

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

Financial Statements

March 31, 2021

(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, 2021

(expressed in United States dollars)

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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) are prepared, in all material respects, in accordance with the accounting policies 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, 2021;
- the statement of cumulative investments for the year ended March 31, 2021;
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of accounting and restriction on distribution and use

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, Small Business and Entrepreneurship (formerly 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. Our opinion is not modified in respect of this matter.

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.

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.

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
July 29, 2021

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

Statement of Cash Flows


For the year ended March 31, 2021

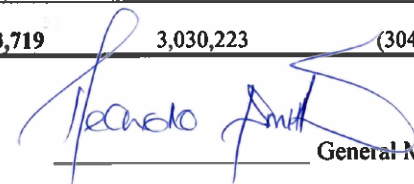
(expressed in United States dollars)

	Year ended March 31, 2021			Year ended March 31, 2020		
	IDB	Government of Barbados (GOB)	Total	IDB	Government of Barbados (GOB)	Total
	\$	\$	\$	\$	\$	\$
Cash received						
Cumulative balance as at beginning of the year	7,981,597	277,008	8,258,605	1,798,538	92,245	1,890,783
Activity during the year						
- 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
- Disbursement 10 - Direct Payment	302,984	-	302,984	-	-	-
- Disbursement 11 - Direct Payment	145,495	-	145,495	-	-	-
- Disbursement 12 - Advance	4,202,417	-	4,202,417	-	-	-
- Other NPC contribution	-	104,359	104,359	-	184,368	184,368
- Other bid revenues	-	247	247	-	395	395
Total cash received	12,632,493	381,614	13,014,107	7,981,597	277,008	8,258,605
Disbursements made						
Cumulative balance as at beginning of the year	4,951,374	581,263	5,532,637	1,383,459	124,681	1,508,140
Activity during the year:						
- 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
- Disbursement 9 - Justification	2,458,966	-	2,458,966	-	-	-
- Disbursement 10 - Direct Payment	302,984	-	302,984	-	-	-
- Disbursement 11 - Direct Payment	145,495	-	145,495	-	-	-
Advances pending justification	519,550	-	519,550	193,942	-	193,942
Expenses pending to reimburse GOB	-	-	-	-	-	-
- Other GOB - payments of goods and services	-	25,503	25,503	-	25,219	25,219
- Non-eligible expenses	-	135,253	135,253	-	431,363	431,363
Total cash disbursements	8,378,369	742,019	9,120,388	4,951,374	581,263	5,532,637
Available cash as of end of year	4,254,124	(360,405)	3,893,719	3,030,223	(304,255)	2,725,968

Approved on July 23, 2021

 Chairman, Board of Directors NPC

 Project Manager

 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, 2021

(expressed in United States dollars)

		As at end of year March 31, 2020			Movement during year 2021			As at end of year March 31, 2021		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
1.0	NG Infrastructure									
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 the 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	302,884	—	302,884	—	—	—	302,884	—	302,884
1.1.2.2	Acquisition and Installation of SCADA System	569,866	—	569,866	945,006	—	945,006	1,514,872	—	1,514,872
1.1.2.3	Acquisition and Installation of Document Management System (DMS)	61,615	—	61,615	43,131	—	43,131	104,746	—	104,746
1.1.2.4	Acquisition and Installation of Emergency Monitoring System for Lone Workers	25,877	—	25,877	—	—	—	25,877	—	25,877
	Carried forward	1,127,951	—	1,127,951	988,137	—	988,137	2,116,088	—	2,116,088

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, 2021

(expressed in United States dollars)

		As at end of year March 31, 2020			Movement during year 2021			As at end of year March 31, 2021		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	Brought forward	1,127,951	—	1,127,951	988,137	—	988,137	2,116,088	—	2,116,088
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	—	—	—	—	—	—	—	—	—
1.3.1.1	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	2,441	—	2,441	250,153	—	250,153
1.4.1.1	Acquisition of On Road Distribution Fleet (Simpson - Trucks)	127,765	—	127,765	—	—	—	127,765	—	127,765
	Carried forward	1,661,931	—	1,661,931	990,578	—	990,578	2,652,509	—	2,652,509

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, 2021

(expressed in United States dollars)

		As at end of year March 31, 2020			Movement during year 2021			As at end of year March 31, 2021		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	Brought forward	1,661,931	—	1,661,931	990,578	—	990,578	2,652,509	—	2,652,509
1.4.1.1	Acquisition of Road Distribution Fleet (Simpson - Double Cabs)	242,206	—	242,206	9,539	—	9,539	251,745	—	251,745
1.4.1.1	Acquisition of Road Distribution Fleet (Simpson - Single Cabs)	43,435	—	43,435	71,061	—	71,061	114,496	—	114,496
1.5.1.1	Acquisition of Polyethylene Pipes, Fittings, Appurtenances and Equipment	—	—	—	—	—	—	—	—	—
1.5.1.2	Acquisition of Polyethylene Pipes and Fittings for Highway 1	—	—	—	99,859	—	99,859	99,859	—	99,859
1.5.2.1	Infrastructural Replacement for Component A and Component B work packages	—	—	—	—	—	—	—	—	—
1.5.2.2	Pipeline Replacement and Live Connections	—	—	—	—	—	—	—	—	—
1.5.3.1	Acquisition of Consulting Firm for Supervisory Services - NG Infrastructural Replacement	—	—	—	—	—	—	—	—	—
2.0	Smart Energy Solutions									
2.1.1.1	Design, Acquisition & Installation of Renewable Energy Systems (PVs)	1,811,117	—	1,811,117	1,256,995	—	1,256,995	3,068,112	—	3,068,112
	Carried forward	3,758,689	—	3,758,689	2,428,032	—	2,428,032	6,186,721	—	6,186,721

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, 2021

(expressed in United States dollars)

		As at end of year March 31, 2020			Movement during year 2021			As at end of year March 31, 2021		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	Brought forward	3,758,689	—	3,758,689	2,428,032	—	2,428,032	6,186,721	—	6,186,721
2.1.2.1	Design, Acquisition & Installation of a Renewable Energy Systems Solution at Barbados National Terminal Company Limited (BNTCL)	—	—	—	—	—	—	—	—	—
2.2.1.1	Acquisition and Installation of Compressors (2) for NG Plant	—	—	—	—	—	—	—	—	—
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 for a Wind Turbine Facility in Barbados	—	—	—	110,255	—	110,255	110,255	—	110,255
3.0	Technical Advisory Services									
3.1.1.1	Completing Operational Audits (Review NG Processing, Distribution and Accounting Systems) for NPC/BNOCL	197,531	—	197,531	197,531	—	197,531	395,062	—	395,062
3.1.1.2	Acquisition of Consultancy Services for the Implementation of Employee Integration Programmes for the Newly Formed Company	—	—	—	5,185	—	5,185	5,185	—	5,185
	Carried forward	3,956,220	—	3,956,220	2,741,003	—	2,741,003	6,697,223	—	6,697,223

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, 2021

(expressed in United States dollars)

		As at end of year March 31, 2020			Movement during year 2021			As at end of year March 31, 2021		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	Brought forward	3,956,220	—	3,956,220	2,741,003	—	2,741,003	6,697,223	—	6,697,223
3.1.1.3	Acquisition of Consultancy Services for the Development of Quality Management System (QMS) - ISO Consultation	—	—	—	—	—	—	—	—	—
3.1.1.4	Acquisition of Consultancy Services for ISO Certification (NPC/BNOCL Staff)	—	—	—	—	—	—	—	—	—
3.2.1.1	Acquisition of Training Services on the ERP Software SAP	—	—	—	—	—	—	—	—	—
3.2.1.2	Acquisition of Training Services on the ERP Software KRONOS	—	—	—	—	—	—	—	—	—
4.0	Project Evaluation									
4.1.1.1	Acquisition of Consultant for Midterm Evaluation	—	—	—	5,620	—	5,620	5,620	—	5,620
4.1.1.2	Acquisition of Consultant for Final Evaluation	—	—	—	—	—	—	—	—	—
	Carried forward	3,956,220	—	3,956,220	2,746,623	—	2,746,623	6,702,843	—	6,702,843

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, 2021

(expressed in United States dollars)

		As at end of year March 31, 2020			Movement during year 2021			As at end of year March 31, 2021		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	Brought forward	3,956,220	—	3,956,220	2,746,623	—	2,746,623	6,702,843	—	6,702,843
5.0	Management & Monitoring									
5.1.1	Laptops with Docking Stations	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
5.2.1	Office Desks & Workstations	—	—	—	—	—	—	—	—	—
5.2.2	Office Chairs	2,156	—	2,156	—	—	—	2,156	—	2,156
5.2.3	Vertical Blinds	—	—	—	—	—	—	—	—	—
5.2.4	Easels	—	—	—	—	—	—	—	—	—
5.3	Office Supplies	5,029	—	5,029	—	—	—	5,029	—	5,029
5.4.1.1	Acquisition of External Financial Auditor	—	—	—	—	—	—	—	—	—
5.4.2.1	Acquisition of External Financial Auditor for Final Audit	—	—	—	33,062	—	33,062	33,062	—	33,062
5.5	PEU Staff	948,230	94,526	1,042,756	646,170	25,503	671,673	1,594,400	120,029	1,714,429
	Carried forward	4,948,460	94,526	5,042,986	3,425,855	25,503	3,451,358	8,374,315	120,029	8,494,344

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

Statement of Cumulative Investments ... *continued*

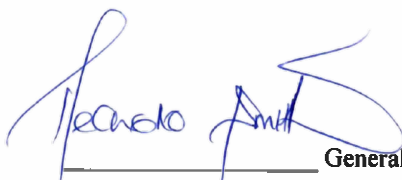
For the year ended March 31, 2021

(expressed in United States dollars)

		As at end of year March 31, 2020			Movement during year 2021			As at end of year March 31, 2021		
	Investment categories	IDB	GOB	Total	IDB	GOB	Total	IDB	GOB	Total
	Brought forward	4,948,460	94,526	5,042,986	3,425,855	25,503	3,451,358	8,374,315	120,029	8,494,344
5.6	Training/Certification of PEU Staff, Affiliated Training Cost (rental of venue, catering, rental of equipment, etc.)	—	—	—	1,140	—	1,140	1,140	—	1,140
5.7	Promotional/Marketing Material	2,914	—	2,914	—	—	—	2,914	—	2,914
	TOTAL	4,951,374	94,526	5,045,900	3,426,995	25,503	3,452,498	8,378,369	120,029	8,498,398

Approved on July 23, 2021

 Chairman, Board of Directors NPC

 General Manager (A.g.), NPC

 Project Manager

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, 2021

(expressed in United States dollars)

US
\$

Current period

Disbursements Made as per Statement of Cash Flows	9,120,388
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Less: Reconciling Items:

Non-eligible expenses	<u>(621,990)</u>
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Disbursements as per Statement of Cumulative Investments	<u>8,498,398</u>
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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, 2021

(expressed in United States dollars)

CATEGORY	Cumulative Balance as per:		Variance	Explanation for Variances
	Program's Records (Statement of Cumulative Investments)	IDB's Records (OPS1-Summary Executive Report)		
Component 1 - NG Infrastructure	3,118,608	2,993,840	124,768	Expenditure incurred but not yet justified.
Component 2 - Smart Energy Solutions	3,178,367	3,178,366	1	
Component 3 - Technical Advisory Services	400,247	276,543	123,704	Expenditure incurred but not yet justified.
Component 4 - Project Evaluation	5,620	—	5,620	Expenditure incurred but not yet justified.
Component 5 - Project Management and Monitoring	1,675,527	1,410,070	265,457	Expenditure incurred but not yet justified.
Totals	8,378,369	7,858,819	519,550	

Deployment of Cleaner Fuels and Renewable Energies in Barbados

Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2021

(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 end the interest rate was 1.29% (2020 - 2.75%).

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, 2021

(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, 2021

(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. The disbursement allocation was amended by the Government of Barbados in a cabinet meeting held on July 9, 2020. The revised allocations and original allocations are set out below.

Cost and financing

Component	Revised allocations IDB (OC Loan) \$	Original allocations IDB (OC loan) \$
Component 1. NG Infrastructure	12,641,291	25,025,000
Component 2. Smart Energy Solutions	16,854,459	3,350,000
Component 3. Technical Advisory Services	951,852	4,050,000
Project Evaluation	75,000	75,000
Project Management and Monitoring	3,477,398	1,500,000
Total	34,000,000	34,000,000

Deployment of Cleaner Fuels and Renewable Energies in Barbados

Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2021

(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 is as follows:

	2021 \$	2020 \$
Republic Bank (Barbados) Limited	—	3,453
Scotiabank	3,893,719	2,722,515
Central Bank of Barbados	—	—
	<u>3,893,719</u>	<u>2,725,968</u>

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

	2021 \$	2020 \$
Advances to Central Bank of Barbados Special Deposit Account No. 243641	4,202,417	4,371,942
Balance transferred to the Scotiabank account	<u>(4,202,417)</u>	<u>(4,371,942)</u>
Closing balance	<u>—</u>	<u>—</u>

Deployment of Cleaner Fuels and Renewable Energies in Barbados

Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2021

(expressed in United States dollars)

4 Advances pending justification

At March 31, 2021, the amount pending justification to the IDB amounted to US\$4,773,675, which represents advance of funds received and expenditure incurred which has not yet been submitted to the IDB for justification.

	2021	
	\$	
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	
Disbursement 10 - Direct Payment	302,984	
Disbursement 11 - Direct Payment	145,495	
Disbursement 12 - Advance	4,202,417	12,632,493
Less: Disbursement 1 - Justification	(330,738)	
Disbursement 3 - Justification	(278,632)	
Disbursement 4 - Direct Payment	(1,811,117)	
Disbursement 5 - Justification		
(2019 - \$776,933 & 2020 - \$224,660)	(1,001,593)	
Disbursement 7 - Justification	(1,338,196)	
Disbursement 9 - Justification		
(2020 - \$191,098 & 2021 - \$2,458,966)	(2,650,064)	
Disbursement 10 - Direct Payment	(302,984)	
Disbursement 11 - Direct Payment	(145,495)	(7,858,819)
		<u>4,773,674</u>

5 Advances and justification

	2021	2020
	\$	\$
Opening balance of advances	2,725,968	382,643
Advances received	4,202,417	4,538,145
Direct payments made	448,479	1,811,117
Reimbursement received	—	—
Justifications	(2,907,445)	(3,373,973)
	4,469,419	3,357,932
Advance pending of justification	(519,550)	(193,942)
Additional disbursement of funds	(56,150)	(438,022)
	<u>3,893,719</u>	2,725,968

Deployment of Cleaner Fuels and Renewable Energies in Barbados

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Notes to Financial Statements

March 31, 2021

(expressed in United States dollars)

6 Procurement of goods and services

As at March 31, 2021 current contracts for the provision of goods and services totalling \$13,027,374 were entered into.

NO.	Good/Services	Consultant/Company	Agreement	Cost \$	Start Date	Status
1	Acquisition & Installation of a SCADA System	Control Technology Limited	Contract	3,029,837	October 30, 2019	Ongoing
2	Acquisition and Installation of Document Management System (DMS)	Massy Telecommunication Infocom	Purchase Order	123,231	May 7, 2018	Ongoing
3	Design, Acquisition and Installation of Renewable Energy Systems (PVs)	Gamma Solutions S.L.	Contract	6,958,309	February 19, 2019	Ongoing
4	Acquisition of an On Road Distribution Fleet (Vehicles)	Megapower Limited	Contract	256,552	August 20, 2019	Ongoing
5	Acquisition of an On Road Distribution Fleet (Vehicles)	Simpson Motors Limited	Contract	572,915	August 20, 2019	Ongoing
6	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
7	Consultancy Services for the Implementation of Employee Integration Programmes for Newly Formed Company	G & A Communications Inc	Contract	51,852	January 6, 2020	Ongoing
8	Acquisition of Consultant for Midterm Evaluation	Mr. Fernando Anaya	Contract	28,100	December 21, 2020	Ongoing
9	Acquisition of External Auditors	PricewaterhouseCoopers SRL	Contract	82,654	May 29, 2019	Ongoing

Deployment of Cleaner Fuels and Renewable Energies in Barbados

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Notes to Financial Statements

March 31, 2021

(expressed in United States dollars)

6 Procurement of goods and services ...continued

NO.	Good/Services	Consultant/Company	Agreement	Cost \$	Start Date	Status
10	Project Execution Unit - Salaries	Various Individual Consultants	Contract	1,156,215	June 12, 2017	Ongoing
11	Acquisition and Installation of Meter Calibration Provers	Flow Measurement Specialities Ltd.	Contract	216,434	April 14, 2021	Ongoing
	Total			13,027,374		

Deployment of Cleaner Fuels and Renewable Energies in Barbados

Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2021

(expressed in United States dollars)

7 Disbursements

Investment Categories	9	10	11
Component 1 - NG Infrastructure			
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	—	—	—
Acquisition of Consultancy Services for the Design, Installation and Implementation of an Enterprise Geographic Information System	—	—	—
Acquisition & Installation of Servers for Virtualisation, Related Software and Networking Equipment	—	—	—
Acquisition and Installation of SCADA System	642,022	302,984	—
Acquisition and Installation of Document Management System (DMS)	24,646	—	—
Acquisition and Installation of Emergency Monitoring System for Lone Workers	—	—	—
Acquisition of Mobile Solutions for Field Workers	—	—	—
Acquisition of Ultrasonic NG Meters	—	—	—
Acquisition and Installation of Meter Calibration Provers	—	—	—
Execution of Electrical and Civil Upgrades Required at the NG Plant	—	—	—
Acquisition of On Road Distribution Fleet (Megapower)	37,157	—	—
Acquisition of On Road Distribution Fleet (Simpsons)	198,826	—	—
Acquisition of Polyethylene Pipe, Fittings, Appurtenances and Equipment	19,972	—	—
Acquisition of Polyethylene Pipe, and Fittings for Highway 1	—	—	—
Infrastructural Replacement for Component A and Component B work packages	—	—	—
Pipeline Replacement and Live Connections	—	—	—
Acquisition of Consulting Firm for Supervisory Services - NG Infrastructural Replacement	—	—	—
Carried forward	922,623	302,984	—

Deployment of Cleaner Fuels and Renewable Energies in Barbados

Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2021

(expressed in United States dollars)

7 Disbursements ...continued

Investment Categories	9	10	11
Brought forward	922,623	302,984	–
Component 2 - Smart Energy Solutions			
Design, Acquisition & Installation of Renewable Energy Systems (PVs)	1,111,500	–	145,495
Design, Acquisition & Installation of a Renewable Energy System Solution at Barbados National Terminal Company Limited (BNTCL)	–	–	–
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	110,255	–	–
Component 3 - Technical Advisory Services			
Completing Operational Audits (Review NG Processing, Distribution and Accounting Systems) for NPC/BNOCL	79,012	–	–
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)	–	–	–
Acquisition of Training Services on the ERP Software SAP	–	–	–
Acquisition of Training Services on the ERP Software KRONOS	–	–	–
Component 4 - Project Evaluation			
Acquisition of Consultant for Midterm Evaluation	–	–	–
Acquisition of Consultant for Final Evaluation	–	–	–
Carried forward	2,223,390	302,984	145,495

Deployment of Cleaner Fuels and Renewable Energies in Barbados

Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2021

(expressed in United States dollars)

7 Disbursements ...continued

Investment Categories	9	10	11
Brought forward	2,223,390	302,984	145,495
Component 5 - Project Management and Monitoring			
Laptops with Docking Stations	—	—	—
Printer/Scanner	—	—	—
Software	—	—	—
Office Desk & Workstations	—	—	—
Office Chairs	—	—	—
Vertical Blinds	—	—	—
Easels	—	—	—
Office Supplies	—	—	—
Acquisition of External Financial Auditor	16,049	—	—
Acquisition of External Financial Auditor for Final Audit	—	—	—
PEU Staff	410,625	—	—
Training/Certification of PEU Staff, Affiliated Training			
Cost (rental of venue, catering, rental of equipment, etc.)	—	—	—
Promotional/Marketing Materials	—	—	—
	2,650,064	302,984	145,495

Deployment of Cleaner Fuels and Renewable Energies in Barbados

Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2021

(expressed in United States dollars)

8 Reconciliation between the statement of cash flows and the statement of cumulative investments

i) IDB Funds

The extent of the funds disbursed by IDB was as follows:

	2021 \$	2020 \$
Balance at beginning of year	7,981,597	1,798,538
Disbursements requested	4,650,896	6,183,059
Balance at end of year per the statement of cash flows	12,632,493	7,981,597

Reconciliation of IDB disbursements to statement of cumulative investments

	2021 \$	2020 \$
IDB disbursements per the statement of cash flows	8,378,369	4,951,374
Amount of IDB funds per the statement of cumulative investments	8,378,369	4,951,374

ii) GOB funds

	2021 \$	2020 \$
Balance at beginning of year	277,008	92,245
Received during the year	104,606	184,763
Balance at end of year per the statement of cash flows	381,614	277,008

Reconciliation of GOB disbursements to statement of cumulative investments

	2021 \$	2020 \$
GOB disbursements per the statement of cash flows	742,019	581,263
Less non-eligible expenses	(621,990)	(486,737)
Amount of GOB funds per statement of cumulative investments	120,029	94,526

Deployment of Cleaner Fuels and Renewable Energies in Barbados

Loan No. 3843/OC-BA

Notes to Financial Statements

March 31, 2021

(expressed in United States dollars)

9 Non-eligible expenses

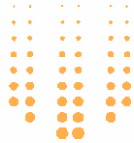
	2021 \$	2020 \$
Bank charges	92	130
Foreign exchange fees	17,821	11,937
Loss on foreign exchange	54,468	55,072
VAT and other indirect taxes	62,872	364,224
Total	135,253	431,363

10 COVID-19

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 has been 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 July 29, 2021, management was not aware of any significant adverse effects on the financial statements for the year ended March 31, 2021 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, 2021



Ref. No. 06/2021/01



July 23, 2021

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

Dear Sirs:

**Loan No. 3843/OC-BA: Deployment of Cleaner Fuels and Renewable Energies in Barbados
Audited Financial Statement
Representation Letter**

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, 2021. 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.

We acknowledge as directors our responsibilities, as set out in the terms of the audit engagement letter dated April 19, 2021 for preparing financial statements of the project, which present fairly the results of the project, in accordance with the cash basis of accounting 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 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 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.

We confirm that the ultimate controlling party of the project is the Government of Barbados, that we have disclosed all related party transactions relevant to the project and that we are not aware of any other such matters required to be disclosed in the financial statements whether under IAS 24.

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 officers 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 and the project will be able to realise the carrying value of its assets and discharge its liabilities in the normal course of business.

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.
 - Officers 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 officers, former officers, 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.

Where appropriate, the following have been properly recorded and adequately disclosed in the financial statements:

- The identity of, and balances and transactions with, related parties.

There are no:-

- Losses arising from sale and purchase commitments.
- Agreements and options to buy back assets previously sold.
- Assets pledged as collateral.

Litigation

We are not aware of any pending or threatened litigation, proceedings, hearings or claims negotiations, which may result in significant loss to the project.

Taxation


The project is not subject to tax.


Other information

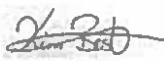
We confirm to you that we are not required by law, regulation or custom to issue any additional information with information on the entity's operations and the entity's financial results and financial information other than the financial statements and we do not intend to issue any such document to accompany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

Subsequent events

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.



Dr. Asquith Thompson
Chairman, Board of Directors of NPC

Ms. Mechelle Smith
General Manager (Ag), NPC

Ms. Kim Best
Project Manager, Project Execution Unit

