

**THE BARBADOS AGENCY FOR  
MICRO ENTERPRISE  
DEVELOPMENT LTD.  
(FUNDACCESS)**

**Financial statements**  
December 31, 2011

*(expressed in Barbados dollars)*

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Statement of financial position**

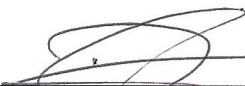
As at December 31, 2011

*(expressed in Barbados dollars)*

	Notes	2011	2010
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,004,708	3,763,030
Accounts receivable and prepayments		587,501	632,806
Interest subsidy receivable		279,424	-
		<u>2,871,633</u>	<u>4,395,836</u>
<b>Non-current assets</b>			
Loans receivable	5	14,686,928	12,832,345
Property, plant and equipment	6	263,053	187,692
		<u>14,949,981</u>	<u>13,020,037</u>
<b>Total assets</b>		<u>\$ 17,821,614</u>	<u>\$ 17,415,873</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accruals	7	205,142	172,838
Current portion of loans payable	8	764,312	662,800
Current taxation		9,868	18,652
		<u>979,322</u>	<u>854,290</u>
<b>Non-current liabilities</b>			
Loans payable	8	2,803,271	2,667,584
Deferred revenue	9	430,753	358,550
		<u>3,234,024</u>	<u>3,026,134</u>
<b>Shareholders' equity</b>			
Stated capital	10	10,676,700	10,676,700
Retained earnings		2,931,568	2,858,749
		<u>13,608,268</u>	<u>13,535,449</u>
<b>Total equity and liabilities</b>		<u>\$ 17,821,614</u>	<u>\$ 17,415,873</u>

Approved on April 30, 2014 by the Board

  
\_\_\_\_\_  
Hugh McClean Director

  
\_\_\_\_\_  
Dale Lashley Director

*The accompanying notes form an integral part of these financial statements.*

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Statement of changes in equity**  
For the year ended December 31, 2011

*(expressed in Barbados dollars)*

	<b>Stated capital</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balances – December 31, 2009</b>	10,676,700	1,981,125	12,657,825
Net income for the year	-	877,624	877,624
<b>Balances – December 31, 2010</b>	10,676,700	2,858,749	13,535,449
Net income for the year	-	72,819	72,819
<b>Balances – December 31, 2011</b>	<b>\$ 10,676,700</b>	<b>\$ 2,931,568</b>	<b>\$ 13,608,268</b>

*The accompanying notes form an integral part of these financial statements.*

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Statement of comprehensive income**

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

	Notes	2011	2010
<b>Revenue</b>			
Interest subsidy	11	1,324,515	1,324,515
Interest on loans		787,899	708,385
Additional subsidies	12	625,000	965,594
Technical assistance grant	13	600,000	600,000
Bad debt recoveries	5	154,981	112,771
Fees	9	131,361	92,451
Interest – Other	14	100,727	112,107
Other income		<u>1,454</u>	<u>17,420</u>
		<u>3,725,937</u>	<u>3,933,243</u>
<b>Expenses</b>			
Operating		2,484,155	2,059,554
Provision for loan losses	5	967,776	745,655
Interest and bank charges		117,277	101,333
Depreciation	6	<u>83,910</u>	<u>63,984</u>
		<u>3,653,118</u>	<u>2,970,526</u>
<b>Income before taxation</b>		<b>72,819</b>	962,717
Taxation	16	<u>-</u>	<u>85,093</u>
<b>Net income being comprehensive income</b>		<u><u>\$ 72,819</u></u>	<u><u>\$ 877,624</u></u>

*The accompanying notes form an integral part of these financial statements.*

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Statement of cash flows**

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

	<b>2011</b>	<b>2010</b>
<b>Operating activities</b>		
Income before taxation	<b>72,819</b>	962,717
Adjustments for:		
Bad debt recoveries	<b>(154,981)</b>	(112,771)
Provision for loan losses	<b>967,776</b>	745,655
Gain on disposal of property plant, and equipment	-	(17,000)
Amortisation of deferred revenue	<b>(131,361)</b>	(92,451)
Depreciation	<b>83,910</b>	63,984
<i>Operating profit before working capital changes</i>	<b>838,163</b>	1,550,134
Accounts receivable and prepayments	<b>45,305</b>	(43,139)
Interest subsidy receivable	<b>(279,424)</b>	-
Loans receivable	<b>(2,667,378)</b>	(1,175,368)
Accounts payable and accruals	<b>32,304</b>	7,797
Deferred revenue	<b>203,564</b>	119,020
	<b>(1,827,466)</b>	458,444
Taxation paid	<b>(8,784)</b>	(11,105)
<i>Net cash (used in) from operating activities</i>	<b>(1,836,250)</b>	447,339
<b>Investing activities</b>		
Purchase of property, plant and equipment	<b>(159,271)</b>	(128,522)
Proceeds from disposal of property, plant and equipment	-	17,000
<i>Net cash used in investing activities</i>	<b>(159,271)</b>	(111,522)
<b>Financing activities</b>		
Loan proceeds	<b>1,000,000</b>	-
Repayment of loans payable	<b>(762,801)</b>	(661,346)
<i>Net cash from( used) in financing activities</i>	<b>237,199</b>	(661,346)
<b>Net increase in cash and cash equivalents</b>	<b>(1,758,322)</b>	(325,529)
Cash and cash equivalents – beginning of year	<b>3,763,030</b>	4,088,559
<b>Cash and cash equivalents – end of year</b>	<b>\$ 2,004,708</b>	<b>\$ 3,763,030</b>

# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Notes to the financial statements

For the year ended December 31, 2011

---

*(expressed in Barbados dollars)*

### 1. Corporate status and principal activity

The Barbados Agency for Micro Enterprise Development Ltd. (FundAccess) (“the Company”) is incorporated in Barbados as a company authorised to issue an unlimited number of Class A common shares and an unlimited number of Class B common shares, both without par value.

The principal activity of the Company is to provide financial and technical assistance by way of loans to micro enterprise businesses located in Barbados.

### 2. Adoption of new and revised International Financial Reporting Standards

There are no IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after January 01, 2011 that would be expected to have a material impact on the Company.

New and revised standards and interpretation that are not yet effective and have not been early adopted are as follows:

IAS 12	Income taxes (Amendment)
IAS 19	Employee benefits – (Amendment)
IFRS 7	Financial instruments: Disclosures
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interest in other entities
IFRS 13	Fair value measurement

The Company is yet to assess the full impact of the new standards and amendments but intends to adopt the new standards and amendments in the accounting period in which they become effective.

### 3. Significant accounting policies

#### Basis of preparation

The financial statements are expressed in Barbados dollars on the historic cost basis in accordance with International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board.

# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Notes to the financial statements

For the year ended December 31, 2011

---

*(expressed in Barbados dollars)*

### 3. Significant accounting policies (continued)

#### **Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and liabilities are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Other than the establishment of routine provisions for receivables and provision for accounts payable, the following are the key estimates or judgements which are required in applying policies which may have a material impact on the Company's reported assets, liabilities, revenue and expenses.

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year.

##### *Useful lives of property, plant and equipment*

The Company reviews the estimated lives of property, plant and equipment at the end of each annual reporting period. There have been no changes to the estimates of the useful lives of property, plant and equipment for the current year.

##### *Provision for loan losses*

Provision for loan losses comprises specific provisions and a general provision. Specific provisions are made, on an individual basis, where management is of the opinion that collection is doubtful. A general provision is also established based on loan loss experience, current economic conditions and other factors. The provision made during the year is charged against income. Recoveries of loan losses previously provided for are credited to income.

# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Notes to the financial statements

For the year ended December 31, 2011

---

*(expressed in Barbados dollars)*

### 3. Significant accounting policies (continued)

#### **Key sources of estimation uncertainty**

##### *Provision for loan losses (continued)*

A provision for loan losses is established if there is objective evidence that the company will not be able to collect all amounts due according to the original contractual terms of the loans. The amount of the provision is the difference between the carrying amount of the estimated recoverable amount being the present value of expected future cash flows including amounts recoverable from guarantees and collateral.

#### **Financial instruments**

Financial assets and liabilities are recognised in the financial statements when the Company becomes a party to the contractual provisions of the instruments.

Financial assets are assessed for impairment at each balance sheet date.

The Company has classified its other financial assets as “loans and receivables”. These consist of accounts receivable and prepayments, technical assistance grant receivable, interest subsidy receivable and loans receivable. These have been measured at amortised cost using the effective interest rate method, less any provision for impairment.

##### *Technical assistance grant*

Government grants which include technical assistance grants, are for reimbursements of specific expenses and are recorded in the statement of income in the period when due. Government grants for capital assets are included as part of the capital funds and are amortised into the statement of income in ratio to the depreciation charge for the assets.

##### *Loans receivable*

Loans are stated net of unearned interest and provisions for loan losses.

Income from loans is recognised as it accrues. Accrual of interest ceases when instalments are unpaid for ninety days and at such time all accrued interest is reversed against income of the current period. In subsequent periods, interest received on non-accrual loans is recorded as income only if management has determined that the loans do not require specific provisions, otherwise all amounts received are credited to the principal concerned.



# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Notes to the financial statements

For the year ended December 31, 2011

---

*(expressed in Barbados dollars)*

### 3. Significant accounting policies (continued)

#### *Impairment*

The carrying amounts of financial assets are reduced by the impairment loss directly for all financial assets with the exception of accounts receivable and loans receivable, where the carrying amount is reduced through the use of an allowance account. When a receivable balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

#### *Classification as debt or equity*

Debt and equity instruments are classified as either “other financial liabilities” or as “equity” in accordance with the substance of the contractual arrangement.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### *Other financial liabilities*

The Company’s principal financial liabilities are measured at cost being fair value of the consideration received and include accounts payable and accruals, technical assistance grant, deferred revenue and loans payable.

### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on the straight line basis at rates designed to write off the cost of the asset over its estimated useful life. The rates applied are:

Furniture and fixtures	10% to 20%
Computer equipment	25 %
Motor vehicles	20%

# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Notes to the financial statements

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

### 3. Significant accounting policies (continued)

#### Deferred revenue

Deferred revenue represents fees and other income chargeable on loans and is amortised over the periods of repayment of the loans. Deferred revenue is derived based on an average loan period.

#### Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimate future cash receipt through the expected life of the financial asset to the asset's net carrying amount.

#### Borrowing costs

Borrowing costs include interest and finance charges which arise as a result of bank and other loans and the bank overdraft, and are recognised in the statement of comprehensive income in the year in which they are incurred.

#### Taxation

Current taxation is provided on the basis of the income before taxation for financial reporting purposes, adjusted for income and expense items, which are not assessable or deductible for tax purposes. Deferred taxation is provided under the balance sheet liability method whereby significant temporary differences arising between the carrying values of the asset and liability for financial reporting purposes and for income tax purposes are provided for at rates that have been enacted or substantially enacted at year end date, and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

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

### 4. Cash and cash equivalents

	2011	2010
Short term deposits (maturing in six (6) months)	1,319,495	2,298,299
Cash at bank	685,213	955,268
Short term investment	-	509,463
	\$ <u>2,004,708</u>	\$ <u>3,763,030</u>

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Notes to the financial statements**

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

**5. Loans receivable**

	<b>2011</b>	<b>2010</b>
Service	<b>9,407,325</b>	8,217,674
Retail and distribution	<b>5,690,122</b>	4,781,801
Home accommodation	<b>1,311,870</b>	1,358,168
Manufacturing	<b>945,355</b>	796,939
Agriculture	<b>882,736</b>	551,554
Tourism	<b>311,722</b>	251,836
	<b>\$ 18,549,130</b>	<b>\$ 15,957,972</b>
<b>Provision for loan losses</b>		
<b>Specific:</b>		
Balances – beginning of year	<b>3,125,627</b>	2,491,706
Recoveries	<b>(154,981)</b>	(112,771)
Loans written-off	<b>(76,220)</b>	1,037
Increase in provision	<b>967,776</b>	745,655
Balances – end of year	<b>\$ 3,862,202</b>	<b>\$ 3,125,627</b>
	<b>\$ 14,686,928</b>	<b>\$ 12,832,345</b>
<b>Maturity schedule:</b>		
Repayment due:		
On demand or within one year	<b>2,769,609</b>	2,549,873
In the second year	<b>427,295</b>	377,038
In the third to fifth year, inclusive	<b>3,622,924</b>	3,459,453
After five years	<b>11,729,302</b>	9,571,608
	<b>\$ 18,549,130</b>	<b>\$ 15,957,972</b>
<b>Average interest rate</b>	<b>6 %</b>	<b>6%</b>

Effective May 19, 2005, the Government of Barbados through the Ministry of Finance advanced the sum of \$5,000,000 for the Bed and Breakfast Home Accommodation Project (See Note 8). As of December 31, Home Accommodation loans amounted to \$1,311,870 (2010 - \$1,358,168).

# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Notes to the financial statements

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

### 5. Loans receivable (continued)

Loans include non-accrual loans of \$3,418,432 (2010 - \$2,684,234).

As part of its risk management policy, the Company uses an external referencing system to assist in assessing the potential client's credit quality. The Company also uses historical experience and other factors that are judged to be relevant in advancing loans to different sectors. Of the interest and loan receivable balance at the end of the year \$9,407,325 (2010 - \$8,217,674) or 51% (2010 - 51%) is due from the service sector as disclosed above.

Included in the Company's loan receivable balance are debtors with a carrying amount of \$275,159 (2010 - \$164,573) which are due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The collateral over these balances is a mixture of personal guarantees and bills of sale over equipment.

	<b>2011</b>	<b>2010</b>
Aging of past due but not impaired:		
90 – 120 days	<b>83,125</b>	68,783
120 days – 1 year	<b>72,146</b>	12,992
> 1 year	<b>119,888</b>	82,798
Total	<b>\$ 275,159</b>	<b>\$ 164,573</b>
Aging of non-accrual loans:		
90 – 120 days	<b>385,859</b>	243,409
120 days – 1 year	<b>965,862</b>	868,788
> 1 year	<b>2,066,711</b>	1,572,037
Total	<b>\$ 3,418,432</b>	<b>\$ 2,684,234</b>

In determining the recoverability of a loan receivable, the Company considers any change in the credit quality of the loan receivable from the date the loan was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for loan losses.

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Notes to the financial statements**

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

**6. Property, plant and equipment**

	<b>Furniture and fittings</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>				
Balances – beginning of year	213,303	390,936	77,202	681,441
Additions	120,869	38,402	-	159,271
Disposals	(50,183)	-	-	(50,183)
<b>Balances – end of year</b>	<b>283,989</b>	<b>429,338</b>	<b>77,202</b>	<b>790,529</b>
<b>Accumulated depreciation</b>				
Balances – beginning of year	174,010	304,299	15,440	493,749
Charge for the year	26,904	41,566	15,440	83,910
Disposals	(50,183)	-	-	(50,183)
<b>Balances – end of year</b>	<b>150,731</b>	<b>345,865</b>	<b>30,880</b>	<b>527,476</b>
<b>Net book value</b>				
Beginning of year	39,293	86,637	61,762	187,692
<b>End of year</b>	<b>\$ 133,258</b>	<b>83,473</b>	<b>46,322</b>	<b>263,053</b>

**7. Accounts payable and accruals**

	<b>2011</b>	<b>2010</b>
Trade payables	<b>27,620</b>	34,945
Accrued expenses	<b>177,522</b>	137,893
	<b>\$ 205,142</b>	<b>\$ 172,838</b>

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is charged on trade payables.

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Notes to the financial statements**

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

**8. Loans payable**

	<b>2011</b>	<b>2010</b>
Opening balance	<b>3,330,384</b>	3,991,730
Proceeds of loan payable	<b>1,000,000</b>	-
Repayments	<b>(762,801)</b>	(661,346)
Ending balance	<b>3,567,583</b>	3,330,384
Current Portion	<b>764,312</b>	662,800
Long term portion	<b>\$ 2,803,271</b>	<b>\$ 2,667,584</b>
Loan – National Insurance Board	<b>167,583</b>	205,384
Loan – Ministry of Finance	<b>2,500,000</b>	3,125,000
Loan – Central Bank of Barbados	<b>900,000</b>	-
	<b>\$ 3,567,583</b>	<b>\$ 3,330,384</b>

**Loan – National Insurance Board**

On September 29, 2001, the Company received a loan of \$500,000 from the National Insurance Board. The loan bears interest at a rate of 4% per annum and is repayable by semi-annual instalments totalling \$45,989 due in June and December, on account of principal and interest which commenced in June 2002. The loan is secured by a letter of comfort from the Ministry of Finance and matures in 2015.

**Loan – Ministry of Finance**

On 19 May 2005, the Company received the sum of \$5,000,000 as a loan from the Government of Barbados to establish the Bed and Breakfast Home Accommodation Loan Fund, an initiative of the Ministry of Tourism (See note 7).

The loan bears interest at a rate of 2.5% per annum on the reducing balance and is for a period of 10 years with a 2 year moratorium on principal and interest. Repayments were to commence on June 30, 2007 and consist of 16 semi-annual instalments of principal and interest. On October 17, 2007 the Company sought and received approval from the Ministry of Finance to a waiver of interest for the first two years of the loan. Such approval was granted and the repayment period commenced on June 30, 2008 based on the new terms of the loan. The loan now matures in 2015.

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Notes to the financial statements**

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

**8. Loans payable (continued)**

**Loan – Central Bank of Barbados**

On December 14, 2010, the Company signed an agreement with the Central Bank of Barbados to access \$1,000,000 through the Industrial Credit Fund. The loan was disbursed in January of 2011 and is repayable in forty quarterly instalments of \$25,000 plus interest commencing March 31, 2011 with the final instalment due on December 31, 2020. Interest is charged on the reducing balance at a rate of 2.25% per annum.

**Repayment profile**

	<b>2011</b>	<b>2010</b>
On demand or within one year	<b>764,312</b>	662,800
In the second year	<b>765,884</b>	664,312
In the third to fifth year inclusive	<b>1,637,387</b>	2,003,272
After five years	<b>400,000</b>	-
	<b>\$ 3,567,583</b>	<b>\$ 3,330,384</b>

**9. Deferred revenue**

	<b>2011</b>	<b>2010</b>
Deferred revenue, beginning of year	<b>358,550</b>	331,981
Additions	<b>203,564</b>	119,020
Amortization	<b>(131,361)</b>	(92,451)
	<b>\$ 430,753</b>	<b>\$ 358,550</b>

**10. Stated Capital**

**Authorised**

The company is authorised to issue an unlimited number of Class A and Class B common shares.

**Issued**

	<b>2011</b>	<b>2010</b>
106,767 (2010– 106,767) Class “A” common shares	<b>\$ 10,676,700</b>	<b>\$ 10,676,700</b>

# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Notes to the financial statements

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

### 11. Interest subsidy

In November 2003, the Board of Directors agreed to reduce the interest rate charged on new loans from 11.5% to 6%. Effective January 1, 2004, all existing loans were refinanced at the lower interest rate. The Government of Barbados has undertaken to cover the shortfall resulting from the reduced rate. The amount paid over during the year was \$1,324,515 (2010 - \$1,324,515).

### 12. Additional subsidies

In 2007, the Agency requested additional funding from the Government of Barbados to assist with its operating cost and for financing of loans to clients. The Government approved additional funding over a three year period beginning in financial year 2007. During the year the Company received \$625,000 (2010 - \$965,594) in additional subsidies.

### 13. Technical assistance grant

The technical assistance grant is comprised of a fixed amount of \$600,000 received from the Government of Barbados to be allocated to the technical assistance programme and is exempt from taxation.

### 14. Interest – Other

	<b>2011</b>	<b>2010</b>
Term deposits	<b>72,159</b>	79,905
Staff loans	<b>24,274</b>	24,320
Chequing account	<b>3,538</b>	7,176
The Barbados Light & Power - deposit	<b>756</b>	706
	<b>\$ 100,727</b>	<b>\$ 112,107</b>



**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Notes to the financial statements**

For the year ended December 31, 2011

*(expressed in Barbados dollars)*

**15. Compensation of key management personnel**

The remuneration of directors and other members of key management during the year included in operating expenses as follows:

	<b>2011</b>	<b>2010</b>
Salaries and staff costs	<b>456,792</b>	458,066
Directors' fees	<b>52,382</b>	52,605
	<b>\$ 509,174</b>	<b>\$ 510,671</b>

**16. Taxation**

	<b>2011</b>	<b>2010</b>
The taxation charge comprises:		
Current taxation	-	85,093
	<b>\$ -</b>	<b>\$ 85,093</b>
Reconciliation of taxation charge:		
Income before taxation	<b>72,819</b>	962,717
Tax charge at 25 %	<b>18,205</b>	240,679
Tax effect of losses not recognised	<b>137,663</b>	-
Under accrual of deferred tax	<b>(5,978)</b>	(5,696)
Tax effect of depreciation on vehicle not subject to tax	<b>110</b>	110
Tax effect of income not subject to tax (\$600,000)	<b>(150,000)</b>	(150,000)
	<b>\$ -</b>	<b>\$ 85,093</b>

**17. Commitments**

As at December 31, 2011, commitments to provide funding for new loans amounted to \$628,712 (2010- \$338,542).

# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Notes to the financial statements

For the year ended December 31, 2011

---

*(expressed in Barbados dollars)*

### 18. Financial instruments

The Company's activity as providers of financial assistance to emerging micro enterprises is one which involves transactions that are speculative in nature. Financial instruments consist of cash, accounts receivable and prepayment, technical assistance grant receivable, interest subsidy receivable, loans receivable, accounts payable and accruals and loans payable.

#### Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### *Investments*

The Company had no investments and is thus not exposed to interest rate risk at the end of financial year 2011.

#### *Borrowings*

The interest rates on loans payable disclosed in Note 10 are fixed and therefore the company is not exposed to variations in interest rates on its borrowings.

#### *Loans*

The interest rate on loans advanced is currently subsidized by the Government of Barbados. At the end of the financial year, the company recorded a receivable which was a result of the non-coterminus fiscal periods of the company and the Government of Barbados.

There is nothing to suggest that the subsidy arrangement will cease, and in the event that this occurs, the Board of Directors will alter the interest rate to minimize the company's exposure.

#### Credit risk

Credit risk arises from the possibility that counter parties may default in their obligations to the Company.

# **THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)**

## **Notes to the financial statements**

For the year ended December 31, 2011

---

*(expressed in Barbados dollars)*

### **18. Financial instruments (continued)**

Concentration of credit risk exists if a number of clients are engaged in similar activities or are located in the same industry sector or have similar economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The maximum credit risk exposure of financial assets recognised in the statement of financial position is represented by the carrying amount of the financial assets.

#### **Liquidity risk**

The company manages its liquidity risk by monitoring future cash flows to ensure that cash requirements can be met.

#### **Fair value**

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. However, it is not possible to determine independently the estimated fair values of the Company's financial instruments which are considered to approximate their book values.

### **19. Economic dependence**

The Company depends on subsidies and grants from the government of Barbados in order to sustain its operations.

### **20. Capital risk management policies and objectives**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholders through the optimisation of the debt and equity balance.

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

**Notes to the financial statements**

For the year ended December 31, 2011

---

*(expressed in Barbados dollars)*

**20. Capital risk management policies and objectives (continued)**

The capital structure of the Company consists of debt that includes the borrowings disclosed in Note 10 and equity comprising stated capital and retained earnings as disclosed in the statement of changes in shareholders' equity.

The Board of Directors reviews the capital structure on an annual basis. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board of Directors, the Company will balance its overall capital structure, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Company's overall strategy remains unchanged from 2010.

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT  
LTD. (FUNDACCESS)**

Index to the financial statements

---

	<b>Page</b>
Corporate information	1 - 2
Management report	3 - 5
Auditor's report	6
Statement of financial position	7
Statement of changes in equity	8
Statement of comprehensive income	9
Statement of cash flows	10
Notes to the financial statements	11 - 25



## **Independent Auditor's Report**

**To the Shareholder**

**The Barbados Agency for Micro Enterprise Development Ltd. (FundAccess)**

I have audited the accompanying financial statements of The Barbados Agency for Micro Enterprise Development Ltd. (FundAccess), which comprise the statement of financial position as at December 31, 2011 and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Barbados Agency for Micro Enterprise Development Ltd. (FundAccess) as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Rudolph R. Prescod

Chartered Accountant

April, 30 2014

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD.  
(FUNDACCESS)**

**Corporate information**

**31 December 2011**

---

**Directors**

<b>Year</b>	<b>Directors</b>	<b>Effective date</b>
2009 - 2012	<b>Mr. Lindell Earle - Chairman</b> <b>Mr. Dale Lashley – Deputy Chairman</b> Mrs. Yvonne Cottle-Hinds Mr. Leslie Parris Mrs. Janice Estwick Mr. Peter Whitehall Mr. Kammie Holder	5 May 2009
<b>2013</b>	<b>Mr. Hugh McClean - Chairman</b> <b>Mr. Dale Lashley - Deputy Chairman</b> Ms. Keisha King Mr. Anthony Hall Mr. Hyrone Boyce Mrs. Janice Estwick Mr. Peter Whitehall	24 May 2013

**Officers**

Mr. Hamilton Roach	- General Manager
Mrs. Esther Lord-Graham	- Finance Manager
Mr. Gerald Amos	- Manager - Information Systems
Mr. Kirk Dottin	- Manager - Business Development
Mr. Michael Callender	- Manager - Credit and Project Development

**Registered Office**

City Building  
Pinfold Street  
Bridgetown  
Barbados

**Secretary**

Mr. Hamilton Roach

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD.  
(FUNDACCESS)**

**Corporate information**

**31 December 2011**

---

**Attorney-at-law**

Jones & Goodridge  
Pinfold Street  
St. Michael  
Barbados

**Bankers**

RBC Royal Bank (Barbados) Limited  
*(formerly)*  
RBTT Bank (Barbados) Ltd  
Broad Street  
Bridgetown  
St. Michael  
Barbados

Republic Bank Barbados Limited  
*(formerly)*  
Barbados National Bank  
Broad Street  
Bridgetown  
St. Michael  
Barbados

First Citizens Investment Services Barbados) Limited  
Warrens Great house  
Warrens  
St. Michael  
Barbados

**Auditors**

Rudolph Prescod C.A.  
#26 Gemswick Gardens  
St. Philip  
Barbados



# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Management report

31 December 2011

---

For the year ended December 31, 2011, FundAccess reported a profit of \$72,819 as compared to \$962,717 in year 2010. The reduction in income was in large measure due to an increase in operating expenditure as FundAccess sought to improve its service delivery and efficiency of operations by the hiring of three additional staff members and the resulting reorganization of its office space. Additionally, there was a reduction in the additional subsidies received from the Government of Barbados.

For the first time in its history, the five million dollar mark was surpassed, with FundAccess approving loans totaling \$5,326,704 and creating 175 job opportunities. Refer to Table 1 and Figure 1.

**TABLE 1**

### Loans Approved 1998-2011

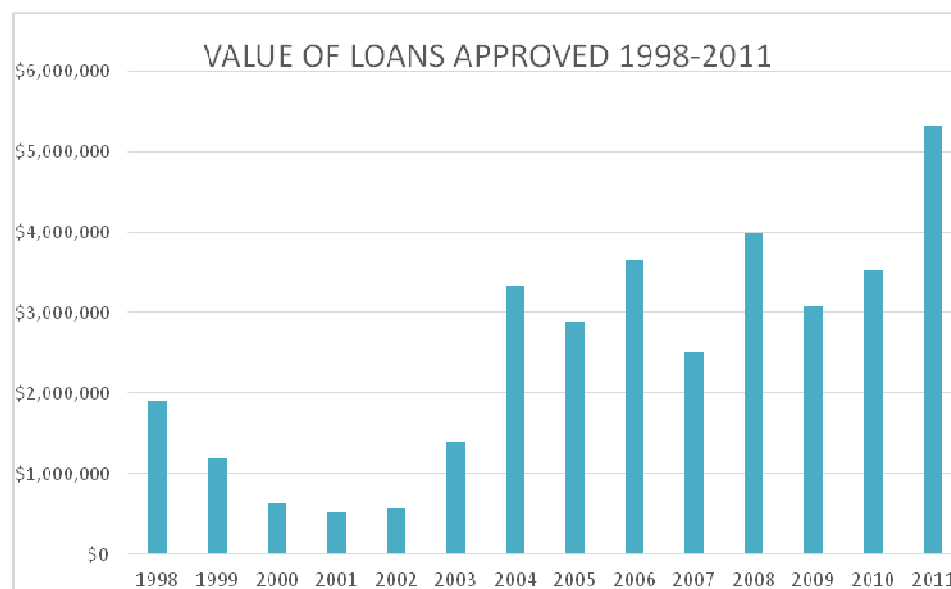
Calendar Year	Value of Loans approved	Job Opportunities
1998	1,909,042	200
1999	1,190,205	86
2000	646,123	63
2001	525,691	26
2002	581,677	23
2003	1,403,840	72
2004	3,339,653	113
2005	2,897,570	105
2006	3,662,163	93
2007	2,513,331	72
2008	3,981,641	119
2009	3,081,814	73
2010	3,520,449	106
2011	5,326,704	175

# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Management report

31 December 2011

FIGURE 1



At December 2011, FundAccess' loan portfolio comprised 740 loans valued at eighteen million, five hundred and forty nine thousand, one hundred and thirty dollars (\$18,549,130) in various sectors as seen in Table 11 and Figure 11. The portfolio is dominated by the service sector which accounts for 51% of the loans advanced, but of note is that in 2011, the value of agricultural loans increased by 60%.

TABLE 11

Sector	Value	%
Tourism	311,721.90	2%
Agriculture	882,736.36	5%
Manufacturing	945,354.96	5%
Home Accommodation	1,311,870.23	7%
Retail & Distribution	5,690,121.41	31%
Service	9,407,324.92	51%
	\$ 18,549,129.78	100%

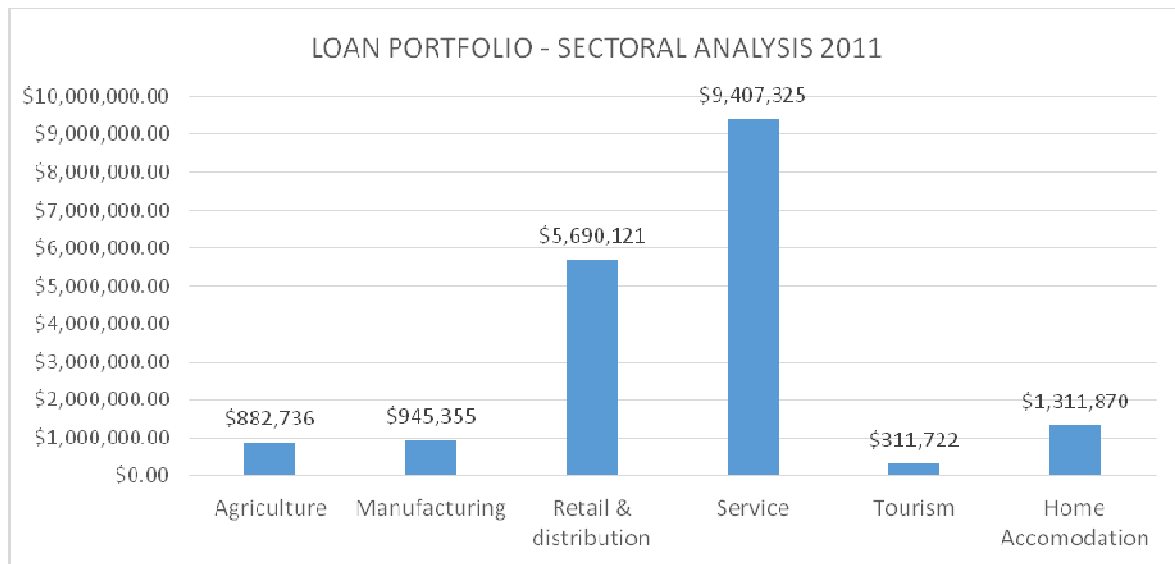
# THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD. (FUNDACCESS)

## Management report

31 December 2011

---

FIGURE 11



During the year under review, FundAccess cemented its place as the lender of first choice for entrepreneurs in Barbados. The challenge that will now face FundAccess is whether the rapid growth in approved loans can be maintained with the resources available. If the requests for loans continue at the rate that was seen in 2011, FundAccess will have to seek additional capital for on-lending to clients.

On behalf of management, I would like to express my gratitude to the Directors, staff and shareholders for their continued support.

Hamilton Roach  
General Manager