

Annual Report and Audited Financial Statements

CAVES OF BARBADOS LTD

Year Ended 31 March 2022
(Expressed in Barbados Dollars)

APPENDIX A

Annual report from Chairman of the Board of Directors

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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. CBL ceased managing the operations of Harrison's Cave when all employees were severed on October 31, 2020, in preparation for the transition of operations to a private operator.

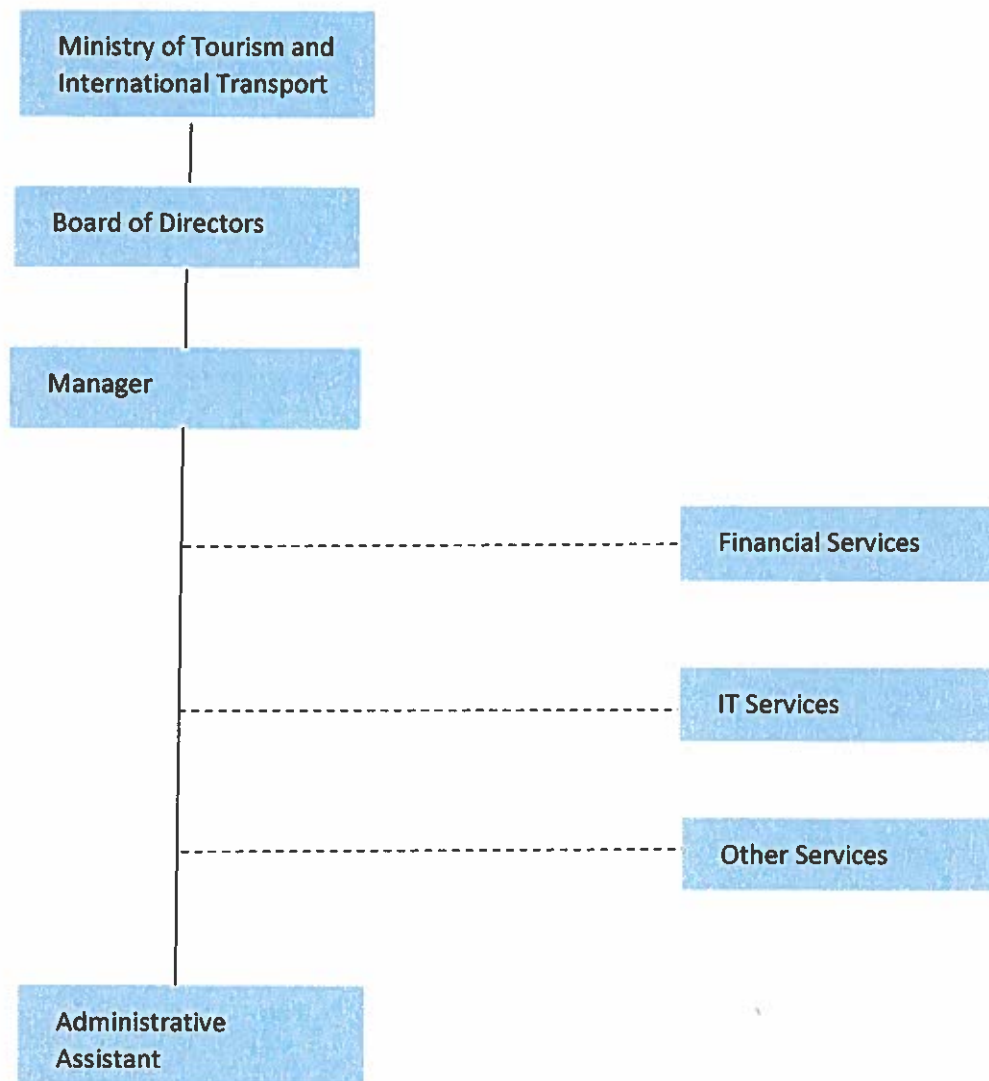
Management Agreement

The Cabinet of Barbados approved the Management Agreement between Caves of Barbados Ltd. (CBL) and Chukka Caribbean Adventures (Barbados) Ltd. (Chukka) on 10 September 2020. The Agreement was signed on 18 September 2020. The Agreement, *inter alia*, was for Chukka to manage the operations of Harrison's Cave (the Cave) for twenty-five (25) years.

Restructured CBL

While CBL remains the owner of Harrison's Cave, the company was restructured to reflect the management of the operations by Chukka. The current structure of CBL comprises a Manager and an Administrative Assistant, with other services procured on a contractual basis as needed. The organization chart is as follows:

CBL ORGANISATION CHART



Temporary staff were contracted during the transition to facilitate the continuation of the work during the period under review. The Manager and Administrative Assistant were recruited in May and October 2021 respectively.

Vision Statement

To facilitate Harrison’s Cave Eco-Adventure Park being the premier eco-experience in the world and to explore other sources of revenues, outside of the inflows from Chukka.

Mission Statement

To 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.

Objectives

- To oversee the operations of the Cave to ensure that agreed financial targets are met.
- To monitor the operations of the Cave to make certain that the legislative, regulatory and environmental obligations are satisfied.
- To explore the feasibility of developing new caves, gullies and other eco-tourism activities to expand revenue generation.
- To preserve the physical integrity of the Cave in a sustainable manner.
- To ensure that the physical assets of the Cave are maintained in a sustainable manner.
- To prepare and submit mandatory reports including the Annual Report and Audited Financial Statement, Statement of Corporate Intent and Annual Plan, mid-year report, and monthly financial and other reports, in a timely manner.
- To ensure that the Commitment for Results (CFR) system is functioning efficiently.
- To improve responsiveness of service delivery to the public/clients.

Strategic Intent and Business Model

The CBL's main strategic intent is to facilitate Harrison's Cave Eco-Adventure Park being the premier eco-experience in the world and explore other sources of revenues. Chukka's operations will be monitored 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.

The primary source of revenue will be the Rent paid by Chukka for the management of the operations of the Cave in accordance with the Management Agreement. 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.

As mandated by the Caves Act, the company will explore the feasibility of developing new caves, gullies and other eco-tourism activities to expand revenue generation.

Organizational Goals 2021/22

The organizational goals from 1 April 2021 to 31 March 2022 were 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.
- To explore the feasibility of developing new caves, gullies and other eco-tourism activities to expand revenue generation.

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. Steven Williams - Member
- Ms. Raquel Ramsay - Member
- Ms. Carla Parris - Member
- Ms. Lana Alleyne - Member
- Mr. Patrick Estwick - Member
- Mr. Stanton Millington - Member
- Ms. Gail King - Member
- Dr. Donley Carrington - Member
- Director, Natural Heritage Department
or nominee - Member
- Director of Planning and Development
Department - Member

- Permanent Secretary, Ministry of Tourism - Member
and International Transport or nominee

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. Mr. Trevor Leach replaced Mr. George Browne as the representative of the Planning and Development Department on the Board effective 4 August 2021 and Mr. Gabriel Gooding-Edghill resigned on 26 August 2021. Additionally, following the general elections in January 2022, the Chairman, at the Board meeting of 2 March 2022, reported that the Ministry of Tourism and International Transport (MTI) confirmed that the current Board would remain in place until the original expiration date of 27 August 2022.

Meetings of the Board of Directors

Twelve (12) Board of Directors' Meetings were held during the financial year April 2021 to March 2022, comprising eleven regular meetings and one special meeting.

Sub-committees of the Board

The four sub-committees, with three members each and the Chairman as ex-officio on all subcommittees, are as follows:

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

CBL, as the owner of the company's Pension Plan, appointed two of its directors as Trustees of the Pension Plan. During the review period, Mrs. Gail King remained as a Board Trustee for the Caves of Barbados Pension Scheme while Mr. Dasrat Sugrim resigned as a Trustee of this Pension Scheme on 6 December 2021.

FINANCE

During the year, CBL's total revenues from operations were \$226,547. This comprised management fees of \$149,250 from Chukka, gain on disposal of assets of \$67,411 and other income of \$9,886.

CBL's total expenses for the review period amounted to \$3,251,438. Depreciation (\$1,787,870), interest/commitment fees for the Caribbean Development Bank loans expense (\$386,854) and insurance (\$213,148) accounted for approximately 73% of total expenditure. The remaining 27% represented salaries, professional fees and other general expenses related to the operations of the restructured CBL.

The company experienced a loss before government grants of \$3,024,891. A total of \$5,679,217 was received from the Government as grants toward the repayment of the Caribbean Development Bank loans and capital expenditure. The resulting net comprehensive profit for the period was \$3,003,172.

OPERATIONS

Following the transfer of the management of the operations of the Cave to Chukka, the restructured CBL engaged in general administration and financial management during the review period. These included: the hiring of the new Manager and Administrative Assistant; relocation of CBL'S office; the Wind-Up of the Pension Plan; continuation of the geo-technical study of Harrison's Cave Great Hall; finalisation of the moveable assets and inventory that were taken by Chukka and the disposal of the remainder.

ENVIRONMENTAL MONITORING

In accordance with the Management Agreement, Chukka was responsible for the environmental monitoring of Harrison's Cave. CBL reviewed the quarterly reports submitted by Chukka to ensure that air and water quality testing programmes and monitoring of the external environs continued during the review period.

The Cave was impacted by ash fall, a freak storm and hurricane Elsa during the year. The inclement weather resulted mainly in damages to the external environment, including a significant amount of fallen trees and debris which had to be removed from the site.

Safety and Health

The continuation of the Covid-19 Pandemic was the major health and safety concern during the year under review. The company implemented the required government protocols regarding temperature checks, hand sanitization, and masks during the pandemic.

HUMAN RESOURCES

As previously stated, the restructured CBL comprise two employees. All other professional services, including financial management, information communication technology, actuarial, pension plan management and legal, were obtained on a contractual basis.

Staff Confirmation

The Board, at its special meeting of 3 May 2021, agreed to offer a contract of services to Mrs. Eleanor Carryl, as the Manager for a three (3) year period from 1 July 2021. The offer was subsequently accepted. At its meeting of 15 September 2021, the Board agreed in principle to offer a one-year contract to Mrs. Francine Stephen-Forde from 1 October 2021, with the option to renew. This offer was also accepted.

PENSION PLAN

During the period, funds of the pension plan were invested in Sagicor Bonds Fund, Sagicor Equity Fund and Government Series B Bonds. The actuary for the Wind-Up of the Pension Plan, Eckler Ltd., submitted an Interim Report on the Wind-Up Valuation of the Pension Plan on 30

November 2021. Eckler advised CBL to liquidate all assets of the Plan in order to determine the Plan's final Wind-Up value.

On the request of the company, Sagicor liquidated both the Bonds and Equity Funds and credited a total of \$2,242,291 to the Pension Plan account. Consequently, the Sagicor Bonds and Equity Funds showed zero balances at 31 March 2022. The Government Series B Bonds were liquidated subsequent to 31 March 2022, for a total of \$1,491,453. The amount remaining on the pension plan bank account at 31 March 2022 was \$4,493,058.

At 31 March 2022, CBL was awaiting the submission of the Final Wind-Up Valuation report from Eckler. This Report was received subsequent to the end of the financial year. The Wind-Up of the Pension Plan is a process which is governed by legislation. The next steps for the Wind-Up of the Pension Plan are:

- i. The approved of the Wind-Up Valuation by the Financial Services Commission (FSC).
- ii. The Trustees of the Plan must inform members of the approval of the Wind-Up of the Plan and arrange meetings with them to discuss options related to their benefits.
- iii. Trustees to submit FSC approval to the selected annuities provider(s) for distribution of benefits to plan members, in accordance with the Occupational Pensions and Benefits Act.

GEO-PHYSICAL /GEO-TECHNICAL STUDY

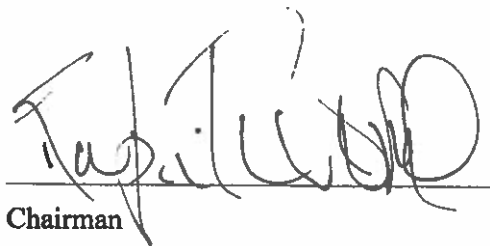
The geo-physical/geo-technical study of the Great Hall of Harrison's Cave by the Mahy, Ridley, Hazzard Engineers Ltd. (MRH) was delayed mainly due to the continuation of the COVID-19 pandemic. The formal contract between CBL and MRH was signed in June 2021. The study recommenced during the first week of January 2022, with de-bushing and the topographic survey of the area above Harrison's Cave Great Hall.

Golder Associates Ltd., who were subcontracted by MRH as the rock mechanics specialist under the project, were unable to recommence works before 31 March 2022, mainly due to staffing issues.

Caves of Barbados Annual Report | 2021/2022

The budget for the project is BDS \$632,072, of which \$292,942 was budgeted for in the financial year under review. Total expenditure as at 31 March 2022 was \$96,806.75 and the outstanding balance is \$535,265.25.

Approved by the Board of Directors on the 7 December 2022, and signed on its behalf by:



Chairman

Audited Financial Statements

CAVES OF BARBADOS LTD

Year Ended 31 March 2022
(Expressed in Barbados Dollars)

CAVES OF BARBADOS LTD

Year ended 31 March 2022

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Independent auditors' report

To the Shareholder of Caves of Barbados Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Caves of Barbados Ltd**, which comprise the statement of financial position as at 31 March 2022, and the statement of income and retained earnings, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Caves of Barbados Ltd.** as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent auditors' report (continued)

To the Shareholder of Caves of Barbados Ltd

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

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

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

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

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

Other Matters

The financial statements of **Caves of Barbados Ltd.** for the year ended 31 March 2021, were audited by another auditor who expressed an unqualified opinion on those statements on 26 August 2022.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinion we have formed.



Drayton J. Carter & Co.
7 December 2022

CAVES OF BARBADOS LTD

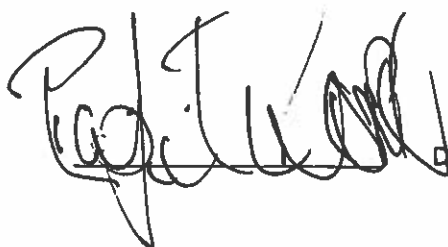
Statement of Financial Position

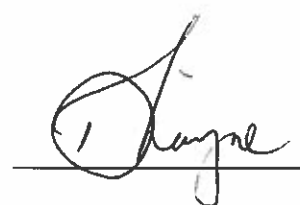
As at 31 March 2022

(expressed in Barbados dollars)

	Notes	2022	2021
Assets			
Current assets			
Cash and cash equivalents	3	\$ 1,436,280	\$ 1,339,564
Accounts receivable and prepayments	4	942,827	958,811
Corporation Tax Recoverable		-	155,305
Amounts due from related party	2,5	324,152	879,013
Net defined benefit asset	14	332,684	-
Inventories	6	-	38,569
		<u>3,035,943</u>	<u>3,371,262</u>
Non-current assets			
Property, plant and equipment	7	<u>51,089,802</u>	<u>52,808,853</u>
Total assets		\$ <u>54,125,745</u>	\$ <u>56,180,115</u>
Liabilities and equity			
Current liabilities			
Accounts payable and accrued expenses	8	\$ 77,665	\$ 71,666
Current portion of loans payable	13	<u>4,893,009</u>	<u>4,893,009</u>
		4,970,674	4,964,675
Non-current liabilities			
Loans payable	13	4,971,953	9,915,544
Net defined benefit liability	14	-	14,999
Total liabilities		<u>9,942,627</u>	<u>14,895,218</u>
Equity			
Share capital – 7,600,000 common shares	9	7,600,000	7,600,000
Subscription shares to be issued	10	27,709,993	27,709,993
Capital contribution by the Government of Barbados	11	4,317,224	4,317,224
Accumulated surplus		<u>4,555,901</u>	<u>1,657,680</u>
Total equity		<u>44,183,118</u>	<u>41,284,897</u>
Total liabilities and equity		\$ <u>54,125,745</u>	\$ <u>56,180,115</u>

Approved by the Board of Directors on December 7, 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 Income

For the Year Ended 31 March 2022

(expressed in Barbados dollars)

	Notes	2022	2021
Revenue			
Management Fees		\$ 149,250	-
Gain on disposal of property, plant & equipment		67,411	-
Other income		<u>9,886</u>	<u>20,632</u>
		226,547	20,632
Cost of sales		<u>-</u>	<u>(12,929)</u>
		226,547	7,703
Expenses			
Salaries, wages and benefits		120,245	3,526,358
Other general and administrative expenses	15	954,013	1,371,818
Depreciation and amortization	7	1,787,870	1,801,186
Employee benefits expense		1,162	220,952
Interest and bank charges		<u>388,148</u>	<u>654,588</u>
		<u>3,251,438</u>	<u>7,574,902</u>
Loss before government grants		(3,024,891)	(7,567,199)
Government grants	18	<u>5,679,217</u>	<u>2,816,425</u>
Income/(loss) before taxation		2,679,217	(4,750,774)
Taxation	12	<u>-</u>	<u>-</u>
		2,654,326	(4,750,774)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit obligation		<u>348,846</u>	<u>12,146</u>
Net Comprehensive Income/(loss)		\$ <u>3,003,172</u>	\$ <u>(4,738,628)</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 2022

(expressed in Barbados dollars)

	Share capital	Subscription For shares to Issued	Capital contributed by the Government of Barbados	Accumulated surplus	Total
Balance - 31 March 2020	7,600,000	27,709,993	4,317,224	5,607,702	45,234,919
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)
Balance - 31 March 2021	7,600,000	27,709,993	4,317,224	1,657,680	41,284,897
Other comprehensive income arising from measurement of Defined Benefit Obligation	-	-	-	(104,951)	(104,951)
Net Comprehensive Income for the year 2022	-	-	-	3,003,172	3,003,172
Balance - 31 March 2022	<u>7,600,000</u>	<u>27,709,993</u>	<u>4,317,224</u>	<u>4,555,901</u>	<u>44,183,118</u>

The accompanying notes form part of these financial statements

CAVES OF BARBADOS LTD

Statement of Cash Flows

For the Year Ended 31 March 2022

(expressed in Barbados dollars)

	Notes	2022	2021
Operating activities			
Income/(loss) before taxation		\$ 2,654,326	\$ (4,750,774)
Adjustments for:			
Interest expense		386,854	654,588
Depreciation	7	1,787,870	1,801,186
Profit on disposal of property and equipment		(67,411)	-
Bad debts		511,306	-
Transferred to Pension company		348,846	12,146
Defined benefit plan interest and service cost		<u>(452,633)</u>	<u>201,909</u>
Operating income/(loss) before working capital changes:		5,169,158	(2,080,945)
Increase in accounts receivables and prepayments		(23,973)	(333,479)
Decrease in inventories		38,569	10,133
Decrease in due from related party		83,512	-
Increase/(decrease) in accounts payable and accrued expenses		<u>5,999</u>	<u>(93,812)</u>
Cash generated from/(used in) operations		5,273,265	(2,498,103)
Interest paid		(437,436)	(526,110)
Corporation taxes recovered		<u>155,305</u>	<u>-</u>
<i>Net cash from/(used in) operating activities</i>		<u>4,991,134</u>	<u>(3,024,213)</u>
Investing activities			
Purchase of property, plant and equipment	7	(101,063)	(16,798)
Receipts – sale of assets		<u>99,654</u>	<u>-</u>
<i>Net cash used in investing activities</i>		<u>(1,409)</u>	<u>(16,798)</u>
Financing activities			
Loan draw downs (repayments) (net)		<u>(4,893,009)</u>	<u>(5,115,641)</u>
<i>Net cash used in financing activities</i>		<u>(4,893,009)</u>	<u>(5,115,641)</u>
Increase/(Decrease) in cash and cash equivalents		96,716	(8,156,652)
Cash and cash equivalents – beginning of year		<u>1,339,564</u>	<u>9,496,216</u>
Cash and cash equivalents – end of year		\$ <u>1,436,280</u>	\$ <u>1,339,564</u>
Cash and cash equivalents comprise:			
Cash at bank		\$ <u>1,436,280</u>	\$ <u>1,339,564</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 2022

(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 termination of all staff of the company on October 31, 2020, and the transition of operations to Chukka effective from 1 December 2020, the management of the Cave is now the responsibility of Chukka. 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 the both the functional and presentation currency.

Going concern

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

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

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

Financial instruments

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

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

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Financial instruments (continued)

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

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

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

Financial assets

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

Impairment

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

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

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

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 income as incurred.

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(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 income.

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

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

Revenue recognition

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

Taxation

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

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

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Foreign currency

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

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. Government grants are recognized in the statement of comprehensive 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 2022 by Eckler Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

No cash was transferred to the pension company during the period by Caves of Barbados Ltd. This was due to the severance of all staff of the Company on October 31, 2020, and the subsequent wind-up of the Pension Plan on November 1, 2020.

The defined benefit pension plan was 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 Ltd. by the scheme is \$324,152 which comprises payment to past employees for gratuity and death benefit (see also Note 5).

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 2022

(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.

Key sources of estimation uncertainty

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

Useful lives and impairment of property, plant and equipment

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

Employee benefits

As disclosed in Note 14, 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 2022

(expressed in Barbados dollars)

3. Cash and cash equivalents

	2022	2021
Petty cash	\$ 2,000	\$ 2,000
Republic Bank (Barbados) Limited – Payroll account	29,382	46,064
Republic Bank (Barbados) Limited – Current account	<u>1,404,898</u>	<u>1,291,500</u>
	<u>\$ 1,436,280</u>	<u>\$ 1,339,564</u>

Cash and cash equivalents include a balance of \$1,161,518 (2021 - \$1,247,628) 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 and for funds to pay pension benefits.

4. Accounts receivable and prepayments

	2022	2021
Trade accounts receivable and other receivables	\$ 718,127	\$ 756,910
Other receivables	25,472	6,223
Prepayments	<u>199,228</u>	<u>195,678</u>
	<u>\$ 942,827</u>	<u>\$ 958,811</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 \$90,375 (2021 - \$55,246) is due from the Company's largest customer. 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:

	2022	2021
30-60 day	\$ 52,925	\$ 17,795
61-90 days	-	-
Over 90 days	<u>37,450</u>	<u>36,895</u>
Total	<u>\$ 90,375</u>	<u>\$ 54,690</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.

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

5. Amounts due from related party

	2022	2021
Amount due from related party	\$ 795,502	\$ 879,013
Less: Provision for doubtful amount	<u>(471,350)</u>	<u>-</u>
	\$ 324,152	\$ 879,013

The amount due from related party relates to funds expended by the Company on behalf of the pension plan. It is unsecured, interest free and have no fixed terms of repayment. The provision represents any change between the carrying value of the receivables and the expected recoverable amount.

6. Inventories

	2022	2021
Shop inventory	\$ -	\$ 38,569
Total	<u>\$ -</u>	<u>\$ 38,569</u>

7. Property, plant and equipment

2022	Cost	Accumulated Depreciation	Net Book Value
Computer equipment			
Balances – 31 March 2021	\$ 449,928	\$ (416,673)	\$ 33,255
Additions	2,852	-	2,852
Disposals	(413,716)	406,746	(6,970)
Depreciation	<u>-</u>	<u>(23,197)</u>	<u>(23,197)</u>
Balances – 31 March 2022	<u>39,064</u>	<u>(33,124)</u>	<u>5,940</u>
Fixtures and fittings			
Balances – 31 March 2021	879,466	(843,329)	36,137
Additions	1,273	-	1,273
Disposals	(852,141)	835,521	(16,620)
Depreciation	<u>-</u>	<u>(13,705)</u>	<u>(13,705)</u>
Balances – 31 March 2022	<u>28,598</u>	<u>(21,513)</u>	<u>7,085</u>
Motor Vehicles			
Balances – 31 March 2021	220,921	(209,382)	11,539
Disposal	(220,921)	212,267	(8,654)
Depreciation	<u>-</u>	<u>(2,885)</u>	<u>(2,885)</u>
Balances – 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>
Trams			
Balances – 31 March 2021	9,017,624	(8,941,950)	75,674
Depreciation	<u>-</u>	<u>(40,082)</u>	<u>(40,082)</u>
Balances – 31 March 2022	<u>9,017,624</u>	<u>(8,982,032)</u>	<u>35,592</u>
Leasehold land			
Balances – 31 March 2021	<u>6,780,459</u>	<u>-</u>	<u>6,780,459</u>
Balances – 31 March 2022	<u>6,780,459</u>	<u>-</u>	<u>6,780,459</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

7. Property, plant and equipment (continued)

2022	Cost	Accumulated Depreciation	New Book Value
Leasehold buildings			
Balances – 31 March 2021	\$ 50,436,614	\$ (11,172,752)	\$ 39,263,862
Additions	15,945	-	15,945
Depreciation	<u>-</u>	<u>(1,008,735)</u>	<u>(1,008,735)</u>
Balances – 31 March 2022	<u>50,452,559</u>	<u>(12,181,487)</u>	<u>38,271,072</u>
Plant and machinery			
Balances – 31 March 2021	12,930,471	(7,308,721)	5,621,750
Depreciation	<u>-</u>	<u>(621,834)</u>	<u>(621,834)</u>
Balances – 31 March 2022	<u>12,930,471</u>	<u>(7,930,555)</u>	<u>4,999,916</u>
Elevators			
Balances – 31 March 2021	1,161,591	(201,086)	960,505
Depreciation	<u>-</u>	<u>(77,432)</u>	<u>(77,432)</u>
Balances – 31 March 2022	<u>1,161,591</u>	<u>(278,518)</u>	<u>883,073</u>
Software			
Balances – 31 March 2021	<u>203,233</u>	<u>(203,233)</u>	<u>-</u>
Balances – 31 March 2022	<u>203,233</u>	<u>(203,233)</u>	<u>-</u>
Capital Work-in Progress			
Balances – 31 March 2021	25,672	-	25,672
Additions	<u>80,993</u>	<u>-</u>	<u>80,993</u>
Balances – 31 March 2022	<u>106,665</u>	<u>-</u>	<u>106,665</u>
Summary			
Balances – 31 March 2021	82,105,979	(29,297,126)	52,808,853
Additions	101,063	-	101,063
Disposals	(1,690,011)	1,657,767	(32,244)
Depreciation	<u>-</u>	<u>(1,787,870)</u>	<u>(1,787,870)</u>
Balances – 31 March 2022	<u>80,517,031</u>	<u>(29,427,229)</u>	<u>51,089,802</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

7. Property, plant and equipment (continued)

2021	Cost	Accumulated Depreciation	Net Book Value
Computer equipment			
Balances – 31 March 2020	\$ 448,645	\$ (382,818)	\$ 65,827
Additions	1,283	-	1,283
Depreciation	-	(33,855)	(33,855)
Balances – 31 March 2021	<u>449,928</u>	<u>(416,673)</u>	<u>33,255</u>
Fixtures and fittings			
Balances – 31 March 2020	879,466	(838,149)	41,317
Depreciation	-	(5,180)	(5,180)
Balances – 31 March 2021	<u>879,466</u>	<u>(843,329)</u>	<u>36,137</u>
Motor Vehicles			
Balances – 31 March 2020	220,921	(197,843)	23,078
Depreciation	-	(11,539)	(11,539)
Balances – 31 March 2021	<u>220,921</u>	<u>(209,382)</u>	<u>11,539</u>
Trams			
Balances – 31 March 2020	9,017,622	(8,891,661)	125,961
Depreciation	-	(50,289)	(50,289)
Balances – 31 March 2021	<u>9,017,622</u>	<u>(8,941,950)</u>	<u>75,672</u>
Leasehold land			
Balances – 31 March 2020	<u>6,780,459</u>	-	<u>6,780,459</u>
Balances – 31 March 2021	<u>6,780,459</u>	-	<u>6,780,459</u>
Leasehold buildings			
Balances – 31 March 2020	50,436,614	(10,164,019)	40,272,595
Depreciation	-	(1,008,732)	(1,008,732)
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 2022

(expressed in Barbados dollars)

7. Property, plant and equipment (continued)

2021	Cost	Accumulated Depreciation	New Book Value
Plant and machinery			
Balances – 31 March 2020	\$ 12,930,471	\$ (6,694,482)	\$ 6,235,989
Depreciation	-	(614,239)	(614,239)
Balances – 31 March 2021	<u>12,930,471</u>	<u>(7,308,721)</u>	<u>5,621,750</u>
Elevators			
Balances – 31 March 2020	1,156,076	(123,733)	1,032,343
Additions	5,515	-	5,515
Depreciation	-	(77,353)	(77,353)
Balances – 31 March 2021	<u>1,161,591</u>	<u>(201,086)</u>	<u>960,505</u>
Software			
Balances – 31 March 2020	<u>203,233</u>	<u>(203,233)</u>	-
Balances – 31 March 2021	<u>203,233</u>	<u>(203,233)</u>	-
Capital work-in progress			
Balances – 31 March 2020	15,672	-	15,672
Additions	<u>10,000</u>	-	<u>10,000</u>
Balances – 31 March 2021	<u>25,672</u>	-	<u>25,672</u>
Summary			
Balances – 31 March 2020	82,089,181	(27,495,939)	54,593,242
Additions	16,798	-	16,798
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>

8. Accounts payable and accrued expenses

	2022	2021
Trade creditors	\$ 58,007	\$ 9,477
Accrued expenses	<u>19,658</u>	<u>62,189</u>
	<u>\$ 77,665</u>	<u>\$ 71,666</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.

9. Share capital

Authorized:

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

Issued and outstanding

	2022	2021
7,600,000 common shares, issued and fully paid	<u>\$ 7,600,000</u>	<u>\$ 7,600,000</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

10. Subscription for shares to be issued

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

11. 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.

12. Taxation and tax losses

	2022	2021
Taxation expense:		
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:

	2022	2021
(Loss)/Income before taxation	\$ 2,654,326	(4,750,774)
Taxed at tax rate of 5.5% (2021 - 5.5%)	145,988	(261,292)
Tax effect of allowable amounts	(312,357)	111,217
Tax effect of amounts not deductible for tax purposes	94,689	(198,656)
Tax effect of deferred tax asset not recorded	<u>71,680</u>	<u>348,731</u>
	\$ _____ -	\$ _____ -

There are tax losses of \$13,394,455 (2021 - \$12,091,185) 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
2022	1,303,270	2029

The Company also has a deferred tax asset of \$736,695 (2021 - \$665,015) that was not recognized due to the uncertainty over the generation of future taxable profits to be utilized.

13. Loans payable

	2022	2021
Caribbean Development Bank		
Current portion	\$ 4,893,009	\$ 4,893,009
Long-term portion	<u>4,971,953</u>	<u>9,915,544</u>
	<u>\$ 9,864,962</u>	<u>\$ 14,808,553</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.

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

13. Loans payable (continued)

During the year, interest of \$386,854 (2021 - \$648,053) was incurred.

Cash at bank includes a balance of \$1,161,518 (2021 - \$1,247,628) which has been designated to fund redevelopment expenditure.

14. Defined benefit plan

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

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

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

The impact of the 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	2022	2021
Discount rate	7.75% per annum	7.75% per annum
Expected rate of future salary increases	-	6.75% per annum
Expected rate of return on plan assets	-	7.75% per annum
Future promotional salary increases	2.50% per annum	2.50% per annum
Future inflationary salary increases	4.25% per annum	4.25% per annum
Future increases in the NIS ceiling for earnings	4.25% per annum	4.25% per annum
Future increases in pensions	3.75% per annum	3.75% per annum
Mortality	UP94 at 2022 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	

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

14. Defined benefit plan (continued)

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:

	2022	2021
Fair value of plan assets	\$ 4,311,422	\$ 3,909,770
Present value of funded defined benefit obligation	<u>(3,978,738)</u>	<u>(3,924,769)</u>
Net defined benefit asset (liability)	\$ <u>332,684</u>	\$ <u>(14,999)</u>
Changes in the present value of defined benefit obligation		
	2022	2021
At the beginning of year	\$ 3,924,769	\$ 3,476,914
Current service cost	-	85,824
Interest cost	302,672	273,808
Actuarial (gains) losses	(210,042)	35,015
Benefit payments	(38,661)	(59,463)
Past Service cost	<u>-</u>	<u>112,671</u>
	\$ <u>3,978,738</u>	\$ <u>3,924,769</u>
Changes in the fair value of plan assets		
	2022	2021
At the beginning of year	\$ 3,909,770	\$ 2,875,218
Actual return on plan assets	440,313	298,512
Employer contributions	-	795,503
Benefit payments	<u>(38,661)</u>	<u>(59,463)</u>
Plan assets at fair value at the end of the period	\$ <u>4,311,422</u>	\$ <u>3,909,770</u>
Net benefit expense recognized in comprehensive income		
	2022	2021
Current service cost	\$ -	\$ 85,824
Past service cost	-	112,671
Interest costs	302,672	273,808
Expected return on plan assets	<u>(301,509)</u>	<u>(251,351)</u>
	\$ <u>1,163</u>	\$ <u>220,952</u>
Statement of other comprehensive income		
	2022	2021
(Gain)/Loss from experience	\$ 210,042	\$ (35,015)
Expected return on plan assets	(301,509)	(251,351)
Actual return on plan assets	<u>440,313</u>	<u>298,512</u>
	\$ <u>348,846</u>	\$ <u>12,146</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

14. Defined benefit plan (continued)

Impact of changes in significant actuarial assumption

	2022	2021
	\$	\$
Base IAS 19 Results	3,978,738	3,924,769
Reduce discount rate by 1% p.a.	4,180,751	4,147,133
Increase discount rate by 1% p.a.	3,795,210	3,723,593
Reduce salary increase by 0.5% p.a.	3,978,738	3,924,769
Increase salary increase by 0.5% p.a.	3,978,738	3,924,769
Increase average life expectancy by 1 year	4,059,792	4,001,777

Life expectancy

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

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

Projected Benefit Payments

Projected benefit payments	Less than 1 year (Year 1)	Between 1-2 years (Year 2)	Between 2-5 years (Year 3-5)	Over 5 years (Years 6-10)
31 March 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

15. Other general and administrative expenses

	2022	2021
Advertising	\$ (2,807)	\$ 54,325
Bad debts	511,306	-
Board expenses	6,000	10,539
Board members' expenses	41,400	53,000
Equipment rental	22,009	23,341
Insurance	213,148	345,056
Membership fees	11,351	28,767
Office expenses	25,304	12,726
Other expenses	6,752	71,203
Professional fees	76,912	298,661
Rental of land	6,000	-
Repairs and maintenance	31,547	192,590
Security	-	133,864
Seminars/conferences/training	805	1,999
Utilities	4,286	145,747
	<u>\$ 954,013</u>	<u>\$ 1,371,818</u>

CAVES OF BARBADOS LTD

Notes to the Financial Statements For the Year Ended 31 March 2022

(expressed in Barbados dollars)

16. Related party transactions

Key management compensation

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

	2022	2021
	\$	\$
Retirement benefit costs	-	26,173
Short term key employee benefits	90,000	366,632

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 grants from the Government of Barbados to assist with repayment of its loans from the Caribbean Development Bank (See also note 13) and capital expenditure. During the financial year ended 31 March 2022, the Government of Barbados provided the following grants:

	2022	2021
	\$	\$
Payments made directly to the Caribbean Development Bank	5,330,444	2,816,425
Payment made to Caves of Barbados for capital expenditure	<u>348,773</u>	<u>-</u>
	5,679,217	2,816,425

19. Subsequent Events

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.