	(2,360,395)	7,526,462
Cash generated from operations	3,331,741	12,620,059
Pension contributions paid	(2,451,377)	(2,741,473)
Interest and finance charges paid	3,657,395	(5,466,826)
Net cash from operating activities	4,537,759	4,411,760
<b>Investing activities</b>		
Purchase of property, plant and equipment	(6,223,120)	(1,606,397)
Proceeds from disposal of property, plant and equipment	9,300	42,821
Net cash used in investing activities	(6,213,820)	(1,563,576)
<b>Financing activities</b>		
Long term loan repayments	(1,840,000)	(3,289,623)
Capital contribution	1,500,206	1,125,000
Loan proceeds	3,783,833	—
Net cash used in financing activities	3,444,039	(2,164,623)
Net increase in cash and cash equivalents	1,767,978	683,561
Cash and cash equivalents - beginning of year	(3,353,531)	(4,037,092)
Cash and cash equivalents - end of year (note 5)	(1,585,553)	(3,353,531)

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

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 1 Incorporation and principal activity

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

## 2 Going concern

These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the payments of liabilities in the regular and ordinary course of business. The Corporation has an accumulated deficit of \$88,303,619 at December 31, 2012 and as at that date, total liabilities exceeded total assets by \$31,485,574. The ability of the corporation to continue as a going concern is dependent on the continued support of the Government of Barbados. In this regard, the Government of Barbados has issued a comfort letter pledging its support to ensure the continued operation of the Corporation.

## 3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### a) Basis of preparation

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

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

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

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

#### *ii) New standards, amendments and interpretations mandatory for the first time for the financial year beginning January 1, 2012 but not currently relevant to the Company*

IFRS 1 (amendment)	'First time adoption', on fixed dates and hyperinflation (effective July 1, 2011)
IFRS 7 (amendment)	'Financial instruments: Disclosures' on derecognition (effective July 1, 2011)
IAS 1 (amendment)	'Financial statement presentation' regarding other comprehensive income (effective July 1, 2012)
IAS 12 (amendment)	'Income taxes' on deferred tax (effective January 1, 2012)



# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

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

#### iii) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2012 and not early adopted

IAS 19 (amendment)	'Employee benefits' (effective January 1, 2013)
IAS 32 (amendment)	'Financial instruments: Presentation', on asset and liability offsetting (effective January 1, 2014)
IFRS 7 (amendment)	'Financial instruments: Disclosures', on asset and liability offsetting (effective January 1, 2013)
IFRS 9	'Financial instruments' (effective January 1, 2013)
IFRS 9	'Financial instruments' (effective January 1, 2015)
IFRS 13	'Fair value measurement' (effective January 1, 2013)

### b) Cash and cash equivalents

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

### c) Trade receivables

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

### d) Inventories

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

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

### e) Financial assets

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

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

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

### f) Property, plant and equipment

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

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

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

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

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

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

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

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

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

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

### g) Long term loans

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

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

### h) Current and deferred income tax

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

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

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

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

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

### i) Foreign currency

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

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

### j) Pension obligations

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

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

### k) Government grants

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

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

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

### l) Revenue recognition

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

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

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

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 3 Significant accounting policies ...continued

### m) Impairment of non-financial assets

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

### n) Provisions

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

### o) Trade payables

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

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

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

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 4 Critical accounting estimates and judgements

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

### *Critical accounting estimates and assumptions*

The Corporation makes estimates and assumptions concerning the future.

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

### *Valuation of property*

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

### *Pension benefits*

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

## 5 Cash and cash equivalents

This is comprised of:

	2012	2011
	\$	\$
Cash on hand and at bank	3,893,886	1,600,190
Bank overdraft	(5,479,439)	(4,953,721)
	<u>(1,585,553)</u>	<u>(3,353,531)</u>

The Government of Barbados has provided a letter of comfort in support of the bank overdraft facility. Interest is charged on the overdraft at the rate of 9.50% (2011 - 9.25%) per annum.

Credit rating of significant concentrations of cash and cash equivalents are as follows:

	2012	2011
	\$	\$
A-1 by Standard & Poors	3,116,994	186,548

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

### 6 Accounts receivable and prepaid expenses

	2012 \$	2011 \$
Trade receivables	7,187,911	7,937,424
Less: Provision for impairment	(3,432,976)	(3,329,402)
	<u>3,754,935</u>	<u>4,608,022</u>
Other receivables	996,371	379,665
Prepaid expenses	1,516,201	828,338
Deferred expenses	908,628	1,638,492
	<u>7,176,135</u>	<u>7,454,517</u>

As at year end, trade receivables of \$1,055,523 (2011 - \$3,568,095) were fully performing.

Trade receivables that are less than 4 months past due are not considered impaired. As at year end, trade receivables of \$3,608,040 (2011 - \$1,039,927) were past due but not impaired. Management believes that they are recoverable as these relate to customers for whom there is no history of default.

The ageing analysis of receivables is as follows:

	2012 \$	2011 \$
4 to 6 months	2,139,751	859,930
Over 12 months	559,661	179,997
	<u>2,699,412</u>	<u>1,039,927</u>

As at year end, trade receivables of \$3,432,976 (2011 - \$3,329,402) were impaired and provided for. The ageing of these trade receivables is as follows:

	2012 \$	2011 \$
Over 12 months	<u>3,432,976</u>	<u>3,329,402</u>

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 6 Accounts receivable ...continued

The movement in the provision for impairment is as follows:

	2012	2011
	\$	\$
Balance - beginning of year	3,329,402	2,698,017
Impairment charge	922,665	724,353
Bad debts written off	(819,091)	(92,968)
	<hr/>	<hr/>
Balance - end of year	3,432,976	3,329,402

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

No provision for impairment was required for other receivables in 2012 or 2011.

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

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

## 7 Inventories

	2012	2011
	\$	\$
MCTV boxes, antennae and installation materials	521,397	1,652,346
Other	95,631	25,107
	<hr/>	<hr/>
	617,028	1,677,453



# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

## 8 Property, plant and equipment

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Furniture and equipment \$	Total \$
<b>As at December 31, 2010</b>					
Cost/valuation	27,333,989	80,983,339	2,149,871	13,414,548	123,881,747
Accumulated depreciation	(937,581)	(74,833,251)	(1,965,591)	(11,578,077)	(89,314,500)
<b>Net book value</b>	<b>26,396,408</b>	<b>6,150,088</b>	<b>184,281</b>	<b>1,836,471</b>	<b>34,567,248</b>
<b>Year ended December 31, 2011</b>					
Opening net book value	26,396,408	6,150,088	184,281	1,836,471	34,567,248
Additions	34,969	958,585	83,724	529,704	1,606,982
Disposals	–	(460,340)	(139,130)	–	(599,470)
Depreciation	(460,206)	(2,115,474)	64,909	(716,430)	(3,227,201)
<b>Closing net book value</b>	<b>25,971,171</b>	<b>4,532,859</b>	<b>193,783</b>	<b>1,649,745</b>	<b>32,347,558</b>
<b>As at December 31, 2011</b>					
Cost/valuation	27,368,958	81,481,584	2,094,464	13,944,252	124,889,259
Accumulated depreciation	(1,397,788)	(76,948,725)	(1,900,681)	(12,294,507)	(92,541,701)
<b>Net book value</b>	<b>25,971,171</b>	<b>4,532,859</b>	<b>193,783</b>	<b>1,649,745</b>	<b>32,347,558</b>
<b>Year ended December 31, 2012</b>					
Opening net book value	25,971,171	4,532,859	193,783	1,649,745	32,347,558
Additions	299,129	5,237,507	168,274	518,210	6,223,120
Disposals - cost	–	(3,882,623)	(350,517)	–	(4,233,140)
Disposals - accumulated depreciation	–	3,882,623	350,517	–	4,233,140
Revaluation	2,330,090	–	–	–	2,330,090
Depreciation	(497,890)	(2,772,340)	(107,875)	(677,355)	(4,055,460)
<b>Closing net book value</b>	<b>28,102,500</b>	<b>6,998,026</b>	<b>254,182</b>	<b>1,490,600</b>	<b>36,845,308</b>
<b>As at December 31, 2012</b>					
Cost/valuation	28,102,500	82,836,468	1,912,222	14,462,462	127,313,652
Accumulated depreciation	–	(75,838,442)	(1,658,040)	(12,971,862)	(90,468,344)
<b>Net book value</b>	<b>28,102,500</b>	<b>6,998,026</b>	<b>254,182</b>	<b>1,490,600</b>	<b>36,845,308</b>

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

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

The Corporation's buildings at Black Rock, St. Michael with a carrying value of \$839,799.84 (2011 - \$1,314,055) are constructed on land owned by the Government of Barbados.

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

	2012 \$	2011 \$
Cost	11,431,801	11,132,672
Accumulated depreciation	(7,276,219)	(6,778,331)
<b>Net book value</b>	<b>4,155,582</b>	<b>4,354,341</b>

## 9 Available-for-sale financial assets

	2012 \$	2011 \$
CANA - 696 shares	6,960	6,960
CCTA - 1,000 shares	5,097	5,097
NSR Ltd - 14,230 preference shares	14,230	14,230
	26,287	26,287
Provision for impairment of investments	(26,287)	(26,287)
	-	-

## 10 Accounts payable and accrued liabilities

	2012 \$	2011 \$
Trade payables	6,111,279	5,924,233
NIS and other taxes	1,221,965	1,232,988
VAT	3,670,304	23,835,415
Accrued expenses	3,068,593	3,035,075
	14,072,141	34,027,711

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

## 11 Long term liabilities

	2012 \$	2011 \$
Long term loans	23,228,833	21,285,000
VAT	17,595,176	—
	<u>40,824,009</u>	<u>21,285,000</u>

### Loans

	2012 \$	2011 \$
(i) Bank loan for a total sum of \$13.1 million of which \$3,783,833 was drawn at year end. Repayment commencing two-(2) years after the initial drawdown. This loan is repayable by monthly payments of \$83,333 each. The balance of the loan, accrued interest and all other amounts outstanding under the loan shall be paid on or the date of the 60 <sup>th</sup> month from the date of the initial advance of the loan. Interest is charged at 6.75% (2011 - 9.25%) per annum.	3,783,833	—
(ii) Bank loan for a total sum of \$15.5 million of which \$10,500,000 was drawn at year end. Repayable in quarterly instalments of \$175,000 which commenced March 23, 2009. The balance of the loan, accrued interest and all other amounts outstanding under the loan shall be paid on or before the 20 <sup>th</sup> quarter from the aforementioned date. The term of the loan is 5 years and the amortization 15 years. Interest is charged at 6.75% (2011 - 9.25%) per annum.	7,700,000	8,400,000
(iii) Bank loan for a total sum of \$17.1 million drawn at year end. Repayable in monthly instalments of \$95,000 which commenced November 6, 2009. The balance of the loan, accrued interest and all other amounts outstanding under the loan shall be paid on or before the 60 <sup>th</sup> quarter from the date of the initial advance. The term of the loan is 5 years and the amortization 15 years. Interest is charged at 6.75% (2011 - 9.25%) per annum.	<u>13,585,000</u>	<u>14,725,000</u>
Less: Current portion	<u>25,068,833</u> (1,840,000)	<u>23,125,000</u> (1,840,000)
Long term portion	<u>23,228,833</u>	<u>21,285,000</u>

These loans are guaranteed by the Government of Barbados.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

## 11 Long term liabilities ...continued

	2012 \$	2011 \$
VAT payable	21,265,480	23,835,415
Less: Current portion	<u>(3,670,304)</u>	<u>—</u>
Long term portion	<u>17,595,176</u>	<u>23,835,415</u>

On June 8, 2012 the Corporation signed an agreement with the Customs and Excise Department Value Added Tax Division to repay the outstanding balance over 119 months ending May 31, 2022.

## 12 Pension fund obligation

The Corporation's defined benefit pension plan is managed through the Statutory Corporations' Pension Fund administered by the Insurance Corporation of Barbados Inc. An actuarial valuation is carried out every three years. The most recent valuation was carried out as at January 1, 2012. An interim valuation was carried out at December 31, 2012. The next full triennial valuation is due on January 1, 2013.

The amounts recognised in the balance sheet are as follows:

	2012 \$	2011 \$
Present value of funded obligation	(28,781,718)	(28,568,855)
Fair value of plan assets	<u>13,908,285</u>	<u>11,362,791</u>
	(14,873,433)	(17,206,064)
Unrecognised actuarial losses	<u>(2,928,909)</u>	<u>(710,824)</u>
Pension fund obligation at end of year	<u>(17,802,342)</u>	<u>(17,916,888)</u>

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

	2012 \$	2011 \$
Pension fund obligation - beginning of year	(17,916,888)	(17,978,663)
Contributions paid during year	2,451,377	2,741,473
Net expense recognised in the statement of comprehensive income	<u>(2,336,832)</u>	<u>(2,679,698)</u>
Pension fund obligation - end of year	<u>(17,802,342)</u>	<u>(17,916,888)</u>

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

### 12 Pension fund obligation ...continued

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

	2012	2011
	\$	\$
Current service costs	1,019,270	973,543
Interest costs	2,226,330	2,110,746
Actuarial gains	(142,165)	16,586
Past service cost	28,791	232,580
Expected return on plan assets	(795,394)	(653,757)
Net pension expense included in staff costs (note 17)	<u>2,336,832</u>	<u>2,679,698</u>
Actual return on plan assets	<u>797,407</u>	<u>613,268</u>

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

	2012	2011
	\$	\$
Present value of funded obligation - beginning of year	28,568,855	27,427,682
Interest cost	2,226,330	2,110,746
Current service cost	1,019,270	973,543
Past service cost - vested benefits	28,791	232,580
Benefits paid	(703,293)	(1,358,032)
Actuarial gain on obligation	(2,358,236)	(817,664)
Present value of funded obligation - end of year	<u>28,781,718</u>	<u>28,568,855</u>

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

	2012	2011
	\$	\$
Fair value of plan assets - beginning of year	11,362,791	9,366,082
Expected return on plan assets	795,394	653,757
Contributions - total	2,451,377	2,741,473
Benefits paid	(703,293)	(1,358,032)
Actuarial loss on plan assets	2,015	(40,489)
Fair value of plan assets - end of year	<u>13,908,285</u>	<u>11,362,791</u>

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

Expected contributions for the year ending December 31, 2013 are \$3,283,949.

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

### 12 Pension fund obligation ...continued

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

	2012	2011
Discount rate at end of year	7.75%	7.75%
Expected return on assets at end of year	6.50%	6.50%
Future salary increases	2.00%	2.00%
Future inflationary salary increases	3.00%	3.00%
Future pension increases	0.00%	0.00%
Future changes in NIS ceiling	3.50%	3.50%
Percentage of employees opting for early retirement	10.00%	10.00%
Mortality	GAM 94	GAM 94

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

	2012 \$	2011 \$	2010 \$	2009 \$
Present value of funded obligation	(28,781,718)	(28,568,855)	(27,427,682)	(26,850,182)
Fair value of plan assets	13,908,285	11,362,791	9,366,082	6,666,868
	(14,873,433)	(17,206,064)	(18,061,600)	(20,183,314)
Unrecognised actuarial (gains)/losses	(2,928,909)	(710,824)	82,937	2,107,351
Deficit	(17,802,342)	(17,916,888)	(17,978,663)	(18,075,963)
Experience adjustments on plan liabilities	(2,358,236)	(817,664)	(1,714,562)	801,055
Experience adjustments on plan assets	2,015	(40,489)	(111,618)	38,463

### 13 Capital contributed by Government of Barbados

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

	2012 \$	2011 \$
Balance - beginning of year	31,464,001	30,339,001
Capital contribution	1,500,206	1,125,000
Balance - end of year	32,964,207	31,464,001

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

### 14 Revaluation surplus

The Corporation's land and buildings at The Pine and Black Rock, St. Michael and Sturges, St. Thomas were revalued by independent real estate valuers in 2012. Valuations were done on the basis of fair market value. The excess of the revaluation over the carrying value of land and buildings was credited to revaluation surplus.

	2012 \$	2011 \$
Balance - beginning of year	21,523,748	21,523,748
Surplus	2,330,090	-
Balance - end of year	<u>23,853,838</u>	<u>21,523,748</u>

### 15 Revenue

	Television \$	Radio \$	STV & MCTV operations \$	Other \$	2012 \$	2011 \$
Advertising	6,705,680	4,822,799	-	1,176	11,529,655	10,321,918
GIS 10% Airtime	(2,234,264)	(1,209,563)	-	-	(3,443,827)	(2,367,904)
Agency commissions	(230,483)	(197,506)	-	-	(427,989)	(492,287)
<b>Net advertising revenue</b>	4,240,933	3,415,730	-	1,176	7,657,839	7,461,727
Subscriptions	-	-	37,139,714	-	37,139,714	36,067,867
Other revenue (note 16)	198,572	1,005,865	1,075,497	327,296	2,607,230	2,840,465
<b>Operating revenue</b>	<u>4,439,505</u>	<u>4,421,595</u>	<u>38,215,211</u>	<u>328,472</u>	<u>47,404,783</u>	<u>46,370,059</u>

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

## 16 Other revenue

	Television \$	Radio \$	STV & MCTV operations \$	Other \$	2012 \$	2011 \$
Obituaries	–	909,875	–	–	909,875	921,699
Installations and reconnections	–	–	489,350	–	489,350	592,491
Commercial productions and programme materials	44,346	34,209	–	–	78,555	89,573
Gain on disposal of property, plant and equipment	–	–	–	9,300	9,300	42,821
Pay per view	–	–	332,835	–	332,835	422,298
Miscellaneous	154,226	61,781	253,312	317,996	787,315	771,583
	<u>198,572</u>	<u>1,005,865</u>	<u>1,075,497</u>	<u>327,296</u>	<u>2,607,230</u>	<u>2,840,465</u>



# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

### 17 Expenses by nature

	2012	2011
	\$	\$
Advertising	773,325	245,177
Staff costs	18,399,878	19,962,570
Depreciation	4,055,460	3,826,087
Charge for impairment of receivables	922,665	724,353
Local and imported programmes	15,632,508	14,674,420
Royalties and rights	1,067,083	253,197
Utilities	2,398,308	2,267,544
Office expenses	1,564,548	1,702,130
Professional services	1,049,040	1,302,708
Insurance	927,240	931,209
Repairs and maintenance	1,001,993	826,752
Performers' (Freelance and Talent) fees	693,330	645,954
Installation expenses	666,186	607,538
Rent and accommodation	564,364	489,737
Security	376,005	396,910
Vehicle expenses	253,239	270,734
Other expenses	505,323	521,653
Total direct and administrative expenses	<u>50,850,495</u>	<u>49,648,673</u>
<b>Staff costs</b>		
Salaries, wages and allowances	14,037,908	15,143,805
National Insurance	1,282,917	1,265,033
Pension costs (note 12)	2,336,832	2,679,698
Other	742,221	874,034
	<u>18,399,878</u>	<u>19,962,570</u>
Number of persons employed	<u>272</u>	<u>260</u>

### 18 Other

	2012	2011
	\$	\$
Waiver of VAT interest and penalties	6,398,838	—

During the year the Corporation received a 100% waiver of the interest and penalties on its amounts due to the Customs and Excise Department Value Added Tax Division.

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

### 19 Taxation

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

	2012 \$	2011 \$
Net income/(loss) for the year	<u>1,627,732</u>	<u>(7,021,291)</u>
Tax calculated at tax rate of 25% (2011 - 25%)	406,933	(1,755,323)
Expenses not deductible for tax purposes	224,975	115,052
Increase in deferred tax asset not recognised	(581,908)	1,754,815
Tax effect of commercial building allowance	(50,000)	(50,000)
Prior year under provision of deferred tax	—	(64,544)
	<u>—</u>	<u>—</u>

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

	2012 \$	2011 \$
Delayed tax depreciation	48,422,824	48,797,581
Unutilized tax losses (note 19)	18,888,859	20,727,187
Taxed provisions	2,173,231	2,173,231
Pension liability	17,802,342	17,916,888
	<u>87,287,256</u>	<u>89,614,887</u>
Deferred tax asset at 25% (2011 - 25%)	<u>21,821,814</u>	<u>22,403,722</u>

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

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

### 20 Tax losses

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

Income year	Losses b/forward \$	Utilised \$	Losses c/forward \$	Expiry date
2003	745,306	(745,306)	–	2012
2004	3,075,054	(1,093,022)	1,982,032	2013
2005	610,525	–	610,525	2014
2006	477,631	–	477,631	2015
2008	3,767,673	–	3,767,673	2017
2010	8,096,235	–	8,096,235	2019
2011	3,954,763	–	3,954,763	2020
2012	–	–	–	2021
	<u>20,727,187</u>	<u>(1,838,328)</u>	<u>18,888,859</u>	

### 21 Commitments and contingencies

#### a) Commitments

At December 31, 2012 the Corporation was committed to the rental of television programmes and broadcast rights in the amount of \$908,628 (2011 - \$1,638,492).

#### b) Contingencies

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

### 22 Related party transactions

#### Key management compensation

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

	2012 \$	2011 \$
Salaries and other short term benefits	1,483,559	1,297,455
Post employment benefits	136,093	116,355
Directors' fees	30,720	29,820
	<u>1,650,372</u>	<u>1,443,630</u>

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 23 Financial risk management

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

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

### a) Foreign exchange risk

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

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

### b) Credit risk

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

The maximum exposure is as follows:

	2012	2011
	\$	\$
Cash and cash equivalents	3,893,886	1,600,190
Accounts receivable	5,659,934	6,626,179
	<u>9,553,820</u>	<u>8,226,369</u>

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 23 Financial risk management ...continued

### c) Interest rate risk

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

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

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

	2012 \$	2011 \$
<b>Variable rate instruments</b>		
Financial liabilities	<u>25,068,833</u>	<u>23,125,000</u>

### d) Liquidity risk

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

The Corporation currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Corporation collecting its accounts receivable in a timely manner and maintaining sufficient cash and cash equivalents in excess of anticipated funds. To support the cash flow position, the Corporation has in place a planning and budgeting process to help determine the funds required to support the Corporation's normal operating and capital requirements. The Corporation also continue to rely on the Government of Barbados to supplement its cash flow requirements if needed either with cash incentives or support for further borrowings.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

## 23 Financial risk management ...continued

### d) Liquidity risk ...continued

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

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
<b>At December 31, 2012</b>					
Bank overdraft	5,479,439	—	—	—	5,479,439
Accounts payable and accrued liabilities	14,072,141	—	—	—	14,072,141
Long term liabilities	5,510,304	4,431,046	14,793,132	21,599,831	46,334,313
Total liabilities (contractual maturity dates)	25,061,884	4,431,046	14,793,132	21,599,831	65,885,893
Cash on hand and at bank	3,893,886	—	—	—	3,893,886
Accounts receivable	5,659,934	—	—	—	5,659,934
Assets held for managing liquidity (contractual maturity)	9,553,820	—	—	—	9,553,820
<b>Liquidity gap</b>	<b>(15,508,064)</b>	<b>(4,431,046)</b>	<b>(14,793,132)</b>	<b>(21,599,831)</b>	<b>(56,332,073)</b>

# Caribbean Broadcasting Corporation

## Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

### 23 Financial risk management ...continued

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

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
<b>At December 31, 2011</b>					
Bank overdraft	4,953,721	—	—	—	4,953,721
Accounts payable and accrued liabilities	8,959,307	—	—	—	8,959,307
Long term loans	3,209,148	5,913,092	7,593,138	11,958,618	28,673,996
Total liabilities (contractual maturity dates)	17,122,176	5,913,092	7,593,138	11,958,618	42,587,024
Cash on hand and at bank	1,600,190	—	—	—	1,600,190
Accounts receivable	6,626,179	—	—	—	6,626,179
Assets held for managing liquidity (contractual maturity)	8,226,369	—	—	—	8,226,369
<b>Liquidity gap</b>	<b>(8,895,807)</b>	<b>(5,913,092)</b>	<b>(7,593,138)</b>	<b>(11,958,618)</b>	<b>(34,360,655)</b>

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

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

The Corporation's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest rate risk. To manage against interest rate risk, the Corporation negotiates the best rates possible.

At December 31, 2012, if interest rates on variable rate borrowings had been 1% higher or lower, with all other variables held constant, net income for the year would have been \$368,101 (2011 - \$245,857) lower or higher, mainly as a result of higher or lower finance costs on floating rate borrowings.

# Caribbean Broadcasting Corporation

Notes to Financial Statements

December 31, 2012

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(expressed in Barbados dollars)

## 23 Financial risk management ...continued

### f) Fair values

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

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

### g) Capital risk management

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



# **Caribbean Broadcasting Corporation**

Additional Information to Financial Statements

**December 31, 2012**

(expressed in Barbados dollars)

# Caribbean Broadcasting Corporation

Index to the Additional Information  
For the year ended December 31, 2012

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(expressed in Barbados dollars)

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# Caribbean Broadcasting Corporation

## Statement of Revenue

For the year ended December 31, 2012

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(expressed in Barbados dollars)

	2012	2011
	\$	\$
<b>Revenue</b>		
Radio	4,359,815	4,155,154
MCTV	37,961,899	37,082,656
Television	4,285,279	4,317,845
Administration	1,176	—
	<hr/> 46,608,169	<hr/> 45,555,655
<b>Other income</b>		
Gain on disposal of asset	9,300	42,821
Other income	787,314	771,583
	<hr/> 796,614	<hr/> 814,404
	<hr/> 47,404,783	<hr/> 46,370,059

# Caribbean Broadcasting Corporation

Statement of Income and Expenditure - STV/MCTV Department

For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012	2011
	\$	\$
<b>Income</b>		
Installations	338,822	413,294
Other income	253,312	293,183
Pay per view	332,835	422,298
Reconnections	150,528	179,197
Subscriptions	37,139,714	36,067,867
	<u>38,215,211</u>	<u>37,375,839</u>
<b>Expenses</b>		
Advertising	24,753	75
Bad debt expense	573,228	559,983
Circuitry	24,920	32,760
Depreciation	2,518,159	2,380,826
Installation expenses	666,186	607,148
General expenses	4,119	6,182
Local travel and entertainment	7,818	9,012
Membership dues	4,267	6,620
Office expenses	643,689	750,577
Overseas travel and conferences	6,905	6,851
Performers' (Freelance and Talent) fees	3,900	15,710
Professional services	393,476	751,704
Programming costs	13,328,084	12,872,669
Rent and accommodation	352,970	252,210
Repairs and maintenance	246,447	208,591
Royalties and rights	40,148	-
Staff costs	2,319,788	2,342,120
Training	1,300	2,563
Utilities	374,165	375,889
Vehicle expenses	70,049	74,724
	<u>21,604,373</u>	<u>21,256,214</u>
<b>Operating surplus for the year</b>	<u>16,610,838</u>	<u>16,119,625</u>

# Caribbean Broadcasting Corporation

## Statement of Income and Expenditure - Television Department

For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012	2011
	\$	\$
<b>Revenue</b>		
Airtime	6,705,680	5,798,250
Commercial production	27,225	13,666
Miscellaneous	154,225	78,861
Programme material	17,121	50,696
	<hr/>	<hr/>
	6,904,251	5,941,473
Less: GIS 10% Airtime Inventory	2,234,263	1,269,510
Agency and Rep. Comm.	230,483	275,257
	<hr/>	<hr/>
	4,439,505	4,396,706
<b>Expenses</b>		
Advertising	430,092	197,275
Bad debt expense	190,586	85,886
Circuitry	837	6,365
Depreciation	280,471	225,485
General expenses	14,595	13,121
Local travel and entertainment	(829)	17,803
Membership dues	17,351	9,207
Office expenses	196,942	227,810
Overseas travel and conferences	64,059	62,910
Performers' (Freelance and Talent) fees	506,804	460,715
Professional services	156,148	139,467
Programming costs	2,118,600	1,672,217
Rent and accommodation	35,898	73,398
Repairs and maintenance	294,333	276,251
Royalties and rights	877,646	299,258
Staff costs	8,406,352	9,388,998
Training	3,883	11,530
Utilities	200,093	200,400
Vehicle expenses	84,734	92,485
	<hr/>	<hr/>
	13,878,593	13,460,581
<b>Operating deficit for the year</b>	<hr/>	<hr/>
	(9,439,088)	(9,063,875)

# Caribbean Broadcasting Corporation

## Statement of Income and Expenditure - Radio Department

For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012	2011
	\$	\$
<b>Revenue</b>		
Airtime	4,822,799	4,523,668
Commercial production	33,780	25,211
Miscellaneous	61,781	24,626
Programme material	428	-
Obituaries	909,875	921,699
	<u>5,828,663</u>	<u>5,495,204</u>
Less: GIS 10% Airtime Inventory	1,209,561	1,098,394
Agency and Rep. Comm.	197,505	217,030
	<u>4,421,595</u>	<u>4,179,780</u>
<b>Expenses</b>		
Bad debt expense	157,298	77,181
Circuitry	359	7,196
Depreciation	45,659	37,887
General expenses	100	(233)
Local travel and entertainment	(148)	159
Membership dues	1,709	1,709
Office expenses	2,394	7,954
Overseas travel and conferences	311	-
Performers' (Freelance & talent ) fees	115,405	112,115
Professional fees	8,340	8,060
Programming costs	185,824	129,533
Rent and accommodation	3,500	1,250
Repairs and maintenance	35,844	21,766
Royalties and rights	149,289	(46,061)
Staff costs	1,059,309	1,057,451
Utilities	29,633	25,469
Vehicle expenses	9,323	10,395
	<u>1,804,149</u>	<u>1,451,831</u>
<b>Operating surplus for the year</b>	<u>2,617,448</u>	<u>2,727,949</u>

# Caribbean Broadcasting Corporation

Statement of Income and Expenditure - Administration Department

For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012 \$	2011 \$
<b>Income</b>		
Airtime	1,176	-
Miscellaneous	327,295	417,734
	<u>328,471</u>	<u>417,734</u>
<b>Expenses</b>		
Advertising	46,726	37,242
Bad debts	1,554	1,303
Circuitry	30,720	29,820
Depreciation	1,211,756	1,181,889
Foreign exchange gain	20,211	439
General expenses	3,851	9,962
Impairment of investment	98,346	85,004
Insurance	927,240	931,209
Land tax	101,708	104,390
Local travel and entertainment	(913)	2,397
Membership dues	41,720	42,494
Office expenses	721,523	715,789
Overseas travel and conferences	3,425	5,470
Performers' (Freelance and Talent) fees	67,222	57,414
Professional services	491,076	403,478
Rent and accommodation	171,996	162,879
Repairs and maintenance	425,370	320,143
Security	376,005	396,910
Staff costs	6,614,429	7,174,002
Training	54,113	47,924
Utilities	1,794,416	1,665,785
Vehicle expenses	89,134	93,129
	<u>13,291,628</u>	<u>13,469,072</u>
<b>Operating deficit for the year</b>	<u>(12,963,156)</u>	<u>(13,051,337)</u>