

Annual Report and Audited Financial Statements

**CAVES OF BARBADOS LTD**

Year Ended 31 March 2021  
(Expressed in Barbados Dollars)

# **APPENDIX A**

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

CONTENTS

INTRODUCTION .....	2
Historical Background .....	2
Vision Statement .....	2
Mission Statement .....	2
Objectives .....	2
Strategic Intent and Business Model .....	4
Organizational Goals 2020/21 .....	4
BOARD OF DIRECTORS .....	5
Meetings of the Board of Directors .....	6
Sub-committees of the Board .....	6
MANAGEMENT OF THE COMMERCIAL OPERATIONS OF THE CAVE .....	7
VISITOR ARRIVALS .....	7
FINANCE .....	8
OPERATIONS .....	8
MARKETING .....	9
Promotions .....	9
Advertising .....	10
Product Development - Pilot Hike .....	10
Environmental Monitoring .....	10
Safety and Health .....	10
HUMAN RESOURCES .....	10
PENSION PLAN .....	11
Geophysical Study .....	11
REDEVELOPMENT PROJECT .....	13
Land Acquisition .....	13

## INTRODUCTION

### Historical Background

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

On 19 March 1999, Caves of Barbados Ltd. (CBL) a private limited liability company, was incorporated under the (Barbados) Companies Act, Cap 308, and assumed ownership and operating responsibility for Harrison's Cave. Following the enactment of the Caves Act 2000-12 which provided for the company's control and management of caves in Barbados, CBL took over full management responsibility in September 2000.

### Vision Statement

To be the premier eco-experience in the world.

### Mission Statement

We will promote and sustainably develop the national Cave of Barbados within a high-quality service culture for the benefit of our patrons, employees and other stakeholders, while contributing to the economic and social well-being of the people of Barbados.

### Objectives

- a) To manage the operation of the Cave so as to attain a reasonable return on investment.
- b) To provide a high-quality visitor experience through innovative approaches to the cave experience as well as through educational and interpretative offerings.
- c) To integrate the operation of the Cave into the surrounding communities by dealing quickly, effectively and fairly with community concerns and by ensuring that local residents are given the opportunity to benefit financially from the operation of the Cave.
- d) To develop and maintain a system to monitor and manage visitor flows and the uses of the Cave and surrounding gullies.

## Management Agreement

The Cabinet of Barbados approved the Management Agreement between the Caves of Barbados Ltd. (CBL) and Chukka Caribbean Adventures (Barbados) Ltd. (Chukka) on 10 September 2020. The Agreement was signed by both parties on Friday, 18 September 2020. The Agreement, *inter alia*, was for CBL to grant to Chukka the right to manage the operations of Harrison's Cave (the Cave) for twenty-five (25) years. Due to the ongoing COVID-19 pandemic, an agreement was made in principle between the parties that 1 December 2020 will be the start date for the transition to Chukka. Consequently, the mission and objectives of CBL were revised during the 2020/2021 financial year.

## Revised Mission Statement

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

## Revised Objectives

- a) To oversee the operations of the Cave to ensure that agreed financial targets are met.
- b) To monitor the operations of the Cave to make certain that the legislative, regulatory and environmental obligations are satisfied.
- c) To prepare mandatory reports for CBL including the Annual Report, Statement of Corporate Intent and Annual Plan, mid-year report, and monthly financial and other reports.
- d) To preserve the physical integrity of the Cave in a sustainable manner.

## Strategic Intent and Business Model

The CBL's main strategic intent for Harrison's Cave (the Cave) to be fully established as the number one attraction in Barbados remains. Following the transition of operations of the Cave to Chukka, the revised strategic intent is to monitor Chukka's operations to ensure that the interests of CBL are maintained as set out in the Management Agreement. The strategic intent is linked to the Business model which highlights how the institution makes money.

### Revised Business Model:

The primary source of revenue for CBL will be Rent paid by Chukka for the operations of the Cave in accordance with the Management Agreement. The Rent shall be paid quarterly during the first nine (9) months of the Operating Term and monthly thereafter. The rent shall comprise an agreed percentage of Gross Revenue paid monthly (quarterly during the first nine months) with an agreed minimum, and an agreed percentage of Net Profits to be paid annually.

## Organizational Goals 2020/21

The organizational goals for CBL prior to the transition to Chukka were as follows:

- The development of a marketing strategy aimed at building brand awareness of the product amongst key target groups that will lead to increased traffic to the attraction and overall attainment of revenue targets.
- To increase business from the local and regional market.
- Focus on improving the efficiencies of the operation through a carefully managed preventative maintenance program paying particular attention to the sustainability of the tram fleet.
- To maintain and improve relationships with key stakeholder groups.
- Focus on training and development of our staff.
- Refresh of the product to cater more to the family market.
- To improve the customer experience.
- To facilitate the transition process of the proposed Public Private Partnership (PPP) arrangement.

Following the transition of operations of the Cave to Chukka, the organizational goals from 1 December 2020 to 31 March 2021 were revised as follows:

- To facilitate the transition of the operations of Harrison's Cave from CBL to Chukka.
- To build relationship capacity with Chukka to ensure that the interests of CBL, and by extension, the Government, are met.
- To monitor the operations of Chukka to ensure compliance with government policies.

## BOARD OF DIRECTORS

The Members of the Board of Directors are as follows:

- Mr. Ralph Thorne, Q.C., M.P. - Chairman
- Mr. Dave Layne - Deputy Chairman
- Mr. George Browne (resigned) - Chief Town Planner (ag.)
- Mr. Trevor Leach (appointed) - Representative, Town and Country Development Planning Office
- Mrs. Nicole Taylor - Representative of P.S Ministry of Tourism and International Transport
- Mr. Steve Devonish - Director, Natural Heritage Department
- Mr. Steven Williams - Member
- Ms. Carla Parris - Member
- Mr. Patrick Estwick - Member
- Mr. Stanton Millington - Member
- Ms. Racquel Ramsay - Member
- Ms. Stephanie Von Oppen (resigned) - Member
- Ms. Lana Alleyne - Member
- Ms. Gail King - Member
- Mr. Gabriel Gooding-Edghill (resigned) - Member
- Mr. Dasrat Sugrim (resigned) - Member
- Dr. Donley Carrington (appointed) - Member

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

During the review period there were two changes to the Board of Directors. At the Board meeting of 28 September 2020, the Chairman reported that the Board members' contracts were renewed for two years, effective 27 August 2020 and that Dr. Donley Carrington replaced Mr. Dasrat Sugrim on the Board. On 17 March 2021, the Chairman disclosed the resignation of Ms. Stephanie Von Oppen as a Board Director. After 31 March 2021, there were two additional changes: Mr. Trevor Leach replaced Mr. George Browne as the representative of the Town and Country Development Planning Office representative on the Board effective 4 August 2021 and Mr. Gabriel Gooding-Edghill resigned on 26 August 2021.

## Meetings of the Board of Directors

Fourteen (14) Board of Directors' Meetings were held during the financial year April 2020 to March 2021. Of these, three (3) were special meetings.

## Sub-committees of the Board

Prior to the transition of operations of the Cave to Chukka, there were four (4) Sub-committees of the Board of Directors. The membership of the sub-committees was as follows: - The Chairman of the Board would be ex-officio on all sub-committees.

<p><b>Human Resources sub-committee</b></p> <ul style="list-style-type: none"> <li>• Mr. Ralph Thorne, Q.C., M.P - Chairman</li> <li>• Mrs. Nicole Taylor</li> <li>• Mr. Dave Layne</li> <li>• Mr. Steve Devonish</li> <li>• Mr. George Browne</li> <li>• Ms. Carla Parris</li> <li>• Mr. Patrick Estwick</li> </ul>	<p><b>Technical sub-committee</b></p> <ul style="list-style-type: none"> <li>• Mr. Steve Devonish - Chairman</li> <li>• Mr. George Browne</li> <li>• Mr. Dave Layne</li> <li>• Mr. Gabriel Gooding-Edghill</li> </ul>
<p><b>Marketing sub-committee</b></p> <ul style="list-style-type: none"> <li>• Mr. Stanton Millington - Chairman</li> <li>• Mr. Steven Williams</li> <li>• Ms. Stephanie Von-Oppen</li> <li>• Ms. Gail King</li> <li>• Mr. Dasrat Sugrim/Dr. Donley Carrington</li> <li>• Ms. Lana Alleyne</li> <li>• Mr. Patrick Estwick</li> </ul>	<p><b>Finance and Tenders sub-committee</b></p> <ul style="list-style-type: none"> <li>• Mr. Gabriel Gooding-Edghill</li> <li>• Ms. Lana Alleyne</li> <li>• Mr. Steven Williams</li> </ul>



Additionally, Mrs. Gail King and Mr. Dasrat Sugrim were retained as Board Trustees for the Caves of Barbados Pension Plan.

The sub-committees remained in place after the transition with three members each and the Chairman as ex-officio on all sub-committees, as follows:

<p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>• Mrs. Nicole Taylor (Chair)</li> <li>• Mr. Dave Layne</li> <li>• Ms. Carla Parris</li> </ul>	<p><b>Marketing</b></p> <ul style="list-style-type: none"> <li>• Mr. Patrick Estwick (Chairman)</li> <li>• Mrs. Gail King</li> <li>• Mr. Stephen Williams</li> </ul>
<p><b>Technical</b></p> <ul style="list-style-type: none"> <li>• Mr. Steve Devonish (Chairman)</li> <li>• Mr. Trevor Leach</li> <li>• Ms. Racquel Ramsay</li> </ul>	<p><b>Finance and Tenders</b></p> <ul style="list-style-type: none"> <li>• Dr. Donley Carrington (Chairman)</li> <li>• Ms. Lana Alleyne</li> <li>• Mr. Stanton Millington</li> </ul>

## MANAGEMENT OF THE COMMERCIAL OPERATIONS OF THE CAVE

The process to transition to a Public Private Partnership (PPP) arrangement for the management of the Cave resulted in Chukka Caribbean Adventures (Barbados) Limited (Chukka) being the top-ranked of the four companies that submitted bids to manage the Cave. The Management Agreement between CBL and Chukka was signed on 18 September 2020, for Chukka to manage the operations of Harrison’s Cave over an initial 25-year period. Due to the ongoing COVID-19 pandemic, it was agreed that 1 December 2020 will be the start date for the transition to Chukka.

## VISITOR ARRIVALS

As a result of the COVID-19 pandemic, there were no visitors, except for events planned prior to the closure (weddings, parties, meetings, etc.) during the financial year 1 April 2020 to 31 March 2021. The operations were closed on 23 March 2020 and remained closed at 31 March 2021.

## FINANCE

During the year, the Cave's revenue, exclusive of the Government Grant, was \$20,632. As a result of the closure of the Cave for the entire financial year, there were no revenues from entrance fees or sales. During the period under review, the Ministry of Finance (as guarantor of the loans) assumed responsibility for making payment directly to the Caribbean Development Bank for repayment of loans amount due.

## OPERATIONS

As a result of the COVID-19 pandemic, the operations were closed during the period under review. However, the project to convert the trams from DC to AC systems continued with the importation of the required parts which were granted a waiver of duties and taxes. The project remained incomplete at the end of the financial year due to the inability of the engineers to travel from the United Kingdom as a result of the COVID-19 restrictions.

During this financial year, CBL's primary focus was dealing with staff issues related to the prolonged layoffs; maintaining a skeleton staff to preserve and secure the Cave; the preparation of the Management Agreement between the CBL and Chukka, the subsequent negotiations and contract signature between the parties; followed by the transition of operations to Chukka.

CBL also held the necessary meetings with both the Barbados Workers' Union and the National Union of Public Workers as well as a general staff meeting on 29 September 2020, to apprise them of the transition process. All employees of CBL were severed with effect from 31 October 2020. The commencement date of the Wind-Up of the employees' Pension Plan was also 31 October 2020.

Individual meetings were held with each staff member beginning 2 November 2020, to inform them of the calculation of their severance and entitlements; payments were made the following week.

The transition to Chukka began during the week of 15 November 2020, with the arrival of the Chukka team on island to participate in the official announcement of the award of the contract, as well as to participate in various stakeholders' meetings. The Government formally announced the award to Chukka via a statement by the Minister of Tourism and International Transport at a press conference on 18 November 2020. An in-depth presentation was made by the Chukka team to CBL's Board of Directors on 19 November 2020. The official date of transition to Chukka was 1 December 2020.

Chukka's development plan focuses on working with nature to make the attractions fit within the landscape and ecosystem without harming the environment. Chukka intends to create a full nature-adventure park aimed at increasing visitor traffic to the attraction without increasing the foot traffic through the Cave itself. Zip lining will be introduced to Harrison's Cave along with a dry slide, suspended rope bridges, an adult multi-level challenge course, and a children's challenge play area. There were also future plans for a bird aviary and a green monkey interaction type of exhibit as well as bars, restaurants, and a themed-souvenir shop or retail experience.

Several outstanding issues including the hiring of a new Manager and Administrative Assistant for CBL; the relocation of CBL'S office; the Wind-Up of the Pension Plan; continuation of the geo-physical/geo-technical stability study of Harrison's Cave Great Hall; determination of the moveable assets and inventory that would be taken by Chukka and the disposal of the remainder, were ongoing during the period 1 December 2020 to 31 March 2021.

## MARKETING

As a result of the closure of operations during the financial year, there were no marketing promotions, or advertising activities. However, CBL, together with Chukka, undertook some public relations activities surrounding the announcement of the Management Agreement for the lease of the operations of Harrison's Cave.

## Environmental Monitoring

Even though the Cave was closed during the period under review, air and water quality testing programmes continued throughout the year. There were no major emergency instances reported during the year.

Monitoring of the external environs continued, paying particular attention to the treatment for mosquitoes and rodents. In addition, trees were pruned and those infected by termites were treated.

## Safety and Health

The Covid-19 Pandemic was the major health and safety concern for all during the year under review. The Company implemented the government protocols for operations during the pandemic. Skeleton staff followed the COVID-19 Pandemic Management Plan previously issued. Cleaning protocols were conducted in line with recommendations from the World Health Organization and local health authorities.

## HUMAN RESOURCES

All employees of Caves of Barbados Ltd. were severed with effect from 31 October 2020. A skeleton staff was in place to maintain and secure the Cave and to facilitate the transition of operations from Harrison's Cave to Chukka, during the period under review.

### Resignations

At the 19 November 2020 Board of Directors meeting, the Chief Executive Officer, CBL, Ms. Andrea Franklin, informed members of her resignation from her position with the organization and advised that she would be taking up an offer for the position of Country Manager (Barbados) with Chukka as of 1 January 2021.

### Staff Confirmation

The Board agreed at its meeting of 9 December 2020 to offer a contract of services to the former Financial Controller, Mrs. Jennifer Williams, for three (3) months from 1 January to 31 March 2021 to complete the transition process. The offer was subsequently accepted.

## PENSION PLAN

During the period, funds of the Pension Plan were invested in the Sagicor Bonds Fund and the Sagicor Equity Fund.

As at 31 March 2021, the fund's balances were \$1,105,294.92 in the Sagicor (Bonds) Fund and \$983,881.42 in the Sagicor (Equity) Fund. Both funds showed increases over the prior year with the Sagicor (Bond) Fund, increasing by 7.49% or \$76,970.16 while the Sagicor (Equity) Fund returned an increase of \$125,912.57 or 14.68%.

The 15-year Government Series Bonds were valued at \$1,216,405.31 at 31 March 2021. Interest received for the period was \$14,914.53.

The amount remaining on the Pension Plan bank account at 31 March 2021 was \$747,163.59. The Pension Plan bank account is currently reported separately.

At 31 March 2021, CBL was awaiting final approval from the Financial Services Commission with respect to its application for the wind up the Pension Plan.

## GEO-PHYSICAL /GEO-TECHNICAL STUDY

The start of the Geo-physical/geo-technical study of the Great Hall by the Mahy, Ridley, Hazzard Engineers Ltd. (MRH) consultants was delayed due to the onset of the pandemic and the subsequent "lockdowns". A site visit on the inside of the Cave related to the proposed land surveying works was done with the Consultants on 15 May 2020. The surveying works commenced on 24 June 2020 and were completed on 1 July 2020. Based on this initial investigation, MRH identified thirty-four lots that will be in the study area.

Requests for Proposals for the associated PR campaign to sensitize persons to be impacted by the study were also sought in June 2020. Three (3) proposals were received (PRMR Inc., Al Hart PR and NISA Communications Inc.) and NISA Communications Inc. was selected to provide the services.

On 30 September 2020, the Minister of Tourism and International Transport met with the Parliamentary representative for the St. Thomas area to brief her on the plans for the Geo-physical/geo-technical study as well as the status of the Management Agreement for the operations of the Cave.

The Parliamentary representative met with constituents in the environs of the Cave on 10 October 2020, and informed them, inter alia, of the likely impact of the Study. At the special Board of Directors meeting of 2 November 2020, it was noted that Cabinet approval had been obtained for the external land surveying works to commence.

The Parliamentary representative for the area did another community walk-through and site visit with the land surveyors on 1 November 2020. It was noted that the area identified was a little more than the consultants had originally quoted for the study. MRH would inform CBL subsequently whether this would impact the original cost submitted. CBL informed the consultants that the start date was January 2021. The estimated time of completion of the study will be eight (8) months.

At the Board of Directors meeting on 19 November 2020, the Board agreed that the original objectives of the community engagement had been achieved as it related to Caves of Barbados Ltd. It was also agreed that the engagement of the community for the Great Hall (Geo-physical/geo-technical) study and the announcement of the successful bid by Chukka, were both completed.

The budget for the project remains unchanged at BDS \$696,522.32 (VAT inclusive), \$292,942 of which was budgeted for in the financial year under review. The amount of \$18,414.25 was paid to MRH on 24 February 2020 in respect of the 5% fees due on engagement to undertake the study.

Due to the ongoing COVID-19 pandemic, work did not commence in January 2021. An updated status report from MRH indicated that the mobilised Geophysical Survey was now expected to commence on 28 April 2021. At the end of the period, works did not commence. Following the execution of the contract, a revised schedule of works would be provided by MRH for the study.

Subsequent to the reporting period, the contract was signed on 9 June 2021 and a revised schedule was provided by MRH which indicated a recommencement date of 20 September 2021. However, work has not yet commenced due to MRH not being able to finalise negotiations with their main subcontractor, Golder Associates from Canada. The contract between MRH and Golder Associates for Phase 1 of the Study was signed on 15 June 2022.

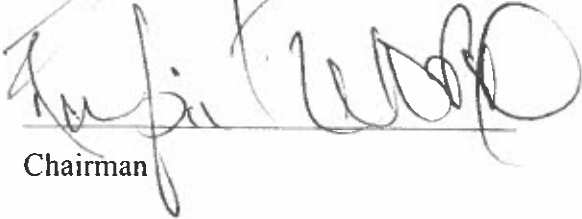
## REDEVELOPMENT PROJECT

### Land Acquisition

We continue to wait on further word from the Ministry of Housing, Lands and Maintenance on the completion of the compensation negotiations for three (3) land-owners. The Ministry was in discussion with the owners of one plot; awaiting a response to the offer of compensation for the second plot and awaiting additional documents of titles from the Attorneys-at-Law for the third landowners.

On 15 May 2020, the Lands and Surveys Department completed the work identifying the boundary marks for two plots of land: one at Bryan's Road, St. Thomas, owned by Randolph and Thelma Austin, where the fan house is located; and the other plot belonging to Ms. Eloise Smith. Demolition of the derelict building on the plot of land in Bryan's Road and the clearing of the plot belonging to Eloise Smith were completed by the end of June 2020.

Approved by the Board of Directors on 25 August 2022 and signed on its behalf by:



Chairman

Audited Financial Statements

# **CAVES OF BARBADOS LTD**

Year Ended 31 March 2021  
(Expressed in Barbados Dollars)



# CAVES OF BARBADOS LTD

Year ended 31 March 2021

## Index to the Financial Statements

	<b>Page</b>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Comprehensive (Loss) Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 21

## Independent auditors' report

To the shareholder of Caves of Barbados Ltd.

### Opinion

We have audited the financial statements of Caves of Barbados Ltd (the "Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive (loss) income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized entities ("IFRSs for SMEs").

### Basis for opinion

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

### Emphasis of matter

We draw attention to Note 2 of the financial statements which outlines that the Company is reliant on its shareholder for support. To this end, a letter of support has been obtained to confirm that the shareholder will continue to support the operations of the Company for a period of at least twelve months from the date these financial statements are signed. Our opinion is not modified in respect of this matter.

### Other information

Management is responsible for the other information. The other information comprises the Annual Report for the year ended 31 March 2021. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management and those charged with governance for the financial statements

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

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

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

## Independent auditors' report (continued)

To the shareholder of Caves of Barbados Ltd.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

### Other matter

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



26 August 2022

# CAVES OF BARBADOS LTD

## Statement of Financial Position

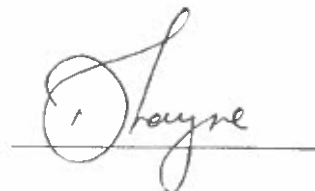
As at 31 March 2021

(expressed in Barbados dollars)

	Notes	2021	2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 1,339,564	\$ 9,496,216
Accounts receivable and prepayments	4	958,811	625,331
Corporation Tax Recoverable		155,305	155,305
Amounts due from related party	2,4	879,013	879,013
Inventories	5	<u>38,569</u>	<u>48,701</u>
		3,371,262	11,204,566
<b>Non-current assets</b>			
Property, plant and equipment	6	<u>52,808,853</u>	<u>54,593,242</u>
<b>Total assets</b>		<b>\$ <u>56,180,115</u></b>	<b>\$ <u>65,797,808</u></b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	7	\$ 71,666	\$ 165,477
Current portion of loans payable	12	<u>4,893,009</u>	<u>4,893,009</u>
		4,964,675	5,058,486
<b>Non-current liabilities</b>			
Loans payable	12	9,915,544	14,902,707
Net defined benefit liability	13	<u>14,999</u>	<u>601,696</u>
<b>Total liabilities</b>		<b><u>14,895,218</u></b>	<b><u>20,562,889</u></b>
<b>Equity</b>			
Share capital – 7,600,000 common shares	8	7,600,000	7,600,000
Subscription shares to be issued	9	27,709,993	27,709,993
Capital contribution by the Government of Barbados	10	4,317,224	4,317,224
Accumulated surplus		<u>1,657,680</u>	<u>5,607,702</u>
<b>Total equity</b>		<b><u>41,284,897</u></b>	<b><u>45,234,919</u></b>
<b>Total liabilities and equity</b>		<b>\$ <u>56,180,115</u></b>	<b>\$ <u>65,797,808</u></b>

Approved by the Board of Directors on 25 August 2022 and signed on its behalf by:

  
Director

  
Director

The accompanying notes form part of these financial statements

# CAVES OF BARBADOS LTD

## Statement of Comprehensive (Loss) Income For the Year Ended 31 March 2021

(expressed in Barbados dollars)

	Notes	2021	2020
<b>Revenue</b>			
Entrance fees		\$ -	\$ 5,528,629
Shop and bar sales		-	396,200
		-	5,924,829
Cost of sales		(12,929)	(259,784)
Gross (loss)/profit		(12,929)	5,665,045
Government grants	18	2,816,425	5,808,750
Other income		20,632	150,064
		<u>2,824,128</u>	<u>11,623,859</u>
<b>Expenses</b>			
Salaries, wages and benefits		3,526,358	3,087,336
Other general and administrative expenses	14	1,371,818	2,430,903
Depreciation and amortization	6	1,801,186	1,772,230
Loss on disposal of property, plant & equipment		-	-
Employee benefits expense		220,952	207,929
Interest and bank charges		654,588	1,123,490
		<u>7,574,902</u>	<u>8,621,888</u>
(Loss)/Income		(4,750,774)	3,001,971
<b>Taxation</b>	11	-	-
<b>(Loss)/Income</b>		<u>(4,750,774)</u>	<u>3,001,971</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit obligation		12,146	(68,371)
<b>Total Comprehensive (Loss)/Income</b>		<u>\$ (4,738,628)</u>	<u>\$ 2,933,600</u>

The accompanying notes form part of these financial statements

# CAVES OF BARBADOS LTD

Statement of Changes in Equity  
For the Year Ended 31 March 2021  
(expressed in Barbados dollars)

	Share capital	Subscription for shares to Issued	Capital contributed by the Government of Barbados	Accumulated surplus	Total
<b>Balance – 31 March 2019 restated</b>	<b>7,600,000</b>	<b>27,709,993</b>	<b>4,317,224</b>	<b>2,636,776</b>	<b>42,263,993</b>
Transferred to Pension Company	-	-	-	(189,798)	(189,798)
Other Comprehensive Income arising from measurement of Defined Benefit Obligation	-	-	-	227,124	227,124
Net Comprehensive Income for the year 2020	-	-	-	2,933,600	2,933,600
<b>Balance – 31 March 2020</b>	<b>7,600,000</b>	<b>27,709,993</b>	<b>4,317,224</b>	<b>5,607,702</b>	<b>45,234,919</b>
Other Comprehensive Income arising from measurement of Defined Benefit Obligation	-	-	-	788,606	788,606
Net Comprehensive Loss for the year 2021	-	-	-	(4,738,628)	(4,738,628)
<b>Balance - 31 March 2021</b>	<b>7,600,000</b>	<b>27,709,993</b>	<b>4,317,224</b>	<b>1,657,680</b>	<b>41,284,897</b>

The accompanying notes form part of these financial statements

# CAVES OF BARBADOS LTD

## Statement of Cash Flows

For the Year Ended 31 March 2021

(expressed in Barbados dollars)

	Notes	2021	2020
<b>Operating activities</b>			
(Loss) income before taxation		\$ (4,750,774)	\$ 3,001,971
Adjustments for:			
Interest expense		654,588	1,123,490
Depreciation	6	1,801,186	1,772,230
Loss on disposal of property and equipment		-	-
Transferred to Pension company		12,146	(31,045)
Defined benefit plan interest and service cost		<u>201,909</u>	<u>(76,442)</u>
Operating income before working capital changes		(2,080,945)	5,790,204
Decrease in accounts receivables and prepayments		(333,479)	31,457
Decrease in inventories		10,133	2,804
Increase in due from related party		-	(82,913)
Decrease in accounts payable and accrued expenses		<u>(93,812)</u>	<u>(223,015)</u>
<b>Cash (used in)/generated from operations</b>		(2,498,103)	5,518,537
Interest paid		(526,110)	(900,858)
Taxation paid		<u>-</u>	<u>-</u>
<i>Net cash (used in) from operating activities</i>		<u>(3,024,213)</u>	<u>4,617,679</u>
<b>Investing activities</b>			
Transfers to property, plant and equipment		-	263,326
Purchase of property, plant and equipment	6	<u>(16,798)</u>	<u>(551,017)</u>
<i>Net cash used in investing activities</i>		<u>(16,798)</u>	<u>(287,691)</u>
<b>Financing activities</b>			
Loan draw downs (repayments) (net)		<u>(5,115,641)</u>	<u>(5,186,590)</u>
<i>Net cash used in financing activities</i>		<u>(5,115,641)</u>	<u>(5,186,590)</u>
<b>Decrease in cash and cash equivalents</b>		(8,156,652)	(856,602)
Cash and cash equivalents – beginning of year		<u>9,496,216</u>	<u>10,352,818</u>
Cash and cash equivalents – end of year		\$ <u>1,339,564</u>	\$ <u>9,496,216</u>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		\$ <u>1,339,564</u>	\$ <u>9,496,216</u>

The accompanying notes form part of these financial statements

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

*(expressed in Barbados dollars)*

---

### 1. Incorporation, ownership and principal activities

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

The Company's mandate under the Caves Act 2000-12 is to manage and develop Harrison's Cave ("the Cave") and any other caves in Barbados. However, with the transition of operations to Chukka Caribbean Adventures (Barbados) Ltd. ("Chukka") effective from 1 December 2020, the management of the Cave is now the responsibility of Chukka. Chukka is a company incorporated under the laws of Barbados with its registered office situate at Summerland House, Prospect Road, St. James, Barbados. Chukka is an unrelated party.

The principal activities of the restructured CBL are to exercise oversight of the Management Agreement with Chukka.

### 2. Significant accounting policies

#### Statement of compliance

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

#### Basis of measurement

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

#### Going concern

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

However, the attainment of this objective was affected by two considerations during the period under review. Firstly, the operations were leased to Chukka by way of a signed Management Agreement on 18 September 2020. Secondly, due to the ongoing COVID-19 pandemic, the operations remained closed for the entire period under review. Consequently, there were no revenues during the period. The Government of Barbados has provided support to the Company during the period and is committed to providing continued support as required in the foreseeable future. It is anticipated that the going concern assumption will apply once the tourism industry reverts to normal operations and the Company receives the projected inflows from Chukka.

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

#### Financial instruments

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



# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

(expressed in Barbados dollars)

---

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

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

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

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

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

#### Financial assets

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

#### Impairment

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

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

##### Classification as debt or equity

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

##### Equity instruments

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

##### Other financial liabilities

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

#### Inventories

Inventories are stated at the lower of cost or net realizable value and the method used for valuing inventories is first-in, first-out. In estimating net realizable value, allowance is made for slow moving and obsolete items.

#### Property, plant and equipment

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

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

(expressed in Barbados dollars)

---

### 2. Significant accounting policies (continued)

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

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

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

#### Borrowing costs

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

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

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

#### Revenue recognition

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

#### Taxation

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

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

#### Foreign currency

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

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

*(expressed in Barbados dollars)*

---

### 2. Significant accounting policies (continued)

#### Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control or common significant influence. Related parties may be individuals, government departments or corporate entities.

#### Government grants

Government subventions are received by Caves of Barbados to provide immediate financial support for operating expenses. The government grants are recognized in the statement of comprehensive (loss) income in the period in which they are received.

#### Employee benefits

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 March 2021 by Eckler Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The Company has contracted Sagicor to be the pension plan provider and administrator for the company's pension plan.

A pension company was incorporated with all the assets and liabilities being transferred to that company. (See note 19).

No cash was transferred to the pension company during the period by Caves of Barbados Limited.

The defined benefit pension plan is funded by quarterly payments to the trustee from Caves of Barbados Ltd, taking account of the recommendations of independent qualified actuaries.

To date the amount owed to Caves of Barbados Limited by the scheme is \$879,013 which comprises of payment to past employees for gratuity and death benefit.

#### Provisions

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

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

#### Impairment of non-financial assets

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

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

(expressed in Barbados dollars)

---

### 2. Significant accounting policies (continued)

#### Critical accounting judgments, estimates and assumptions

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

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

Other than the establishment of routine provisions against accounts receivable, accounts payable and property, plant and equipment depreciation and impairment, no significant estimates or judgments have been required in applying policies which may have a material impact on the Company's reported assets, liabilities, revenues and expenses.

#### Key sources of estimation uncertainty

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

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

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

##### *Employee benefits*

As disclosed in Note 13, the Company has a defined benefit obligation. The calculation of defined benefit expenses and obligations requires significant judgment as the recognition is dependent on discount rates, expected rates of returns on assets and various actuarial assumptions such as the healthcare cost trend rates, projected salary increases, retirement age and mortality and termination rates. Due to the long-term nature of these plans, such estimates and assumptions are subject to inherent risks and uncertainties. For the pension and other post-employment plans, the discount rate is determined by reference to market yields on government securities. Since the discount rate is based on currently available yields and involves management's assessment of market liquidity, it is only a proxy of future yields.

Management judgment is also required in estimating the expected rate of return on assets because of possible changes to the asset allocation and the inherent risks in predicting future investment returns. The expected rate of return on assets is a weighted average of expected long-term asset return by asset class and is selected from a range of possible future asset returns. Actuarial assumption, set in accordance with current practices in the respective country of the plan, may differ from actuarial experience as country specific statistics is only an estimate for future employee behaviour. These assumptions are determined by management and are reviewed by actuaries at least annually. Changes to any of the above assumptions may affect the amounts of benefits, obligations and expenses that are recognised.

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

(expressed in Barbados dollars)

### 3. Cash and cash equivalents

	2021	2020
Petty cash	\$ 2,000	\$ 8,405
Republic Bank (Barbados) Limited – Payroll account	46,064	399,402
Republic Bank (Barbados) Limited – Current account	<u>1,291,500</u>	<u>9,088,409</u>
	<u>\$ 1,339,564</u>	<u>\$ 9,496,216</u>

Cash and cash equivalents includes a balance of \$1,247,626 (2020 - \$7,491,422) which earns interest at 0.00% to 0.15% per annum. The Directors have restricted the use of this balance to financing the redevelopment costs of Harrison's Cave (Note 12) and for funds to pay pension benefits.

### 4. Accounts receivable and prepayments

	2021	2020
Trade accounts receivable and other receivables	\$ 756,910	\$ 484,093
Other receivables	6,223	6,273
Prepayments	<u>195,678</u>	<u>134,965</u>
	958,811	625,331
Amount due from related party	<u>879,013</u>	<u>879,013</u>
	<u>\$ 1,837,824</u>	<u>\$ 1,504,344</u>

The average credit period on sales of goods is 30 days. No interest is charged on trade receivables. The Company has assessed the collectability of its trade receivables and has concluded that no allowance for doubtful debts is necessary.

Of the trade receivables balance at the end of the year, amounts of \$55,246 (2020 - \$319,113) and \$25,677 (2020 - \$82,464) totaling \$80,923 (2020 - \$401,577), are due from two of the Company's largest customers. There are no other customers who represent more than 25% of the total balance of trade receivables.

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

Age of receivables that are past due but not impaired

	2021	2020
30-60 days	\$ 17,795	\$ 1,921
61-90 days	-	486
Over 90 days	<u>36,895</u>	<u>9,024</u>
Total	<u>\$ 54,690</u>	<u>\$ 11,431</u>

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

The Company has \$4,461 (2020 - 4,461) impaired trade receivables.

# CAVES OF BARBADOS LTD

Notes to the Financial Statements  
For the Year Ended 31 March 2021  
(expressed in Barbados dollars)

## 5. Inventories

	2021	2020
Shop inventory	\$ <u>38,569</u>	\$ <u>48,701</u>
Total	\$ <u>38,569</u>	\$ <u>48,701</u>

## 6. Property, plant and equipment

2021	Cost	Accumulated depreciation	Net book value
<b>Computer equipment</b>			
Balances – 31 March 2020	448,645	(382,818)	65,827
Additions	1,283		1,283
Depreciation	<u>-</u>	<u>(33,855)</u>	<u>(33,855)</u>
Balances – 31 March 2021	<u>449,928</u>	<u>(416,673)</u>	<u>33,255</u>
<b>Fixtures and fittings</b>			
Balances – 31 March 2020	879,466	(838,149)	41,317
Additions	-		
Depreciation	<u>-</u>	<u>(5,180)</u>	<u>(5,180)</u>
Balances – 31 March 2021	<u>879,466</u>	<u>(843,329)</u>	<u>36,137</u>
<b>Motor Vehicles</b>			
Balances – 31 March 2020	220,921	(197,843)	23,078
Additions	-	-	-
Disposal	-	-	-
Depreciation	<u>-</u>	<u>(11,539)</u>	<u>(11,539)</u>
Balances – 31 March 2021	<u>220,921</u>	<u>(209,382)</u>	<u>11,539</u>
<b>Trams</b>			
Balances – 31 March 2020	9,017,622	(8,891,661)	125,961
Additions	-	-	-
Depreciation	<u>-</u>	<u>(50,289)</u>	<u>(50,289)</u>
Balances – 31 March 2021	<u>9,017,622</u>	<u>(8,941,950)</u>	<u>75,672</u>
<b>Leasehold land</b>			
Balances – 31 March 2020	6,780,459	-	6,780,459
Additions	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Balances – 31 March 2021	<u>6,780,459</u>	<u>-</u>	<u>6,780,459</u>
<b>Leasehold buildings</b>			
Balances – 31 March 2020	50,436,614	(10,164,019)	40,272,595
Additions	-	-	-
Depreciation	<u>-</u>	<u>(1,008,732)</u>	<u>(1,008,732)</u>
Balances – 31 March 2021	<u>50,436,614</u>	<u>(11,172,751)</u>	<u>39,263,863</u>

# CAVES OF BARBADOS LTD

Notes to the Financial Statements  
For the Year Ended 31 March 2021  
(expressed in Barbados dollars)

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

2021	Cost	Accumulated depreciation	Net book value
<b>Plant and machinery</b>			
Balances – 31 March 2020	12,930,471	(6,694,482)	6,235,989
Transferred from WIP	-	-	-
Disposals	-	-	-
Depreciation	-	(614,239)	(614,239)
Balances – 31 March 2021	<u>12,930,471</u>	<u>(7,308,721)</u>	<u>5,621,750</u>
<b>Elevators</b>			
Balances – 31 March 2020	1,156,076	(123,733)	1,032,343
Additions	5,515	-	5,515
Disposals	-	-	-
Depreciation	-	(77,353)	(77,353)
Balances – 31 March 2021	<u>1,161,591</u>	<u>(201,086)</u>	<u>960,505</u>
<b>Software</b>			
Balances – 31 March 2020	203,233	(203,233)	-
Additions	-	-	-
Depreciation	-	-	-
Balances – 31 March 2021	<u>203,233</u>	<u>(203,233)</u>	<u>-</u>
<b>Capital work-in progress</b>			
Balances – 31 March 2020	15,672	-	15,672
Additions	10,000	-	10,000
Completed	-	-	-
Balances – 31 March 2021	<u>25,672</u>	<u>-</u>	<u>25,672</u>
<b>Summary</b>			
Balances – 31 March 2020	82,089,181	(27,495,939)	54,593,242
Additions	16,798	-	16,798
Completed	-	-	-
Disposals	-	-	-
Depreciation	-	(1,801,187)	(1,801,187)
Balances – 31 March 2021	<u>82,105,979</u>	<u>(29,297,126)</u>	<u>52,808,853</u>
<b>2020</b>			
	Cost	Accumulated depreciation	Net book value
<b>Computer equipment</b>			
Balances – 31 March 2019	386,915	(352,976)	33,939
Additions	61,730	-	61,730
Depreciation	-	(29,842)	(29,842)
Balances – 31 March 2020	<u>448,645</u>	<u>(382,818)</u>	<u>65,827</u>
<b>Fixtures and fittings</b>			
Balances – 31 March 2019	853,755	(822,271)	31,484
Additions	25,711	-	25,711
Depreciation	-	(15,878)	(15,878)
Balances – 31 March 2020	<u>879,466</u>	<u>( 838,149)</u>	<u>41,317</u>

# CAVES OF BARBADOS LTD

Notes to the Financial Statements  
For the Year Ended 31 March 2021  
(expressed in Barbados dollars)

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

2020	Cost	Accumulated depreciation	Net book value
<b>Motor Vehicles</b>			
Balances – 31 March 2019	220,921	(186,304)	34,617
Additions	-	-	-
Disposal	-	-	-
Depreciation	-	(11,539)	(11,539)
Balances – 31 March 2020	<u>220,921</u>	<u>(197,843)</u>	<u>23,078</u>
<b>Trams</b>			
Balances – 31 March 2019	8,948,219	(8,879,305)	68,914
Additions	69,403	-	69,403
Depreciation	-	(12,356)	(12,356)
Balances – 31 March 2020	<u>9,017,622</u>	<u>(8,891,661)</u>	<u>125,961</u>
<b>Leasehold land</b>			
Balances – 31 March 2019	6,780,459	-	6,780,459
Additions	-	-	-
Depreciation	-	-	-
Balances – 31 March 2020	<u>6,780,459</u>	<u>-</u>	<u>6,780,459</u>
<b>Leasehold buildings</b>			
Balances – 31 March 2019	50,384,114	(9,156,249)	41,227,865
Additions	52,500	-	52,500
Depreciation	-	(1,007,770)	(1,007,770)
Balances – 31 March 2020	<u>50,436,614</u>	<u>(10,164,019)</u>	<u>40,272,595</u>
<b>Plant and machinery</b>			
Balances – 31 March 2019	12,930,471	(6,072,648)	6,857,823
Transferred from WIP	-	-	-
Disposals	-	-	-
Depreciation	-	(621,834)	(621,834)
Balances – 31 March 2020	<u>12,930,471</u>	<u>(6,694,482)</u>	<u>6,235,989</u>
<b>Elevators</b>			
Balances – 31 March 2019	830,075	(50,722)	779,353
Additions	326,001	-	326,001
Disposals	-	-	-
Depreciation	-	(73,011)	(73,011)
Balances – 31 March 2020	<u>1,156,076</u>	<u>(123,733)</u>	<u>1,032,343</u>
<b>Software</b>			
Balances – 31 March 2019	203,233	(203,233)	-
Additions	-	-	-
Depreciation	-	-	-
Balances – 31 March 2020	<u>203,233</u>	<u>(203,233)</u>	<u>-</u>



# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2021 (expressed in Barbados dollars)

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

2020	Cost	Accumulated depreciation	Net book value
<b>Capital work-in progress</b>			
Balances – 31 March 2019	263,326	-	263,326
Additions	15,672	-	15,672
Completed	<u>(263,326)</u>	<u>-</u>	<u>(263,326)</u>
Balances – 31 March 2020	<u>15,672</u>	<u>-</u>	<u>15,672</u>
<b>Summary</b>			
Balances – 31 March 2019	81,801,492	(25,723,709)	56,077,783
Additions	551,017	-	551,017
Completed	(263,328)	-	(263,328)
Disposals	-	-	-
Depreciation	<u>-</u>	<u>(1,772,230)</u>	<u>(1,772,230)</u>
Balances – 31 March 2020	<u>82,089,181</u>	<u>(27,495,939)</u>	<u>54,593,242</u>

### 7. Accounts payable and accrued expenses

	2021	2020
Trade creditors	\$ 9,477	\$ 29,393
Accrued expenses	<u>62,189</u>	<u>136,084</u>
	<u>\$ 71,666</u>	<u>\$ 165,477</u>

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

### 8. Share capital

#### Authorized:

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

#### Issued and outstanding

	2021	2020
7,600,000 common shares, issued and fully paid	<u>\$ 7,600,000</u>	<u>\$ 7,600,000</u>

### 9. Subscription for shares to be issued

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

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

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

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2021 (expressed in Barbados dollars)

### 11. Taxation and tax losses

	2021	2020
<b>Taxation expense:</b>		
Provision for current year's corporation tax	\$ _____ -	\$ _____ -
The tax on the Company's income before taxation differs from the theoretical amount that would arise using the basic corporation tax rates as follows:		
	2021	2020
(Loss) income before taxation	\$ (4,750,774)	\$ 3,001,971
Taxed at tax rate of 5.5% (2020 - 5.5%)	(261,292)	165,108
Tax effect of allowable expenses	111,217	108,909
Tax effect of expenses not deductible for tax purposes	(198,656)	(331,361)
Tax effect of deferred tax asset not recorded	<u>348,731</u>	<u>57,344</u>
	\$ _____ -	\$ _____ -

There are tax losses of \$12,091,185(2020 - \$5,750,621) based on most recent tax filings which have not yet been agreed with Barbados Revenue Authority, but are not in dispute. The losses if not utilized, will expire as follows:

Year	Amount	Expiry date
2016	1,060,973	2023
2017	1,041,625	2024
2018	589,690	2025
2019	2,015,713	2026
2020	1,042,620	2027
2021	6,340,564	2028

The Company also has a deferred tax asset of \$665,015 (2020 - \$316,284) that was not recognised due to the uncertainty over the generation of future taxable profits to be utilized.

### 12. Loans payable

	2021	2020
<b>Caribbean Development Bank</b>		
Current portion	\$ 4,893,009	\$ 4,893,009
Long-term portion	<u>9,915,544</u>	<u>14,902,707</u>
	\$ <u>14,808,553</u>	\$ <u>19,795,716</u>

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

During the year, interest of \$648,053 (2020 - \$1,015,299) was incurred.

Cash at bank includes a balance of \$1,247,628 (2020 - \$7,491,422) which has been designated to fund redevelopment expenditure.

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

(expressed in Barbados dollars)

### 13. Defined benefit plan

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

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

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

The Actuary has provided an interim report of the pension plan as at 1 November 2020 with the understanding that any shortfall revealed in this report will be funded prior to any distribution of the assets among Members, retired Members and any other recipients of benefits under the Plan. This report therefore does not set out any recommended distribution of assets. The interim report is expected to be updated following the funding the shortfall.

The impact of the cessation of the operations of Caves of Barbados Ltd. is reflected in the IAS 19 valuation for the period ended 31 March 2021. The impact of the wind up of the Plan will be reflected in the IAS 19 valuation for the period ended 31 March 2023.

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

Year/Period ending 31 March	2021	2020
Discount rate	7.75% per annum	7.75% per annum
Expected rate of future salary increases	6.75% per annum	6.75% per annum
Expected rate of return on plan assets	7.75% per annum	7.75% per annum
Future promotional salary increase	2.50% per annum	2.50% per annum
Future inflationary salary increases	4.25% per annum	4.25% per annum
Future increases in the NIS ceiling for earnings	4.25% per annum	4.25% per annum
Future increases in pensions	3.75% per annum	3.75% per annum
Mortality	UP94 at 2021 with Projection Scale AA	
Early Retirement of terminated employees	100% at earliest possible age	
Early Retirement of terminated of active employees	5% of eligible employees each year between Early Retirement Age and the year prior to Normal Retirement Age with the remaining employees retiring at Normal Retirement Age	
Termination of active members	1% at all ages under 40 and 0.5% at ages between 40 and 50	
Future expenses	Nil	

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

	2021	2020
	\$	\$
Fair value of plan assets	3,909,770	2,875,218
Present value of funded defined benefit obligation	<u>(3,924,769)</u>	<u>(3,476,914)</u>
Net defined benefit liability	<u>(14,999)</u>	<u>(601,696)</u>

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

(expressed in Barbados dollars)

### 13. Defined benefit plan (continued)

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

	2021	2020
	\$	\$
At the beginning of year	3,476,914	3,462,708
Current service cost	85,824	151,966
Interest cost	273,808	276,924
Actuarial (gains) losses	35,015	(331,770)
Benefit payments	(59,463)	(82,914)
Past Service cost	112,671	-
	<u>3,924,769</u>	<u>3,476,914</u>

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

	2021	2020
	\$	\$
At the beginning of year	2,875,218	2,784,570
Actual return on plan assets	298,512	(42,438)
Employer contributions	795,503	216,000
Benefit payments	(59,463)	(82,914)
Plan assets at fair value at the end of the period	<u>3,909,770</u>	<u>2,875,218</u>

#### Net benefit expense recognized in comprehensive income

	2021	2020
	\$	\$
Current service cost	85,824	151,966
Past service cost	112,671	-
Interest costs	273,808	276,924
Expected return on plan assets	(251,351)	(220,961)
	<u>220,952</u>	<u>207,929</u>

#### Statement of other comprehensive income

	2021	2020
	\$	\$
Gain/(Loss) from experience	(35,015)	(331,770)
Expected return on plan assets	(251,351)	220,961
Actual return on plan assets	<u>298,512</u>	<u>42,437</u>
	<u>12,146</u>	<u>(68,372)</u>

#### Impact of changes in significant actuarial assumption

	2021	2020
	\$	\$
Base IAS 19 Results	3,924,769	3,476,915
Reduce discount rate by 1% p.a.	4,147,133	4,005,088
Increase discount rate by 1% p.a.	3,723,593	3,046,189
Reduce salary increase by 0.5% p.a.	3,924,769	3,218,999
Increase salary increase by 0.5% p.a.	3,924,769	3,778,124
Increase average life expectancy by 1 year	4,001,777	3,522,900

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements

For the Year Ended 31 March 2021

(expressed in Barbados dollars)

### 13. Defined benefit plan (continued)

#### Life expectancy

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

Expected contributions for the year ending 31 March 2022 are \$Nil.

The weighted average duration of the defined benefit obligation is 5.40 years.

#### Projected Benefit Payments

Projected benefit payments	Less than 1 year (Year 1)	Between 1-2 years (Year 2)	Between 2-5 years (Year 3-5)	Over 5 years (Years 6-10)
31 March 2021	\$ 850,524	\$316,461	\$1,342,944	\$1,992,537
31 March 2022	\$1,004,508	\$323,079	\$1,338,362	\$2,063,438

### 14. Other general and administrative expenses

	2021	2020
	\$	\$
Ceremonial/special events	-	-
Seminars/conferences/training	1,999	27,569
Utilities	145,747	319,280
Insurance	345,056	439,938
Office expenses	12,726	88,834
Equipment rental	23,341	14,591
Repairs and maintenance	192,590	345,451
Security	133,864	419,311
Advertising	54,325	165,953
Other expenses	71,203	234,058
Corporation taxes	-	-
Professional fees	298,661	280,462
Board members' expenses	53,000	47,800
Membership fees	28,767	38,801
Bad debts	-	-
Board expenses	10,539	8,855
	<u>1,371,818</u>	<u>2,430,903</u>

### 15. Related party transactions

#### Key management compensation

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

	2021	2020
	\$	\$
Retirement benefit costs	26,173	26,173
Short term key employee benefits	366,632	470,472

# CAVES OF BARBADOS LTD

## Notes to the Financial Statements For the Year Ended 31 March 2021

*(expressed in Barbados dollars)*

---

### **16. The redevelopment of Harrison's Cave**

The Company has redeveloped Harrison's Cave at an estimated cost of \$84,849,000. At 31 March 2021, expenditure of \$1,247,628 (2020 - \$7,491,422) has been incurred with respect to this development (Note 12). It is a condition of the loan agreement that the Shareholder will provide additional capital in connection with the redevelopment project.

### **17. Fair value**

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

### **18. Government grants**

The Company receives subventions from the Government of Barbados to assist with the payment of operational expenses. During the period, the Company received \$2,816,425 (2020 - \$5,808,750).

### **19. Subsequent Events**

A promissory note dated 9 June 2021, in the amount of \$60,000 was approved by the Board of Directors to Chukka Caribbean Adventures (Barbados) Ltd. The repayment terms are as follows:

- i. The sum of thirty thousand dollars (\$30,000.00) on or before 31 December 2021.
- ii. The sum of thirty thousand dollars (\$30,000.00) on or before 31 January 2022.

In the event of default, the borrower agrees to pay all costs of collection and reasonable Attorney's fees to the extent permitted by law.

The promissory note was fully repaid on 4 February 2022.

The Company and Trustees of the Pension Plan intend to purchase deferred and immediate annuities to secure the benefits for the Plan's Members subsequent to the valuation as at 31 March 2022. Under IAS 19 such an event is measured as a settlement and is reflected in the IAS 19 disclosures during the financial year in which the settlement took place i.e. 1 April 2022 to 31 March 2023.