

# **Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA**

Financial Statements

**March 31, 2020**

(expressed in United States dollars)

# **Deployment of Cleaner Fuels and Renewable Energies in Barbados**

## **Loan No. 3843/OC-BA**

Index to the Financial Statements

**March 31, 2020**

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(expressed in United States dollars)

	<b>Pages</b>
Auditor's Report on the Financial Statements	<b>1 - 3</b>
Statement of Cash Flows	<b>4</b>
Statement of Cumulative Investments	<b>5 - 11</b>
Reconciliation between the Statement of Cash Flows and Statement of Cumulative Investments	<b>12</b>
Reconciliation between the Program's Records and IDB's Records	<b>13</b>
Notes to Financial Statements	<b>14 - 26</b>

### **Appendix**

Management's Representation Letter



## **Independent auditor's report**

To the Board of Directors of National Petroleum Corporation

### **Our opinion**

In our opinion, the financial statements of Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No.3843/OC-BA (the Project) for the year ended March 31, 2020 are prepared, in all material respects, in accordance with the basis of accounting described in note 2 to the financial statements.

### ***What we have audited***

The Project's financial statements comprise:

- the statement of cash flows for the year ended March 31, 2020;
- the statement of cumulative investments for the year ended March 31, 2020;
- the notes to the financial statements, which include a summary of significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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### **Basis of accounting and restriction on distribution and use**

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Project Execution Unit acting herein through the Ministry of Energy & Water Resources to comply with the provisions of Loan Contract No. 3843/OC-BA between the Government of Barbados and the Inter-American Development Bank dated June 14, 2017. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the National Petroleum Corporation, as the executing agency and the Inter-American Development Bank as funding agency and should not be distributed to or used by parties other than the National Petroleum Corporation and the Inter-American Development Bank.

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**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements in accordance with the accounting policies described in note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers SRL*

Bridgetown, Barbados  
August 14, 2020

# Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA

## Statement of Cash Flows

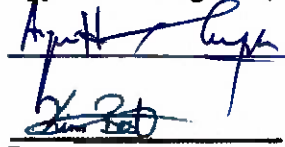
For the year ended March 31, 2020

(with comparatives for the period from June 14, 2017 to March 31, 2019)

(expressed in United States dollars)

	Year ended March 31, 2020			Period from June 14, 2017 to March 31, 2019		
	IDB	Government of Barbados (GOB)	Total	IDB	Government of Barbados (GOB)	Total
	\$	\$	\$	\$	\$	\$
<b>Cash received</b>						
Cumulative balance as at beginning of the year	1,798,538	92,245	1,890,783	-	-	-
<b>Activity during the year</b>						
- Disbursement 1 - Reimbursement	-	-	-	330,738	-	330,738
- Disbursement 2 - Advance	-	-	-	1,467,800	-	1,467,800
- Disbursement 4 - Direct Payment	1,811,117	-	1,811,117	-	-	-
- Disbursement 6 - Advance	1,391,276	-	1,391,276	-	-	-
- Disbursement 8 - Advance	2,980,666	-	2,980,666	-	-	-
- Other NPC contribution	-	184,368	184,368	-	89,086	89,086
- Other bid revenues	-	395	395	-	3,159	3,159
<b>Total cash received</b>	<b>7,981,597</b>	<b>277,008</b>	<b>8,258,605</b>	<b>1,798,538</b>	<b>92,245</b>	<b>1,890,783</b>
<b>Disbursements made</b>						
Cumulative balance as at beginning of the year	1,383,459	124,681	1,508,140	-	-	-
<b>Activity during the year:</b>						
- Disbursement 1 - Reimbursement	-	-	-	330,738	-	330,738
- Disbursement 3 - Justification	-	-	-	275,788	-	275,788
- Disbursement 4 - Direct Payment	1,811,117	-	1,811,117	-	-	-
- Disbursement 5 - Justification	224,660	-	224,660	-	-	-
- Disbursement 7 - Justification	1,338,196	-	1,338,196	-	-	-
Advance pending justification	193,942	-	193,942	776,933	-	776,933
Expenses pending to reimburse GOB	-	-	-	-	-	-
- Other GOB - payments of goods and services	-	25,219	25,219	-	69,307	69,307
- Non-eligible expenses	-	431,363	431,363	-	55,374	55,374
<b>Total cash disbursements</b>	<b>4,951,374</b>	<b>581,263</b>	<b>5,532,637</b>	<b>1,383,459</b>	<b>124,681</b>	<b>1,508,140</b>
<b>Available cash as of end of year</b>	<b>3,030,223</b>	<b>(304,255)</b>	<b>2,725,968</b>	<b>415,079</b>	<b>(32,436)</b>	<b>382,643</b>

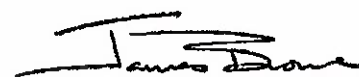
Approved on August 11, 2020



Chairman, Board of Directors NPC



Project Manager, Project Execution Unit, NPC



General Manager (A.g.), NPC

# Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA

Statement of Cumulative Investments

For the year ended March 31, 2020

(expressed in United States dollars)

		As at end of period 2019			Movement during year 2020			As at end of year 2020		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
<b>1.0</b>	<b>NG Infrastructure</b>									
1.1.1.1	Acquisition and Installation of ArcGIS Desktop Software and Maintenance Agreement	7,124	—	7,124	—	—	—	7,124	—	7,124
1.1.1.2	Acquisition and Installation of GIS Enterprise and ArcPad Software and maintenance agreement (3 years)	35,243	—	35,243	—	—	—	35,243	—	35,243
1.1.1.3	Acquisition of GIS/GNSS Equipment & Software	125,342	—	125,342	—	—	—	125,342	—	125,342
1.1.1.5	Acquisition of Consultancy for Design, Installation and Implementation of an Enterprise Geographic Information System	—	—	—	—	—	—	—	—	—
1.1.2.1	Acquisition and Installation of Servers for Virtualisation, related software and networking equipment	212,019	—	212,019	90,865	—	90,865	302,884	—	302,884
1.1.2.2	Acquisition and Installation of SCADA System	—	—	—	569,866	—	569,866	569,866	—	569,866
1.1.2.3	Acquisition and Installation of Document Management System (DMS)	61,615	—	61,615	—	—	—	61,615	—	61,615
1.1.2.4	Acquisition and Installation of Emergency Monitoring System for Lone Workers	—	—	—	25,877	—	25,877	25,877	—	25,877
	<b>Carried forward</b>	441,343	—	441,343	686,608	—	686,608	1,127,951	—	1,127,951

# Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA

Statement of Cumulative Investments ...continued

For the year ended March 31, 2020

(expressed in United States dollars)

		As at end of period 2019			Movement during year 2020			As at end of year 2020		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	<b>Brought forward</b>	441,343	—	441,343	686,608	—	686,608	1,127,951	—	1,127,951
1.1.2.5	Acquisition of Mobile Solutions for field workers	—	—	—	—	—	—	—	—	—
1.1.3.1	Acquisition of Ultrasonic NG Meters	158,503	—	158,503	—	—	—	158,503	—	158,503
1.1.3.2	Acquisition and Installation of Meter Calibration Provers	—	—	—	—	—	—	—	—	—
1.1.3.3	Acquisition and Installation of an Automatic Metering Infrastructure (AMI)	—	—	—	—	—	—	—	—	—
1.2.1.1	Acquisition of Design & Build (D&B) Contractor for Small LNG Facility	—	—	—	—	—	—	—	—	—
1.2.2	Acquisition of Oversight Supervisor for the small LNG Facility	—	—	—	—	—	—	—	—	—
1.3.1.1	Execution of Electrical and Civil Upgrades Required at the NG Plant	—	—	—	—	—	—	—	—	—
1.4.1.1	Acquisition of On Road Distribution Fleet (Megapower)	—	—	—	247,712	—	247,712	247,712	—	247,712
1.4.1.1	Acquisition of On Road Distribution Fleet (Simpson - Trucks)	—	—	—	127,765	—	127,765	127,765	—	127,765
	<b>Carried forward</b>	599,846	—	599,846	1,062,085	—	1,062,085	1,661,931	—	1,661,931



# Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA

Statement of Cumulative Investments ...continued

For the year ended March 31, 2020

(expressed in United States dollars)

		As at end of period 2019			Movement during year 2020			As at end of year 2020		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	<b>Brought forward</b>	599,846	—	599,846	1,062,085	—	1,062,085	1,661,931	—	1,661,931
1.4.1.1	Acquisition of Road Distribution Fleet (Simpson - Double Cabs)	—	—	—	242,206	—	242,206	242,206	—	242,206
1.4.1.1	Acquisition of Road Distribution Fleet (Simpson - Single Cabs)	—	—	—	43,435	—	43,435	43,435	—	43,435
1.5.1.1	Acquisition of Pipes	—	—	—	—	—	—	—	—	—
1.5.2.1	Pipeline Installation and Replacement Works - Hwy 7, Bridgetown Area, and Trents (Hwy 1) to Lancaster and Belle to Welches	—	—	—	—	—	—	—	—	—
1.5.2.2	Pipeline Replacement and Live Connections	—	—	—	—	—	—	—	—	—
1.5.3	Acquisition of Consulting Firm for Supervisory Services - NG Infrastructural Replacement	—	—	—	—	—	—	—	—	—
<b>2.0</b>	<b>Smart Energy Solutions</b>									
2.1.1.1	Design, Acquisition & Installation of Renewable Energy Systems (PVs)	—	—	—	1,811,117	—	1,811,117	1,811,117	—	1,811,117
2.2.1.1	Acquisition & Installation of Compressors (2) for NG Plant	—	—	—	—	—	—	—	—	—
	<b>Carried forward</b>	599,846	—	599,846	3,158,843	—	3,158,843	3,758,689	—	3,758,689

# Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA

Statement of Cumulative Investments ...continued

For the year ended March 31, 2020

(expressed in United States dollars)

		As at end of period 2019			Movement during year 2020			As at end of year 2020		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	<b>Brought forward</b>	599,846	—	599,846	3,158,843	—	3,158,843	3,758,689	—	3,758,689
2.2.2.1	Acquisition and Installation Energy Efficient (EE) Lights & Smart System	—	—	—	—	—	—	—	—	—
2.3.1.1	Acquisition of Consultancy Services to prepare a Technical Feasibility Study of Wind Turbine Facility in Barbados	—	—	—	—	—	—	—	—	—
2.4.1.1	Design, Acquisition & Installation of Renewable Energy Systems with storage at Barbados National Terminal Company Limited (BNTCL)	—	—	—	—	—	—	—	—	—
2.5.1.1	Design, Acquisition & Installation of a Storage System at Barbados National Terminal Company Limited (BNTCL)	—	—	—	—	—	—	—	—	—
<b>3.0</b>	<b>Technical Advisory Services</b>									
3.1.1.1	Training in PPP contract negotiation, large infrastructure project design, execution and management	—	—	—	—	—	—	—	—	—
	<b>Carried forward</b>	599,846	—	599,846	3,158,843	—	3,158,843	3,758,689	—	3,758,689

# Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA

Statement of Cumulative Investments ...continued

For the year ended March 31, 2020

(expressed in United States dollars)

		As at end of period 2019			Movement during year 2020			As at end of year 2020		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	<b>Brought forward</b>	599,846	—	599,846	3,158,843	—	3,158,843	3,758,689	—	3,758,689
3.1.1.2	Training on operational software (SAP, KRONOS)	—	—	—	—	—	—	—	—	—
3.1.2.1	Completing Operational Audits (Review NG Processing, Distribution and Accounting Systems) for NPC/BNOCL	—	—	—	197,531	—	197,531	197,531	—	197,531
3.1.2.2	Acquisition of Consultancy Services for the Provision of Standard Operating Procedures (SOPs) for NPC/BNOCL including Governance Functions	—	—	—	—	—	—	—	—	—
3.1.2.3	Acquisition of Consultancy Services for the Implementation of Employee Integration Programmes for the Newly Formed Company	—	—	—	—	—	—	—	—	—
3.1.2.4.1	Acquisition of Consultancy Services for the development of Quality Management System (QMS) - ISO Consultation	—	—	—	—	—	—	—	—	—
3.1.2.4.2	Acquisition of Consultancy Services for ISO Certification (NPC/BNOCL Staff)	—	—	—	—	—	—	—	—	—
	<b>Carried forward</b>	599,846	—	599,846	3,356,374	—	3,356,374	3,956,220	—	3,956,220

# Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA

Statement of Cumulative Investments ...continued

For the year ended March 31, 2020

(expressed in United States dollars)

		As at end of period 2019			Movement during year 2020			As at end of year 2020		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	<b>Brought forward</b>	599,846	—	599,846	3,356,374	—	3,356,374	3,956,220	—	3,956,220
<b>4.0</b>	<b>Project Evaluation</b>									
4.1.1.1	Acquisition of Consultant for Midterm Evaluation	—	—	—	—	—	—	—	—	—
4.1.1.2	Acquisition of Consultant for Final Evaluation	—	—	—	—	—	—	—	—	—
<b>5.0</b>	<b>Management &amp; Monitoring</b>									
5.1.1	Laptops with docking station	25,904	—	25,904	—	—	—	25,904	—	25,904
5.1.2	Printer/Scanner	454	—	454	—	—	—	454	—	454
5.1.3	Software	10,467	—	10,467	—	—	—	10,467	—	10,467
5.1.4	Laptops (Replacements)	—	—	—	—	—	—	—	—	—
5.2.1	Office Desks & Workstations	—	—	—	—	—	—	—	—	—
5.2.2	Office Chairs	2,156	—	2,156	—	—	—	2,156	—	2,156
5.3	Office Supplies	5,029	—	5,029	—	—	—	5,029	—	5,029
5.4.1	Acquisition of External Financial Auditor	—	—	—	—	—	—	—	—	—
5.4.1.2	Consultancy for Accounting Services for External Audit Preparation	—	—	—	—	—	—	—	—	—
5.4.2	Acquisition of External Financial Auditor for Final Audit	—	—	—	—	—	—	—	—	—
5.5	PEU Staff	736,689	69,307	805,996	211,541	25,219	236,760	948,230	94,526	1,042,756
	<b>Carried forward</b>	1,380,545	69,307	1,449,852	3,567,915	25,219	3,593,134	4,948,460	94,526	5,042,986

# Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA

Statement of Cumulative Investments ...continued

For the year ended March 31, 2020

(expressed in United States dollars)

		As at end of period 2019			Movement during year 2020			As at end of year 2020		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	<b>Brought forward</b>	1,380,545	69,307	1,449,852	3,567,915	25,219	3,593,134	4,948,460	94,526	5,042,986
5.6	Training/Certification of PEU Staff, affiliated training cost	—	—	—	—	—	—	—	—	—
5.7	Promotional/Marketing Material	2,914	—	2,914	—	—	—	2,914	—	2,914
	<b>TOTAL</b>	<b>1,383,459</b>	<b>69,307</b>	<b>1,452,766</b>	<b>3,567,915</b>	<b>25,219</b>	<b>3,593,134</b>	<b>4,951,374</b>	<b>94,526</b>	<b>5,045,900</b>

Approved on August 11, 2020

 Chairman, Board of Directors NPC

 Project Manager, Project Execution Unit, NPC

 General Manager (A.g.), NPC

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Reconciliation between the Statement of Cash Flows and Statement of Cumulative Investments  
For the year ended March 31, 2020

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(expressed in United States dollars)

US  
\$

### Current period

Disbursements Made as per Statement of Cash Flows	5,532,637
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### Less: Reconciling Items:

Non-eligible expenses	<u>(486,737)</u>
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Disbursements as per Statement of Cumulative Investments	<u>5,045,900</u>
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The accompanying notes are an integral part of these financial statements.

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Reconciliation between the Program's Records and IDB's Records

For the year ended March 31, 2020

(expressed in United States dollars)

Category	Cumulative Balance as per:		Variance	Explanation for Variances
	Program's Records (Statement of Cumulative Investments)	IDB's Records (LMS 1 Executive Financial Summary)		
<b>Component 1 - NG Infrastructure</b>	1,947,572	1,768,234	179,338	Expenditure incurred but not yet justified.
<b>Component 2 - Smart Energy Solutions</b>	1,811,117	1,811,117	—	
<b>Component 3 - Technical Advisory Services</b>	197,531	197,531	—	
<b>Component 4 - Project Evaluation</b>	—	—	—	
<b>Component 5 – Project Management and Monitoring</b>	995,154	983,396	11,758	Expenditure incurred but not yet justified.
<b>Totals</b>	<b>4,951,374</b>	<b>4,760,278</b>	<b>191,096</b>	

The accompanying notes are an integral part of these financial statements.

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

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(expressed in United States dollars)

### 1 Project description

#### Financing

On June 14, 2017 the Government of Barbados (The Borrower) entered into an agreement with the Inter-American Development Bank (IDB) for a loan of US\$34.0 million to finance the Deployment of Cleaner Fuels and Renewable Energies in Barbados project (the Project).

The Borrower will pay interest on the daily outstanding balances of the Loan at a rate per annum for each semester, as determined by the Cost of Single Currency Facility Loan with Libor-Based Interest Rate. The IDB notifies the Borrower of the rate of interest applicable. As at year/period end the interest rate was 3.78% (2019 - 3.78%).

A credit fee of not more than 0.75% per annum is payable on the principal amount of the loan not withdrawn. This fee is payable on June 15 and December 15 each year.

Interest is payable semi-annually on June 15, and December 15, each year. Interest fees on the loan are the responsibility of the Borrower.

#### Principal activities

The Project consists of three components oriented as follows:

##### I. Objective

- 1.01** The objective of the Project is to enhance Barbados' energy security and sustainability by diversifying its energy matrix through promoting the use of cleaner fuels for power generation and increasing the use of Renewable Energy (RE) sources. Specific objectives include: (i) upgrading existing Natural Gas (NG) infrastructure to ensure NG service continuity; (ii) increasing Energy Efficiency (EE)/RE applications within National Petroleum Corporation (NPC) and Barbados National Oil Company Limited (BNOCL) operations to reduce Green House Gas (GHG) emissions; (iii) enabling implementation of a Public Private Partnership (PPP) project to import and supply Liquefied Natural Gas (LNG) for power generation; and (iv) providing technical support to NPC and BNOCL to foster organisational and operational efficiency.



# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

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(expressed in United States dollars)

### 1 Project description ...continued

#### Principal activities ...continued

#### II. Description

- 2.01** To achieve the objective indicated in paragraph 1.01 above, the Project comprises the following components:

##### **Component 1. NG Infrastructure**

- 2.02** Subcomponent 1.1. This subcomponent will finance activities to upgrade existing NG infrastructure and information systems, including: (i) developing a geographic information system of NPC's network; (ii) updating the Supervisory Control and Data Acquisition of NG processing and distribution; (iii) meter replacement/upgrade plan and automated meter infrastructure; (iv) modernisation of on-road distribution fleet; and (v) replacement, realignment and installation of NG pipelines for transmission and distribution and upgrade of NG distribution stations.

##### **Component 2: Smart Energy Solutions**

- 2.03** This component will finance solutions to increase EE and the use of RE in NPC-BNOCL facilities, including: (i) installation of Photovoltaic (PV) and/or smart systems, including energy storage in NPC-BNOCL operational facilities; (ii) conversion of compressors from NG to electricity produced by solar PV or wind power plus plant retrofits; (iii) installation of at least 850 kW of wind power or additional solar PV; and (iv) installation of EE and/or RE equipment in administrative buildings.

##### **Component 3: Technical Advisory Services**

- 2.04 Subcomponent 3.1.** This component will finance consultancy services to: (i) provide training to NPC and BNOCL, in areas including: (a) negotiation and signing of PPP contracts; (b) large infrastructure project design, execution and management; (c) quantification of gross and net GHG emissions projects; and (ii) develop studies for improving: (a) corporate governance, environmental, legal and regulatory functions; (b) quality management systems; and (c) information technology applications to monitor and control the NG supply chain.

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

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(expressed in United States dollars)

### 1 Project description ...continued

Principal activities ...continued

#### II. Description ...continued

##### Component 3: Technical Advisory Services ...continued

- 2.06 Subcomponent 3.2.** This component will finance consulting services to facilitate project assessments and subsequently the establishment of financing options including: (i) supporting the procurement and negotiation process to select a private sector partner to evaluate project assessment of the operating of a LNG facility and/or energy storage facility; (ii) supporting the procurement and negotiation process in the determination of the financing options which may include the selection of a private sector partner to establish a PPP to build and operate a LNG facility and/or energy storage facility; (iii) supporting the procurement and negotiation process to establish a financial contractual arrangement including but not limited to a PPP to build and operate a LNG facility and/or energy storage facility; and (iv) capacity building for structuring and managing the PPP contracts or other contractual processes and procedures for the financing of like projects.

#### III. Financing Plan

- 3.01** The cost of this operation is United States thirty-four million dollars (US\$34,000,000) and it will be financed with resources of the Ordinary Capital of the Bank.

##### Cost and Financing

Component	IDB (OC loan) \$
Component 1. NG Infrastructure	25,025,000
Component 2. Smart Energy Solutions	3,350,000
Component 3. Technical Advisory Services	4,050,000
Project Evaluation	75,000
Project Management and Monitoring	1,500,000
<b>Total</b>	<b>34,000,000</b>

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

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(expressed in United States dollars)

### 2 Significant accounting policies

#### a) Basis of preparation

The financial statements have been prepared using the cash basis of accounting recognising revenue when the cash is received and recognising expenses when they are paid. The accounting policy differs from the accrual basis of accounting under which transactions should be recorded when they occur and not when they are paid.

#### b) Foreign currency translation

The Project's accounting records are maintained in Barbados dollars.

These financial statements have been translated to U.S Dollars using an exchange rate of BDS\$2.025 to U.S\$1.

### 3 Available cash balance

The available cash balance as at March 31, 2020 is as follows:

	2020 \$	2019 \$
Republic Bank (Barbados) Limited	3,453	3,114
Scotiabank	2,722,515	379,529
Central Bank of Barbados	—	—
	<u>2,725,968</u>	<u>382,643</u>

The available cash balance per the Central Bank of Barbados account is as follows:

	2020 \$	2019 \$
Central Bank of Barbados Special Deposit Account No. 243641	4,371,942	1,798,538
Balance transferred to the Scotiabank account	(4,371,942)	(1,798,538)
	<u>—</u>	<u>—</u>

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

(expressed in United States dollars)

### 4 Advances pending justification

At March 31, 2020, the amount pending justification to the IDB amounted to US\$3,224,165, which represents advance of funds received and expenditure incurred which has not yet been submitted to the IDB for justification.

	2020	
	\$	
Disbursement 1 - Reimbursement	330,738	
Disbursement 2 - Advance	1,467,800	
Disbursement 4 - Direct Payment	1,811,117	
Disbursement 6 - Advance	1,391,276	
Disbursement 8 - Advance	2,980,666	7,981,597
Less: Disbursement 1 - Justification	(330,738)	
Disbursement 3 - Justification	(275,788)	
Disbursement 4 - Direct Payment	(1,811,117)	
Disbursement 5 - Justification	(1,001,593)	
Disbursement 7 - Justification	(1,338,196)	(4,757,432)
		<u>3,224,165</u>

### 5 Advances and justification

	2020	2019
	\$	\$
Opening balance of advances	382,643	—
Advances received	4,538,145	1,467,800
Direct payments made	1,811,117	—
Reimbursement received	—	330,738
Justifications	(3,373,973)	(606,526)
	<u>3,357,932</u>	<u>1,192,012</u>
Additional disbursement of funds	(631,964)	(809,369)
Closing balance of advances	<u>2,725,968</u>	<u>382,643</u>

Advances pending justification of \$776,933 in relation to the period June 14, 2017 to March 31, 2019 were justified during the year.

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

(expressed in United States dollars)

### 6 Procurement of goods and services

As at March 31, 2020 contracts for the provision of goods and services totalling \$12,457,336 were entered into.

NO.	Good/Services	Consultant/Company	Agreement	Cost \$	Start Date	Status
1	Acquisition & Installation of Servers for Virtualisation Related Software and Networking Equipment	Massy Telecommunication Infocom	Contract	302,884	September 12, 2018	Completed
2	Acquisition & Installation of a SCADA System	Control Technology Limited	Contract	2,849,328	October 30, 2019	Ongoing
3	Acquisition and Installation of Document Management System (DMS)	Massy Telecommunication Infocom	Purchase Order	123,231	May 7, 2018	Ongoing
4	Design, Acquisition and Installation of Renewable Energy Systems (PVs)	Gamma Solutions S.L.	Contract	5,174,620	February 19, 2019	Ongoing
5	Completing Operational Audits (Review NG Processing, distribution and accounting systems) for NPC and BNOCL	Stantec Consulting Caribbean Ltd	Contract	400,000	March 27, 2019	Ongoing
6	Acquisition and Installation of Emergency Monitoring System for Lone Workers	Blackridge Solutions	Purchase Order	26,200	June 5, 2019	Completed
7	Acquisition of an On Road Distribution Fleet (Vehicles)	Megapower Limited	Contract	248,412	August 20, 2019	Ongoing

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

(expressed in United States dollars)

### 6 Procurement of goods and services ...continued

NO.	Good/Services	Consultant/Company	Agreement	Cost \$	Start Date	Status
8	Acquisition of an On Road Distribution Fleet (Vehicles)	Simpson Motors Limited	Contract	608,982	August 20, 2019	Ongoing
9	Consultancy Services to Prepare a Technical Feasibility Study for a Wind Turbine Facility in Barbados	Barlovento Recursos Naturales	Contract	551,275	August 29, 2019	Ongoing
10	Consultancy Services for the Implementation of Employee Integration Programmes for Newly Formed Company	G & A Communications Inc	Contract	51,852	January 6, 2020	Ongoing
11	Acquisition of External Auditors	PricewaterhouseCoopers SRL	Contract	71,223	May 29, 2019	Ongoing
12	Project Execution Unit - Salaries	Various Individual Consultants	Contract	2,049,329	June 12, 2017	Ongoing
	Total			12,457,336		

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

(expressed in United States dollars)

### 7 Disbursements

Investment Categories	5	7
<b>Component 1 - NG Infrastructure</b>		
Acquisition and Installation of ArcGIS Desktop Software and Maintenance Agreement	—	—
Acquisition and installation of GIS Enterprise and ArcPad Software and maintenance agreement (3 years)	—	—
Acquisition of GIS/GNSS Equipment and Software	99,087	—
Acquisition of Consultancy Services for the Implementation of GIS Enterprise Software	—	—
Acquisition & Installation of Servers for Virtualisation, related software and Networking Equipment	302,884	—
Acquisition and Installation of SCADA System		569,866
Acquisition and Installation of Document Management System (DMS)	36,969	
Acquisition and Installation of Emergency Monitoring System for Lone Workers	—	—
Acquisition of Mobile Solutions for Field Workers	—	—
Acquisition of Ultrasonic NG Meters	128,067	—
Acquisition and Installation of Meter Calibration Provers	—	—
Acquisition and Installation of an Automatic Metering Infrastructure (AMI)	—	—
Acquisition of Design and Build (D&B) Contractor for Small LNG Facility	—	—
Acquisition of Oversight Supervisor for the Small LNG Facility	—	—
Execution of Electrical and Civil Upgrades Required at the NG Plant	—	—
Acquisition of On Road Distribution Fleet (Megapower)	—	198,256
Acquisition of On Road Distribution Fleet (Simpsons - Trucks)	—	285,641
Acquisition of On Road Distribution Fleet (Simpsons - Double Cabs)	—	—
Acquisition of On Road Distribution Fleet (Simpsons - Single Cab)	—	—
Acquisition of Pipes	—	—
Pipeline Installation and Replacement Works - Hwy 7, Bridgetown Area, and Trents (Hwy 1) to Lancaster and Belle to Welches	—	—
Pipeline Replacement and Live Connections	—	—
Acquisition of Consulting Firm for Supervisory Services - NG Infrastructural Replacement	—	—
<b>Carried forward</b>	<b>567,007</b>	<b>1,053,763</b>

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

(expressed in United States dollars)

### 7 Disbursements ...continued

Investment Categories	5	7
<b>Brought forward</b>	567,007	1,053,763
<b>Component 2 - Smart Energy Solutions</b>		
Design, Acquisition & Installation of Renewable Energy Systems (PVs)	–	–
Acquisition and Installation of Compressors (2) for NG Plant	–	–
Acquisition and Installation of Energy Efficient (EE) Lights and Smart System	–	–
Acquisition of Consultancy Services to prepare a Technical Feasibility Study for a Wind Turbine Facility in Barbados	–	–
Design, Acquisition & Installation of Renewable Energy Systems with storage at Barbados National Terminal Company Limited(BNTCL)	–	–
Design, Acquisition & Installation of Renewable Energy Systems at Barbados National Terminal Company Limited(BNTCL)	–	–
Acquisition of Consultancy Services to facilitate a Geo-technical Study at BNTCL	–	–
<b>Component 3 - Technical Advisory Services</b>		
Training in PPP contract negotiation, Large Infrastructure Project Design, Execution and Management	–	–
Training on operational software (SAP, KRONOS)	–	–
Completing Operational Audits (Review NG Processing, Distribution and Accounting Systems) for NPC/BNOCL	118,519	79,012
Acquisition of Consultancy Services for the Provision of Standard Operating Procedures (SOPs) for NPC/BNOCL including Governance Functions	–	–
Acquisition of Consultancy Services for the Implementation of Employee Integration Programmes for the Newly Formed Company	–	–
Acquisition of Consultancy Services for the development of Quality Management System (QMS) - ISO Consultation	–	–
Acquisition of Consultancy Services for ISO Certification (NPC/BNOCL Staff)	–	–
<b>Component 4 - Project Evaluation</b>		
Acquisition of Consultant for Midterm Evaluation	–	–
Acquisition of Consultant for Final Evaluation	–	–
<b>Carried forward</b>	685,526	1,132,775



# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

(expressed in United States dollars)

### 7 Disbursements ...continued

Investment Categories	5	7
<b>Brought forward</b>	685,526	1,132,775
<b>Component 5 - Project Management and Monitoring</b>		
Laptops with docking Stations	—	—
Printer/Scanner	—	—
Software	—	—
Laptops (Replacements)	—	—
Office Desk & workstations	—	—
Office Chairs	—	—
Office Supplies	—	—
Acquisition of External Financial Auditor	—	—
Consultancy for Accounting Services for External Audit Preparation	—	—
Acquisition of External Financial Auditor for Final Audit	—	—
PEU Staff	316,067	205,421
Training/Certification of PEU staff, affiliated training cost (rental of venue, catering, rental of equipment, etc)	—	—
Promotional/Marketing Materials		
	<b>1,001,593</b>	<b>1,338,196</b>

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

(expressed in United States dollars)

### 8 Reconciliation between the statement of cash flow and the statement of cumulative investments

#### i) IDB Funds

As at March 31, 2020, the extent of the funds disbursed by IDB was as follows:

	2020 \$	2019 \$
Balance at beginning of year/period	1,798,538	—
Disbursements requested	6,183,059	1,798,538
<b>Balance at end of year/period per the statement of cash flows at March 31, 2020</b>	<b>7,981,597</b>	<b>1,798,538</b>

#### *Reconciliation of IDB disbursements to statement of cumulative investments*

	2020 \$	2019 \$
IDB disbursements per the statement of cash flows	4,951,374	1,383,459
<b>Amount of IDB funds per the statement of cumulative investments</b>	<b>4,951,374</b>	<b>1,383,459</b>

#### ii) GOB funds

	2020 \$	2019 \$
Balance at beginning of year/period	92,245	—
Received during the year/period	184,763	92,245
<b>Balance at end of year/period per the statement of cash flows at March 31, 2020</b>	<b>277,008</b>	<b>92,245</b>

#### *Reconciliation of GOB disbursements to statement of cumulative investments*

	2020 \$	2019 \$
GOB disbursements per the statement of cash flows	581,263	124,681
<b>Amount of GOB funds per statement of cumulative Investments</b>	<b>94,526</b>	<b>69,307</b>

# Deployment of Cleaner Fuels and Renewable Energies in Barbados

## Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2020

(expressed in United States dollars)

### 9 Reconciliation by investment categories between the Project's records and the IDB's records

	Cumulative Balance as per:		Variance
	Project's Records  (Statement of Cumulative Investments) \$	IDB's Records LMF1 (Executive Financial Summary) \$	
<b>Investment categories</b>			
1.0 N.G. Infrastructure	1,947,572	1,768,234	179,338
2.0 Smart Energy Solutions	1,811,117	1,811,117	—
3.0 Technical Advisory Service	197,531	197,531	—
4.0 Project Evaluation	—	—	—
5.0 Management and Monitoring	995,154	983,396	11,758
<b>Total</b>	<b>4,951,374</b>	<b>4,760,278</b>	<b>191,096</b>

### 10 Non-eligible expenses

	2020 \$	2019 \$
Bank charges	130	485
Foreign exchange fees	11,937	5,704
Loss on foreign exchange	55,072	24,334
Payroll reimbursements	—	5,072
VAT and other indirect taxes	364,224	19,779
<b>Total</b>	<b>431,363</b>	<b>55,374</b>

### 11 Comparatives

The following comparative information has been reclassified to conform to the current year presentation. Total cash received from IDB of \$1,776,329 as previously reported on the statement of cash flows was increased by \$22,209 to \$1,798,538 to reflect total funds received from IDB. Other expenses were re-named to non-eligible expenses. Non-eligible expenses was increased from \$33,165 by \$22,209 to \$55,374 in recognition of the non-eligible expenditure. Additionally, the non-eligible expenses recorded under the IDB of \$13,341 as previously reported on the statement of cash flows was re-classified to the GOB.

# **Deployment of Cleaner Fuels and Renewable Energies in Barbados**

## **Loan No. 3843/OC-BA**

Notes to Financial Statements

**March 31, 2020**

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(expressed in United States dollars)

### **12 Subsequent events**

Since the outbreak of COVID-19 in the first quarter of 2020, global financial markets have experienced, and may continue to experience significant volatility and there are significant consequences for the global and local economies from travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on the global and local economies and the sectors in which the Project and its suppliers operate is uncertain at this time, but it has the potential to adversely affect our business. As of August 14, 2020, management was not aware of any significant adverse effects on the financial statements for the year ended March 31, 2020 as a result of COVID-19. Management will continue to monitor the situation and the impact on the Project.

# **Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA**

Appendix  
**March 31, 2020**



Ref. No. 06/2020/01

August 14, 2020

PricewaterhouseCoopers SRL  
The Financial Services Centre  
Bishop's Court Hill  
P.O. Box 111  
St. Michael, BB14004  
Barbados

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of Deployment of Cleaner Fuels and Renewable Energies in Barbados Loan No. 3843/OC-BA (the "project") for the year ended March 31, 2020. Your audit is conducted for the purpose of expressing an opinion as to whether the financial statements of the Project are prepared, in accordance with the cash basis of accounting and the financial reporting provisions of the Inter-American Development Bank.

We acknowledge as those charged with governance of the project our responsibilities, as set out in the terms of the audit engagement letter dated March 27, 2020 for preparing financial statements of the project in accordance with the cash basis of accounting and financial reporting provisions of the loan agreement dated June 14, 2017 and the Inter-American Development Bank's requirements and for making accurate representations to you..

We confirm that the following representations are made on the basis of enquiries of management and staff of the project with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, at the time the statements of cash flows and cumulative investments are approved, to the best of our knowledge and belief and having made the appropriate enquiries, the following representations:

#### **Accounting records**

We have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that you (the project's auditor) are aware of that information, including that:

- All the accounting records, whether for the purposes of financial reporting or any other purpose, such as fiscal reporting, have been made available to you for the purpose of your audit and all the transactions undertaken by the project have been properly reflected and recorded in the accounting records.
- We have appropriately reconciled our books and records (e.g., general ledger accounts) underlying the financial statements to their related supporting information (e.g., sub ledger or third-party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements, as necessary. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a statement of cash flows account, which should have been written off to a statement of cumulative investments account and vice versa.
- All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes (and summaries of actions of recent meetings for which minutes have not yet been prepared) of the steering committee, directors' and relevant management meetings, have been made available to you and no such information has been withheld.
- There are no material transactions, agreements or accounts that have not been properly recorded in the accounting records underlying the financial statements.
- We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

So far as we are aware, there is no relevant audit information of which you are unaware.

### **Accounting policies**

We confirm that we have reviewed the project's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are appropriate to give a true and fair view for the project's particular circumstances.

### **Contractual arrangements/agreements**

All contractual arrangements (including side-letters to agreements) entered into by the project with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

### **Laws and regulations**

We are not aware of any instances of actual or potential breaches of, or non-compliance with, laws and regulations which provide a legal framework within which the project conducts its business

and which are central to the project's ability to conduct its business or that could have a material effect on the financial statements.

We are not aware of any irregularities, or allegations of irregularities, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

### **Going concern**

The use of the going concern assumption is appropriate.

### **Fraud**

We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud.

We have disclosed to you:

- i) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- ii) our knowledge of fraud or suspected fraud affecting the project involving:
  - Management.
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- iii) our knowledge of any allegations of fraud, or suspected fraud, affecting the project's financial statements communicated by employees, former employees, analysts, regulators or others.
- iv) all manual journal entries are appropriately approved by management, are adequately supported and reflect the underlying events and transactions. These journal entries do not represent a risk of fraud and we are not aware of any unsupported transactions.

### **Misstatements detected during the audit**

We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and have communicated to you all internal control deficiencies of which we are aware.

We confirm that the financial statements are free from material misstatement, including omissions.



**Taxation**

The project is not subject to tax.

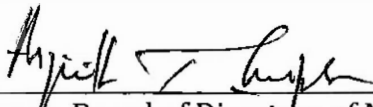
**Other information**

We confirm to you that we are not required by law, regulation or custom to issue any additional information with information on the entity's operations and the entity's financial results and financial information other than the financial statements and we do not intend to issue any such document to accompany the financial statements and your report thereon.

**Subsequent events**

Other than as described in the financial statements, there have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the financial statements or in the notes thereto.

Yours faithfully,

  
\_\_\_\_\_  
(Chairman, Board of Directors of NPC)  
\_\_\_\_\_  
(GM (Ag), NPC)  
\_\_\_\_\_  
(Project Manager, Project Execution Unit, NPC)