

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)

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. They have been applied consistently to all periods presented.

a) Foreign currency

The Group's consolidated financial statements are presented in Barbados dollars which is the Group's presentation currency. The functional currency of the St. Lucia branch of a subsidiary is Eastern Caribbean dollars.

Monetary assets and liabilities denominated in foreign currencies are translated into Barbados dollars at the rates of exchange ruling at the statement of financial position date. Transactions arising during the year denominated in foreign currencies are translated into Barbados dollars and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the statement of income.

Assets and liabilities of the St. Lucia branch are translated into the Group's presentation currency at the rate of exchange as at the statement of financial position date, and the statement of income is translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary items, such as equities classified as available-for-sale investments, are recognised in other comprehensive income.

b) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, balances with commercial banks, deposits with Central Bank (excluding mandatory reserve deposits) and term deposits with an original maturity of three months or less from the acquisition date.

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the statement of income. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the statement of income in the year of acquisition.