

# **BARBADOS AUDIT OFFICE**



## **REPORT**

**of the**

## **AUDITOR GENERAL**

**on the**

## **Financial Statements**

**of the**

## **Government of Barbados**

**2015-2016**



**REPORT**

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**AUDITOR GENERAL**

**on the**

**Financial Statements**

**of the**

**Government of Barbados**

**2015-2016**



**THE BARBADOS AUDIT OFFICE**  
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BARBADOS

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April 10, 2017

His Honour The Speaker  
The House of Assembly  
Parliament Building  
BRIDGETOWN

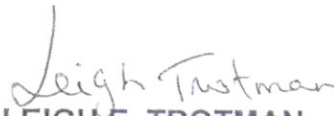
Dear Sir,

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 of Barbados prepared by the Accountant General for the financial year ended March 31, 2016, 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

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# AUDITOR GENERAL'S OFFICE BARBADOS



## Independent Auditors' Report

To the House of Assembly

I have audited the financial statements of the Government of Barbados which comprise of the Statement of Financial Position and the Statement of Financial Performance and Cash Flow for the year ended March 31, 2016, and a summary of significant accounting policies.

### The Accountant General's Responsibility for the Financial Statements

The Accountant General 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 as necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Adverse Opinion.

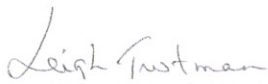
### Basis of Adverse Opinion

There were inadequate supporting schedules provided in respect of Capital Assets of \$1.624 billion, total tax Taxation Revenue of \$2,394 billion, total tax and Other Receivables of \$1,136 billion. There was also the omission of \$222, million in Payables. In addition, the pension's liability for Government employees was not disclosed, and there was no consolidation of state entities in the accounts as required by the International Public Sector Accounting Standards.

### Adverse Opinion

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 for 201

  
LEIGH E. TROTMAN  
Auditor General  
2017-04-10



Government of Barbados

Consolidated Fund

Statement of Financial Performance

For the Year Ended March 31, 2016

Notes	Approved Budget 2016	Revised Budget	Actual 2016	Actual 2015
	\$	\$	\$	\$
<b>Revenues</b>				
<b>Taxation:</b>				
Goods and Services	1,224,948,629	1,253,411,986	1,241,290,762	1,074,205,094
Income and Profits	768,302,477	790,142,381	723,479,380	666,099,851
Property	134,612,269	143,468,774	187,554,421	164,362,413
International Trade	211,550,262	218,600,142	231,645,642	223,668,698
Other	15,000,000	12,014,637	10,105,197	10,983,797
<b>Total Taxation Revenue</b>	<b>2,354,413,637</b>	<b>2,417,637,920</b>	<b>2,394,075,401</b>	<b>2,139,319,855</b>
<b>Non-Taxation:</b>				
Special Receipts	43,504,047	29,521,432	2,193,574	56,864,709
Levies, fees, fines and penalties	47,467,994	40,868,792	23,494,472	38,779,207
Investment Income	53,761,055	47,081,943	40,348,733	31,946,514
Other	18,412,721	112,353,298	81,443,530	98,342,727
Grant Income	38,000,000	21,142,693	18,115,893	57,530,814
<b>Total Non-Tax Revenue</b>	<b>201,145,817</b>	<b>250,968,158</b>	<b>165,596,202</b>	<b>283,463,971</b>
<b>Total Revenue</b>	<b>2,555,559,454</b>	<b>2,668,606,078</b>	<b>2,559,671,604</b>	<b>2,422,783,826</b>
<b>Expenditure</b>				
Payroll and Employee Benefits	824,831,884	841,891,771	787,141,063	803,753,188
Personal Emoluments	761,794,693	776,836,994	729,029,871	743,955,615
Employer Contributions	63,037,191	65,054,777	58,111,191	59,797,573
Goods and Services	392,010,691	451,278,076	405,655,093	356,942,991
Depreciation Expense	54,000,000	54,000,000	51,307,193	52,119,642
Bad Debt Expense	8,800,000	8,800,000	7,000,000	9,056,407
Loss on Investments	-	-	35,656,694	291,685
<b>Total Operating Expenses</b>	<b>1,279,642,575</b>	<b>1,355,969,847</b>	<b>1,286,760,043</b>	<b>1,222,163,913</b>
<b>Current Transfers:</b>				
Retiring Benefits and Allowances	283,296,640	326,662,340	313,950,773	292,243,130
Subscriptions and Contributions	21,009,943	21,543,911	19,937,961	19,380,687
Grants	681,406,986	801,049,515	790,066,427	758,818,485
Subsidies	29,307,661	59,158,726	60,547,955	49,422,580
<b>Total Current Transfers</b>	<b>1,015,021,230</b>	<b>1,208,414,492</b>	<b>1,184,503,116</b>	<b>1,119,864,882</b>



Government of Barbados

Consolidated Fund

Statement of Financial Performance

For the Year Ended March 31, 2016

	Approved Budget  2016	Revised Budget  \$	Actual  2016 \$	Actual  2015 \$
Capital Transfers:				
Grants	4 59,449,206	174,877, 583	171,594,436	58,448,794
Subscriptions and		9,000,000	5,000,000	50,637,555
Total Capital Transfers	59,449,206	183,877,583	176,594,436	109,086,349
Debt Service				
interest Expense	653,773,285	700,083,934	663,885,280	644,966,516
Expenses of Loans	6,198,100	6,125,781	5,965,057	20,361,856
Total Debt Service	5 659,971,385	706,209,715	669,850,337	665,328,371
Total Expenditure	<b>3,014,084,396</b>	<b>3,454,471,637</b>	<b>3,317,707,932</b>	<b>3,116,443,516</b>
Consolidated Fund (Surplus) Deficit	458,524,942	785,865,559	758,036,328	693,659,691
Annex <b>Revenue</b>	23,664,605	<b>18,545,970</b>	<b>22,584,993</b>	<b>23,591,582</b>
Annex Expenditure	29,631,730	28,979,610	27,144,770	27,603,447
Total Annex - Net Deficit (Surplus)	5,967,125	10,433,640	4,559,777	<b>4,011,865</b>
Total <b>Consolidated</b> Fund (Surplus) Deficit (incl. Annex)	464,492,067	796,299,199	762,596,105	<b>697,671,556</b>





Government of Barbados  
Consolidated Fund  
Statement of Financial Position  
For the Year Ended March 31, 2016

	Notes	Actual Mar-16	Actual Mar-15
Current Assets		2,048,080,424	<b>1,489,442,566</b>
<b>Financial Assets</b>		<b>2,047,645,751</b>	<b>1,488,945,801</b>
Cash and bank	6	112,998,987	3,951,272
Investments - Fund accounts	7	736,837	735,616
Receivables (Net)	8	1,773,069,531	1,314,232,763
Restricted cash and cash equivalents	9	160,840,395	170,025,150
Non-Financial Assets		434,673	<b>496,765</b>
Inventories		434,673	496,765
Non-Current Assets		4,587,702,172	<b>4,679,903,886</b>
Sinking Fund Assets	9	688,127,033	838,516,779
Investments	10	378,696,172	322,785,972
Loans to individuals and agencies	11	389,232,438	397,046,649
Receivables - Public Officers	12	16,671,207	19,364,912
Land	13	1,490,631,216	1,482,300,850
Other capital assets (Net)	13	1,624,344,106	1,619,888,724
<b>Total Assets</b>		<b>6,635,782,596</b>	<b>6,169,346,451</b>
Liabilities			
Current Liabilities			
Overdraft Facility		209,726,162	230,353,375
Accounts Payable		193,399,475	140,367,926
Paymaster account		358,823,531	357,978,245
Due to other Governments & agencies	14	290,193,838	362,792,814
Pension Liability	14	7,940,601	7,298,043
Short Term debt	15	3,731,805,237	3,309,853,570
<b>Total Current Liabilities</b>		<b>4,791,888,844</b>	4,408,643,973
Long-term Liabilities			
Debt	15	8,636,438,848	7,784,702,413
Trust Funds		3,914,372	4,217,943
Special Funds		164,063,842	169,691,136
<b>Total Long term Liabilities</b>		<b>8,804,417,062</b>	<b>7,958,611,492</b>
<b>Total Liabilities</b>		<b>13,596,305,906</b>	<b>12,367,255,465</b>
<b>NET ASSET/EQUITY</b>		<b>(6,960,523,310)</b>	<b>(6,197,909,014)</b>
Net Asset/Equity			
Accumulated Deficit		(6,840,873,134)	(6,078,258,838)
<b>Revaluation Reserve</b>		<b>(119,650,176)</b>	<b>(119,650,176)</b>
<b>Total Net Asset/Equity</b>		<b>(6,960,523,310)</b>	<b>(6,197,909,014)</b>
<b>NET DEBT</b>		<b>10,075,933,306</b>	<b>9,300,595,352</b>



Government of Barbados  
Consolidated Fund  
Consolidated Cash Flow Statement  
For the Year Ended March 31, 2016

2015 / 2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

**Receipts**

Taxation	2,336,297,760
Sale of goods and services	22,584,993
Grants	18,115,893
Interest received	40,348,733
Other receipts	142,788,269
<b>Total Receipts</b>	<b>2,560,135,649</b>

**Payments**

Employee costs	(787,141,063)
Superannuation	(313,950,773)
Suppliers	(379,706,413)
Interest paid	(669,850,337)
Other payments	(1,082,803,473)
<b>Total Payments</b>	<b>(3,233,452,059)</b>
<b>Net cash flows from operating activities</b>	<b>(673,316,410)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

(Acquisition) Disposal of Capital Assets	(64,110,941)
(Increase) Decrease in Investments	67,859,032
(Increase) Decrease in funding to Broader Public Sector Organisations	(397,402,857)
<b>Net cash flows from investing activities</b>	<b>(393,654,766)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from borrowings	1,967,211,971
Repayment of borrowings	(814,151,084)
Increase (Decrease) in other liabilities	22,958,004
<b>Net cash flows from financing activities</b>	<b>1,176,018,891</b>

<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>109,047,715</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,951,272</b>
<b>Cash and cash equivalents at end of year</b>	<b>112,998,987</b>



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

<b>Surplus / (Deficit) from ordinary activities</b>	<b>(762,596,105)</b>
<b>Non-cash movements</b>	
Depreciation Expense	51,307,193
Bad Debt Expense	7,000,000
Loss (Gain) on sale of Investment	35,656,694
(Increase) decrease in receivables	(57,777,641)
Increase (decrease) in Accrued Liabilities	53,031,358
(Increase) decrease in Inventories	62,092
(Increase) Decrease in Prior year Expenditure	-
<b>Net cash flows from operating activities</b>	<b>(673,316,410)</b>

**(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:

	<b>Mar-15</b>	<b>Mar-16</b>
Cash on hand and balances with banks	3,951,272	112,998,987
Short-term investments	-	-
	<b>3,951,272</b>	<b>112,998,987</b>

**(C) Capital Asset Acquisition**

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

Land	8,330,366
Machinery and Equipment	9,868,946
Furniture and Fixtures	795,506
Software	443,846
Property and Plant	4,450,464
Motor Vehicles	5,900,716
Assets under construction	34,321,097
<b>Total Capital Asset Acquisitions</b>	<b>64,110,941</b>





Government of Barbados  
Statement of Change in Net Asset /Equity  
For the Year ended March 31, 2016

	Accumulated Surpluses	Other reserves	Translation Reserve	Acquisition clearing account - Prior Years	Total
<b>Balance at March 2015</b>					<b>6,197,909,014</b>
Changes In accounting policy	-				
Correction of error of estimate		-			
Prior Year Adjustment				17,999	17,999
	-	-	-	17,999	<b>6,197,927,013</b>
<b>Changes in Consolidated Fund for 2015</b>					
Error in opening balance		191			191
Gain on property revaluation					
Increases In Capital assets					
Gain on investments	(291,685)				(291,685)
Exchange differences	35,656,694				35,656,694
<b>Net (revenue)/expenditure recognised</b>	<b>35,365,009</b>				<b>35,365,009</b>
(Surplus)/Deficit for the period	730,454,139				730,454,139
<b>Total recognised revenue and expenses for the year</b>	<b>765,819,148</b>				<b>765,819,148</b>
<b>Balance at March 2016</b>					<b>6,963,746,353</b>

## 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, 2007-11.

The Government reporting entity relates only to the ministries and departments including the General Post Office. It does not include all entities controlled by Government which are in receipt of budget support.

### Accounting Policies

The accrual basis of accounting has been used in preparing these financial statements unless otherwise stated. The accrual basis means that transactions and other events are recognized when they occur and not only when cash or its equivalent is received or paid. Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. Elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses. The measurement base applied is historical cost adjusted for revaluations of assets.

These financial statements do not comply with International Public Sector Accounting Standards (IPSAS). IPSAS offers Governments using the standards a period of three years in which to consolidate all of the accounts of the entities controlled by the Government of Barbados. This requirement has not been met.

Efforts are continuing to be made towards achieving full compliance with IPSAS.

### Reporting and forecast period

The reporting and budget period for these financial statements is the year April 1, 2015 to March 31, 2016.

### Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognised 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 recognised amount and another reasonably possible amount.

Measurement uncertainty in these financial statements and notes exists in the valuation of the value of tangible capital assets and the accruals for personal income tax, corporation tax and value added tax revenues.

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 and will be reviewed annually to reflect new information as it becomes available.

#### **(a) Revenue**

##### *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 taxpayer 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. Where possible such revenue is recognised when the debt to the Crown arises

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
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*

If revenue has been earned by the Government in exchange for the provision of Goods and Services to third parties, the Government receives its revenue through operations. Such revenue is recognised when it is earned.

#### *Investment Income*

Investment income is recognised 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 recognised 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 recognised 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 recognised 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 recognised in the Statement of Financial Performance.

#### **(b) Expenses**

Expenses are recognised in the period to which they relate.

#### *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 (on approval of the Governor General).

#### *Grants and Subsidies*

Grants and subsidies are discretionary until paid. The expense is recognised when 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 recognised 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 recognised 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 recognised at the 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 recognised 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 recognised in the Statement of Financial Performance.

Currency exchange rates are determined by reference to the Central Bank of Barbados.

#### *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 and investments in government business enterprises.

#### *Receivables and Advances*

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

#### *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.

#### *Investments*

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

#### *Items of Property, Plant and Equipment*

Items of property, plant and equipment which include buildings, motor vehicles and office equipment, are recorded at cost less accumulated depreciation.

Revaluations are carried out for the classes of property, plant and equipment 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 assets which are revalued, 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 Depreciated Replacement Cost Method.

#### **(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 comprises treasury bills, commercial paper, medium and long term notes, bonds and debentures, tax reserve certificates, 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 are 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 capitalised at present value of the minimum lease payments. The capitalised 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 recognised in a systematic manner over the term of the lease.

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

Pension liability is recorded for amounts computed and approved on behalf of retired public officers, but not yet paid. A better assessment of the true pension liability of the Government of Barbados is to be determined from a pensions study undertaken by a consultancy facilitated by the Economic Affairs Division of the Ministry of Finance and Economic Affairs.

#### *Other Liabilities*

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

#### **(e) Comparatives**

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



## Notes to the Financial Statements

## 1. Taxation Revenue

<b>Income and Profits</b>	<b>Actual 2014 - 15</b>	<b>Revised Estimates 2015 - 16</b>	<b>Actual 2015 - 16</b>
<b>Individuals</b>			
Individuals (Net)	440,647,591	494,620,531	433,249,659
Individuals (PAYE)	483,420,242		485,969,524
Refunds	(70,881,913)		(89,020,542)
Consolidation Tax	28,109,262	35,292,220	36,300,678
<b>Corporation</b>			
Corporation Tax (Net)	<b>156,155,780</b>	200,919,618	<b>224,731,123</b>
Corporation Tax	200,438,168		325,498,093
Refunds	(44,282,388)		(100,766,969)
<b>Withholding Tax:</b>			
Withholding Tax (Net)	<b>69,296,481</b>	59,310,012	<b>65,498,597</b>
Withholding Tax	69,296,481		65,498,597
Withholding Tax Non-residents	-		-
Withholding Tax on dividend income	-		-
Withholding Tax Residents	69,296,481		65,498,597
Refunds	-		-
<b>Total Income and Profits</b>	<b>666,099,851</b>	<b>790,142,381</b>	<b>723,479,380</b>
<b>Goods and Services</b>	806,085,763	881,394,051	924,750,654
Value Added Tax	882,703,547		939,746,831
Refunds	(76,617,783)		(14,996,177)
Excise Duty	135,899,922	208,814,717	168,964,363
Highway Revenue	46,594,620	60,615,274	62,147,801
Other	85,624,789	102,587,944	82,204,901
<b>Total Goods and Services</b>	<b>1,074,205,094</b>	<b>1,253,411,986</b>	<b>1,238,067,719</b>
<b>Property Tax</b>			
Land Tax (Net)	<b>146,888,880</b>	126,673,287	<b>172,669,832</b>
Land Tax	147,463,263		172,829,288
Refunds	(574,383)		(159,456)
Property Transfer Tax	17,473,533	16,794,987	14,884,589
Rent registration		500	
<b>Total Property Tax</b>	<b>164,362,413</b>	<b>143,468,774</b>	<b>187,554,421</b>
<b>International trade</b>			
Import Duties (Net)	223,428,254	218,600,142	230,432,184
Import Duties	231,636,053		236,029,231
Refunds	(8,207,799)		(5,597,047)
Tax on sugar imports	240,444		1,213,458
<b>Total International Trade</b>	<b>223,668,698</b>	<b>218,600,142</b>	<b>231,645,642</b>
<b>Other Indirect Taxation</b>			
Stamp Duty	10,983,797		10,105,197
<b>Total Indirect Taxation</b>	<b>10,983,797</b>	<b>12,014,637</b>	<b>10,105,197</b>
<b>Total Taxation Revenue</b>	<b>2,139,319,855</b>	<b>2,417,637,920</b>	<b>2,390,852,358</b>

Land Tax Rebates and Discounts of \$53,143,619.00 were granted for the financial year 2015/2016

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## 2 Operating Expenses

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

Personal Emoluments	Actual 2014 - 15	Revised Estimates 2015 - 16	Actual 2015 - 16
Statutory Personal Emoluments	591,514,325	607,278,004	579,595,430
Other Personal Emoluments	152,441,290	169,558,990	149,434,442
Employers's Contribution to NIS	59,797,573	65,054,777	58,111,191
<b>Total</b>	<b>803,753,188</b>	<b>841,891,771</b>	<b>787,141,063</b>

### 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 \$13,999,048.87

Goods and Services	Actual 2014 - 15	Revised Estimates 2015 - 16	Actual 2015 - 16
Travel	6,792,975	8,378,680	6,718,588
Utilities	50,430,979	56,952,798	49,101,943
Rental of Property	66,219,520	79,912,606	70,410,131
Library Books & Publications	841,977	1,109,065	751,605
Supplies & Materials	47,521,533	53,939,153	46,937,003
Maintenance of Property	63,091,367	84,264,421	73,039,823
Operating Expenses	89,439,344	105,454,734	119,503,909
Structures	1,814,350	4,005,864	1,540,178
Professional Services	30,623,582	54,456,255	35,439,067
Contingencies	167,365	2,804,500	2,212,847
<b>Total</b>	<b>356,942,991</b>	<b>451,278,076</b>	<b>405,655,093</b>

### 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 2014 - 15	Revised Estimates 2015 - 16	Actual 2015 - 16
Bad Debt Expense	9,056,407	8,800,000	7,000,000

**Depreciation Expense**

All tangible capital assets, except land and assets under construction, are being amortised on a straight line basis over their 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.

<b>Depreciation Expense</b>	<b>Actual 2014- 15</b>	<b>Revised Estimates 2015 - 16</b>	<b>Actual 2015 - 16</b>
<i>Buildings</i>	33,612,339		33,224,280
<i>Machinery and Equipment</i>	12,968,881		12,897,702
<i>Furniture</i>	338,990		332,608
<i>Infrastructure</i>	-		-
<i>Vehicles</i>	4,629,408		4,265,482
<i>Software</i>	570,024		587,121
<b>Total</b>	<b>52,119,642</b>	<b>54,000,000</b>	<b>51,307,193</b>
<b>Gain on Investments</b>	<b>Actual 2014- 15</b>	<b>Revised Estimates 2015 - 16</b>	<b>Actual 2015 - 16</b>
<i>Loss on revaluation of shares</i>	285,788	-	35,656,694
<i>Loss on disposal of shares</i>	5,897	-	
<b>Total</b>	<b>291,685</b>		<b>35,656,694</b>
<b>Total Operating Expenses</b>	<b>1,222,163,913</b>	<b>1,355,969,847</b>	<b>1,286,760,04</b>

**3 Retiring Benefits**

<b>Retiring Benefits and Allowances</b>	<b>Actual 2014-15 15</b>	<b>Revised Estimates 2015 - 16</b>	<b>Actual 2015 - 16</b>
<i>Retiring Benefits</i>	217,736,113	248,545,260	247,441,466
<i>Other Retiring Benefits</i>	74,507,017	78,117,080	66,509,306
<b>Total Retiring Benefits and Allowances</b>	<b>292,243,130</b>	<b>326,662,340</b>	<b>313,950,773</b>

Retiring benefits and allowances include pensions, and cost of living allowances paid to public officers 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

	Actual	Revised	
	2014- 15	Estimates	Actual
		2015 - 16	2015 - 16
<b>Grants to Public Institutions</b>	737,929,685	910,427,285	898,664,188
Grants to Individuals	47,930,181	29,358,540	28,491,217
Grants to non-profit organisations	31,407,413	36,141,273	34,505,458
<b>Total Grants</b>	<b>817,267,280</b>	<b>975,927,098</b>	<b>961,660,863</b>

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 individual under the Barbados Scholarship program managed by the Ministry of Education.

## 5 Debt Service Costs

## Debt Service Expenses

## Revised

	Actual	Estimates	Actual
	2014- 15	2015 - 16	2015 - 16
<b>Interest Expense</b>			
Domestic	479,267,868	519,525,067	498,590,503
Foreign	165,698,648	180,558,867	165,294,778
<b>Total Interest Expense</b>	<b>644,966,516</b>	<b>700,083,934</b>	<b>663,885,281</b>
Expenses of Loans	20,361,856	6,125,781	5,965,057
<b>Total</b>	<b>665,328,371</b>	<b>706,209,715</b>	<b>669,850,339</b>

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

## 6

<b>Cash and Bank</b>	<b>2015</b>	<b>2016</b>
<b>As At March 31</b>		
Treasury Cash	6,422,352	4,391,341
Treasury Account	(41,196,65	67,448,646
Post master General's cash	1,720,011	1,720,011
Mission Bank accounts	4,578,896	6,206,564
Schools' Bank accounts	5,013,903	6,592,005
Bank accounts - Projects	27,061,38	26,093,498
Crown Agents	351,386	546,922
<b>Total</b>	<b>3,951,272</b>	<b>112,998,987</b>

## 7 Investment - Fund Account

## Investment - Fund Account

## As At March 31

	<b>2015</b>	<b>2016</b>
Fixed Deposits	736,616	736,837
<b>Total Investment - Fund Account</b>	<b>736,616</b>	<b>736,837</b>

8 **Receivables****Receivables (Net)****As At March 31**

	2015	2016
<b>Tax and Other Receivables</b>		
Corporation Tax Receivable	64,780,412	74,305,035
Provision for Bad Debts	(1,290,458)	(1,290,458)
<b>Corporation Tax Receivable (Net)</b>	<b>63,489,954</b>	<b>73,014,577</b>
Income Tax Receivable	207,953,316	209,582,108
Provision for Bad Debts	(4,168,554)	(4,168,554)
<b>Income Tax Receivable (Net)</b>	<b>203,784,763</b>	<b>205,413,554</b>
VAT Receivable	474,690,223	541,448,770
Provision for Bad Debts	(10,185,009)	(10,185,009)
<b>VAT Receivable (Net)</b>	<b>464,505,214</b>	<b>531,263,761</b>
Import and Excise Duties Receivable	839,942	1,274,556
Provision for Bad Debts	(16,799)	(16,799)
<b>Duties Receivable (Net)</b>	<b>823,143</b>	<b>1,257,757</b>
Land Tax Receivable	243,145,022	295,210,880
Provision for Bad Debts	-	-
<b>Land Tax Receivable (Net)</b>	<b>243,145,022</b>	<b>295,210,880</b>
Highway Revenue Receivable	246,266	180,092
Provision for Bad Debts	(68,779)	(68,779)
<b>Highway Revenue Receivable (Net)</b>	<b>177,488</b>	<b>111,314</b>
Non Tax Revenue Receivables	4,121,784	4,599,013
Barbados Turf Club Receivables	201,927	201,927
Other Receivables	22,679,422	22,498,861
<b>Total Tax and Other Receivables</b>	<b>1,002,928,716</b>	<b>1,133,571,644</b>
<b>Advances to Other Governments and agencies</b>		
Advances to Other Governments	1,122,397	1,870,401
Pension Advances	537,492	573,400
Advances to statutory corporation	195,373,697	533,510,732
Other Receivables	114,270,460	100,328,785
<b>Total advances to Other Governments and agencies</b>	<b>311,304,046</b>	<b>636,283,318</b>
<b>Total Receivables (Net)</b>	<b>1,314,232,763</b>	<b>1,769,854,962</b>

Other receivables include an amount due for non tax revenue.

Advances to Statutory Corporation comprise mainly of advances to Barbados Port Inc., Barbados Tourism Investment, 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  
As At March 31**

	2015	2016
Sinking Fund Assets	838,516,77	688,127,03
Trust Funds	1,089,292	1,116,569
Special Funds	168,935,858	159,723,82
<b>Total</b>	<b>1,008,541,9</b>	<b>848,967,42</b>

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 \$828,462,858.66 with a market value of \$814,605,519.92 while sinking fund cash was \$18,245,568.20 Sinking fund assets for contingent liabilities was \$10,053,920.35

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 \$125,429,504.72 at the financial statement date.

10 **Investments**

**Equity Investments  
As At March 31**

	2015	2016
Barbados National Bank Inc.	--	
Insurance Corporation of Barbados Inc.	3,500,220	-
Whitepark Development Incorporated	133,337,68	133,337,685
Other Investments	43,214,919	100,700,154
LIAT	142,733,14	144,658,333
<b>Total</b>	<b>322,785,97</b>	<b>378,696,172</b>

As at March 31 2016 the Government of Barbados sold the remaining shares it held in the Insurance Corporation of Barbados for a total value of \$3,744,506.16.



11 Loans to individuals and agencies

<b>As At March</b>	<b>2015</b>	<b>2016</b>
<b>Principal outstanding</b>	<b>373,322,30</b>	<b>366,375,269</b>
Barbados Tourism Investment Inc.	141,500,00	141,500,000
Hotel and Resorts Ltd.	78,392,579	71,392,579
Fund Access	1,572,387	1,401,564
Clearwater Bay	124,329,7	124,329,766
Small Businesses - Enterprise Growth Fund	28,000,000	28,000,000
Fair Trading Commission	(1,244,363)	(1,111,365)
Parliamentarians and Registering Officers	771,934	862,726
Caves of Barbados	1,903,015	-
<b>Interest accrued</b>	<b>26,899,231</b>	<b>27,786,714</b>
Barbados Tourism Investment Inc.	19,351,206	19,351,206
Hotel and Resorts Ltd.	-	-
Fund Access	19,662	8,712
Small Businesses - Enterprise Growth Fund	7,528,363	8,426,796
<b>Net Carrying Value</b>		
Barbados Tourism Investment Inc.	160,851,20	160,851,206
Hotel and Resorts Ltd.	78,392,579	71,392,579
<i>Provision for Bad Debt</i>	<i>(12,952,8</i>	<i>(12,952,829)</i>
Fund Access	1,592,049	1,410,276
Clearwater Bay	124,329,7	124,329,766
Small Businesses - Enterprise Growth Fund	35,528,363	36,426,796
Fair Trading Commission	(1,244,363)	(1,111,365)
Caves of Barbados	1,903,015	-
Southern Golf	2,000,000	2,000,000
Needham Point	5,874,929	6,023,283
Parliamentarians and Registering Officers	771,934	862,726
<b>Total loans to individuals and agencies</b>	<b>397,046,69</b>	<b>389,232,438</b>

12 Receivables - Public Officers

<b>Receivables - Public Officers</b>	<b>2015</b>	<b>2016</b>
<b>As At March</b>		
Loans - Vehicle loans	15,262,124	13,959,254
Loans - Insurance Loans	9,110	10,765
Loans - Training Loans		8,473
Overdrawn salaries	4,093,678	2,692,715
<b>Total Public Officers Receivables</b>	<b>19,364,912</b>	<b>16,671,207</b>

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

### 13 Tangible Capital Assets

<b>Tangible Capital Assets</b>		
<b>As at March 31</b>	<b>2015</b>	<b>2016</b>
<b>Gross carrying value</b>		
Land (valuation)	1,482,300,850	1,490,631,216
Property and Plant	1,438,121,891	1,442,572,356
Machinery and Equipment	235,945,033	245,755,779
Furniture and Fixtures	14,536,918	15,332,424
Software	20,922,294	21,366,140
Motor vehicles	52,289,051	58,189,767
Infrastructure	88,501,370	88,501,370
Assets Under Construction	288,213,644	322,534,741
<b>Total Gross Carrying Value</b>	<b>2,138,530,201</b>	<b>2,194,252,576</b>
<b>Accumulated Depreciation</b>		
Property and Plant	367,882,755	401,107,959
Machinery and Equipment	104,264,380	117,176,398
Furniture and Fixtures	2,990,347	3,324,012
Software	6,236,627	6,823,748
Motor vehicles	37,267,369	41,476,351
Infrastructure	-	-
<b>Total Accumulated Depreciation</b>	<b>518,641,477</b>	<b>569,908,470</b>
<b>Net Carrying Value</b>		
Property and Plant	1,070,239,137	1,041,464,396
Machinery and Equipment	131,680,654	128,579,381
Furniture and Fixtures	11,546,571	12,008,412
Software	14,685,667	14,542,392
Motor vehicles	15,021,682	16,713,415
Infrastructure	88,501,370	88,501,370
Assets Under Construction	288,213,644	322,534,741
<b>Net Carrying Value</b>	<b>1,619,888,724</b>	<b>1,624,344,106</b>
<b>Total Net Carrying Value</b>	<b>3,102,189,574</b>	<b>3,114,975,322</b>

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. Information relating to road networks was not submitted by the Ministry of Public Works at the time of preparation of the financial statements.

Land was revalued at March 31, 2015 based on the Commissioner of Land Tax Revaluation for 2014.

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.

Capital assets reported in the financial statements does not include amounts relating to the secondary schools. Information is being compiled in relation to assets owned by the secondary schools and as soon as the information becomes available it would be reported in the financial statements. During the financial year 2015-2016, Government of Barbados entered into an agreement dated November 26, 2016, to borrow

\$76.0 million Barbados Currency from the National Insurance Board for the construction of a new Hastings/Worthing Police Station; a public centre complex at Cane Garden, St. Thomas; a Police Headquarters at the Pine, St. Michael and a police station and Magistrate's Court at Boarded Hall, St. George; the refurbishment of the former Barbados Water Authority Headquarters at the Pine, St. Michael and the Elaine Scantlebury Centre at Belleplaine, St. Andrew; repairs to the Old Male Barracks at Central Police Station and the former Black Rock Police Station; and renovations to the old Registration Department Building at Coleridge Street, St. Michael. At the time of preparation of the financial statements for the financial year 2015-2016, expenditures in the amount of \$5,715,361.99 relating to the assets being constructed under these projects had not been voted in the Estimates. These expenditures were therefore not included in the amounts reported on the face of the financial statements for financial year 2015-2016.

#### 14 Current Liabilities

##### Due to other Government and agencies

As At March 31	2015	2016
Unclaimed and Undistributed monies	204,381,32	89,779,638
Other Governments	102,805	119,952
Special Purpose deposits	139,870,57	169,890,499
Deferred Revenue	14,228,669	25,504,599
Pensions Liability	7,298,043	7,940,601
School Deposits	4,209,442	4,899,150
<b>Total Deposits</b>	<b>370,090,85</b>	<b>298,134,439</b>

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

The Investment Division of the Ministry of Finance and Economic Affairs is currently undertaking a consultancy to carry out a pensions study in order to give a better assessment the Government of Barbados' true pension liability.

#### 15 Debt

##### Public Debt and Sinking Funds (\$millions)

As At March 31	2016	2015	2016
<b>Legal Authority</b>	<b>Amount authorised</b>	<b>Amount Outstanding</b>	
Local Loans Act	6,500.00	5,373.37	5,937.63
<i>Unamortized Bond Discount</i>		<i>(17.79)</i>	<i>(32.02)</i>
External Loans Act Cap 94		1,212.65	1,120.00
Caribbean Development Bank Cap 97A		231.30	215.28
Inter American Development Bank Cap 97B		509.41	530.98
Special Loans Act Cap 105	2,500.00	1,203.33	1,152.59
Treasury Bills & Tax Certificates Cap 106	4,000.00	2,474.05	2,911.46
<i>Treasury Bills</i>		<i>2,472.15</i>	<i>2,910.15</i>
<i>Tax Reserve Certificates</i>		<i>-</i>	<i>-</i>
<i>Tax Refund Certificates</i>		<i>1.90</i>	<i>1.32</i>
Savings Bond Act 1980-30,	250.00	95.38	160.05
Contingent Liabilities taken over		12.87	202.27
Latin American Development Bank Act		-	170.00
<b>Total Public Debt Outstanding</b>		<b>11,094.56</b>	<b>12,368.24</b>

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, 2016 market value of sinking fund assets was \$619,376,004.00

Debt balances represent the ending balances at March 31, 2016 after revaluation of foreign denominated debt using exchange rates at March 31, 2016. 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 2014 - 15	Revised Estimates 2015 - 16	Actual 2015 - 16
Domestic	527,243,937	530,680,029	524,991,056
Foreign	111,485,561	363,063,883	289,160,028
<b>Total debt repayments</b>	<b>638,729,498</b>	<b>893,743,912</b>	<b>814,151,084</b>

**16 Net Debt**

Net Debt = Total liabilities - Current financial assets excluding inventory - Noncurrent assets excluding land and other capital assets. The net debt totals at March 31, 2015 and March 31, 2015 are shown as follows

	Mar-15	Mar-16
Total liabilities	12,367,255,46	13,596,305,906
Current financial assets excluding inventory	(1,488,945,801)	(2,044,422,708)
Non current assets excluding land and other capital assets	(1,577,714,312)	(1,472,726,850)
<b>Net Debt</b>	<b>9,300,595,352</b>	<b>10,079,156,34</b>

**17 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-15		Mar-16	
	closing rate	average rate	closing rate	average rate
United States dollar	2.0000	2.0000	2.0000	2.0000
Canadian dollar	1.5971	1.7850	1.5624	1.5498
British pound	3.0027	3.2702	2.9137	3.0571
Euros	2.1927	2.5722	2.2969	2.2376
Venezuelan bolivar	3.1500	3.1500	136.1200	11.1427
Swiss Francs	2.0671	2.1546	2.0760	2.0577

**18 Rounding differences**

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

**19 Other Contingent Liabilities**

Contingent liabilities in the amount of \$117,933,081.25 exist in relation to the Crown as reported by the Solicitor General as at March 31, 2016.

The Project Coordinator Barbados Competitiveness programme, Ministry of Education and Economic Affairs also reported contingent liabilities of \$3,682,321.79 as at March 31, 2016.

The Ministry of Housing, Lands and Rural Development reported contingent liabilities in the amount of \$80,027,912.00 relating to land and property acquisitions and vesting of property as at March 31, 2016.