

BARBADOS AUDIT OFFICE



REPORT

of the

AUDITOR GENERAL

on the

Financial Statements

of the

Government of Barbados

2012-2013

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March 31, 2014

His Honour The Speaker
The House of Assembly
Parliament Building
BRIDGETOWN

Dear Sir,

In accordance with Section 22 (5) of the Financial Management and Audit Act, 2007 - 11, I forward for laying before the House of Assembly the Financial Statements of the Government prepared by the Accountant General for the financial year ended March 31, 2013, along with my opinion on the statements.

The audited financial statements submitted form part of my Report prepared in accordance with Section 113 (3) of the Constitution of Barbados and Section (38) of the Financial Management and Audit Act, 2007-11.

A copy of the Report is transmitted to the Senate for information, in accordance with Section 38 (6) of the above mentioned Act.

Yours faithfully,

LEIGH E. TROTMAN
Auditor General



AUDITOR GENERAL'S OFFICE



REPORT OF THE AUDIT OF THE ACCOUNTS OF THE ACCOUNTANT GENERAL FOR THE FINANCIAL YEAR ENDED MARCH 31, 2013

In accordance with Section 36 of the Financial Management and Audit Act, 2007 - 11, I have audited the Statement of Financial Position of the Government of Barbados as at March 31, 2013 and the Statement of Financial Performance and Cash Flow for the year ended. These financial statements are the responsibility of the Accountant General. My responsibility as required by Section 36 (2) (c) of this Act is to express an opinion on these statements based on my audit.

The audit has been conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) auditing standards. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements of Barbados are free of material misstatement. Audit procedures include examining, on a test basis, evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies used, as well as evaluating the overall financial statement presentation.

There were inadequate supporting schedules in respect of Receivables of \$617 million and Other Capital Assets of \$1.9 billion, and as a result these amounts could not be verified. In a number of instances revenue was not reported on an accrual basis. In addition, the pension's liability for Government employees was not fully disclosed, and there was not consolidation of a number of state entities in the accounts as required by the International Public Sector Accounting Standards.

In my opinion, because of the effects of the matters outlined in the preceding paragraph, the financial statements referred to above are not presented fairly in conformity with the International Public Sector Accounting Standards.

Additional information and comments on these financial statements can be found in Chapter 2 of my Annual Report.

LEIGH E. TROTMAN
Auditor General

2014-03-31

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Government of Barbados
Consolidated Fund
Statement of Financial Performance
For the Year Ended March 31, 2013

	Approved Budget	Revised Budget	Actual	Actual
Notes	2013 \$	2013 \$	2013 \$	2012 \$
Revenues				
Taxation:				
Goods and Services	1,267,185,517	1,166,238,787	1,130,717,477	1,272,018,422
Income and Profits	834,607,665	725,018,957	746,241,149	772,195,428
Property	149,309,537	151,386,051	146,546,782	147,646,945
International Trade	212,000,000	199,615,230	201,185,149	195,613,971
Other	14,100,000	11,673,404	11,204,038	11,264,544
Total Taxation Revenue	2,477,202,719	2,253,932,429	2,235,894,595	2,398,739,309
Non-Taxation:				
Special Receipts	4,480,000	2,803,085	447,337	1,012,812
Levies, fees, fines and penalties	49,160,343	44,662,949	39,084,158	44,570,993
Investment Income	56,689,139	44,518,076	49,258,092	45,376,125
Other	45,870,532	42,297,337	68,989,499	92,284,123
Grant Income	20,500,000	32,515,704	33,518,190	15,914,560
Total Non-Tax Revenue	176,700,014	166,797,151	191,297,276	199,158,613
Total Revenue	2,653,902,733	2,420,729,580	2,427,191,871	2,597,897,922
Expenditure				
Operating Expenses:				
Payroll and Employee benefits	884,965,747	897,942,977	881,431,063	868,687,159
Goods and Services	432,731,003	484,120,300	443,307,515	439,149,514
Depreciation Expense	25,000,000	25,000,000	51,755,010	52,534,521
Bad Debt Expense	17,021,947	17,021,947	8,401,423	8,223,332
Loss on Investments	-	-	7,414,793	1,900,678
Total Operating Expenses	1,359,718,697	1,424,085,224	1,392,309,803	1,370,495,204
Current Transfers:				
Retiring Benefits and Allowances	240,624,537	277,438,321	269,729,104	235,681,641
Subscriptions and Contributions	23,920,007	24,031,307	22,630,941	25,019,268
Grants	715,675,125	853,792,861	843,315,924	701,390,394
Subsidies	37,900,314	99,164,543	98,016,882	58,658,723
Total Current Transfers	1,018,119,983	1,254,427,032	1,233,692,851	1,020,750,026



Government of Barbados

Consolidated Fund

Statement of Financial Performance

For the Year Ended March 31, 2013

	Approved Budget 2013 \$	Revised Budget 2013 \$	Actual 2013 \$	Actual 2012 \$	
Capital Transfers:					
Grants	4	49,331,282	57,944,007	49,758,895	54,108,294
Subscriptions and Contributions		-	-	-	500,000
Total Capital Transfers		49,331,282	57,944,007	49,758,895	54,608,294
Debt Service					
Interest Expense		551,460,279	586,136,369	565,047,575	527,213,136
Expenses of Loans		3,585,007	4,895,857	3,936,285	3,596,403
Total Debt Service	5	555,045,286	591,032,226	568,983,860	530,809,539
Total Expenditure		2,982,215,248	3,327,488,489	3,244,745,408	2,976,663,062
Consolidated Fund (Surplus) Deficit		328,312,515	906,758,909	817,553,537	378,765,140
Annex Revenue		24,116,830	22,387,563	21,428,644	25,504,723
Annex Expenditure		31,795,718	31,795,718	29,975,732	29,489,500
Total Annex - Net Deficit (Surplus)		7,678,888	9,408,155	8,547,087	3,984,778
Total Consolidated Fund (Surplus) Deficit (incl. Annex)		335,991,403	916,167,064	826,100,625	382,749,918

The accompanying notes form an integral part of these financial statements



Government of Barbados
Consolidated Fund
Statement of Financial Position
At March 31, 2013

	Notes	Actual Mar-13	Restated Mar-12
Current Assets		1,327,304,910	1,365,891,511
Financial Assets		1,326,755,905	1,365,099,372
Cash and bank	6	99,003,006	311,569,534
Investments - Fund accounts	7	685,094	74,422
Receivables (Net)	8	1,057,995,894	884,271,301
Restricted cash and cash equivalents	9	169,071,911	169,184,115
Non-Financial Assets		549,005	792,139
Inventories		549,005	792,139
Non-Current Assets		4,520,628,778	4,246,487,427
Sinking Fund Assets	9	844,574,665	752,199,538
Investments	10	291,303,136	230,144,394
Loans to individuals and agencies	11	409,565,427	300,368,497
Receivables - Public Officers	12	22,235,901	22,031,664
Land	13	1,406,199,270	1,401,862,259
Other capital assets (Net)	13	1,546,750,378	1,539,881,076
Total Assets		5,847,933,687	5,612,378,938
Liabilities			
Current Liabilities			
Overdraft Facility		262,206,375	244,596,409
Accounts Payable		118,692,959	62,005,185
Paymaster account		198,158,958	130,136,368
Due to other Governments & agencies	14	99,122,939	118,274,196
Pension Liability	14	7,558,647	6,898,305
Short Term debt	15	2,317,371,026	1,666,405,535
Total Current Liabilities		3,003,110,904	2,228,315,997
Long-term Liabilities			
Debt	15	7,252,809,224	6,963,382,687
Trust Funds		5,934,571	6,388,924
Special Funds		156,055,654	162,276,873
Total Long term Liabilities		7,414,799,449	7,132,048,484
Total Liabilities		10,417,910,353	9,360,364,481
NET ASSET/EQUITY		(4,569,976,666)	(3,747,985,543)
Net Asset/Equity			
Accumulated Deficit		(4,627,381,347)	(3,805,390,223)
Revaluation Reserve		57,404,680	57,404,680
Total Net Asset/Equity		(4,569,976,667)	(3,747,985,543)
NET DEBT		7,523,475,319	6,690,521,017

The accompanying notes form an integral part of these financial statements



Government of Barbados
Consolidated Cash Flow Statement
For the Month Ended March 31, 2013

2012 / 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Taxation	2,191,998,471
Sale of goods and services	21,428,644
Grants	33,518,190
Interest received	49,258,092
Other receipts	115,935,786
Total Receipts	2,412,139,183

Payments

Employee costs	(881,431,063)
Superannuation	(269,729,104)
Suppliers	(416,352,337)
Interest paid	(568,983,860)
Other payments	(1,021,137,434)
Total Payments	(3,157,633,797)
Net cash flows from operating activities	(745,494,614)

CASH FLOWS FROM INVESTING ACTIVITIES

(Acquisition) Disposal of Capital Assets	(57,489,371)
(Increase) Decrease in Investments	(166,952,972)
(Increase) Decrease in funding to Broader Public Sector Organisations	(242,125,218)
Net cash flows from investing activities	(466,567,561)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from borrowings	1,516,396,870
Repayment of borrowings	(558,394,874)
Increase (Decrease) in other liabilities	41,493,651
Net cash flows from financing activities	999,495,647

Net increase / (decrease) in cash and cash equivalents	(212,566,528)
Cash and cash equivalents at beginning of year	311,569,534
Cash and cash equivalents at end of year	99,003,006

Notes to the Cash Flow Statement



(a) Reconciliation of Net Cash Flows from Operating Activities to Net Surplus / (Deficit) from Ordinary Activities

Surplus / (Deficit) from ordinary activities	(826,100,625)
Non-cash movements	
Depreciation Expense	51,755,010
Bad Debt Expense	8,401,423
Loss (Gain) on sale of Investment	7,414,793
(Increase) decrease in receivables	(43,895,598)
Increase (decrease) in Accrued Liabilities	56,687,775
(Increase) decrease in Inventories	243,135
Net cash flows from operating activities	<u><u>(745,494,088)</u></u>

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	Mar-12	Mar-13
Cash on hand and balances with banks	311,569,534	99,003,006
Short-term investments	-	-
	311,569,534	99,003,006
	311,569,534	99,003,006

(C) Capital Asset Acquisition

During the period, the Government of Barbados acquired the following by means of cash payments:

Land	4,337,012
Machinery and Equipment	3,789,972
Furniture and Fixtures	1,368,968
Software	1,645,188
Property and Plant	23,188,684
Motor Vehicles	4,764,106
Assets under construction	18,395,441
Total Capital Asset Acquisitions	<u><u>57,489,371</u></u>



Government of Barbados
Statement of Change in Net Asset/Equity
For the Year ended March 31, 2013

	Accumulated Surpluses	Other reserves	Translation Reserve	Acquisition clearing account - Prior Years	Total
Balance at March 2012					3,747,985,543
Changes in accounting policy	-				-
Correction of error of estimate		-			-
Prior Year Adjustment				(4,109,500)	(4,109,500)
	-	-	-	(4,109,500)	3,743,876,043
Changes in Consolidated Fund for 2013					
Gain on property revaluation					-
Increases in Capital assets					-
Loss on revaluation of investments	7,414,793				7,414,793
Exchange differences	843,402				843,402
Net (revenue)/expenditure recognised in Net Asset/Deficit	8,258,194				8,258,194
(Surplus)/Deficit for the period	817,842,430				817,842,430
Total recognised revenue and expenses	826,100,625	-	-	-	826,100,625
Balance at March 2013					4,569,976,667

SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Financial Statements of the Government of Barbados are prepared in accordance with the requirements of the Financial Management and Audit Act 2007 and with the accounting principles for government set out by the International Public Sector Accounting Standards Board.

The reporting entity relates only to Government ministries and departments including the General Post Office.

Reporting Currency

All information presented in the Financial Statements is presented in Barbados Dollars. Rounding is to the nearest dollar value.

Accounting Policies

These financial statements comply with generally accepted accounting practice. The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated.

Transitional Provisions

Transitional provisions allowed by the International Public Sector Accounting Standards (IPSAS) have been applied as appropriate for the allowable five year period commencing April 1, 2007. These provisions allow an entity additional time to meet the full requirements of a specific accrual-based IPSAS or provide relief from certain requirements when initially applying an IPSAS.

Transitional provisions have been applied with respect to Capital assets (IPSAS 17), Foreign Exchange rate differences (IPSAS 4) and Non-exchange Revenue: Taxes on Income and Profits, Goods and Services and Fees and Fines (IPSAS 23).

Reporting and forecast period

The reporting and budget period for these financial statements is the year April 1, 2012 to March 31, 2013.

Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount.

The preparation of the financial Statements in accordance with IPSAS requires management to make estimates and assumptions that would affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the period.

Uncertainty related to the accrual for personal income tax, corporation tax and value added tax arises because of the possible differences between the estimated and actual economic growth and the impact of future tax assessments on tax receivable. Uncertainty in the value of tangible capital assets exists because estimates of historical cost are used and because of differences between estimated useful life and actual useful lives.

Estimates are based on best information available at the time of preparation of the financial statements. Actual results may differ from these estimates. The significant accounting policies adopted in the preparation of these financial statements are as follows:

(a) Revenue

Revenues are recognized in the fiscal year that the events, in which related events occur. Amounts received prior to the end of the year that relate to revenues that will be earned in a subsequent year are treated as liabilities.

Non-exchange Revenue

The Government provides many services and benefits that do not give rise to revenue. Further, payment of tax does not, of itself, entitle the tax payer to an equivalent value of services or benefits as there is no direct relationship between paying tax and receiving services and transfers.

Such revenue is received through the exercise of the Crown's sovereign power. IPSAS 23, "Revenue from Non-Exchange Transactions" is applied in accounting for such revenues.

Revenue Type	Revenue recognition point
<i>Income and Profits:</i>	
Income Tax (source deductions)	When an individual earns income that is subject to PAYE
Corporation Tax	When payment is made, with accrual of taxes due for the year at end of year
Withholding Tax	When an individual is paid interest or dividends subject to the deduction at source
<i>Goods and Services:</i>	
Value Added Tax	When the assessment is raised or the undertaking of taxable Activity during the period by the tax-payer.
Highway revenue	When payment of the fee or charge is made.
Excise Duties	When Goods are subject to duty
Levies	When payment of the levy is made
Other Direct Taxes	When the debt to the Crown arises

Revenue Earned through operations

Government may earn some of its revenue in exchange for the provision of goods and services to third parties. This type of revenue is classified as revenue earned through operations and is recognized when the goods or services are provided.

Investment Income

Investment income is recognized in the period in which it is earned.

Premiums and discounts

Premiums arising on the issue of a debt instrument are treated as a reduction of the finance cost. Premiums and discounts are recognized in the Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

Gains

Realised gains from the sale of fixed assets or the early repurchase of liabilities are recognized in the Statement of Financial Performance in the period in which the transaction occurs.

Un-realised gains arising from changes in the value of property, plant and equipment are recognized in the Statement of Financial Performance to the extent that a gain reverses a loss previously charged to the Statement of Financial Performance. Otherwise gains are credited to an asset revaluation reserve for the class of asset.

Un-realised foreign exchange gains on monetary assets and liabilities are recognized in the Statement of Financial Performance.

(b) Expenses

Expenses are recognized in the fiscal year that the events to which they relate occur and resources are consumed. Expenses include;

- accounts payable accrued
- transfer payments
- interest accruing on debt
- pension and other employee benefits
- the amortization of tangible capital assets

Retiring Benefits and allowances

Retiring benefits though statutory in nature are not a right of the employee. The expense associated with Retiring benefits is therefore reported when the amount payable becomes known and approved.

Grants and subsidies

Grants and subsidies are discretionary until payment; the expense is recognized when the payment is made.

Discounts and Premiums

Discounts arising on the issue of a debt instrument are treated as an increase of the finance cost.

Premiums and discounts are recognized in the Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

Losses

Realised losses arising from the sale of fixed assets or the early repurchase of liabilities are recognized in the Statement of Financial Performance in the period in which the transaction occurs.

Un-realised losses arising from changes in the value of property, plant and equipment are recognized at balance sheet date. Un-realised losses are first applied against any revaluation reserve for that asset class. The balance, if any, is charged to the Statement of Financial Performance.

Un-realised foreign exchange gains on monetary assets and liabilities are recognized in the Statement of Financial Performance.

Foreign Currency Transactions

Transactions in foreign currency are translated into Barbados dollars using the exchange rate on the dates of the transactions. Exchange rate differences arising on settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

Currency exchange rates are determined by reference to the Central Bank of Barbados and to International Financial Institutions where appropriate.

Depreciation

Depreciation is charged on a straight line basis calculated to allocate the cost or valuation of an item of property, plant and equipment over the estimated useful life. Typically the estimated useful lives of different classes of property plant and equipment are as follows:

Heritage Assets:	not amortized
Buildings:	40 years
Machinery and Equipment:	5 to 15 years
Road Works, Bridges and Infrastructure:	20 to 40 years
Computer Hardware:	3 to 5 years
Computer Software:	1 to 5 years
Furniture, Fittings and Equipment:	5 to 10 years
Motor Vehicles:	3 to 10 years
Specialised Military Equipment:	3 to 20 years
Ships and Boats:	10 to 25 years
Aircraft	10 to 20 years

(c) Assets

Assets are resources controlled by the Government from which it will derive future benefits. Assets are recognized in the year the events giving rise to the government's control of the benefit occur.

Financial Assets

Financial assets are resources that can be used to discharge existing liabilities or finance future operations. They include cash, temporary investments, accounts receivable, loans receivable, advances, investments in government business enterprises.

Receivables and Advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash. A valuation allowance is recorded when collection of the receivable is considered doubtful.

Investments

Investments, including marketable securities held for investment purposes, are recorded at the lower of cost and fair value.

Inventories

Inventories are recorded at the lower of cost and net realizable value. Where inventories acquired are recorded at cost, the weighted average cost method is used.

Tangible Capital Assets

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to acquisition, design, construction, betterment or improvement of tangible capital assets. Estimated historical cost was used to record existing tangible capital assets if actual cost was unknown at April 1, 2007 when accounting for tangible capital assets was introduced.

As the Government is using a phased approach to the introduction of accrual accounting, all capital assets may not have been captured at April 1, 2007. Items which have been sought to be captured include tangible capital assets in the following categories; computers, equipment, machinery, vehicles and furniture, purchased between April 1998 and March 2007 and all lands and buildings owned by the government at March 31, 2007. It is intended that the remaining other tangible capital assets including road networks, bridges, traffic management systems, will be captured over the next four financial years ending March 2013.

Revaluations are carried out for the class of tangible capital assets noted below to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset. Classes of property, plant and equipment, where applicable, are revalued at least every three years.

Land and Buildings

Land and buildings are recorded at cost less accumulated depreciation on buildings. All lands are valued using the Comparative Method which relies on the analysis of recent transactions involving similar lands. Buildings are valued using the Depreciation Replacement Cost Method.

Maintenance and repair costs are recognized as an expense when incurred. Betterments and improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized.

(d) Liabilities

Liabilities are recorded to the extent that they represent obligations to outside parties as a result of transactions occurring prior to the end of the year.

Debt

Debt is comprised of Treasury Bills, commercial paper, medium and long term notes, bonds and debentures, tax reserve and tax refund certificates, savings bonds and loans. In the Statement of Financial Position, debt is recorded at nominal value.

Debt denominated in foreign currencies is recorded at the Barbados dollar equivalent using the rates of exchange established in the loan agreements where appropriate. Other foreign currency debt is translated to Barbados dollars at year-end rates of exchange and any exchange gains or losses recognized in the year they arise.

Leases

Finance leases transfer to the Government as lessee substantially all the risks and rewards incident on the ownership of the leased asset. The obligations under such leases are capitalized at present value of the minimum lease payments. The capitalized values are amortised over the period in which the Government expects to receive benefits from their use.

Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognized in a systematic manner over the term of the lease.

Leasehold improvements are capitalized and the cost is amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

Other liabilities

All other liabilities are recorded at the estimated obligation to pay.

(e) Contingent liabilities

Government has provided loan guarantees under the Guarantee of Loans (Companies) Act 1998-41 to a number of statutory corporations and private sector entities. These guarantees are for the payment of principal and interest. All balances have been confirmed, and are shown in Schedule 11. Where there are zero balances, there have been no disbursements as at March 2013.

The Act also requires a sinking fund to be established to assist with the repayment of these loans at maturity date. These funds are managed by the Central bank of Barbados on behalf of the Treasury and are carried in the financial statements under "Restricted Cash and Cash equivalents"

Other contingent liabilities relate to outstanding contracts for goods and services procured by Government ministries and departments; and litigations brought against the Crown by members of the public. .

(f) Comparatives

To ensure consistency with the current period, comparative figures have been restated where appropriate.

NOTES TO FINANCIAL STATEMENTS

1 Taxation Revenue

Income and Profits	Actual 2011 - 12	Revised Estimates 2012 - 13	Actual 2012 - 13
Individuals			
Individuals (Net)	420,102,429	361,924,955	397,394,497
Individuals (PAYE)	524,343,417		499,247,549
Refunds	(104,240,987)		(101,853,052)
Corporation			
Corporation Tax (Net)	285,934,227	288,587,089	268,651,199
Corporation Tax	306,822,738		278,524,347
Refunds	(20,888,511)		(9,873,148)
Withholding Tax:			
Withholding Tax (Net)	66,158,772	74,506,913	80,195,453
Withholding Tax	66,158,772		80,195,453
<i>Withholding Tax Non-residents</i>	3,399,650		9,803,955
<i>Withholding Tax on dividend income</i>	4,377,202		12,809,458
<i>Withholding Tax Residents</i>	58,381,921		57,582,040
Refunds	-		-
Total Income and Profits	772,195,428	725,018,957	746,241,149
Goods and Services			
VAT (Net)	998,513,248	888,773,615	879,034,519
Value Added Tax	1,026,238,669		932,241,242
Refunds	(27,725,421)		(53,206,723)
Excise Duty	160,976,558	159,669,919	141,233,759
Highway Revenue	55,056,060	62,949,550	55,006,181
Other	57,472,555	54,845,703	55,443,018
Total Goods and Services	1,272,018,422	1,166,238,787	1,130,717,477
Property Tax			
Land Tax (Net)	131,121,392	136,725,019	132,091,326
Land Tax	131,455,907		133,161,436
Refunds	(334,515)		(1,070,110)
Property Transfer Tax	16,525,553	14,659,524	14,455,457
Rent registration		1,508	
Total Property Tax	147,646,945	151,386,051	146,546,782
International trade			
Import Duties (Net)	195,297,845	199,615,230	200,848,899
Import Duties	211,305,106		217,201,947
Refunds	(16,007,260)		(16,353,048)
Tax on sugar imports	316,125		336,251
Total International Trade	195,613,971	199,615,230	201,185,149
Other Indirect Taxation			
Stamp Duty	11,264,544	11,673,404	11,204,038
Total Indirect Taxation	11,264,544	11,673,404	11,204,038
Total Taxation Revenue	2,398,739,309	2,253,932,429	2,235,894,595

2 Operating Expenses

Personal Emoluments

Personal Emoluments include salaries, wages and allowances paid to the Governor General, Ministers of Government and public officers.

Personal Emoluments	Actual 2011 - 12	Revised Estimates 2012 - 13	Actual 2012 - 13
Statutory Personal Emoluments	628,853,776	638,046,367	626,201,884
Other Personal Emoluments	176,606,554	193,022,525	190,728,563
Employers' Contribution to NIS	63,226,828	66,874,085	64,500,617
Total	868,687,159	897,942,977	881,431,063

Goods and Services

Goods and Services relate to those expenses incurred in undertaking the functions and activities of entities included in the financial statements, excluding those expenses identified separately in the Statement of Financial Performance. Items disclosed separately below are required by Financial Reporting Standards.

Most items of Goods and Services represent expenses incurred in the normal course of operations.

Included in Operating Expense are prior year expenses of \$37,293,073.26.

Goods and Services	Actual 2011 - 12	Revised Estimates 2012 - 13	Actual 2012 - 13
Travel	8,692,560	10,403,638	8,780,671
Utilities	52,471,129	61,301,877	57,803,836
Rental of Property	44,568,175	62,580,210	57,929,601
Library Books & Publications	2,532,941	2,023,756	1,188,572
Supplies & Materials	59,287,489	70,450,247	63,361,392
Maintenance of Property	76,246,081	88,856,800	77,356,547
Operating Expenses	126,546,384	96,766,039	117,586,461
Structures	35,253,085	38,272,933	33,391,346
Professional Services	32,941,475	52,202,693	25,424,286
Contingencies	610,193	1,262,107	484,803
Total	439,149,514	484,120,300	443,307,515

Bad Debt Expense

A change in Bad debt policy was issued by the Director of Finance and Economic Affairs during financial year 2009/10.

It stipulates that the annual provision for Bad Debt will be made at a rate of 2 percent of outstanding receivables.

Further details of the Provision for Bad Debt can be found in Note 11.

Bad Debt Expense	Actual 2011 - 12	Revised Estimates 2012 - 13	Actual 2012 - 13
Bad Debt Expense	8,223,332	17,021,947	8,401,423

Depreciation Expense

	Actual 2011 - 12	Revised Estimates 2012 - 13	Actual 2012 - 13
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Depreciation Expense

All tangible capital assets, except land and assets under construction, are being amortised on a straight line basis over the estimated useful lives. The estimated useful lives have been set out in the accounting policies which form an integral part of these Notes to the Financial Statements.

Depreciation Expense	Actual 2011 - 12	Revised Estimates 2012 - 13	Actual 2012 - 13
<i>Buildings</i>	33,349,303		33,332,995
<i>Machinery and Equipment</i>	13,335,070		12,383,529
<i>Furniture</i>	294,303		254,279
<i>Infrastructure</i>	-		-
<i>Vehicles</i>	4,475,006		4,771,407
<i>Software</i>	1,080,839		1,012,799
Total	52,534,521	25,000,000	51,755,010

Loss on Investments

	Actual 2011 - 12	Revised Estimates 2012 - 13	Actual 2012 - 13
Loss on revaluation of shares	1,898,976		258,874
Loss on disposal of shares	1,702		7,155,918
Total	1,900,678		7,414,793
Total Operating Expenses	1,329,511,663	1,424,085,224	1,392,309,803

3 Retiring benefits**Retiring benefits and Allowances**

	Actual 2011 - 12	Revised Estimates 2012 - 13	Actual 2012 - 13
Retiring Benefits	188,989,882	198,908,942	198,768,488
Other Retiring Benefits	46,691,759	78,529,379	70,960,617
Total retiring benefits and allowances	235,681,641	277,438,321	269,729,104

Retiring benefits and allowances include pensions, and cost of living allowances paid to public officers under under Cap 25 of the Laws of Barbados and other related subsidiary legislation. It also includes the payment of ex-gratia awards and payments to legislative officers.

The Government of Barbados uses an unfunded defined benefit plan for the payment of superannuation benefits to its employees. Benefits are paid for by the Government as and when due. No assets are therefore being put aside to meet any obligations that may arise in the future.

4 Grants

Grants	Actual	Revised	Actual
	2011 - 12	Estimates 2012 - 13	2012 - 13
Grants to Public Institutions	650,501,447	797,464,797	783,773,003
Grants to Individuals	59,536,655	67,168,522	64,845,696
Grants to non-profit organisations	45,460,586	47,103,549	44,456,120
Total Grants	755,498,688	911,736,868	893,074,818

Grants include transfers made to statutory corporations, Boards and non profit organisations to assist with their day to day operations, plant refurbishment or other capital projects. Grants also include transfers to individuals under the Barbados Scholarship program managed by the Ministry of Education.

5 Debt Service Costs

Debt Service Expenses	Actual	Revised	Actual
	2011 - 12	Estimates 2012 - 13	2012 - 13
Interest Expense			
Domestic	379,066,870	431,137,351	418,394,533
Foreign	148,146,266	154,999,018	146,653,044
Total Interest Expense	527,213,136	586,136,369	565,047,576
Expenses of Loans	3,596,403	4,895,857	3,936,284
Total	530,809,539	591,032,226	568,983,860

Further details of debt service costs can be found in Schedule 6 of the Financial Statement

6 Cash

Cash and Bank As At March 31	Restated	
	2012	2013
Treasury Cash	7,339,949	4,097,081
Treasury Account	108,712,125	57,633,011
Post master General's cash	1,720,011	1,720,011
Mission Bank accounts	5,031,567	4,685,393
Schools' Bank accounts	4,389,626.42	3,260,848
Bank accounts - Projects	183,733,180	27,334,136
Crown Agents	643,076	272,525
Total	311,569,534	99,003,006

7 Investment - Fund Account

Investment - Fund Account As At March 31	Restated	
	2012	2013
Fixed Deposits	74,422	685,094
Total Investment - Fund Account	74,422	685,094

8 **Receivables**

Receivables (Net)	Restated	
As At March 31	2012	2013
Tax and Other Receivables		
Corporation Tax Receivable	67,603,856	65,750,837
Provision for Bad Debts	(1,352,137)	(1,352,137)
Corporation Tax Receivable (Net)	66,251,719	64,398,700
PAYE Tax Receivable	176,545,470	183,174,525
Provision for Bad Debts	(3,530,251)	(3,530,251)
PAYE Tax Receivable (Net)	173,015,219	179,644,274
VAT Receivable	362,133,942	379,284,782
Provision for Bad Debts	(7,242,679)	(7,585,696)
VAT Receivable (Net)	354,891,264	371,699,087
Import and Excise Duties Receivable	3,071,413	7,294,567
Provision for Bad Debts	(61,428)	(145,918)
Duties Receivable (Net)	3,009,985	7,148,649
Land Tax Receivable	176,731,367	189,698,518
Provision for Bad Debts	-	-
Land Tax Receivable (Net)	176,731,367	189,698,518
Highway Revenue Receivable	2,264,283	2,264,283
Provision for Bad Debts	(68,779)	(68,779)
Highway Revenue Receivable (Net)	2,195,505	2,195,505
Non Tax Revenue Receivables	7,237,101	5,376,753
Barbados Turf Club Receivables	201,927	201,927
Other Receivables	20,752,175	20,380,821
Total Tax and Other Receivables	804,286,261	840,744,233
Advances to Other Governments and agencies		
Advances to Other Governments	1,341,424	2,284,942
Pension Advances	462,684	480,638
Advances to statutory corporation	70,944,321	208,212,742
Other Receivables	5,112,052	6,273,340
Total advances to Other Governments and agencies	77,860,481	217,251,661
Total Receivables (Net)	882,146,741	1,057,995,894

No updated receivables information was received from the Inland Revenue Department.

Other receivables include an amount due for non-tax revenue.

Advances to Statutory Corporation comprise mainly of advances to The Transport Board, The Barbados Agricultural Management Company and The National Housing Corporation.

Other Advances to Statutory Corporations relates to sales on credit by the Central Purchasing Department. These are expected to be settled within a ninety day period.

9 Restricted cash

Restricted cash and cash equivalents	Restated	
	2012	2013
As At March 31		
Sinking Fund Assets	752,199,538	844,574,665
Trust Funds	988,440	1,014,747
Special Funds	168,195,675	168,057,164
Total	823,505,505	1,013,646,577

The financial assets above are restricted in their nature in that they are only available to meet specified purposes and are unavailable by statute or other reasons; for general use by the Crown. Ref Note 15

Sinking fund investments are held until maturity of the associated bond instrument, as such they are carried at cost in the financial statements. Sinking fund investments at the financial statement date were \$836,191,230.78 with a market value of \$843,559,925.91 while sinking fund cash was \$3,132.94

Sinking fund assets for contingent liabilities was \$7,195,227.62

Special funds include funds held and managed by the Treasury Department as well as special funds managed by the Central Bank of Barbados. Significant amounts include the Industrial Credit Fund which had assets of \$127,865,460.42 at the financial statement date.

10 Investments

Equity Investments	Restated	
	2012	2013
As At March 31		
Barbados National Bank Inc.	95,952,346	-
Insurance Corporation of Barbados Inc.	5,064,409	4,715,213
Whitepark Development Incorporated	-	133,337,685
Other Investments	19,227,597	26,961,525
LIAT	109,900,042	126,288,713
Total	230,144,394	291,303,136

Values shown are market values at March 31, based on listing on the Barbados Stock Exchange.

At March 31, 2013 the Government held 1,849,103 shares in the Insurance Corporation of Barbados at quoted trading price per share of \$2.55. This represented loss per share of \$0.14 over the value at March 2012.

Government traded 33,577 of ICBL shares and all the shares in Republic Bank (Barbados) Ltd during the financial year.

11 Loans to individuals and agencies As At March	Restated	
	2012	2013
Principal outstanding	258,261,311	380,811,492
Barbados Tourism Investment Inc.	141,500,000	141,500,000
Hotel and Resorts Ltd.	85,392,221	85,392,221
Fund Access	2,768,784	2,150,565
Clearwater Bay	-	124,329,766
Small Businesses - Enterprise Growth Fund	28,000,000	28,000,000
Fair Trading Commission	(80,967)	(1,100,613)
Parliamentarians and Registering Officers	681,272	539,553
Caves of Barbados	14,589,781	1,903,015
Interest accrued	54,704,409	55,532,083
Barbados Tourism Investment Inc.	19,351,206	19,351,206
Hotel and Resorts Ltd.	30,379,195	30,379,195
Fund Access	17,257	13,257
Small Businesses - Enterprise Growth Fund	4,956,750	5,788,425
Net Carrying Value		
Barbados Tourism Investment Inc.	160,851,206	160,851,206
Hotel and Resorts Ltd.	115,771,417	115,771,417
<i>Provision for Bad Debt</i>	<i>(29,331,667)</i>	<i>(36,331,667)</i>
Fund Access	2,786,042	2,163,821
Clearwater Bay	-	124,329,766
Small Businesses - Enterprise Growth Fund	32,956,750	33,788,425
Fair Trading Commission	(80,967)	(1,100,613)
Caves of Barbados	14,589,781	1,903,015
Southern Golf	2,000,000	2,000,000
Barbados Cricket Association	144,664	5,650,504
Parliamentarians and Registering Officers	681,272	539,553
Total loans to individuals and agencies	300,368,497	409,565,427

12 Receivables - Public Officers

Receivables - Public Officers As At March	Restated	
	2012	2013
Loans - Vehicle loans	20,287,383	20,497,339
Loans - Insurance Loans	4,743	1,837
Overdrawn salaries	1,739,538	1,736,725
Total Public officers Receivables	22,031,664	22,235,901

This balance include advances to public officers under the POLTA Scheme and amounts relating to overdrawn salaries being repaid by public officers.

13 Tangible Capital Assets

Tangible Capital Assets As at March 31	Restated 2012	2013
Gross carrying value		
Land (valuation)	1,401,862,259	1,406,199,270
Property and Plant	1,397,155,663	1,420,344,347
Machinery and Equipment	207,173,896	216,435,821
Furniture and Fixtures	11,673,716	13,042,684
Software	13,452,790	15,097,978
Motor vehicles	41,927,589	46,552,780
Infrastructure	74,337,217	74,337,217
Assets Under Construction	149,269,755	167,665,196
Total Gross Carrying Value	1,894,990,626	1,953,476,023
Accumulated Depreciation		
Property and Plant	259,968,806	293,304,883
Machinery and Equipment	65,843,246	78,272,413
Furniture and Fixtures	2,033,303	2,287,581
Software	3,867,029	4,893,432
Motor vehicles	23,397,167	27,967,336
Infrastructure	-	-
Total Accumulated Depreciation	355,109,550	406,725,645
Net Carrying Value		
Property and Plant	1,137,186,858	1,127,039,464
Machinery and Equipment	141,330,650	138,163,408
Furniture and Fixtures	9,640,414	10,755,103
Software	9,585,760	10,204,546
Motor vehicles	18,530,422	18,585,444
Infrastructure	74,337,217	74,337,217
Assets Under Construction	149,269,755	167,665,196
Net Carrying Value	1,539,881,076	1,546,750,378
Total Net Carrying Value	2,941,743,335	2,952,949,648

There are difficulties associated with obtaining an objective valuation for some of the Crown's assets. Therefore all assets are not shown in the Statement of Financial Position for the current financial year. Assets not included in the current year's financial statements will be included in the subsequent period as valuations and other information is obtained. Assets not reflected in the Statement of Financial Position include: road networks, national library collections, recreation facilities and conservation areas and heritage assets.

Land was revalued at March 31, 2011 based on the Commissioner of Land Tax Revaluation for 2011.

Opening balances and the associated accumulated depreciation relating to tangible capital assets were loaded at April 1, 2007. Total prior years accumulated depreciation reflected in the Financial Statements equals \$111,133,799.

14 Current Liabilities

Due to other Government and agencies As At March 31	Restated 2012	2013
Unclaimed and Undistributed monies	38,102,902	35,222,220
Other Governments	121,100	159,371
Special Purpose deposits	64,920,482	52,842,809
Deferred Revenue	12,393,213	7,888,971
Pensions Liability	6,898,305	7,558,647
School Deposits	2,736,499	3,009,567
Total Deposits	125,172,501	106,681,585

Pensions Liability represents pensions which have been computed approved on behalf of retired public officers but payment had not yet been made.

15 Debt

Public Debt and Sinking Funds (\$millions) As At March 31	2013	Restated 2012	2013
Legal Authority	Amount	Amount Outstanding	
Local Loans Act	5,000.00	4,453.61	5,006.38
<i>Unamortized Bond Discount</i>		19.38	18.27
External Loans Act Cap 94		1,360.96	1,305.72
Caribbean Devopment Bank Cap 97A		211.14	198.89
Inter American Development Bank Cap 97B		485.94	467.13
Special Loans Act Cap 105	1,500.00	760.91	723.04
Treasury Bills & Tax Certificates Cap 106	1,750.00	1,226.72	1,741.59
<i>Treasury Bills</i>		1,226.05	1,739.43
<i>Tax Reserve Certificates</i>		-	-
<i>Tax Refund Certificates</i>		0.67	2.16
Savings Bond Act 1980-30,	250.00	102.08	97.91
Contingent Liabilities taken over		47.79	47.79
Total Public Debt Outstanding		8,629.79	9,570.18

The Laws of Barbados require that sinking funds be established in respect of funds borrowed under the Local and External Loans Acts to assist with the retirement of such debt when due. The rates of contribution are 2% P.A. with respect to local loans and 2.5% P.A. on foreign loans. At March 31, 2013 market value of sinking fund assets was \$843,559,925.91

Debt balances represent the ending balances at March 31, 2013 after revaluation of foreign denominated using exchange rates at March 31. Debt is classified as Current and Long term in the financial statements, with current representing payments due within a twelve month period following the financial statement date. Total principal repayment on public debt for the year under review was as follows:

Debt repayments	Actual	Revised	Actual
	2011 - 12	Estimates 2012 - 13	2012 - 13
Domestic	193,605,999	303,691,192	299,481,657
Foreign	136,888,811	259,681,197	258,913,217
Total debt repayments	330,494,810	563,372,389	558,394,874

16 Foreign Currencies

All monetary amounts in these financial statements are expressed in Barbados dollars.

Exchange rates of the principal operating currencies to the Barbados dollar were as follows:

	Mar-12		Mar-13	
	closing rate	average rate	closing rate	average rate
United States dollar	2.0000	2.0000	2.0000	2.0000
Canadian dollar	2.0295	2.0350	1.9933	2.0379
British pound	3.2275	3.2280	3.0634	3.2020
Euros	2.6918	2.7840	2.5880	2.6092
Venezuelan bolivar fuerte	2.1500	2.1500	3.1500	2.6500
Swiss Francs	2.2045	2.2450	2.0969	2.1238

17 Rounding differences

The individual amounts making up totals on the schedules might have differences due to rounding errors.

