

# CAPITA FINANCIAL

Today. Tomorrow. Together.

## FINANCIAL STATEMENTS 2014

DIRECTORS: Mr. Carlos Holder - Chairman,  
Dr. Sandra Reece - Deputy Chairman, Ms. Clorinda Alleyne,  
Mr. Andrew Brathwaite, Mrs. Flo Jean-Marie, Mr. Paul Maxwell,  
Mr. Michael Mayers, Mr. Hilford Murrell and Mr. Andrew St. John

A subsidiary of Barbados Public Workers' Co-operative Credit Union Limited

### CAPITA FINANCIAL SERVICES INC. Statement of Financial Position As of March 31, 2014 With comparative figures for 2013

|                                     | 2014               | 2013               |
|-------------------------------------|--------------------|--------------------|
|                                     | \$                 | \$                 |
| <b>Assets</b>                       |                    |                    |
| Cash resources                      | 30,904,033         | 25,988,675         |
| Investment securities               |                    |                    |
| Available-for-sale                  | 153,169            | 189,684            |
| Loans and receivables               | 3,181,576          | 3,272,398          |
| Loans and advances                  | 140,817,645        | 123,203,769        |
| Corporation tax recoverable         | 366,281            | 380,367            |
| Property and equipment              | 948,601            | 546,717            |
| Due from related company            | 158,084            | 256,000            |
| Other assets                        | 2,772,556          | 1,991,454          |
| <b>Total assets</b>                 | <b>179,301,945</b> | <b>155,829,064</b> |
| <b>Liabilities and Equity</b>       |                    |                    |
| <b>Liabilities</b>                  |                    |                    |
| Customer deposits                   | 137,067,768        | 121,181,857        |
| Other liabilities                   | 2,313,488          | 1,521,748          |
| Due to related company              | 58,053             | -                  |
| Loans payable                       | 20,277,671         | 19,043,773         |
| Corporation tax payable             | 41,022             | 172,113            |
| Deferred loan commitment fees       | 482,203            | 517,563            |
| Deferred taxation                   | 81,785             | 29,326             |
| <b>Total liabilities</b>            | <b>160,321,990</b> | <b>142,466,380</b> |
| <b>Equity</b>                       |                    |                    |
| Share capital                       | 7,297,059          | 2,797,059          |
| Other reserves                      | 3,422,591          | 3,255,882          |
| Retained earnings                   | 8,260,305          | 7,309,743          |
| <b>Total Equity</b>                 | <b>18,979,955</b>  | <b>13,362,684</b>  |
| <b>Total liabilities and equity</b> | <b>179,301,945</b> | <b>155,829,064</b> |

Approved by the Board of Directors

*Carlos Holder*  
Mr. Carlos Holder - Director

*Andrew F. Brathwaite*  
Mr. Andrew Brathwaite - Director

### CAPITA FINANCIAL SERVICES INC. Statement of Changes in Equity For the year ended March 31, 2014 With comparative figures for 2013

|                                  | Share capital | Other reserves | Retained earnings | Total      |
|----------------------------------|---------------|----------------|-------------------|------------|
|                                  | \$            | \$             | \$                | \$         |
| Balance as of March 31, 2012     | 2,797,059     | 3,248,202      | 6,301,658         | 12,346,919 |
| Net income for the year          | -             | -              | 1,008,085         | 1,008,085  |
| Total other comprehensive income | -             | 7,680          | -                 | 7,680      |
| Balance as of March 31, 2013     | 2,797,059     | 3,255,882      | 7,309,743         | 13,362,684 |
| Net income for the year          | -             | -              | 1,118,308         | 1,118,308  |
| Issuance of common shares        | 4,500,000     | -              | -                 | 4,500,000  |
| Transfer to statutory reserve    | -             | 167,746        | (167,746)         | -          |
| Total other comprehensive income | -             | (1,037)        | -                 | (1,037)    |
| Balance as of March 31, 2014     | 7,297,059     | 3,422,591      | 8,260,305         | 18,979,955 |

### CAPITA FINANCIAL SERVICES INC. Statement of Comprehensive Income For the year ended March 31, 2014 With comparative figures for 2013

|                                      | 2014             | 2013             |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| Interest income                      | 11,394,004       | 10,209,236       |
| Interest expense                     | (6,425,505)      | (5,888,081)      |
| <b>Net interest income</b>           | <b>4,968,499</b> | <b>4,321,155</b> |
| Other income                         | 1,171,661        | 1,273,371        |
| <b>Net interest and other income</b> | <b>6,140,160</b> | <b>5,594,526</b> |
| Operating expenses                   |                  |                  |
| Salaries and other staff costs       | 1,535,649        | 1,490,408        |
| Occupancy costs                      | 732,771          | 417,402          |
| Loan impairment charge               | 290,000          | 100,000          |
| Other operating expenses             | 2,002,864        | 1,979,081        |
| Depreciation                         | 240,882          | 289,131          |
| <b>Total operating expenses</b>      | <b>4,802,166</b> | <b>4,276,022</b> |
| <b>Income before taxation</b>        | <b>1,337,994</b> | <b>1,318,504</b> |
| Taxation charge                      | (219,686)        | (310,419)        |
| <b>Net income for the year</b>       | <b>1,118,308</b> | <b>1,008,085</b> |

### CAPITA FINANCIAL SERVICES INC. Statement of Comprehensive Income (continued) For the year ended March 31, 2014 With comparative figures for 2013

|  | 2014             | 2013             |
|--|------------------|------------------|
|  | \$               | \$               |
| Other Comprehensive Income   |                  |                  |
| Items that are or may be reclassified to profit or loss                            |                  |                  |
| Unrealised fair value gain (loss) on available-for-sale investment securities, net | (1,037)          | 7,680            |
| <b>Net comprehensive income for the year</b>                                       | <b>1,117,271</b> | <b>1,015,765</b> |

### CAPITA FINANCIAL SERVICES INC. Statement of Cash Flows For the year ended March 31, 2014 With comparative figures for 2013

|  | 2014               | 2013               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>Cash flows from operating activities</b>                              |                    |                    |
| Income before taxation   | 1,337,994          | 1,318,504          |
| Adjustments for:   |                    |                    |
| Depreciation   | 240,882            | 289,131            |
| Interest income  | (11,394,004)       | (10,209,236)       |
| Interest expense   | 6,425,505          | 5,888,081          |
| Dividend income  | (8,472)            | (19,542)           |
| Loan impairment charge   | 290,000            | 100,000            |
| Gain on disposal of equipment  | (35,500)           | -                  |
| Gain on disposal of asset  | (4,945)            | (265,290)          |
| Changes in operating assets and liabilities                              | (3,148,540)        | (2,898,352)        |
| Increase in mandatory reserve deposits with Central Bank                 | (549,999)          | (250,000)          |
| Increase in loans and advances   | (17,530,053)       | (15,529,433)       |
| Increase in other assets   | (781,102)          | (487,411)          |
| Increase in customer deposits  | 15,599,801         | 10,519,383         |
| Increase (decrease) in other liabilities                                 | 791,740            | (23,705)           |
| Decrease (increase) in net due from/to related company                   | 155,969            | (228,000)          |
| Decrease in deferred loan commitment fees                                | (35,360)           | (44,624)           |
| <b>Net cash used in operations</b>                                       | <b>(5,497,544)</b> | <b>(8,942,142)</b> |
| Interest received  | 11,036,379         | 9,791,733          |
| Interest paid  | (6,139,395)        | (6,703,977)        |
| Taxes paid   | (283,887)          | (205,797)          |
| <b>Net cash used in operating activities</b>                             | <b>(884,447)</b>   | <b>(6,060,183)</b> |
| <b>Cash flows from investing activities</b>                              |                    |                    |
| Decrease (increase) of other term deposits                               | 598,098            | (1,279,791)        |
| Purchase of investment securities  | (1,250,000)        | (1,044,742)        |
| Purchase of investment securities  | 1,364,702          | 2,509,912          |
| Purchase of equipment  | (657,351)          | (67,556)           |
| Sale of asset  | 50,085             | -                  |
| Dividend income received   | 8,472              | 19,542             |
| <b>Net cash from investing activities</b>                                | <b>114,006</b>     | <b>137,365</b>     |
| <b>Cash flows from financing activities</b>                              |                    |                    |
| Loans payable increase   | 2,500,000          | -                  |
| Increase in share capital  | 4,500,000          | -                  |
| Repayment of loans payable   | (1,266,102)        | (1,395,750)        |
| <b>Net cash from (used in) financing activities</b>                      | <b>5,733,898</b>   | <b>(1,395,750)</b> |
| <b>Net increase (decrease) in cash and cash equivalents for the year</b> | <b>4,963,457</b>   | <b>(7,318,568)</b> |
| Cash and cash equivalents - beginning of year                            | 11,938,578         | 19,257,146         |
| <b>Cash and cash equivalents - end of year</b>                           | <b>16,902,035</b>  | <b>11,938,578</b>  |



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#### Report of the Independent Auditors on the Summary Financial Statements

To the Shareholder of Capita Financial Services Inc.  
The accompanying summary financial statements, which comprise the summary statement of financial position as at March 31, 2014, the summary statement of changes in equity, summary statement of comprehensive income and summary statement of cash flows for the year then ended, are derived from the audited financial statements of Capita Financial Services Inc. for the year ended March 31, 2014. We expressed an unmodified audit opinion on those financial statements in our report dated June 16, 2014.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements of Capita Financial Services Inc. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Capita Financial Services Inc.

**Management's Responsibility for the Summary Financial Statements**  
Management is responsible for the preparation of a summary of the audited financial statements.

**Auditors' Responsibility**  
Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

**Opinion**  
In our opinion, the summary financial statements derived from the audited financial statements of Capita Financial Services Inc. for the year ended March 31, 2014 are consistent, in all material respects, with those financial statements.

*KPMG*  
Chartered Accountants  
Bridgetown, Barbados  
June 16, 2014

The above information is published in accordance with Section 45 of the Financial Institutions Act, 1996-16.