

INVEST  
BARBADOS

# ANNUAL REPORT 2018





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# ABOUT INVEST BARBADOS

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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 name Invest Barbados (IB) and became operational on October 1, 2006. IB was established because it was reasoned that an organisation dedicated to promoting and facilitating international business was required to achieve the critical needs of the country in attracting greater levels of foreign direct investment (FDI), boosting foreign exchange receipts, creating jobs and maintaining Barbados' standard of living.

IB is an economic development agency of the government of Barbados, 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 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

## **MISSION**

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

In pursuing our mission we will:

- 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 promotion agency by virtue of our success in winning and facilitating international business."

# LETTER OF TRANSMITTAL

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**Barbados International Business Promotion Corporation  
Trident Insurance Financial Centre  
Cnr. Hastings Main Road and St. Matthias Gap  
Christ Church**

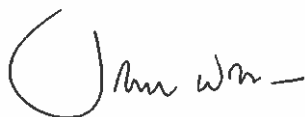
October 1, 2018

The Honourable Mia Amor Mottley, Q.C., M.P.  
Prime Minister  
Government Headquarters  
Bay Street  
St. Michael

Dear Prime 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, 2017 to March 31, 2018.

Yours faithfully,



.....  
Mr. John M. B. Williams, FCA  
Chairman

## BOARD OF DIRECTORS

The ten members of the Board of Directors are appointed by the Minister with responsibility for IB. During the period under review, the Board reported to the Prime Minister's Office and particularly, to Senator the Honourable Darcy Boyce, Minister in the Office of the Prime Minister. The Board is generally responsible for the smooth administration of the Corporation. The Chief Executive Officer is an ex-officio member of the Board. During the period April 2017 to March 2018, the Board held 10 administrative meetings. Its members were:



Left-right:- Sandra Payne, CEO (Ag), Invest Barbados; Sonia Foster, Randy Graham, Rodwell London, Deputy Chairman; Stephen Greaves, Sir Anthony Bryan, Chairman; Andrew Alleyne; Debra Gooding; Dr. Everton Walters; Emeline Taitt



Inset Sonja Welch, PS – Prime Minister's Office

**Sir Anthony T. Bryan, GCM, J.P. – Chairman**

**Mr. Rodwell London – Deputy Chairman**

**Ms. Debra Gooding**

**Mr. Randy Graham**

**Mr. Stephen Greaves**

**Ms. Emeline Taitt**

**Dr. Everton Walters, CBE, J.P.**

Representative, Barbados International Business Association

Permanent Secretary, Ministry of Industry, International Business, Commerce and Small Business Development

Permanent Secretary, Prime Minister's Office

**A new Board of Directors was appointed under the Chairmanship of Mr. John M. B. Williams, effective July 20, 2018.**

# EXECUTIVE MANAGEMENT

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**Ms. Sandra Payne, B.Sc., MBA**

Chief Executive Officer (Ag)

**Mr. Kenneth Campbell, B.Sc., MBA**

Director, Investment Promotion

**Mr. Ezra Catwell, B.Sc., M.Sc.**

Director, Investment Facilitation

**Ms. Jannette Babb, B.Sc., MBA**

Director, Research & Development (Ag)

**Mr. Jean-Paul Cumberbatch, B.Sc.**

Manager, Research & Development

**Ms. 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

The financial year 2017-2018 was one of mixed fortunes for the Barbados economy. Concerted attacks by special interest groups such as the International Consortium of Investigative Journalists, on small international financial centres (IFCs) and investors who use IFCs, led to increased scrutiny of these jurisdictions. These developments, together with a reduction in visitor spend, as well as servicing of foreign debt, further exacerbated Barbados' already weak foreign reserves position.

During the past year as well, the Organisation for Economic Co-operation and Development's (OECD's) initiative to prevent Base Erosion and Profits Shifting (BEPS) picked up pace. Consequently, in January 2018, in keeping with the country's commitment to transparency in tax matters and the attraction of businesses of substance, Barbados signed onto the OECD's Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (the MLI). In so doing, Barbados signalled its intention to review and amend certain aspects of the country's double taxation agreements (DTAs), as well as its international business legislation by the end of 2018. It was against this background that IB, in collaboration with industry stakeholders, continued to make the case for Barbados as a desirable international businesses domicile of choice.

Notwithstanding the challenging operating environment, a number of successes were recorded. IB sustained its promotional outreach to potential investors and stakeholders in key markets primarily through road shows, international business seminars, conferences and inward missions as well as exposure in targeted industry publications. These activities resulted in 41 new and 22 follow-up visits to Barbados



by prospective investors who continue to be engaged by IB. Growth in the captive insurance sector remained encouraging, with 19 new entities being licensed during the period. IB's ongoing marketing programme in Latin America continued to bear fruit, evidenced by the fact that approximately 50% of the new licensees were from Latin America and the Caribbean. At the end of 2017 the total number of captives on record was 266 with Barbados maintaining its position among the top ten captive insurance domiciles globally.

Another growth area was that of offshore medical schools; the American University of Integrative Sciences opened its doors in May 2017, increasing to three the number of medical schools in operation at the end of the period. A further three new institutions have been granted charters but are yet to start operations. Additionally, the legislative framework was expanded. DTAs with Cyprus, Italy and Portugal entered into force, increasing Barbados' network of DTAs to 40 as at March 2018.

At the domestic level, IB enhanced its public outreach by means of a documentary, aired on the Caribbean Broadcasting Corporation (CBC). The 25-minute documentary,



highlighted the importance of the International Business and Financial Services (IB&FS) sector to the local economy, its impact on the lives of average Barbadians and IB's role in promoting and sustaining the sector. At the same time, the Corporation maintained its active customer care programme in order to encourage mandate expansion as well as to minimise potential impediments to existing businesses, thereby ensuring that their operations continued smoothly.

I must acknowledge the former Permanent Secretary in the Prime Minister's Office, Ms. Sonja Welch, as well as her successors, Mrs. Margaret Jones and Mrs. Ruth Blackman, for their service and contribution. On behalf of the current Board, Management and Staff, I wish them a happy and fulfilling retirement. Permit me also to salute the efforts of the other board members whose tenure preceded mine.

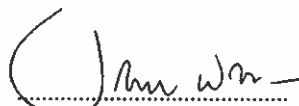
### Looking Ahead

IB has continued to be resilient in the face of ongoing challenges to the IB&FS sector over the past several years. Given the current protectionist policies of major world powers and interest groups, there can be little doubt that the global environment for international business will become more competitive and restrictive. I am confident that IB will continue to adapt its strategies in anticipation of and/or to address these inevitable testing circumstances. The professionalism, dedication and resourcefulness that have characterised the IB team from inception will be maintained as we carry on executing the Corporation's mandate to attract sustainable foreign direct investment and international business for Barbados. Where necessary, we will retool and ensure that the organisation remains fit-for-purpose, adequately resourced and ready to win emerging business. Even as we seek to defend Barbados' established position in Canada, the United Kingdom (UK) and the United States of America (USA), we will continue

to develop new opportunities in these traditional markets while expanding our reach within Latin America. We will also explore possibilities for investment from Africa and Asia.

During my tenure, we will pursue the vision of making Barbados a "global entrepôt". This will mean engagement in targeted outreach to potential investors and gatekeepers, particularly in the areas of financial services, ICT, niche manufacturing, renewable energy and financial technology (fintech). We will aim to position Barbados as the hub for financial services in the Caribbean as well as a centre of excellence for select medical schools and other research and development initiatives. We will redouble efforts to ensure that the sector's current contribution to the local economy is increasingly substantial and sustainable.

I am enthusiastic and optimistic about the future. I look forward to a new era of economic growth, foreign investment attraction, job creation, technology transfer and skills upgrade. Importantly, the new Board, Management and Staff of IB will continue to navigate the challenges, while giving of our resourcefulness, knowledge and purposeful drive to ensure that Barbados' international business sector is vibrant and prosperous. Together with other government stakeholders and private sector partners, we will work to safeguard Barbados' standing as a premier international business domicile of choice.



Mr. John M.B. Williams, FCA  
Chairman



# ORGANISATIONAL STRUCTURE

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The Chief Executive Officer (CEO) is responsible to the Board of Directors for the operations and administration of IB. Ms. Sandra Payne, CEO (Ag) continued to lead the Corporation in this capacity during the reporting period.

During the year, the core divisions - Investment Promotion and Facilitation (IPF) and Research and Development (R&D) continued to champion the Corporation's mandate to win sustainable

FDI and international business for Barbados, as well as to manage the international business brand. Able support was provided by the Finance, Human Resource (HR) & Administration and Information Communication Technology (ICT) departments. There were no human resource changes during the period. The staff complement, including those based in the New York and Toronto offices, remained at 34.

# STRATEGIC PLAN

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In keeping with IB's strategic focus, the 2017-2018 Strategic Plan presented a range of initiatives and action items to achieve the Corporation's objectives, particularly in relation to investment promotion and facilitation services and the management of Barbados' international business brand. Key target sectors - financial services, niche manufacturing and ICT, including high value added subsectors such as business process outsourcing (BPO) knowledge process outsourcing (KPO), web applications/programming, etc., continued to be at the core of the initiatives developed to attract new business. Other activities geared towards the attraction of additional medical schools and High Net Worth Individuals (HNWIs) to Barbados were proposed; at the same time, research was undertaken to determine the way forward in positioning Barbados as a hub for international medical tourism services.

While noting the importance of maintaining an active presence in main markets within North America (Canada and the USA) and the UK, the plan also included strategies

for improved engagement with Colombia, Mexico and Venezuela, in particular. Ongoing research was undertaken to identify potential opportunities in other countries within Latin America as this market continues to show generally encouraging growth, especially for wealth management and captive insurance services.

The Corporation's customer care programme remained a key component of the plan. Business facilitation initiatives aimed at business retention and mandate expansion were continued. These included timely interventions to address investors' issues and concerns, as well as support for the expansion of existing enterprises in order to encourage additional foreign direct investment, foreign exchange earnings, taxes and employment for Barbados.

Reinforcing the Barbados brand remained high on the agenda. Available channels were identified and engaged to highlight the attributes of the Barbados international

business brand while promoting the country's value proposition as a reputable jurisdiction that encourages and facilitates business of substance. In concert with this, measures were adopted to educate the public at large

about the development and longstanding importance of the international business sector, its contribution to the Barbados economy and IB's role in the process.

## OPERATING ENVIRONMENT

According to the IMF's World Economic Outlook, April 2018<sup>1</sup>, the year 2017 saw global GDP growth increasing to 3.8%, which was the strongest performance since 2011. Increased investment spending in advanced economies and acceleration in private consumption across emerging market and developing economies contributed to this increase in growth. However, growth experienced by China and India during this period resulted from resurgent net exports and strong private consumption and not from investment. Countries such as Angola, Brazil, Ecuador, Nigeria and Russia, which were severely affected by the previous commodity price downturn, experienced growth due to an end to fixed investment contractions.

Advanced economies had a combined average growth of 2.3%; emerging market and developing economies' combined average growth was 4.8%; Latin America and the Caribbean, 1.3%, projected to increase to 2.0% in 2018; while Sub-Saharan Africa was 2.8%. This trend in global growth is projected to continue into 2018, with an uptick to 3.9%. Other predictions for 2018 indicate favourable market conditions, a generally accommodative financial environment, normalisation of monetary policy in the UK and USA, as well as international repercussions of the latter's expansionary fiscal policy.

While global growth rose during the period under review, the United Nations Conference on Trade and Development (UNCTAD) Investment Trends Monitor, January 2018<sup>2</sup> revealed that global FDI declined by 16% to an estimated US\$1.52 trillion, due mainly to a slump in FDI flows to developed countries in Europe and

North America. In developing economies, FDI remained stable at an estimated US\$653 billion, with flows rising slightly in Asia, Latin America and the Caribbean, while remaining flat in Africa. The top three largest regions to benefit from FDI were Asia, the European Union (EU) and North America, whereas among advanced economies, the top three largest recipients were the USA, China and Hong Kong.

Transition economies also experienced decreased flows by 17% to an estimated US\$55 billion, while cross-border mergers and acquisitions declined by 23% to US\$666 billion after three years of growth. Nonetheless, the latter decrease in flows still represented the third highest level since 2007.

During the same period, Latin America and the Caribbean's FDI flows increased by 3% to an estimated US\$143 billion, registering the first set of growth since 2012; however, this figure was still 25% below the 2012 FDI flows. Brazil in particular, has seen resurgence in relation to potential investment opportunities, considering that nine of the ten largest acquisitions by foreign companies occurred in that jurisdiction. As a result, FDI flows to Brazil increased by 4% to approximately US\$60 billion.

Costa Rica experienced significant growth of 15%, while flows to Mexico remained stable, recording no significant change from the previous year. In contrast, Chile, Colombia and Peru recorded declines by 44%, 1% and 20%, respectively.

<sup>1</sup> IMF World Economic Outlook, April 2018 (Global Prospects and Policies)  
- <https://www.imf.org/en/Publications/WEO/Issues/2018/03/20/world-economic-outlook-april-2018>

<sup>2</sup> UNCTAD Investment Trends Monitor, January 2018  
- [http://unctad.org/en/PublicationsLibrary/diaa18d1\\_en.pdf](http://unctad.org/en/PublicationsLibrary/diaa18d1_en.pdf)





**Exchange of Documents Barbados-Cyprus DTA**

FDI projections for 2018 are not entirely positive as heightened geopolitical risks, policy uncertainty and tax reforms in the USA may negatively impact any potential FDI recovery. However, based on the speedy pace at which the world economy is expected to grow, global FDI flows are likely to increase to approximately US\$1.8 trillion. Economic growth is also expected to experience an upturn in major economies, such as the USA and the EU, while a gradual recovery in commodity prices and improved profit prospects in various sectors could encourage investors to spend.

Alongside these occurrences on the global front, Barbados too had its share of highs and lows during the period under review. As the Cayman Islands and Bermuda, which now have Tax Information Exchange Agreements (TIEAs) with Canada, continue to gain ground in this market, Barbados slipped from 3<sup>rd</sup> to 4<sup>th</sup> place with respect to Canadian outward FDI, recording CDN\$48.9Billion in 2017, compared to CDN\$59.7Billion and CDN\$56.8Billion in 2015 and 2016, respectively.

While in the process of reviewing the legislative changes required to comply with the MLI, Barbados was among 17 countries included on the EU's list of non-cooperative jurisdictions in December 2017. However, following further discussions between the Barbados authorities and EU officials, the country was removed from the blacklist. Subsequently, in January 2018, the MLI was signed, confirming Barbados' ongoing commitment to transparency in tax matters. During the period Barbados received two

ratings downgrades - from the international credit ratings agency, Standard & Poor's and the regional credit rating agency, Caribbean Information & Credit Rating Services Ltd.

Despite these minor setbacks the country recorded some positives, particularly with the expansion of its bilateral treaty network as DTAs with the Republic of Portugal, the Republic of Italy and Cyprus entered into force during the period. At the end of March 2018, Barbados had a total of 40 DTAs in force.

Barbados also added another international medical university to its portfolio, bringing the total number of registered international medical schools on island to six, three of which are operational to date. Interest in Barbados for the provision of these services remains high with at least one other international institution signalling its intention to establish a medical school in the country.

Nineteen new captive insurance companies were licensed during the period bringing the total number of active captive insurance entities to 266. There were also 26 captive management companies in operation at end of March 2018.

Although anticipating further challenges due to the OECD's BEPS initiative, the ongoing global tax fairness movement, BREXIT and the country's own economic pressures, among other considerations, Barbados still remains a preferred domicile for discerning investors. This should serve as the impetus to take the country forward in the uncertain times ahead.



## KEY ACHIEVEMENTS

Despite operating with a reduced budget during the financial year resulting in the postponement of certain promotional activities, the IPF team effectively executed its programme with the goal of winning sustainable foreign direct investment and international business for Barbados. While seeking to secure additional business through engagement with new clients and via other lead generation activities, the division also maintained an active customer care programme to ensure the retention of existing businesses as well as to encourage expansion of these operations.

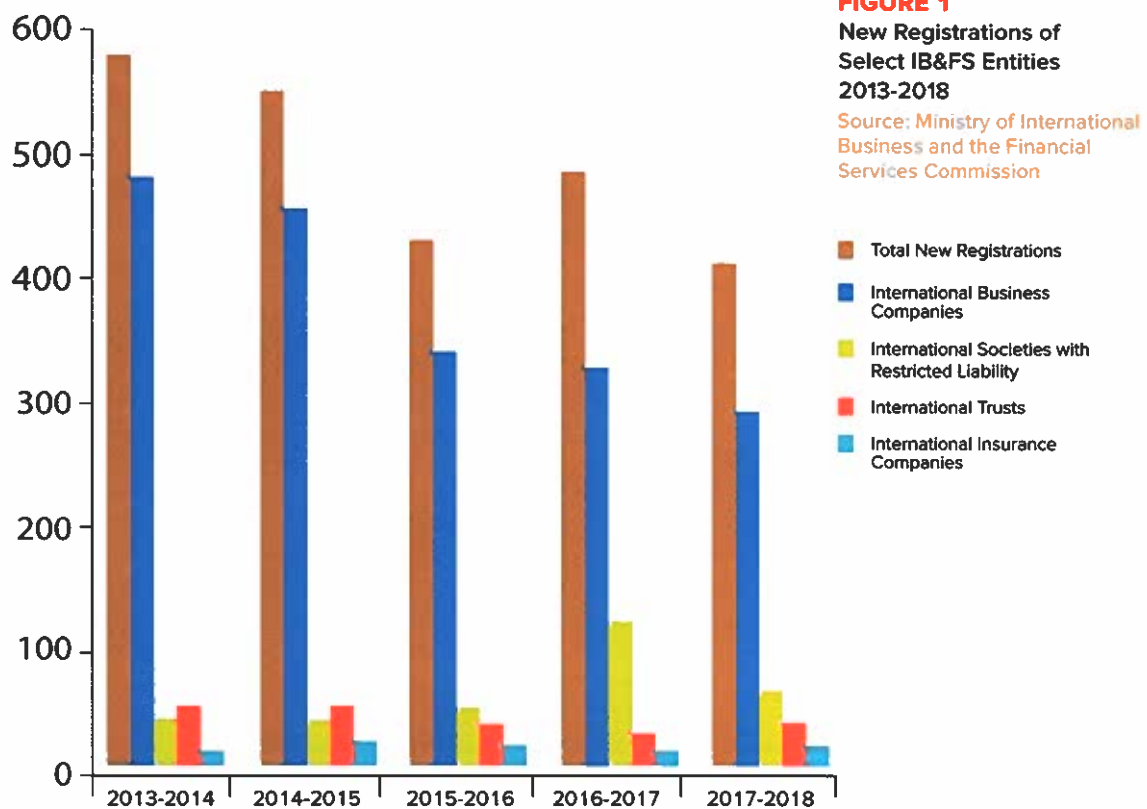
In collaboration with industry stakeholders, the IPF division facilitated registrations of 399 new financial services entities during the period. This figure represented a decline of 16.5% compared to the previous year when 478 new financial services entities were licensed, a reflection of the prevailing market conditions. It should be noted, however, that the results for the previous year were due largely to a 173% increase in registrations of international societies with restricted liability (ISRLs) which occurred as a

direct consequence of a change to the UK hybrid mismatch tax rules which were effective since January 2017 and created a challenge for certain UK international business entities. One of the options to successfully resolve the issue was through the establishment of a Barbados ISRL. Registrations of ISRLs have since stabilised.

Of the new financial services registrations, 284 (71.2%) were international business companies (IBCs), 60 (15%) were ISRLs, 34 (8.5%) were international trusts and 19 (4.8%) international insurance companies – eleven exempt and eight qualifying. Two exempt management companies were also registered. The number of international banks remained at 25 as there were no new registrations of these entities in recent years.

Figure 1 provides a comparison of new registrations of IBCs, ISRLs, international trusts and international insurance companies over the past five years.





## PRINCIPAL ACTIVITIES

The Corporation's main activities continue to revolve around:

1. Presenting Barbados' value proposition and competitive advantages to investors and business 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 investors and service providers to assess the jurisdiction first-hand and experience 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 advisory firms.
5. Continuing to take action and lobby for improved business facilitation.
6. Ongoing customer engagement and aftercare services to existing investors in Barbados
7. Managing the Barbados business brand in the international market.
8. Monitoring markets and competing jurisdictions, identifying emerging trends, and seeking to influence the creation of new niche products.

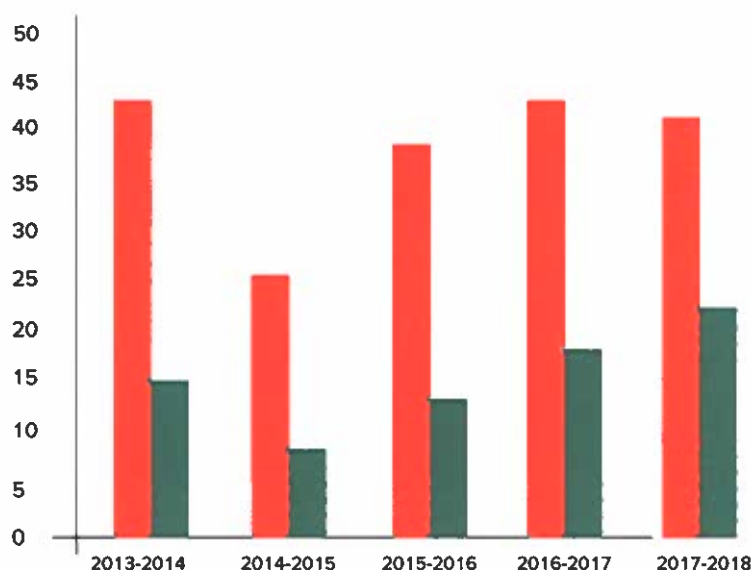
## DIVISIONAL ACTIVITIES

### Investment Promotion and Facilitation (IPF)

The Investment Promotion strategy was geared towards fulfilment of the Corporation's mandate to attract and win sustainable international investment for Barbados particularly in the areas of financial services, ICT and niche manufacturing. Through its marketing programme, and working in partnership with stakeholders, 399 new financial services entities were registered. Officers in the division also facilitated three new non-financial company starts in the areas of medical education, and ICT services while assisting a number of existing entities with expanding their operations, generating a total of 261 new jobs. Among these existing companies that recorded expansions were Gildan Activewear SRL, ending the period with a staff complement of 305; Lenstec Barbados Ltd., with 250 and Hyuna International Ltd. with 115 employees. Additionally, there are currently three imminent starts on record, two in the area of health and wellness services and one contact centre which are expected to commence operations during the next reporting period.

The IPF division assisted with 41 new client evaluation visits to Barbados, a slight decrease from the preceding year when 43 visits were recorded. There were also 22 follow-up visits compared to 20 during the previous year. Three of the follow-up visits accounted for the new non-financial company starts mentioned previously. As expected, the prospective investors came primarily from the key markets of Canada, the USA and the UK but the Caribbean, Europe and India were also represented. These clients presented a range of projects for consideration in sectors such as financial services (including international insurance and asset management), niche manufacturing, agriculture, renewable energy, medical/healthcare services, ICT services, and education (medical schools and English as a foreign language).

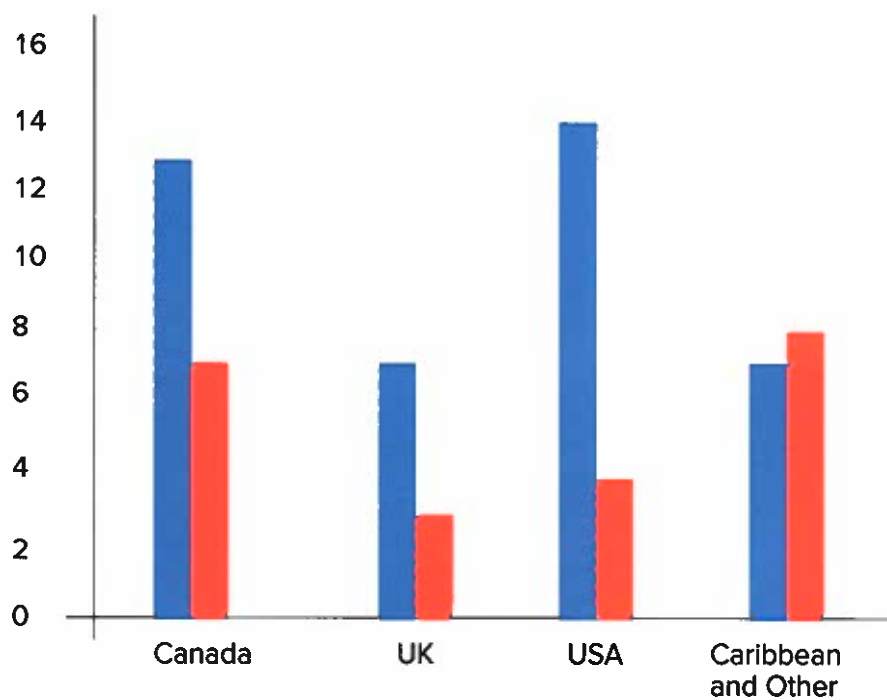
Figure 2 provides a comparison of client visit activity for the five-year period 2013 to 2018 while Figure 3 presents client visits by country of origin for the 2017/18 financial year.



**FIGURE 2**  
Client Visit Activity  
2013-2018

Source: Invest Barbados

■ New Client Visits  
■ Follow-up Visits

**FIGURE 3**

Client Visits by  
Country of Origin  
April 2017-March 2018

Source: Invest Barbados

■ New Client Visits  
■ Follow-up Visits



LATAM Inward Mission



The Investment Promotion team spearheaded a number of targeted promotional activities. Among the primary activities were four successful ministerial seminars conducted in Toronto and Calgary, Canada; Boston, USA and London, UK which together attracted a total of 153 attendees. IB was well supported in these activities by both Barbados and in-market service providers, some of whom were invited to participate in the official programme, while others attended in order to benefit from the networking opportunities provided. Budget constraints led to the postponement of a seminar planned for Colombia, while another seminar initially planned for Mexico was cancelled on account of a major earthquake in Mexico City.

IB hosted a successful inward mission from Latin America. The event attracted 11 industry professionals (attorneys, tax advisors, accountants) from Colombia, Guatemala, Mexico,

Panama, Paraguay and Venezuela, as well as 60 Barbados service providers. The objective of the inward mission was to highlight Barbados' advantages as a reputable and transparent domicile, showcase the jurisdiction's value proposition, and reinforce the country's position with respect to supporting and facilitating business of substance. In addition, the mission sought to strengthen the linkages between Barbados and Latin American service providers. It also enabled the delegates to experience Barbados first-hand and to learn of the possible benefits of using the jurisdiction's treaty network.

Most of the delegates remarked that the event exceeded their expectations and allowed them to gain a better understanding of the island's business environment and infrastructure. IB's team also came in for high praise for its effective organisation and implementation of the mission.



**LATAM Inward Mission**

Other key activities included three road shows where the Barbados delegation, inclusive of a tax expert, made presentations on the country's value proposition to gatekeepers, primarily tax advisors, accounting and legal firms, as well as target companies. Two of the road shows took place in Toronto, Canada during fall 2017 and spring 2018, respectively, where meetings were

held with a total of 19 accounting and legal firms. The third road show and an outward ICT mission covered the cities of New York and Atlanta in the USA where 16 meetings were held with legal and tax advisors, as well as site selection firms. The division also participated in 12 industry conferences and trade shows generating a total of 418 new client contacts.

IB was again the diamond sponsor of the Barbados International Business Association's (BIBA) Week of Activities and, as usual, took the lead in organising and implementing another successful international business week (IBW) conference, the premier event of the week. The activities are held in October each year to highlight the international business sector and its important contribution to the economy of Barbados.

The 2017 IBW conference attracted 210 attendees. The consistently high quality of the overall organisation and implementation of the conference was maintained and even surpassed, as 100% of respondents rated the conference "good" or "excellent" compared to 98% the previous year. In addition, a similarly high percentage - 98% of respondents -

indicated that the conference had met their professional needs.

***Themed - Prospering in the Technological Era: Innovate, Integrate, Motivate***, the conference addressed a variety of topical issues impacting the workplace and business in general. Among the topics were: *Business and Health; Technology Transforming Lifestyles; Artificial Intelligence - Is it bad for Business?; Information: Fiction vs. Non-Fiction; Death of Privacy and The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS: Its Implications for Double Tax Treaties*. The roster of local and international speakers, including overseas based Barbadians was well received, with most of them scoring a rating of either 'excellent' or 'good'.



**IB Week Conference 2017**

Investor facilitation continued to be high on the agenda of the IPF team. During the period, IPF officers conducted 246 customer care visits to existing clients, both international business entities and professional service providers. Through these interventions, the division was able to resolve and, in some cases, avert potential client issues. These efforts, in collaboration with key stakeholders, helped immeasurably to maintain the attractiveness and reputation of the Barbados domicile. The division also facilitated 20 persons with immigration matters including 15 HNW families, primarily from Canada and the UK who were

granted special entry and reside permits. IPF officers continued the Corporation's active schools' outreach programme which seeks to keep secondary school and university students informed about the importance of the IB&FS sector to the economy of Barbados and the type of employment opportunities offered by the industry. Eight presentations were made to five secondary schools and one to the Barbados Community College during the period. Officers of the IPF and R&D divisions also participated in one career day showcase at the University of the West Indies, Cave Hill campus.

## Research and Development (R&D)

The R&D division continued to work closely with the IPF team, particularly with respect to market scoping and intelligence gathering to assist in formulating and monitoring the Corporation's marketing and promotion strategy, as well as in helping to protect and enhance the country's international business brand. The division continued to monitor and benchmark Barbados' performance against main competing domiciles including the Bahamas, Bermuda, BVI, Cayman Islands, Hong Kong, Ireland, Mauritius, Panama and Saint Lucia. In addition to the foregoing countries, domicile comparisons were also completed for Malta and Guernsey. Country profiles were prepared for Tanzania, Kenya, Israel, Italy and South Africa while updates were completed for Chile, Panama and Singapore. Additionally, R&D continued to track and update Barbados' rankings on important global indices, and where relevant, to seek clarification regarding specific data collection criteria/methodologies. The division also responded to requests for information regarding Barbados' performance/future prospects from bodies such as UNCTAD, fDI Intelligence and foreign embassies, among others.

The R&D division completed a study exploring potential opportunities for Barbados in the area of BPO/KPO. The study concluded that while Barbados has been successful in attracting some BPO business, the country is better placed to attract investment in the KPO sub-sector given the level of educational attainment and small population size. These findings will help to shape the Corporation's marketing and promotion programme going forward.

The division continued to place priority on the dissemination of information in a timely, effective and efficient manner to staff, as well as external clients and stakeholders. A total of 46 articles/publications related to the international business

sector and to the global environment in general were shared with IB staff. In collaboration with the ICT department, the R&D team completed the upgrade and redesign of the IB website which remains a leading source of information about investment opportunities in Barbados, both locally and internationally. The foreign language versions were also upgraded and some minor fine-tuning is ongoing. A total of 50 international business news articles and events were posted to the website, along with 12 home page articles.

Visits to the website generally reflected typical trends, with Barbados' main source markets, namely Canada and the USA, generating most of the traffic. However, the UK, which normally features in the top three countries from which visits originate, fell to 5th position, giving way to Mexico and Brazil, respectively. The remaining top 10 countries were Colombia, Venezuela, Spain, China and India. The total number of visitors to the site during the period was 42,640 which seemed to be in line with previous years, with the exception of 2016/17 when there was a spike in traffic. The heightened activity during the preceding period may have been due in part to an increased interest from Barbadians at home and in the Diaspora, as the country celebrated its 50th anniversary of independence.

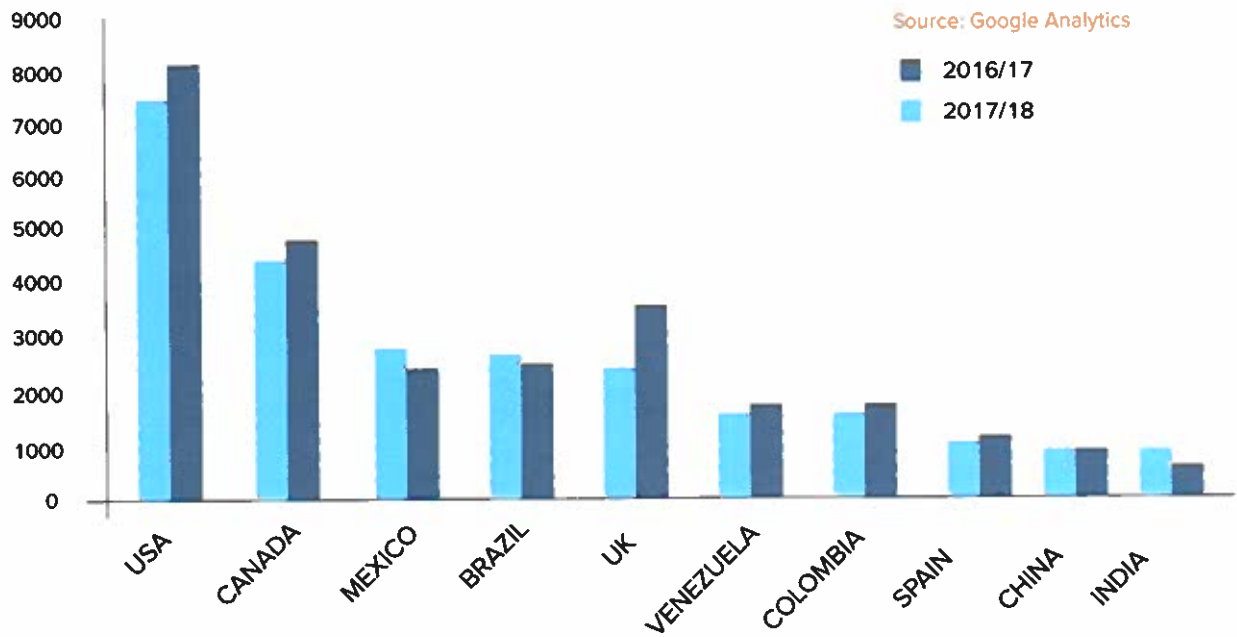
R&D continued to manage the Corporation's LinkedIn presence, posting relevant articles and promotions as necessary. There has been a gradual increase in the number of followers via this channel.

Figure 4 presents a comparison of the top 10 countries by visitor origin for the last two years, while Figure 5 shows a five-year comparison of visitors to the site from April 2013-March 2018.

**FIGURE 4**

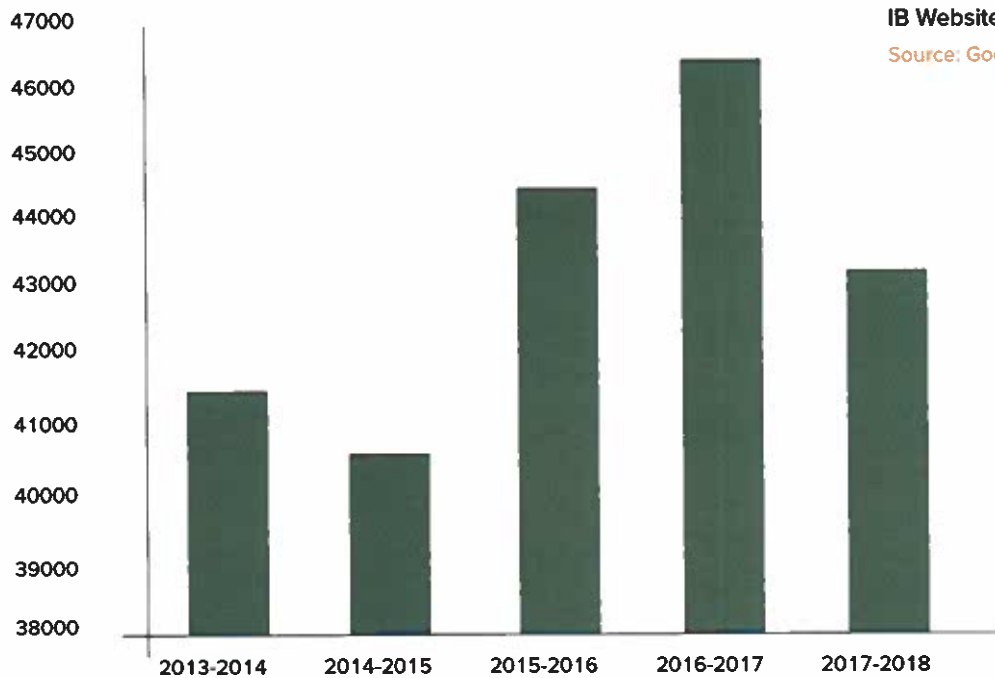
Visitors to IB Website by Country of Origin 2016/17 – 2017/18

Source: Google Analytics

**FIGURE 5**

Total Annual Visitors to IB Website 2013 - 2018

Source: Google Analytics





During the period, the division, in collaboration with strategic partners, completed the landmark 10th edition of the Barbados International Finance and Business Magazine (BIFB). The BIFB is regarded as the premier publication on the local industry and continues to be well received by practitioners, investors and potential clients, globally. IB distributed around 5,000 copies of the 2018 edition to clients and stakeholders at home and abroad. An e-copy of the magazine was also made available for download on the IB website.

The R&D division maintained its engagement with Mondaq through the provision of articles for this widely used and respected information portal. At the same time, there was ongoing analysis of the reports generated regarding readership of the content in order to gauge the reach/popularity of respective topics, as well as for the purpose of targeting new potential investors. Other marketing channels engaged to promote Barbados' value proposition, either via editorials or advertisements, included Offshore Financial Centres magazine, Captive Insurance Times, Development Counsellors International newsletters, as well as the official publication of the Commonwealth Heads of Government meeting. IB also contributed to the 2018 edition of the Business Barbados publication with an article highlighting the importance of business facilitation and the Corporation's role in this regard.

R&D continued to engage with the Caribbean Association of Investment Promotion Agencies (CAIPA) on a number of initiatives. The division participated in a country tour to Costa Rica hosted by CINDE, the national IPA, which is considered one of the best in the Caribbean and Latin America in recognition of its best practice standards and success in FDI attraction. R&D also liaised with CAIPA on the roll out of the new CRM system for regional IPAs which will soon be implemented within IB. In this regard, the R&D and ICT teams continued to collaborate to effect the implementation of a new, more efficient CRM

system. At the end of the reporting period, testing and debugging of the system was in progress in preparation for a full launch. The Corporation's membership in the World Association of Investment Promotion Agencies (WAIPA) was maintained during the review period. A non-governmental agency, WAIPA provides training opportunities for its members as well as platforms to network and share best practices in investment promotion.

R&D produced a 25-minute video highlighting the contribution of the IB&FS sector to the economy of Barbados, as well as IB's role in the process. The video was created as an educational tool to demonstrate how the sector impacts the lives of average Barbadians and to encourage them to play their respective parts in order to ensure its ongoing success for the benefit of all. The programme was aired on CBC television on at least four occasions during the reporting period. The division also produced a short ICT video as an aid in the promotion of this key sector. The video may be accessed via the IB website. In addition, the R&D division completed a new "on hold" message for the Corporation's PBX system as a further means of promoting the jurisdiction and IB's services. A jingle stressing the importance of the IB&FS sector is currently in production.

During the period, IB's pop-up banners and the general promotional literature were redesigned with complimentary images to further enhance the Barbados brand. IB's new strap line: *Your Place is Here... Grow With Us*, was incorporated into these new designs as well, to ensure consistency across all marketing channels.

## SUPPORT DEPARTMENTS

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**The ICT Department** effectively delivered information and communication technology services to meet the Corporation's needs. This included maintaining a secure operating environment with respect to financial software and the computer operating system, in general, as well as ensuring best practice with respect to antivirus and business continuity protocols. The ICT team collaborated with the R&D division in revising and upgrading the Corporation's website. The team continued to provide support to R&D on the upgrade to the new CRM database including the classification and purging of existing data. The department also continued to address matters related to building and office maintenance to ensure a safe and healthy work environment.

**The Human Resources and Administration Department** continued to observe industry best practice standards in the efficient deployment of the Corporation's human resources. Some staff members benefitted from local seminars during the period. Two officers completed the online training programme *Towards the Next Generation of IPAs*, offered by the Inter-American Development Bank. In addition, one staff member successfully completed a B.Sc in Management with International Business, while another gained a post graduate diploma in International Business Law. The department also supported the Events Committee in the delivery of a number of health and wellness programmes for staff.

**The Finance Department** maintained good standards of financial management and reporting in the execution of its functions including with respect to the provision of accurate and timely information, as well as with the prompt settlement of the Corporation's liabilities. During financial year 2017-2018, Government's subvention to the Corporation was BDS\$4,561,632, while expenditure totalled BDS\$6,349,261.

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

Barbados International Business  
Promotion Corporation

# FINANCIAL STATEMENTS

**March 31, 2018**

(expressed in Barbados dollars)

Independent Auditors' Report  
Balance Sheet  
Statement of Changes in Equity  
Statement of Comprehensive Income  
Statement of Cash Flows  
Notes to the Financial Statements



# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Government of Barbados

## Opinion

We have audited the accompanying financial statements of Barbados International Business Promotion Corporation (Invest Barbados), which comprise the balance sheet as at March 31, 2018, the statement of changes in equity, the statement of comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of Barbados International Business Promotion Corporation (Invest Barbados) as of March 31, 2018 and its financial performance and its cash flow for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

## Basis of Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 Corporation'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 intends to cease operations or has no realistic alternative but to do so.

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

## Auditors' Responsibility 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 auditors' 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 be reasonably expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditors' responsibilities for the audit of the financial statements is located at the Institute of Chartered Accountants of Barbados' website <http://www.icab.bb/about-icab/auditing>. This description forms part of our report.

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



Barbados International Business Promotion Corporation

**BALANCE SHEET**

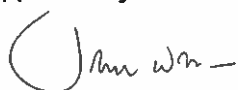
As at March 31, 2018

(expressed in Barbados dollars)

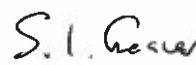
	Notes	2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,608,418	3,218,038
Accounts receivable and prepaid expenses	5	878,477	739,818
		<b>2,486,895</b>	<b>3,957,856</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	145,484	307,102
<b>Total assets</b>		<b>2,632,379</b>	<b>4,264,958</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		329,161	370,407
<b>Non-current liabilities</b>			
Deferred capital grants	7	145,484	307,102
<b>Total liabilities</b>		<b>474,645</b>	<b>677,509</b>
<b>Equity</b>			
Accumulated excess of revenue over expenditure		2,157,734	3,587,449
<b>Total liabilities and equity</b>		<b>2,632,379</b>	<b>4,264,958</b>

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

Approved by the Board of Directors on 27th September, 2018 and signed on its behalf by:



Chairman



Director

Barbados International Business Promotion Corporation

# STATEMENT OF CHANGES IN EQUITY

As at March 31, 2018

(expressed in Barbados dollars)

	\$
<b>Balance at March 31, 2016</b>	<b>2,723,078</b>
Excess of revenue over expenditure for the year	<u>864,371</u>
<b>Balance at March 31, 2017</b>	<b>3,587,449</b>
Excess of revenue over expenditure for the year	<u>(1,429,715)</u>
<b>Balance at March 31, 2018</b>	<b><u>2,157,734</u></b>

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

Barbados International Business Promotion Corporation

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended March 31, 2018

(expressed in Barbados dollars)

	Notes	2018 \$	2017 \$
<b>Revenue</b>			
Revenue grant from Government of Barbados		4,561,632	7,548,686
Other Income – Pension Plan Refund	10	356,514	-
		<u>4,918,146</u>	<u>7,548,686</u>
<b>Expenditure</b>			
Promotional expenses	8	(1,743,622)	(2,072,464 )
Staff costs	9	(3,281,213)	(3,362,115 )
Office expenses		(102,119)	(95,538 )
Operational expenses	11	(358,832)	(350,229 )
Miscellaneous expenses		(1,516)	(1,681 )
Premises		(819,619)	(778,667 )
		<u>(6,306,921)</u>	<u>(6,660,694)</u>
<b>Finance costs</b>	12	<u>(42,340)</u>	<u>(23,820 )</u>
<b>Excess of revenue over expenditure before the following items:</b>		<b>(1,431,115)</b>	<b>864,172</b>
Gain/(loss) on disposal of property, plant and equipment		1,176	(514 )
Depreciation	6	(199,762)	(215,033 )
Amortisation of capital grants	7	199,986	215,746
<b>Excess of revenue over expenditure for the year</b>		<u><b>(1,429,715)</b></u>	<u><b>864,371</b></u>

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

Barbados International Business Promotion Corporation

**STATEMENT OF CASH FLOWS**

For the year ended March 31, 2018

(expressed in Barbados dollars)

	2018 \$	2017 \$
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditure for the year	(1,429,715)	864,371
Adjustments for:		
Depreciation	199,762	215,033
Amortisation of capital grants	(199,986)	(215,746)
(Gain)/loss on disposal of property, plant and equipment	(1176)	514
<b>Operating excess of revenue over expenditure before working capital changes</b>	<b>(1,431,115)</b>	<b>864,172</b>
Decrease/(increase) in accounts receivable and prepaid expenses	(138,659)	(116,783)
(Decrease)/increase in accounts payable and accrued liabilities	(41,246)	39,891
<b>Net cash from operating activities</b>	<b>(1,611,020)</b>	<b>787,280</b>
<b>Cash flows used in investing activities</b>		
Purchase of property, plant and equipment	(38,368)	(51,315)
<b>Net cash used in investing activities</b>	<b>(38,368)</b>	<b>(51,315)</b>
<b>Cash flows from financing activities</b>		
Capital grants received	38,368	51,315
Proceeds on disposal of property, plant and equipment	1,400	199
<b>Net cash from financing activities</b>	<b>39,768</b>	<b>51,514</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,609,620)</b>	<b>787,479</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>3,218,038</b>	<b>2,430,559</b>
<b>Cash and cash equivalents - end of year</b>	<b>1,608,418</b>	<b>3,218,038</b>

The accompanying notes are an integral part of these financial statements



Barbados International Business Promotion Corporation

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(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 the 2018 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.

Barbados International Business Promotion Corporation

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(expressed in Barbados dollars)

## 2 Significant accounting policies ...continued

### b) Property, plant and equipment ...continued

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) Revenue and capital grants

Revenue grants received from Government are taken to income in the period in which the related expenditure is incurred.

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.

### e) Taxation

The Corporation is not liable to corporate tax.

### f) 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.

Barbados International Business Promotion Corporation

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(expressed in Barbados dollars)

## 2 Significant accounting policies ...continued

### g) 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.

### h) 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.

### i) 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.

### j) 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.

Barbados International Business Promotion Corporation

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(expressed in Barbados dollars)

## 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

	2018	2017
	\$	\$
Petty cash	2,100	2,100
Imprest accounts	470,268	599,457
Recurrent account	643,655	2,124,066
Call account	492,395	492,415
	<hr/>	<hr/>
	1,608,418	3,218,038

## 5 Accounts receivable and prepaid expenses

	2018	2017
	\$	\$
Car loans	156,488	150,358
VAT recoverable	324,235	255,062
Other receivables	99,296	19,105
Security deposits	69,320	69,320
Prepaid expenses	229,138	245,973
	<hr/>	<hr/>
	878,477	739,818

The balance due by the Government of Barbados under the value added tax (VAT) is as computed by the company and has not been confirmed or disputed by the Barbados Revenue Authority.

The directors are of the view that this amount will be collected from the Government of Barbados.



Barbados International Business Promotion Corporation

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018

(expressed in Barbados dollars)

**6 Property, plant and equipment**

	Office furniture and equipment \$	Computer equipment and software \$	Vehicles \$	Leasehold improvements \$	Total \$
<b>At March 31, 2016</b>					
Cost	821,007	414,243	224,759	1,251,544	2,711,553
Accumulated depreciation	(687,261)	(389,284)	(186,171)	(977,304)	(2,240,020)
Net book amount	<b>133,746</b>	<b>24,959</b>	<b>38,588</b>	<b>274,240</b>	<b>471,533</b>
<b>Year ended March 31, 2017</b>					
Opening net book amount	133,746	24,959	38,588	274,240	471,533
Additions	8,353	42,962	-	-	51,315
Disposals (net book value)	(713)	-	-	-	(713)
Depreciation charge	(61,605)	(15,044)	(13,230)	(125,154)	(215,033)
Closing net book amount	<b>79,781</b>	<b>52,877</b>	<b>25,358</b>	<b>149,086</b>	<b>307,102</b>
<b>At March 31, 2017</b>					
Cost	824,148	446,288	224,758	1,251,544	2,746,738
Accumulated depreciation	(744,368)	(393,411)	(199,401)	(1,102,458)	(2,439,636)
Net book amount	<b>79,781</b>	<b>52,877</b>	<b>25,358</b>	<b>149,086</b>	<b>307,102</b>
<b>Year ended March 31, 2018</b>					
Opening net book amount	79,781	52,877	25,358	149,086	307,102
Additions	6,624	31,744	-	-	38,368
Disposals (net book value)	(224)	-	-	-	(224)
Depreciation charge	(50,579)	(19,218)	(13,230)	(116,735)	(199,762)
Closing net book amount	<b>35,602</b>	<b>65,403</b>	<b>12,128</b>	<b>32,351</b>	<b>145,484</b>
<b>At March 31, 2018</b>					
Cost	830,236	449,842	224,758	1,251,544	2,756,380
Accumulated depreciation	(794,634)	(384,439)	(212,631)	(1,219,192)	(2,610,896)
Net book amount	<b>35,602</b>	<b>65,403</b>	<b>12,127</b>	<b>32,352</b>	<b>145,484</b>

Barbados International Business Promotion Corporation

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(expressed in Barbados dollars)

## 7 Deferred capital grants

	2018 \$	2017 \$
Balance - beginning of year	307,102	471,533
Grants received	38,368	51,315
Amortisation	(199,986)	(215,746)
	<hr/>	<hr/>
Balance - end of year	145,484	307,102
	<hr/>	<hr/>
Total grants received	3,801,050	3,762,682
Accumulated amortisation	(3,655,566)	(3,455,580)
	<hr/>	<hr/>
	145,484	307,102

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

	2018 \$	2017 \$
Advertising expenses	633,740	745,719
Local seminars, conferences and trade shows	39,820	45,523
Overseas sales missions and trade shows	690,548	879,338
Market development	174,733	211,585
Other	204,781	190,299
	<hr/>	<hr/>
	1,743,622	2,072,464

Barbados International Business Promotion Corporation

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018

(expressed in Barbados dollars)

**9 Staff costs**

	2018	2017
	\$	\$
Salaries, wages and allowances	<b>2,922,710</b>	2,918,867
Medical expenses	<b>162,244</b>	154,814
Other benefits	<b>1,487</b>	10,274
Pension contributions (note 10)	<b>(38,694)</b>	80,632
National insurance	<b>148,504</b>	142,549
Temporary staff	<b>37,446</b>	6,715
Staff training and development	<b>47,516</b>	48,264
	<b>3,281,213</b>	3,362,115

**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 administered by BIDC. This plan has been accounted for as a defined contribution plan.

The Barbados employees, including those on overseas deputation, are members of the Barbados Government Pension Scheme and National Insurance. Contributions to the National Insurance scheme are made by both employee and employer on a monthly basis, whereas the Government Pension Scheme is non-contributory.

In January 2017 BIDC announced a review of the pension plan and held a series of meetings with the plan insurers – Sagicor Life Inc.

In April 2017, the Corporation was informed by BIDC that the pension plan was being wound up.

In May 2017, BIDC refunded the corporation premiums paid from April 1, 2011 to December 31, 2016.

The Corporation met with the Auditor General in an effort to ensure that the Corporation made adequate provision for its pension obligation to all employees. It was determined that employees were covered under the provisions of CAP 384 and there was no need to implement a new pension scheme.

Due to the ongoing discussions with Sagicor, Ms. Emeline Taitt, former CEO who retired in August 2015, has not received any pension from them. The Board made the decision to pay Ms. Taitt the expected pension until such time as it was paid by Sagicor at which time the Corporation would be reimbursed. The total paid to date has been set up as receivable in the financial review.

Barbados International Business Promotion Corporation

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(expressed in Barbados dollars)

## 11 Operational expenses

	2018	2017
	\$	\$
Staff travel and reorientation visits	28,459	16,381
Telephone and other communication charges	69,194	74,948
Computer expenses	62,037	69,760
Staff relocation	(6,152)	-
Professional fees	26,050	34,785
Other expenses	179,244	154,355
	<u>358,832</u>	<u>350,229</u>

## 12 Finance income and costs

	2018	2017
	\$	\$
<b>Finance income</b>		
Interest income on fixed deposit account	-	-
<b>Finance costs</b>		
Bank charges	(12,975)	(12,870)
Foreign Exchange Fee	(34,689)	-
Net exchange (losses) gains	5,324	(10,950)
	<u>(42,340)</u>	<u>(23,820)</u>
Net finance (loss) income	<u>(42,340)</u>	<u>(23,820)</u>

The Foreign Exchange Fee (FXF) is a 2% charge on purchases of foreign currency and payments for wire transfers, bank drafts and cheques. It was implemented on July 17, 2017.



Barbados International Business Promotion Corporation

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(expressed in Barbados dollars)

## 13 Related Parties

### a) Year-end balances:

	2018 \$	2017 \$
<b>Receivables from Government-related entities</b>		
Ministry of Energy and Telecommunications	5,522	-
Barbados Revenue Authority – VAT	324,235	255,062
	<b>329,757</b>	<b>255,062</b>
<b>Payables to Government-related entities</b>		
Barbados Revenue Authority	34,325	35,940
Barbados Tourism Authority	-	4,000
Central Purchasing Department	594	697
Director of National Insurance	21,625	21,851
	<b>56,544</b>	<b>62,488</b>

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

	2018 \$	2017 \$
Barbados Investment & Development Corporation	1,050	31,424
Government Procurement Department	6,552	6,277
Barbados Licensing Authority	2,050	2,050
Ministry of International Business	100	-
Government Printery	353	353
Postmaster General	260	260
Ministry of Foreign Affairs & Foreign Trade	-	12,428
Barbados Revenue Authority	413,173	376,893
Director of National Insurance	259,441	250,527
Entities in which Directors of the Corporation have interest	209,106	246,127

Barbados International Business Promotion Corporation

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(expressed in Barbados dollars)

## 14 Financial risk management

### 14.1 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.

### 14.2 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.

### 14.3 Fair value estimates

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

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(expressed in Barbados dollars)

## 15 Subsequent Events

Ms. Marvel Haynes, a former Secretary of Invest Barbados (the Corporation) retired on December 31, 2011. The Corporation made a gratuity payment and commenced monthly pension payments, as certified by the Auditor General, effective January 2012, following Board approval.

The Corporation subsequently followed up with the National Insurance Scheme (the Scheme) on a number of occasions relating to when Ms. Haynes would be paid pension from the Scheme. On September 3, 2018 the Scheme finally advised the Corporation that Ms. Haynes was awarded an old age contributory pension effective June 20, 2015.

Consequently, Ms. Haynes would have been paid by the Corporation in error and would have to reimburse the Corporation approximately Bds\$59,000 which represents pension payments made by the Corporation for the period June 20, 2015 to August 31, 2018. The Corporation has notified Ms. Haynes and has commenced discussions with respect to recovery of the funds.

# INVEST BARBADOS

## OFFICES

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