



INVEST BARBADOS

ANNUAL REPORT 2013

TABLE OF CONTENTS

About Invest Barbados	4
Mandate, Mission and Vision	4
Letter of Transmittal	5
Board of Directors	6
Executive Management	7
Message from the Chairman	8
Organisational Structure and Strategic Plan	9
Operating Environment	9
Key Achievements	10
Principle Activities	10
Divisional Activities	11
General	12
Outlook	13

Financials

Independent Auditor's Report	15
Balance Sheet	16
Statement of Changes in Equity	17
Statement of Revenue and Expenditure	18
Statement of Cash Flows	19
Notes to Financial Statements	20

ABOUT INVEST BARBADOS

The Barbados International Business Promotion Corporation (BIBPC) was established as a statutory corporation on November 10, 2005.

The Corporation subsequently gained permission to trade under the new name Invest Barbados (IB). On October 1, 2006 IB became operational and the first employee was hired. It was reasoned, given the critical need for the country to attract greater levels of foreign direct investment, boost vital foreign exchange receipts, create jobs and maintain Barbados' standard of living, that a dedicated organisation was needed to accomplish such outcomes.

IB is an economic development agency of the government of Barbados. It is responsible for attracting, winning and sustaining international investment for Barbados. The corporation is also responsible for helping to develop and manage the Barbados international business brand.

MANDATE

- To promote Barbados as a desirable investment location, and attract foreign direct investment
- To promote the export of services and help entrepreneurs to win export business and earn foreign exchange for Barbados*
- To monitor competitive domiciles, clients and markets for new trends and legislative changes, and develop new products
- To work with other stakeholders to manage and develop the Barbados international business brand

* Transferred to the Barbados Investment and Development Corporation (BIDC) effective July 2012

MISSION

To secure and facilitate sustainable foreign direct investment and international business that result in increased jobs, foreign exchange, technology and skills transfer and tax revenues for Barbados.

In pursuing our mission we:

- Recruit, train and retain high quality people to execute our mandate
- Engage in promotional and sales activity globally
- Conduct research to facilitate the development of new products and markets
- Manage Barbados' investment climate to ensure client satisfaction and future growth

VISION

"To be recognised as a leading investment and export promotion agency by virtue of our success in winning and facilitating international business."

LETTER OF TRANSMITTAL

Barbados International Business Promotion Corporation

Trident Insurance Financial Centre
Hastings Main Road
Christ Church

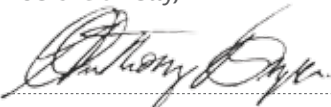
June 30, 2015

Senator, the Honourable Darcy Boyce
Minister in the Prime Minister's Office with Responsibility for Immigration, Energy and Invest Barbados
Government Headquarters
Bay Street
St. Michael

Dear Minister:

In pursuance of Section 18(1) of the Barbados International Business Promotion Corporation Act, 2005, I have the honour to submit to you, the Corporation's Report and Statement of Accounts for the period April 1, 2012 to March 31, 2013.

Yours faithfully,



Anthony T. Bryan
Chairman

BOARD OF DIRECTORS

The ten members of the Board of Directors are appointed by the Minister with responsibility for Invest Barbados. The Board is responsible for the smooth administration of the Corporation. The Chief Executive Officer (CEO) is an ex-officio member of the Board.

During the period April 2012 to March 2013, the Board held nine administrative meetings. The Board Members were:

- Mr. Anthony T. Bryan – Chairman
- Mr. Rodwell London – Deputy Chairman
- Mr. Carlton Brathwaite
- Ms. Debra Gooding
- Mr. Randy Graham
- Mr. Stephen Greaves
- Mr. Everton Walters, CBE, JP
- Representative, Barbados International Business Association
- Representative, Barbados Investment and Development Corporation
- Permanent Secretary, Prime Minister's Office

EXECUTIVE MANAGEMENT

- **MR. WAYNE KIRTON, F.C.C.A.**
Chief Executive Officer
(April 1, 2012 – October 12, 2012)
- **MS. EMELINE TAITT, B.Sc., M.Sc.**
Chief Executive Officer (Ag)
(October 15, 2012 – March 31, 2013)

Director, Investment Promotion and Facilitation
(April 1, 2012 – October 14, 2012)
- **MR. KENNETH CAMPBELL, B.Sc., MBA**
Director (Ag), Investment Promotion and Facilitation
(October 15, 2012 – March 31, 2013)

Manager, North America, Investment Promotion and
Facilitation (April 1, 2012 – October 14, 2012)
- **MISS JANNETTE BABB, B.Sc., MBA**
Manager, Investment Promotion and Facilitation
- **MR. EZRA CATWELL, B.Sc., M.Sc.**
Manager, Investment Promotion and Facilitation
- **MISS SOPHIA LEWIS, B.Sc., M.A.**
Manager, Corporate Communications
(July 1, 2012 – January 31, 2013)

Manager, Indigenous Services Export
(April 1, 2012 – June 30, 2012)
- **MISS SANDRA PAYNE, B.Sc., MBA**
Director, Research and Development
(January 1, 2013 – March 31, 2013)

Manager, Research and Development
(April 1, 2012 – December 31, 2012)
- **MISS DEBORAH GILL, B.Sc.**
Manager, Finance
- **MRS. MICHELLE INNISS, B.A., M.Sc.**
Manager, Human Resources
- **MR. RONALD LEWIS, B.Sc., M.Sc.**
Manager, Information Communication Technology

MESSAGE FROM THE CHAIRMAN

During the fiscal year under review, April 2012 to March 2013, the Corporation focused on attracting and winning new foreign direct investment (FDI) to Barbados, sustaining and encouraging the expansion of the footprint of foreign entities on the island, as well as on strategically positioning its international business brand in key markets.

Central to the Barbados value proposition and a primary area of focus for the country in its thrust to attract new FDI, continues to be the expansion of the platform from which international clients conduct business: Barbados' tax treaty network. This expanding network has been purposefully developed to facilitate access to both traditional and emerging markets. During the period under review Barbados signed double taxation agreements (DTAs) with Bahrain, Qatar and San Marino. At the end of March 2013, Barbados had 32 DTAs in force, one of which is a multilateral with ten other CARICOM countries.

While the traditional markets of Canada, the United Kingdom and the United States of America remained in focus, the Corporation purposefully explored investment opportunities in newer markets including Brazil, China, Colombia, Costa Rica, Panama and Mexico.

The year has been yet another relatively successful one. Even though the global climate for international business was uncertain; external economic conditions remained weak; investors remained cautious and competition reached unprecedented levels, our efforts have been fruitful. The number of new international business companies (IBCs), international societies with restricted liability (ISRLs) and international trusts registered between April 2012 and March 2013 totalled 499. Additionally, statistics show that Barbados' international business sector contributed Bds\$894.8 million to the local economy in 2012, an 11% increase over the previous year.



LOOKING AHEAD

The outlook for global recovery is positive, albeit less than buoyant. There is little doubt that competition from nearshore financial centres which recently signed tax information exchange agreements (TIEAs) with Canada, will intensify.

Barbados still offers a compelling business case for many discerning investors who are seeking to improve their global competitive advantage. Barbados' future success will depend on its effectiveness in defending existing market share as well as in entering new markets, while remaining a cost-effective, efficiently regulated and business friendly jurisdiction.

IB will continue to identify innovative niche solutions to ensure that, where possible, the island continually enhances its competitive advantages vis-à-vis those of its competitors.

Ultimately our efforts will assist in creating an environment that attracts viable projects, fosters sustainable economic growth and contributes to "A Fully Developed and People-centred Society, through new Development Pathways."

I take this opportunity to thank my fellow directors, as well as the management and staff for their support, professionalism and commitment to excellence. Together we will achieve greater success.

Anthony T. Bryan
Chairman

ORGANISATIONAL STRUCTURE AND STRATEGIC PLAN

The CEO is responsible to the Board of Directors for the operations and administration of the Corporation. In mid-October, Mr. Wayne Kirton's contracted tenure as CEO came to an end and Ms. Emeline Taitt was appointed to act in the post.

The strategic focus of the organisation during the period under review was on investment promotion and facilitation. During the previous year, management proposed to the parent ministry that the Indigenous Services Export (ISE) division transferred to the B IDC in the interest of cost efficiency and to ensure that the organisation with the appropriate mandate had full responsibility for the function of increasing services exports. Cabinet subsequently approved the transfer and the ISE function was relocated to the B IDC at the end of June 2012.

The strategic plan 2012-2013 identified marketing initiatives designed to attract new business and facilitate existing entities to increase FDI, job opportunities, foreign exchange earnings and taxes for Barbados. In addition, the plan identified initiatives to work with stakeholders to build the Barbados international business brand while highlighting the domicile as a quality jurisdiction for international business and financial services in both traditional and non-traditional markets.

The Corporation continued to research emerging opportunities for international business, to monitor regional and international competitors, as well as to track and respond to threats to the Barbados international business brand.

OPERATING ENVIRONMENT

Since the 2008 crisis, governments and investors alike have been especially focused on achieving sustainable growth, enhancing global competitive advantage and improving the prosperity of their stakeholders. The persistent uncertain and somewhat fragile global economic environment has nurtured very cautious investment decisions across the globe.

The mounting pressure to protect home economies from tax erosion and profit shifting to offshore jurisdictions – and by extension on legitimate international financial centres like Barbados – continued.

The International Monetary Fund (IMF) forecast indicated that the world economy would grow at 3.2% in 2012, and would reach 3.3% growth by 2013. With respect to Barbados' traditional markets, namely Canada, the United Kingdom and the United States of America, projected growth was to be moderate at 1.8%, 0.7% and 1.5%, respectively. The IMF's outlook for emerging markets and developing countries estimated average growth of 5.3% in 2013.

Competition for investment from Canada increased, with the extension of exempt surplus status to other nearshore jurisdictions that signed TIEAs. Barbados did lose some business to zero-tax jurisdictions. Investor confidence in the US market continued to be subdued, while the UK market remained challenging. In China, where the cost of marketing is relatively high and results remained limited; the lack of awareness of the Barbados product as well as the difference in cultural affinity presented the main barriers to success. Prospects for business and investment from select Latin American countries remained positive.

Against this background, Government has been implementing policies and programmes designed to enhance Barbados' global attractiveness as a location for international business and financial services. To remain competitive, from income year 2012, the rate of tax on profits above US\$15,000,000 was reduced from 1% to 0.5% and to 0.25% from income year 2013, for ISRLs, IBCs and international banks. Additionally, the Income Tax Act was amended allowing for an expanded range of services – including exploration, extraction and mining, oil and gas activities, licensing and sub-licensing of intellectual property, and shipping services – to benefit from the foreign currency earnings tax credit.

In the 2012 Financial Statement and Budgetary Proposals, the Minister of Finance introduced a regime of immigration policies which will allow qualifying non-nationals, including high net worth individuals (HNWIs) to obtain special entry permits. It is envisaged that the immigration measures proposed for HNWIs, together with the availability of a foreign currency earnings tax credit on the remittance of

foreign sourced income to Barbados, as well as no capital gains or inheritance taxes, should add to the attractiveness of the jurisdiction for such individuals and encourage them to invest in Barbados.

The Private Trust Company Act was enacted. This product compliments Barbados' suite of legislation that facilitates

family office structures. New products including Foundations, Limited Liability Partnerships, Incorporated Cell Companies and a revised Mutual Fund Act are all at various stages of development. The addition of these new products, together with existing legislation, treaties and other attributes, combined to enhance Barbados' appeal as a reputable and transparent jurisdiction of choice for the astute investor.

KEY ACHIEVEMENTS

Registrations of new financial services entities, namely IBCs, ISRLs, international trusts, exempt and qualifying insurance companies, and exempt management companies for the financial year ending in 2013 were 513, marginally lower than the 530 and 549 recorded in 2012 and 2011 respectively. The target for the year was 500 new registrations. Table 1 compares results for 2011–2013.

Table 1
Registrations of New Financial Services Entities April 2011 – March 2013

Financial Services Entity	2012–2013	2011–2012
IBCs	390	454
ISRLs	24	27
International Trusts	85	20
Offshore Banks	0	2
Exempt Insurance Companies	9	22
Qualifying Insurance Companies	1	3
Exempt Management Companies	4	1
Holding Companies	0	1
Total	513	530

Sources: Central Bank of Barbados; Financial Services Commission; International Business Unit, Ministry of International Business

PRINCIPAL ACTIVITIES

The Corporation's work revolved around the following main activities during the year:

1. Presenting Barbados' value proposition and competitive advantages to investors and tax advisors in our various target markets so that the Barbados jurisdiction remains top-of-mind as a viable investment location.
2. Organising and hosting inward missions of prequalified service providers to assess the jurisdiction first-hand and appreciate the quality of the infrastructure and professional services available.
3. Facilitating new client visits with a view to encouraging FDI and the establishment of new foreign owned enterprises.
4. Expanding the network of contacts in existing and new markets, including to smaller boutique tax advisor firms.
5. Continuing to take action and lobby for improved business facilitation.
6. Providing customer care visits and aftercare services to investors in Barbados.
7. Managing the Barbados international business brand.
8. Monitoring markets and competing jurisdictions, identifying emerging trends and seeking to influence the creation of new niche products.

DIVISIONAL ACTIVITIES

Investment Promotion and Facilitation

The marketing efforts of the Corporation, along with support from the public and private sector partners resulted in the registration of 513 new financial services entities. The Corporation assisted with the establishment of four new non-financial services start-ups in the areas of telecommunications, management services and online ticketing. Five imminent starts were recorded.

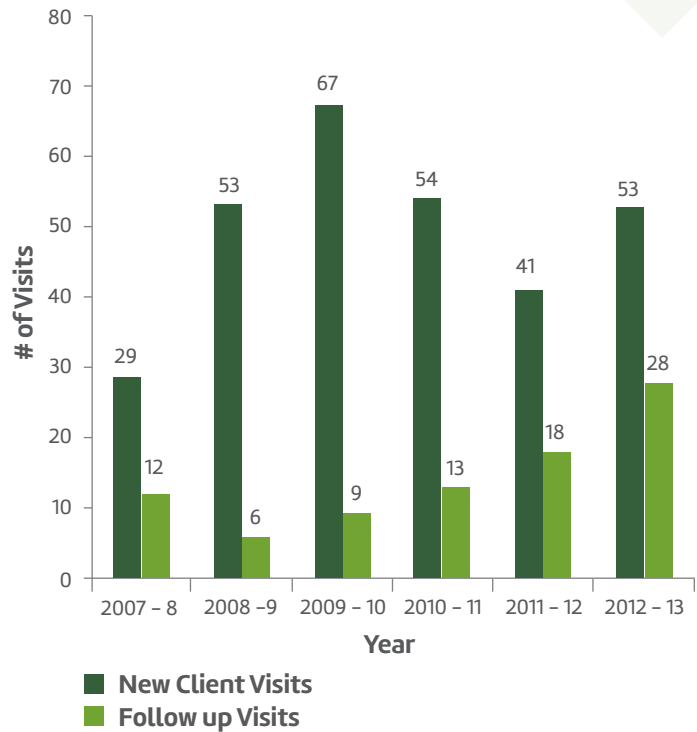
During the year, the team assisted with 53 new client evaluation visits to Barbados. These client visits were mainly from Canada and the USA. **Figure 1** compares client visit activity over the past six years.

External promotional activities undertaken during the year included road shows implemented in Calgary, Connecticut, London, Toronto and Vancouver. Presentations on the Barbados value proposition were made to 65 tax advisors during these road shows. The division also attended 15 conferences and trade shows, hosted three seminars and co-hosted two webinars. These activities generated 1,092 new client contacts.

Focus remained on the Canadian market, and particularly on the western provinces where business prospects from oil and gas, as well as the mining sectors continued to be promising. Ontario and the Toronto financial district specifically, continued to show good potential for the attraction of financial services and international business companies. The best prospects from the US market point to captive insurance related business as well as information and communication technology projects. In the United Kingdom, buoyant demand for wealth management solutions was evident.

In terms of inward investment promotional activities, two inward missions were held for Latin American service providers. These missions attracted 24 tax advisors from Brazil, Colombia, Costa Rica, Mexico, Panama and Venezuela who were able to assess the Barbados product and service delivery capability. At each event, an average of 75 local tax advisors, service providers and regulators were able to interface with these gate-keepers and learn about the culture of doing business in, and with, Latin American investors. Resulting from this activity, service providers and regulators have reported increased levels of enquiries and business from this market, particularly from Brazil, Mexico, Panama and Venezuela. Based on this positive feedback, inward missions will be used to accelerate the relationship building process that is critical to accessing the Latin American market.

Figure 1 – Client Activity



Source: Invest Barbados

The division played a key role in implementing a successful week of activities to highlight the importance of the international business sector. The Corporation was the main organiser of the week’s flagship event – the International Business Week Conference. Themed “Creative Approaches for Global Expansion”, the event attracted 247 attendees and 15 exhibitors.

The above mentioned promotional activities were undertaken mainly by the corporation’s three overseas offices located in London, United Kingdom; New York, USA and Toronto, Canada. A representative located in Beijing was appointed in January to assist with business development efforts in China.

In terms of business facilitation, staff at headquarters continued to work with regulators and other stakeholders to ensure effective resolution of client issues. One hundred and ninety-three (193) customer care visits were made to foreign owned operations and service providers, as part of IB’s customer care programme.

Immigration matters continued to feature among the main client concerns, as well as the inconsistency in the level of responsiveness of several government agencies and departments. Officers continued to work with the Central Bank of Barbados, Corporate Affairs and Intellectual Property Office, Customs Department, the Financial Services Commission, Inland Revenue Department, the

International Business Unit, and the Town and Country Planning Development Office to improve service delivery. The Corporation continued to play a major role in resolving several business environment issues affecting international business clients.

Indigenous Services Export

This division was transferred to the BIDC at the end of the first quarter of the fiscal year. During that quarter – April to June 2012 – eight entrepreneurial proposals were reviewed and approximately Bds\$147,000 were disbursed for business and marketing development assistance.

Research and Development

The Corporation’s research activities, along with input from the Corporation’s public relations and marketing agent in Canada and feedback from road shows, continued to influence the marketing strategy of the Corporation. Collectively, these three sources provided intelligence to guide treaty network expansion suggestions, niche market pursuits and new product development.

The division continued to develop the content of the Corporation’s promotional material, including its website. During the period under review, efforts also focused on improving the usability of the corporate website and a 14% increase in visits was noted. Of the total number of visitors to the site, 74% were new and the other 26% were returning visitors. The website provided a valuable information resource and repository for users in Barbados, as well as for clients in the traditional source markets of Canada, the United Kingdom and the United States. Keen interest was also noted from Latin American countries particularly Brazil, Colombia, Mexico, and Venezuela.

The division collaborated with an editorial committee to produce the fifth edition of the Barbados International Finance and Business magazine. The publication was well received by its target audience – international investors and tax advisors. Distribution of electronic copies via the website and flash drives increased compared with the previous year and this was influenced primarily by changing customer preferences and market trends.

The Corporation continued the data collection project to estimate the contribution of the international business sector to the Barbadian economy. The results of the survey and research indicated that the sector contributed approximately Bds\$894.8 million to the Barbados economy for the financial year 2012–13.

Support Departments

Three departments facilitate the core business activities of the Corporation. These are the Finance, Human Resources and Administration and Information Communication Technology departments. During the year, they performed efficiently.

The Information Communication Technology department continued its excellent support services of the Corporation’s telecommunications, software and technology needs. The telecommunications system remained stable and reliable during the review period.

The Human Resources and Administration department identified training opportunities locally. Officers were trained in areas including Effective Speech Writing, Dealing with Difficult People, Introduction to Private Trusts and Foundations and International Tax Treaties. The department also ably assisted with the smooth transfer of the ISE staff to the BIDC. The annual review of employees’ performance was completed.

The Finance department continued to function well, particularly in terms of the provision of both accurate and timely information, as well as with the prompt settlement of the Corporation’s liabilities.

The audited financial statements were completed by E.G. Hutson & Co. and duly approved by the Board of Directors.

GENERAL

During the fiscal year 2011–12, the Auditor General’s Office commenced a Special Audit on the Corporation, to review its effectiveness and adherence with civil service processes and procedures for the period April 2007 to March 2011.

The audit was completed during the period under review and recommended that IB:

- Reviews its performance measures for relevancy and direct linkage to efforts;
- Establishes systems to collect data relevant to all of its performance measures such as new company registrations and jobs created as a result of IBs efforts;
- Ensures that data is readily available for the performance measures that it chooses;

- Enforces the terms and conditions of all contracts ensuring that there is full adherence to them; and that the Board sets a policy that ensures contract performance is effectively managed.

These recommendations have been reviewed by the Corporation’s Board and Management and have been implemented.

OUTLOOK

The sustained growth and expansion of Barbados’ international business sector will remain pivotal to a thriving and vibrant national economy. The Corporation will continue to market and promote the development of Barbados’ international business sector; conduct and

facilitate research to encourage the expansion of the sector and collaborate with public and private sector bodies as a means of ensuring that Barbados’ appeal as international business centre of choice is maintained.

Securing new business from Latin American countries and exploring opportunities in the African continent will be an important part of the Corporation’s work. The expansion of existing market niches and the identification of new opportunities in established North American markets will also be central to the corporation’s activities.

It is expected that several new pieces of legislation will come on stream, thereby further diversifying Barbados’ product offering and competitiveness. In addition, the expansion of the country’s treaty network will enhance its appeal to global investors.



BARBADOS BOOTH AT RIMS EXHIBITION



INTERNATIONAL BUSINESS WEEK CONFERENCE



P.M STUART (FOURTH FROM RIGHT) LEADS BARBADOS DELEGATION ON A PROMOTIONAL TOUR IN TORONTO



GILDAN ACTIVEWEAR SRL'S BARBADOS OFFICE



MEDICAL SCHOOL – AMERICAN UNIVERSITY OF BARBADOS



LENSTEC (BARBADOS) INC. – MANUFACTURING FACILITY

BARBADOS INTERNATIONAL
BUSINESS PROMOTION CORPORATION

FINANCIAL STATEMENTS

March 31, 2013 (expressed in Barbados dollars)

Independent Auditor's Report	15
Balance Sheet	16
Statement of Changes in Equity	17
Statement of Revenue and Expenditure	18
Statement of Cash Flows	19
Notes to the Financial Statements	20

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the
Government of Barbados

We have audited the accompanying financial statements of Barbados International Business Promotion Corporation ("Invest Barbados") which comprise the balance sheet as at March 31, 2013 and the statements of revenue and expenditure, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 controls 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 controls. 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 Barbados International Business Promotion Corporation as at March 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

E. G. Hutson & Co.

E. G. Hutson & Co.
Chartered Accountants
Bridgetown, Barbados

October 28, 2013

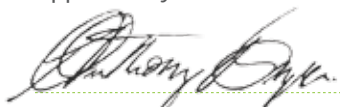
BALANCE SHEET

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

	Notes	2013	2012
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	3,847,179	5,378,952
Accounts receivable and prepaid expenses	5	1,135,425	851,132
		4,982,604	6,230,084
Non-current assets			
Property, plant and equipment	6	1,165,560	1,439,139
Total assets		6,148,164	7,669,223
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		544,100	791,923
Non-current liabilities			
Deferred capital grants	7	1,165,560	1,439,139
Total liabilities		1,709,660	2,231,062
Equity			
Accumulated excess of revenue over expenditure		4,438,504	5,438,161
Total liabilities and equity		6,148,164	7,669,223

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

Approved by the Board of Directors on October 28, 2013 and signed on its behalf by:



Anthony T. Bryan
Chairman



Rodwell London
Deputy Chairman

STATEMENT OF CHANGES IN EQUITY

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

	\$
Balance at March 31, 2011	16,727,219
Excess of expenditure over revenue for the year	(11,264,321)
Allocation to capital grant	<u>(24,737)</u>
Balance at March 31, 2012	5,438,161
Excess of expenditure over revenue for the year	<u>(999,657)</u>
Balance at March 31, 2013	<u>4,438,504</u>

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

STATEMENT OF REVENUE AND EXPENDITURE

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

	Notes	2013	2012
		\$	\$
Revenue			
Revenue grant from Government of Barbados		7,741,271	-
Expenditure			
Promotional expenses	8	(2,425,095)	(4,282,182)
Staff costs	9	(4,277,047)	(4,959,696)
Office expenses		(129,946)	(141,324)
Operational expenses	11	(868,239)	(915,901)
Miscellaneous expenses		(5,133)	(11,533)
Premises		(1,070,064)	(1,070,103)
		(8,775,524)	(11,380,739)
Finance income	12	8,500	118,136
Finance costs	12	2,377	(6,469)
Finance income – net		10,877	111,667
Excess of revenue over expenditure before the following items:		(1,023,376)	(11,269,072)
Gain/(loss) on disposal of property, plant and equipment		(12,179)	4,567
Depreciation	6	(273,070)	(340,678)
Amortisation of capital grants	7	308,968	340,862
Excess of revenue over expenditure for the year		(999,657)	(11,264,321)

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

STATEMENT OF CASH FLOWS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

	2013	2012
	\$	\$
Cash flows from operating activities		
Excess of revenue over expenditure for the year	(999,657)	(11,264,321)
Adjustments for:		
Depreciation	273,070	340,678
Amortisation of capital grants	(308,968)	(340,862)
(Gain)/loss on disposal of property, plant and equipment	12,179	(4,567)
Interest income	(8,500)	(118,136)
Operating excess of revenue over expenditure before working capital changes	(1,031,876)	(11,387,208)
Decrease/(increase) in accounts receivable and prepaid expenses	(284,293)	8,356
(Decrease)/increase in accounts payable and accrued liabilities	(247,823)	(29,123)
Net cash from operating activities	(1,563,992)	(11,407,975)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(35,388)	(24,737)
Interest income received	8,500	118,136
Net cash used in investing activities	(26,888)	93,399
Cash flows from financing activities		
Capital grants received	35,388	-
Proceeds on disposal of property, plant and equipment	23,718	4,751
Net cash from financing activities	59,106	4,751
Net increase in cash and cash equivalents	(1,531,773)	(11,309,826)
Cash and cash equivalents – beginning of year	5,378,952	16,688,777
Cash and cash equivalents – end of year	3,847,179	5,378,952

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

1 ESTABLISHMENT, PRINCIPAL ACTIVITY AND PRINCIPAL PLACE OF BUSINESS

Barbados International Business Promotion Corporation (“The Corporation”) was established on November 10, 2005 under the Barbados International Business Promotion Corporation Act 2005–25 for the purpose of marketing and promoting Barbados as an international business centre.

The use of the name “Invest Barbados” was approved by an amendment to the Act in 2008. Invest Barbados became the registered trading name of Barbados International Business Promotion Corporation.

The Corporation’s principal place of business is located at Trident Insurance Financial Centre, Hastings, Christ Church.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS).

Significant accounting policies are as follows:

a) Basis of preparation

The financial statements of the Corporation have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation’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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

i) Standards, amendments and interpretations early adopted by the Corporation

The Corporation has chosen not to early adopt standards and interpretations that were issued but not effective for 2013 reporting year. Management is in the process of reviewing these to determine if any are relevant to the Corporation’s operations.

b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying value or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of revenue and expenditure during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

2 SIGNIFICANT ACCOUNTING POLICIES CONT'D

b) Property, plant and equipment cont'd

Depreciation on property, plant and equipment is provided on the straight line method at rates which are calculated to allocate the cost of the assets over their expected useful lives as follows:

Furniture and equipment	- 10% per annum
Computer hardware	- 33.3% per annum
Computer software	- 100% per annum
Vehicles	- 20% per annum
Leasehold improvements	- 10% per annum

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on disposal included in the statement of revenue and expenditure is determined by comparing proceeds to the asset's carrying value at the time of disposal.

Assets purchased from the Barbados Investment and Development Corporation (BIDC) at net book value are being depreciated over their remaining useful lives.

c) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with other banks.

d) Accounts receivable

Receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the assets carrying amount and the recoverable amount. The amount of the provision is recognised in the statement of revenue and expenditure.

e) Revenue and capital grants

Revenue grants received from Government are taken to income in the period in the year it is received.

Grants received from Government that are used for capital expenditure are treated as capital grants and are deferred and amortised over the useful life of the assets purchased.

f) Taxation

The Corporation is not liable to corporate tax.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

2 SIGNIFICANT ACCOUNTING POLICIES CONT'D

g) Financial assets

The Corporation has classified its financial assets as loans and 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. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets. The Corporation's loans and receivables comprise: cash and cash equivalents and other receivables.

h) Provisions

Provisions are recognised when: the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of revenue and expenditure on a straight-line basis over the period of the lease.

j) Foreign currencies

i) Functional and presentation currency

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

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of revenue and expenditure.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

2 SIGNIFICANT ACCOUNTING POLICIES CONT'D

k) Pension scheme

At commencement of the Corporation, certain employees previously employed with Barbados Investment and Development Corporation (BIDC) were transferred to the Corporation. These employees participated in a fully insured purchased annuity pension scheme that is operated by BIDC. The scheme takes the form of a defined contribution pension scheme. The Corporation continues to honour the employees' pension rights and pays over to the BIDC their share of such employees' pension costs. Pension costs are accounted for on the basis of contributions payable in the year.

l) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method and subsequently measured at amortised cost using the effective interest method.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Corporation's financial statements have been prepared in accordance with IFRS. These accounting standards require the selection of specific accounting policies and methods from acceptable alternatives. A summary of the significant accounting policies adopted by the Corporation is disclosed in note 2. In the process of applying these policies, the Corporation is required to apply judgements and make certain estimates and assumptions of the effect of uncertain future events that affect the amounts recognised in the financial statements. The Corporation bases its judgements, estimates and assumptions on historical experience and expectation of future outcomes that it believes are reasonable under the circumstances.

4 CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Petty cash	2,840	2,840
Imprest accounts	380,706	586,664
Recurrent account	1,792,006	2,063,875
Call account	1,671,627	2,725,573
	3,847,179	5,378,952

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

5 ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	2013	2012
	\$	\$
Staff loans	159,223	276,681
VAT recoverable	180,318	227,426
Other receivables	496,506	16,243
Security deposits	84,739	89,394
Prepaid expenses	214,639	241,388
	1,135,425	851,132

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

6 PROPERTY, PLANT AND EQUIPMENT

	Office furniture and equipment	Computer equipment	Vehicle	Leasehold improvements	Total
	\$	\$	\$	\$	\$
At March 31, 2011					
Cost	822,157	397,682	241,066	1,586,751	3,047,656
Accumulated depreciation	(348,007)	(301,355)	(145,271)	(497,759)	(1,292,392)
Net book amount	474,150	96,327	95,795	1,088,992	1,755,264
Year ended March 31, 2012					
Opening net book amount	474,150	93,327	97,795	1,088,992	1,755,264
Additions	22,677	2,059	-	-	24,736
Disposals (net book value)	(183)	-	-	-	(183)
Depreciation charge	(83,000)	(39,508)	(48,213)	(169,957)	(340,678)
Closing net book amount	413,644	58,878	47,582	919,035	1,439,139
At March 31, 2012					
Cost	844,049	399,741	241,066	1,586,751	3,071,607
Accumulated depreciation	(430,405)	(340,863)	(193,484)	(667,716)	(1,632,468)
Net book amount	413,644	58,878	47,582	919,035	1,439,139
Year ended March 31, 2013					
Opening net book amount	413,644	58,878	47,582	919,035	1,439,139
Additions	23,922	11,466	-	-	35,388
Disposals (net book value)	(33,085)	(2,812)	-	-	(35,897)
Depreciation charge	(77,600)	(27,637)	(31,722)	(136,111)	(273,070)
Closing net book amount	326,881	39,895	15,860	782,924	1,165,560
At March 31, 2013					
Cost	825,782	406,989	241,067	1,586,752	3,060,590
Accumulated depreciation	(498,901)	(367,094)	(225,207)	(803,828)	(1,895,030)
Net book amount	326,881	39,895	15,860	782,924	1,165,560

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

7 DEFERRED CAPITAL GRANTS

	2013	2012
	\$	\$
Balance – beginning of year	1,439,139	1,755,264
Grants received	35,388	24,737
Amortisation	(308,967)	(340,862)
	<hr/>	<hr/>
Balance – end of year	1,165,560	1,439,139
	<hr/>	<hr/>
Total grants received	3,511,980	3,476,592
Accumulated amortisation	(2,346,420)	(2,037,453)
	<hr/>	<hr/>
	1,165,560	1,439,139
	<hr/>	<hr/>

Deferred capital grants are amounts received from Government that are used for capital expenditure. The grants are amortised over the useful life of the assets purchased with grant funds.

8 PROMOTIONAL EXPENSES

	2013	2012
	\$	\$
Advertising expenses	619,611	1,633,340
Seminars, conferences and trade shows	96,235	57,961
Sales missions and trade shows	995,418	1,398,983
Market development	142,752	782,130
Other	418,605	175,312
Special Project	152,474	204,456
	<hr/>	<hr/>
	2,425,095	4,282,182
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

9 STAFF COSTS

	2013	2012
	\$	\$
Salaries, wages and allowances	3,592,756	4,114,159
Medical expenses	168,983	198,188
Other benefits	25,131	71,635
Pension contributions (net of anniversary credits) (note 10)	90,942	154,108
National insurance	149,945	174,209
Temporary staff	16,148	38,717
Staff training and development	107,199	179,095
Gratuities	125,943	29,585
	4,277,047	4,959,696

10 PENSION SCHEME

At commencement certain employees previously employed with Barbados Investment and Development Corporation (BIDC) were transferred to the Corporation. These employees participated in a fully insured purchased annuity pension scheme that is operated by BIDC. The premiums paid to BIDC on behalf of those employees during the financial year 2012 – 2013 were charged to operations and amounted to \$90,942 (2012 – \$154,108) net of anniversary credits.

Due to the fact that benefits due to employees would have been secured by the prior payment of premiums and the insurer has sole responsibility for paying the benefits, the plan has been accounted for as a defined contribution plan.

In addition, the Barbados employees, including those on overseas deputation, are members of the Barbados Government Pension Scheme and National Insurance. Contributions to the scheme are made by both employee and employer on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

11 OPERATIONAL EXPENSES

	2013	2012
	\$	\$
Staff travel	18,915	28,167
Telephone and other communication charges	90,747	110,934
Computer expenses	68,916	72,398
Staff relocation and reorientation visits	168,906	-
Professional fees	357,958	565,672
Other expenses	162,797	138,730
	868,239	915,901

12 FINANCE INCOME AND COSTS

	2013	2012
	\$	\$
Finance income		
Interest income on fixed deposit account	8,500	118,136
Finance costs		
Bank charges	(9,543)	(9,758)
Net exchange losses	11,920	3,289
	2,377	(6,469)
Net finance income	10,877	111,667

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

13 RELATED PARTIES INCLUDING ENTITIES IN WHICH DIRECTORS OF THE CORPORATION HAVE INTEREST.

The Corporation is controlled by the Government of Barbados.

The following balances and transactions were carried out with Government-related entities.

a) Year-end balances:

	2013	2012
	\$	\$
Receivables from Government-related entities		
Ministry of International Business	31,244	5,815
Accountant General	94,996	-
Barbados Investment & Development Corporation	331,198	-
Prime Minister's Office	2,046	-
	459,484	5,815

	2013	2012
	\$	\$
Payables from Government-related entities		
Barbados Investment & Development Corporation	66,416	18,114
Barbados Tourism Authority	4,000	4,000
Central Purchasing Department	953	932
Caribbean Broadcasting Corporation	67	-
Barbados Conference Services Limited	-	1,034
Barbados Port Authority	-	159
	71,436	24,239

b) Transactions with Government-related entities and entities in which Directors of the Corporation have an interest:

	2013	2012
	\$	\$
Barbados Investment & Development Corporation	81,621	208,219
Barbados Conference Services Limited	-	64,349
Central Purchasing Department	10,277	20,889
Barbados Port Authority	-	159
Barbados Licensing Authority	3,200	-
Entities in which Directors of the Corporation have interest	302,590	217,570
	397,688	511,186

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013 | (EXPRESSED IN BARBADOS DOLLARS)

14 FINANCIAL RISK MANAGEMENT

1) FINANCIAL RISK FACTORS

The Corporation's activities expose it to limited financial risks. Financial assets of the Corporation include cash on hand and at bank and accounts receivable. Financial liabilities of the Corporation include accounts payable.

a) Market risk

i) Foreign exchange risk

The Corporation is not exposed to any significant foreign exchange risk.

ii) Price risk

The Corporation is not exposed to any price risk.

iii) Cash flow and fair value interest rate risk

As the Corporation has no significant variable interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Corporation does not have any borrowings and therefore is not exposed to interest rate risk.

b) Credit risk

Cash is placed with local and international banks with good standing. Credit risk on accounts receivable is limited as receivables are shown net of any necessary provision for impairment. The Corporation's maximum exposure to credit risk at the balance sheet date is the carrying value of the cash and cash equivalents and accounts receivables in the balance sheet.

c) Liquidity risk

The Corporation is exposed to limited liquidity risk as its expenditure is funded by pre-approved Government grants. The Corporation monitors its expenditure to ensure that those are incurred in accordance with approved budgets.

2) CAPITAL RISK MANAGEMENT

The Corporation is funded by grants received from the Government of Barbados. The Corporation's objectives when managing capital is to ensure that its expenditure is incurred in accordance with the budgets based on which grants were approved by the Government.

3) FAIR VALUE ESTIMATES


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


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