

# BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

(Expressed in Barbados dollars)

### 2. Accounting Policies, continued

#### (h) *Property and equipment*

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are included in the consolidated statement of income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and these are included in the consolidated statement of income. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Items of property and equipment are depreciated from the date they are available for use. Depreciation is recognised in the consolidated statement of income on the straight-line basis, at rates designed to write off the cost of the assets over the periods of their estimated useful lives. Land is not depreciated.

The following annual rates apply:

Buildings	2.00% - 4.00%
Motor vehicles	20.00%
Furniture and equipment	10.00% - 33.33%
Leasehold improvements	10.00% - 33.33%

#### (i) *Leased assets*

##### *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.