BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

(Expressed in Barbados dollars)

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2. Accounting Policies...(continued)

2.2 Significant accounting judgments, estimates and assumptions...(continued)

Pension obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. Accounting for employee pension obligations requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their services in the current and prior period.

The actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Variations in these assumptions could cause material adjustments in future years, if it is determined that the actual experience differed from the estimate.

Taxes

A subsidiary is subject to income taxes in both Barbados and St. Lucia. Significant estimates are required in determining the provision for income taxes. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable income, together with future tax planning strategies.

Intangible assets

The Group's financial statements include goodwill arising from acquisitions. In accordance with IAS 36, goodwill is reviewed for impairment annually. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate discount rate to calculate present value.