

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2015

(Expressed in Barbados dollars)

2. Accounting Policies...(continued)

(c) *Summary of significant accounting policies*

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

a) **Foreign currency**

The financial statements are presented in Barbados dollars which is the functional currency of the Credit Union. All financial information has been rounded to the nearest dollar.

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.

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 was 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 and term deposits with an original maturity of three months or less from the acquisition date.

c) **Investment in subsidiary**

The investment in subsidiary is accounted for by the cost method whereby the investment is initially recorded at cost and income from the investment is recognised only to the extent that it represents distributions from accumulated profits arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.