

# BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

(Expressed in Barbados dollars)

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## 2. Accounting Policies, continued

### 2.3 Summary of significant accounting policies, continued

#### j) Leases

##### **Leased assets**

For assets leased out under finance leases, the present value of the lease payments at the start of the lease is recognised as a receivable and is included in loans and advances. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax) which reflects a constant periodic rate of return.

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

##### **Lease payments**

For assets leased out under operating leases, the total payments received are included as other operating income in the consolidated statement of income on the straight-line basis over the period of the lease.

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### k) Employee benefits

The Group has both a defined benefit plan and a defined contribution plan for its employees.

##### **Defined benefit plan**

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The Group operates a defined benefit pension plan for its eligible employees, which requires contributions to be made to a separately administered fund.

The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.