



Needham's Point Development Incorporated

ANNUAL REPORT 2012





Needham's Point Development Incorporated
ANNUAL REPORT 2012



NPDI

Needham's Point Development Incorporated

Contents

3	Board of Directors
3	Legal Advisor
3	Chief Executive Officer
3	Auditors
3	Bankers
4	Chairman's Report
5-6	Review of Operations
7-8	Auditors' Report
9	Balance Sheet
10	Statement of Changes In Shareholders' Equity
11	Statement of Comprehensive Income
12	Statement of Cash Flows
13-22	Notes to Financial Statements

The Board of Directors at the end of 2012 was as follows:



Mr. Kenneth Gittens
 Chairman



Mr. Shawn Franklin
 Deputy Chairman



Mr. Andrew Campbell



Mr. George Bennett



Mr. Gilbert Rowe



Mr. Gregory Hazzard



**Mrs. Juanita
 Thorington-Powlett**



Mr. Luther Jones

Legal Advisor

Mr. Norman Thomas, Q.C.

Auditors

PricewaterhouseCoopers

Chief Executive Officer

Mr. Henderson Williams

Bankers

Republic Bank (Barbados) Ltd



Mr. Michael Greenidge

Board of Directors

Chairman's Report



NPDI

Needham's Point Development Incorporated

On behalf of the Board of Directors, I have the honour to present the annual report of Needham's Point Development Inc. (NPDI) for the year 2012. The company has continued the ongoing maintenance of the sites at Needham's Point, St. Michael as requested by the Ministry of Health. In the meantime, the Government of Barbados through the Division of Energy is continuing its effort to resolve the dispute with the Contractor responsible for the remediation of the Needham's Point sites.

NPDI is presently in discussions with an investor to develop a world class attraction at Needham's Point, which would add to the overall tourism attractions on the island.

During this year, the company recorded a loss of \$30,171. This is reflective of the share of profits from its associated company

Needham's Point Holdings Limited, which showed reduced profitability in 2012.

The Board and staff of NPDI remains firmly committed to fulfilling its mandate of developing the lands at Needham's Point in accordance with the Master Plan approved by the Cabinet of Barbados. Consequently, NPDI has engaged the services of B&H Architects to commence work on the concept master planning services for a preliminary study of the Needham's Point area. This study is part of the process to update the Preliminary Master Plan Outline of the area that was prepared in 1997.

A handwritten signature in black ink, appearing to read 'Kenneth Gittens', is written over a faint, circular watermark or stamp.

Mr. Kenneth Gittens
Chairman





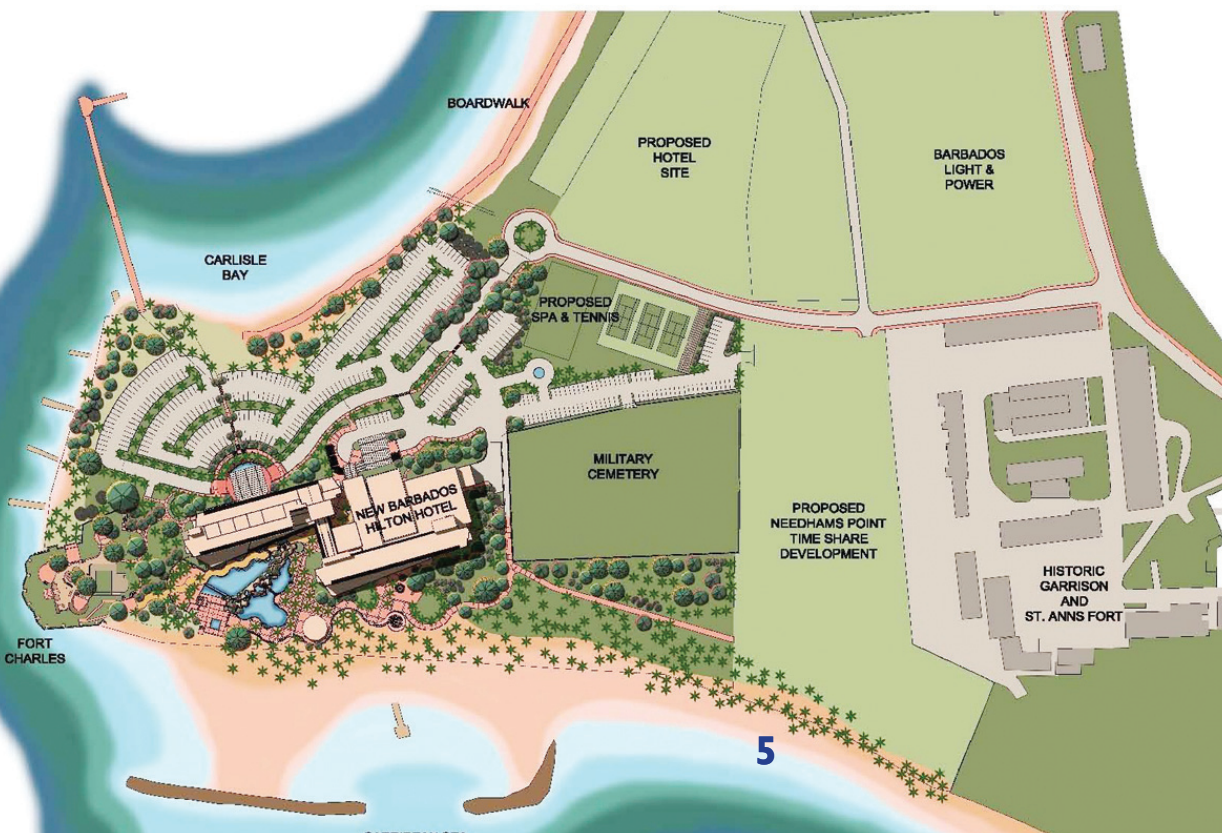
Needham's Point Peninsula

The matter related to the recommencement of the remediation of the lands at Needham's Point was still ongoing during the year under review. This process is being facilitated by the Division of Energy. As a result, NPDI is unsure of the recommencement of the remediation of the Old Mobil site lands at Needham's Point.

Consequently, NPDI was unable to have further negotiations with Esso Standard Oil Ltd on the purchase of its 2.36 acres of lands at Needham's Point, since the discussions were suspended pending the conclusion of the negotiations to finalise the contract relating to the remediation of the sites.

NPDI is actively seeking additional investment opportunities at the Needham's Point peninsula and is in negotiations with a potential investor to develop a world class attraction, which has the potential to be of significant benefit to the tourism product.

The primary source of the company's revenue is the income from its investment in Needham's Point Holdings Ltd (NPHL), the Owner of the Hilton Barbados Hotel. Consequently, the earnings of NPDI are directly related to the profitability of NPHL. The income from the share of NPHL's profits was \$106,016 compared to \$213,574 for the previous year. As a result, the company recorded an operating loss of \$30,171 for the year under review.





NPDI

Needham's Point Development Incorporated

Investments

NPDI has a 32.85% shareholding in Needham's Point Holdings Ltd. The company's share of the revalued surplus of NPHL was \$22,937,380.

NPDI owns .09% shareholding in Southern Golf and Country Club, which owns and operates Barbados Golf and Country Club.

Board of Directors

The Board held ten (10) Board of Directors' meetings during the year.

Corporate Information

Mr. Henderson Williams – Chief Executive Officer

Mr. Nigel Hall – Financial Controller

Mr. Bradley John – Project Officer/
Corporate Secretary (Ag.)

Ms. Rozanne DaSilva – Secretary





INDEPENDENT AUDITOR'S REPORT

To the Shareholders' of
Needham's Point Development Inc.

We have audited the accompanying financial statements of **Needham's Point Development Inc.**, which comprise the balance sheet as of December 31, 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Needham's Point Development Inc.** as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Priscilla Waterhouse Cooper SOE

July 12, 2013
Bridgetown, Barbados

Needham's Point Development Inc.

Balance Sheet

As of December 31, 2012

(expressed in Barbados dollars)

	2012	2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 5)	2,264,547	1,898,023
Trade and other receivables	277,218	197,264
Prepaid expenses	-	2,519
Due from associated company (note 8)	-	221,643
Total current assets	2,541,765	2,319,449
Non-current assets		
Investments (note 6)	41,746,101	41,640,085
Property, plant and equipment (note 7)	31,572,764	31,497,987
Total non-current assets	73,318,865	73,138,072
Total assets	75,860,630	75,457,521
Liabilities and Equity		
Current liabilities		
Trade and other payables	26,887	56,714
Due to associated company (note 8)	4,226	-
Total liabilities	31,113	56,714
Equity		
Share capital (note 9)	70,912,514	70,453,633
Revaluation surplus (note 6)	22,937,380	22,937,380
Accumulated deficit	(18,020,377)	(17,990,206)
Total equity	75,829,517	75,400,807
Total liabilities and equity	75,860,630	75,457,521

Approved by the Board of Directors on July 10, 2013



Director



Director

Needham's Point Development Inc.

Statement of Changes in Equity

For the year ended December 31, 2012

(expressed in Barbados dollars)

	Share capital \$	Revaluation surplus \$	Accumulated deficit \$	Total \$
Balance - December 31, 2010	69,868,903	22,937,380	(18,084,763)	74,721,520
Shares issued during the year (note 9)	584,730	—	—	584,730
Net comprehensive profit for the year	—	—	94,557	94,557
Balance - December 31, 2011	70,453,633	22,937,380	(17,990,206)	75,400,807
Shares issued during the year (note 9)	458,881	—	—	458,881
Net comprehensive loss for the year	—	—	(30,171)	(30,171)
Balance - December 31, 2012	70,912,514	22,937,380	(18,020,377)	75,829,517

Needham's Point Development Inc.

Statement of Comprehensive Income

For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012	2011
	\$	\$
Income		
Share of net income of associated company (note 6)	106,016	213,574
Other income	143,033	179,702
	<u>249,049</u>	<u>393,276</u>
Expenses		
Salaries and staff costs (note 12)	113,451	183,220
Directors fees	13,280	14,080
Office expenses	16,316	16,699
Depreciation (note 7)	1,755	5,960
Audit and accounting fees	13,580	13,792
Bank charges	765	929
Consultancy fees	5,433	-
Professional fees	7,350	3,900
Conference and meeting expenses	6,342	19,428
Land tax	2,474	2,474
Legal fees	15,250	-
Computer software	6,400	5,861
Rent	20,957	8,614
Vehicle rental	5,780	-
Utilities	9,985	9,583
Advertising and promotion	3,094	5,090
Insurance	5,700	5,776
Repairs and maintenance	31,308	3,313
	<u>279,220</u>	<u>298,719</u>
Total expenses		
	<u>(30,171)</u>	<u>94,557</u>
Net comprehensive (loss)/profit for the year		

Needham's Point Development Inc.

Statement of Cash Flows

For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012	2011
	\$	\$
Cash flows from operating activities		
Net (loss)/profit for the year	(30,171)	94,557
Adjustments for:		
Depreciation	1,755	5,960
Share of net profit of associated company	(106,016)	(213,574)
Operating loss before working capital changes	(134,432)	(113,057)
Increase in trade and other receivables	(79,954)	(171,842)
Decrease/(increase) in due from associated company	221,643	(151,724)
Decrease in prepaid expenses	2,519	76
(Decrease)/increase in trade and other payables	(29,827)	20,703
Increase in due to associated company	4,226	-
Net cash used in operating activities	(15,825)	(415,844)
Cash flow from investing activities		
Purchase of property, plant and equipment	(76,532)	(723)
Cash flows from financing activities		
Proceeds from issuance of new shares	458,881	584,730
Increase in cash for the year	366,524	168,163
Cash and cash equivalents - beginning of year	1,898,023	1,729,860
Cash and cash equivalents - end of year	2,264,547	1,898,023
Cash and cash equivalents comprise:		
Cash at bank and on hand	531,508	486,661
Short-term bank deposits	1,733,039	1,411,362
	2,264,547	1,898,023

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

1 Incorporation and principal activity

The company was incorporated under the Companies Act of Barbados on August 22, 1996. The principal activity of the company is to oversee the development of the lands at Needham's Point in accordance with the master plan approved by Cabinet. The sole shareholder is the Government of Barbados.

The principal place of business is located at the Old Town Hall Building, Bridgetown.

2 Going concern

These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the normal course of business and do not purport to represent the amounts which would be realised on liquidation or other disposition of the company's assets.

For the year ended December 31, 2012 the company incurred a loss of \$30,171 (2011 profit - \$94,557) and has an accumulated deficit of \$18,020,377 (2011 - \$17,990,206). The company's ability to continue as a going concern will be dependent on the continuing financial support of its bankers and its principal shareholder, the Government of Barbados.

3 Significant accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention except for the revaluation of property in the company's associate as disclosed in note 6.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates.

i) *New and amended standards adopted by the company*

There are no IFRSs or IFRIC interpretations that are effective for the first time beginning on January 1, 2012 that have had a material impact on the company.

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

a) Basis of preparation ...continued

ii) *New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2012 and not early adopted*

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and have determined that the following are relevant to the company's operations. The company has not early adopted the new standards, amendments and interpretations.

IFRS 9	'Financial instruments' (effective January 1, 2013)
IFRS 12	'Disclosures of interests in other entities' (effective January 1, 2013)
IFRS 13	'Fair value measurement' (effective January 1, 2013)
IFRS 7 (amendment)	'Financial instruments: Disclosures', on asset and liability offsetting (effective January 1, 2013)
IAS 28	'Associates and joint ventures' (effective January 1, 2013)
IAS 32 (amendment)	'Financial instruments: Presentation', on asset and liability offsetting (effective January 1, 2014)
IFRS 9	'Financial instruments' (effective January 1, 2015)

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term deposits with maturity periods from the date of acquisition of less than three months.

c) Investments

The investment in Needham's Point Holdings Limited (NPHL) (an associated company) is accounted for on the equity method as set out in Note 6.

The company's other investments are classified as available-for-sale. These are investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, changes in interest rates or equity prices. These investments are initially recognised at cost and subsequently re-measured at fair value based on stock exchange closing prices. Investment securities not listed on an official exchange are carried at cost as no other reliable estimate of fair value is currently available. All realised and unrealized gains and losses are included in the statement of comprehensive income.

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values. Land is not depreciated.

Depreciation rates are used as follows:

Furniture and office equipment	- 10 - 20%
--------------------------------	------------

e) Taxation

Taxation expense in the statement of income comprises current and deferred tax charges.

Current tax charges are based on taxable income for the year, which differ from the income before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at balance sheet date.

The company follows the liability method of accounting for deferred tax.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

f) Foreign currency translation

i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Barbados dollars, which is the company's functional and presentation currency.

ii) *Translation and balances*

Assets and liabilities expressed in foreign currencies are translated into Barbados dollars at the rates of exchange ruling at the balance sheet date. Transactions arising during the year involving foreign currencies are translated at the rates of exchange ruling on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the statement of income.

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

g) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The company classifies its financial assets in the following categories: trade and other receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: trade accounts payable.

h) Employee benefits

The company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the company to its employees include salaries and wages, social security contributions, short-term compensated absences, incentive plans and allowances.

4 Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

i) Market risk

a) Price risk

The company is exposed to equity securities price risk because of investments held by the company and classified on the balance sheet as long-term investments.

b) Cash flow and fair value interest rate risk

The company's interest rate risk arises from its short term deposits. These deposits are issued at variable rates and therefore expose the company to cash flow interest rate risk. The company is not exposed to fair value interest rate risk.

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

4 Financial risk management ...continued

ii) Credit risk

Credit risk arises from cash and cash equivalents including outstanding receivables and committed transactions. Management does not believe that significant credit risk exists at December 31, 2012.

iii) Liquidity risk

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year \$	More than 1 year \$
At December 31, 2012		
Trade and other payables	26,887	—
Due to related parties	4,226	—
	<hr/> 31,113	<hr/> —
At December 31, 2011		
Trade and other payables	<hr/> 56,714	<hr/> —

iv) Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

4 Financial risk management ...continued

v) Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are not considered to be materially different from their carrying amounts.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. All non-financial instruments such as prepayments and corporation tax payable are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the company.

5 Cash and cash equivalents

	2012 \$	2011 \$
Cash at bank and on hand	531,508	486,661
Short-term bank deposits	1,733,039	1,411,362
	<u>2,264,547</u>	<u>1,898,023</u>

The effective interest rate on short-term bank deposit was 2.60%.

6 Investments

	2012 \$	2011 \$
Associated company:		
Investment in Needham's Point Holdings Limited at cost - 32.85% (2011 - 32.85%)	32,417,648	32,417,648
Share of revaluation surplus of associated company	22,937,380	22,937,380
Share of accumulated net losses of associated company - beginning of year	(13,806,943)	(14,020,517)
Share of the net profit of associated company for the year	106,016	213,574
Share of accumulated net losses - end of year	<u>(13,700,927)</u>	<u>(13,806,943)</u>
Share of the net assets of the associated company - end of year	41,654,101	41,548,085
Available-for-sale:		
Southern Golf & Country Club - 92,000 Class B shares	92,000	92,000
	<u>41,746,101</u>	<u>41,640,085</u>

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

7 Property, plant and equipment

	Land \$	Furniture and office equipment \$	Leasehold improvements \$	Motor vehicles \$	Total \$
Year ended December 31, 2011					
Opening net book amount	31,497,483	5,741	—	—	31,503,224
Additions	—	723	—	—	723
Depreciation charge	—	(5,960)	—	—	(5,960)
Closing net book amount	31,497,483	504	—	—	31,497,987
At December 31, 2011					
Cost	31,497,483	172,671	—	—	31,670,154
Accumulated depreciation	—	(172,167)	—	—	(172,167)
Net book amount	31,497,483	504	—	—	31,497,987
Year ended December 31, 2012					
Opening net book amount	31,497,483	504	—	—	31,497,987
Additions	—	5,074	21,816	49,642	76,532
Depreciation charge	—	(212)	(716)	(827)	(1,755)
Closing net book amount	31,497,483	5,366	21,100	48,815	31,572,764
At December 31, 2012					
Cost	31,497,483	177,745	21,816	49,642	31,746,686
Accumulated depreciation	—	(172,379)	(716)	(827)	(173,922)
Net book amount	31,497,483	5,366	21,100	48,815	31,572,764

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

8 Related party transactions

i) Due from associated company

	2012	2011
	\$	\$
Needham's Point Holdings Limited	—	221,643

ii) Due to associated company

	2012	2011
	\$	\$
Needham's Point Holdings Limited	4,226	—

The amount due to associated company is unsecured, interest free and has no fixed repayment date.

iii) Key management compensation

	2012	2011
	\$	\$
Salaries and other short-term benefits	54,885	111,409

9 Share capital

The company is authorised to issue an unlimited number of common shares without nominal or par value. During the year ended December 31, 2012, an additional 458,881 shares were issued to the Government of Barbados for \$458,881. The share capital is made up of \$21,197,911 (2011 - \$20,739,029) in cash and \$49,714,603 (2011 - \$49,714,603) representing the value of land on which the hotel is situated, that was initially transferred into the company by the Government of Barbados.

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

10 Taxation

The tax on the company's loss for the year differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2012	2011
	\$	\$
(Loss)/income for the year	<u>(30,171)</u>	94,557
Tax calculated at statutory rate of 25% (2011 - 25%)	(7,543)	23,639
Share of loss of associate not deductible for tax	(26,504)	(53,394)
Expenses not deductible for tax	1,028	1,492
Tax effect of losses expiring	126,341	94,633
Movement in deferred tax asset not recognised	<u>(93,322)</u>	(66,370)
Tax charge for the year	<u>—</u>	<u>—</u>

At year end the company has a deferred tax asset which has not been recognised due to the uncertainty of future taxable income against which the deferred tax asset can be utilised. The deferred tax asset consists of the following components:

	2012	2011
	\$	\$
Delayed tax depreciation	110,634	168,999
Unutilised tax losses (note 11)	<u>2,563,810</u>	2,878,733
	<u>2,674,444</u>	3,047,732
Deferred tax asset at tax rate of 25% (2011 - 25%)	<u>668,611</u>	761,933

The delayed tax depreciation has no expiry date. The expiry dates for the unutilised tax losses are disclosed in Note 11.

Needham's Point Development Inc.

Notes to Financial Statements

December 31, 2012

(expressed in Barbados dollars)

11 Tax losses

Tax losses are available for set off against future taxable income within nine years from the date incurred. The tax losses are as follows:

Year	Balance b/fwd. \$	Incurred \$	Expired \$	Balance c/fwd. \$	Expiry date
2003	505,362	—	(505,362)	—	2012
2004	532,021	—	—	532,021	2013
2005	534,524	—	—	534,524	2014
2006	449,787	—	—	449,787	2015
2007	231,005	—	—	231,005	2016
2008	184,436	—	—	184,436	2017
2009	146,834	—	—	146,834	2018
2010	187,672	—	—	187,672	2019
2011	107,092	—	—	107,092	2020
2012	—	190,439	—	190,439	
	<u>2,878,733</u>	<u>190,439</u>	<u>(505,362)</u>	<u>2,563,810</u>	

The losses are as computed by the company in its corporation tax return and have as yet, neither been confirmed nor disputed by the Commissioner of Inland Revenue.

12 Employee benefits

	2012 \$	2011 \$
Salaries, wages and allowances	105,025	174,571
National Insurance Scheme contributions	4,978	5,436
Revision contributions	3,448	3,213
	<u>113,451</u>	<u>183,220</u>

13 Number of persons employed

	2012	2011
Number of persons employed at December 31	<u>6</u>	<u>6</u>

14 Comparative figures

Certain prior year figures have been reclassified to conform with the current year's financial statement presentation.

Notes

Notes

