

IT MAKING HAPPEN

Appendix



BIDC

ANNUAL
REPORT

2018
2019

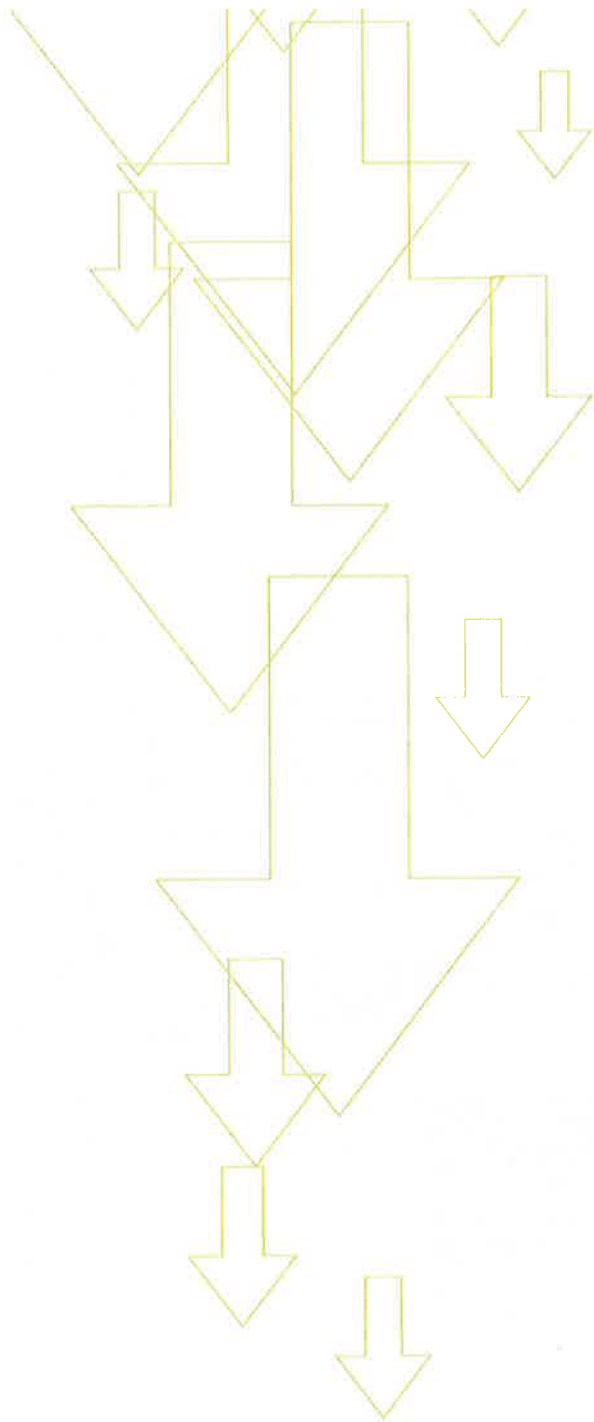


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MISSION

To provide effective solutions that will enhance the capacity of businesses to create and respond to market opportunities.

VISION

To be the leading catalyst for developing innovative, productive and internationally competitive businesses.



LETTER OF TRANSMITTAL

Barbados Investment and Development Corporation
P.O. Box 1250
"Pelican House"
Princess Alice Highway
BRIDGETOWN BB11000

1st August, 2019

The Honourable Ronald Toppin
Minister of International Business and Industry
Ministry of International Business and Industry
Baobab Towers
Warrens
ST. MICHAEL

Dear Minister:

In pursuance of Section 18(1) of the Barbados Investment and Development Corporation Act, 1992, I have the honour to submit the Report and Statement of Accounts for the period 1st April, 2018 to 31st March, 2019.

Yours faithfully



.....
Mr. John Rocheford
(Chairman)

GOVERNANCE

The Barbados Investment and Development Corporation (BIDC) is governed by a Board of Directors. Decisions relating to the operations of the BIDC are made by or under the authority of the Board, in accordance with the Barbados Investment and Development Corporation Act 1992.

The Minister, after consultation with the Chairman of the Board, may give directions of a general nature in respect of policy to be followed by the Board in the performance of its functions under the Act and the Board shall comply with the directions.

During the period 2018/19 the Board of Directors comprised:

Prior July 01, 2018:

Mr. Benson Straker - Chairman

Mr. Junior Allsopp - Deputy Chairman

Mr. Erskine Thompson

Mr. Dean Straker

Mrs. Gail Niles

Mr. Adrian Padmore

Mr. Cedric Murrell

Mr. Dwaine Paul – Representative of the Barbados Workers' Union

Mr. Jason Sambrano - Representative of the Barbados Manufacturers' Association

Ms. Sonia Foster - Permanent Secretary, Ministry of Industry, International Business, Commerce and Small Business Development

From July 01, 2018:

Mr. John Rocheford - Chairman

Mr. Dean Straker - Deputy Chairman

Mr. Davidson Ishmael

Mr. Peterjon Mapp

Mrs. Margot Greene, Q.C.

Mr. Ishmael Huque

Mr. Antoine Williams

Mr. Matthew Alleyne

Mr. Dwaine Paul

Representative of the Barbados Workers' Union

Mr. Robert Noel

Representative of the Barbados Manufacturers' Association

Ms. Sonia Foster

Permanent Secretary, Ministry of International Business and Industry

Meetings of the Board are held as required at such times as may be expedient for the transaction of business. Sub-Committees of the Board are convened to deal with specific matters. Sub-Committees during the period under review were:

The Establishment Committee, responsible for making recommendations to the Board on policy matters pertaining to the Corporation's human resources.

The Tenders & Estates Committee, responsible for making recommendations to the Board on matters pertaining to BIDC's properties, which also include tenders and the award of contracts for capital work projects.

The Finance and Special Technical Assistance Committee, responsible for making recommendations to the Board on all matters of a financial nature, including applications under the Special Technical Assistance Programme.

Exports and Entrepreneurial Committee, responsible for making recommendations to the Board on matters relating to export development and promotion and the development of the entrepreneurial sector.

BOARD OF DIRECTORS



Mr. John Rocheford
Chairman



Mr. Dean Straker
Deputy Chairman



Mr. Davidson Ishmael



Mr. Peterjon Mapp



Mrs. Margot Greene, Q.C.



Mr. Antoine Williams



Mr. Dwayne Paul



Mr. Robert Noel



Ms. Sonia Foster
Permanent Secretary

Not pictured are :
Mr. Ishmael Hugué & Mr. Matthew Alleyne

EXECUTIVE MANAGEMENT 2018/2019

The Office of the Chief Executive Officer reports to the Board of Directors, and has responsibility for the overall leadership of the organization. The CEO is supported by an executive management team. Members of the executive management in 2018/19 were:

Mrs. Sonja S. Trotman, B.Sc., A.C.I.S., LL.M
Chief Executive Officer

Ms. Marina Taitt, Dip. Management, M.Sc.
Director, Export & Business Development

Mr. Dwaine Stuart, B.Sc., FCCA
Director, Finance and Properties

Mrs. Fern Lewis B.Sc. M.Sc.
Director, Business Support Services

Mrs. Andrea Burgess, B.Sc., CGMA, CPA
Chief Accountant, Finance and Accounting

Ms. Paula Bourne B.Sc., M.Sc., LL.B
Manager, Export & Business Development

Mr. Neville Rice, B.Sc., M.Sc.
Manager, Properties & Estates

Ms. Jane Brome B.Sc. M.B.A
Manager, Research & Information Services
(resigned May 31, 2018)

Ms. Beverley Alleyne, B.Sc., M.Sc.
Manager, Research & Information Services
(from June 01, 2018)

Mrs. Monica Mason-Crichlow, LL.B, LEC, LL.M
Legal Officer/Secretary to the Board

Ms. Coral Taylor B.Sc. MA.
Manager Ag, Export & Business Development
(ended November 30, 2018)

Mr. Paul Waithe, B.Sc, M.Sc.
Manager, Export & Business Development
(resumed December 01, 2018)

Ms. Stella Hackett, BFA, Cert Ed, MAAA
Manager, Design Services

OUR ORGANISATION

ORGANISATIONAL CAPABILITY

The BIDC's services are offered through three divisions, within which specialised units have been established to effectively meet the needs of clientele.

The Export & Business Development Division

This Division's focus is on business development services for both export and non-export companies, separated by groupings of Services and Products Portfolio management. Services extend to small and micro enterprises as well as large companies. This Division also conducts appraisals for Special Technical Assistance and executes Special Programmes for business incubation, innovation and craft development.

This Division's services portfolio includes:

- The promotion and the development of export trade.
- Export advice and consultations.
- Export certification
- Assistance in facilitating the establishment and expansion of enterprises
- Assistance in conceptualizing, planning and implementing new ventures
- Management consultancy services, including access to operations management expertise for production-based enterprises.

- Business Planning.
- Advisory services related to securing financing.
- Technical Assistance in achieving international standards certification and compliance

Business Support Services Division

The Division is comprised of the Research and Design Units and takes responsibility for the execution of:

- Market research and business intelligence.
- Corporate communications.
- Corporate strategic planning and performance monitoring
- Design services, including corporate identity, store or display layouts and product design assistance, brand development & refinement; packaging design
- Assessment of applications for benefits under the Fiscal Incentives Legislation (up until January 2019) when Barbados repealed its Fiscal Incentives Act, thus bringing the country into conformity with its obligations under the World Trade Organization (WTO), and in particular, the Agreement on Subsidies and Countervailing Measures (SCM Agreement).

The Finance & Properties Division

This Division is comprised of the Finance and Accounting, Property & Estate Management and Administrative Services Units.

The Finance & Accounting Services Unit is responsible for the financial and management reporting functions within the Corporation and for providing advice to the Corporation on matters relating to financial policy. This relates to corporate finance, annual audited financial report, annual budget and rent administration.

The Property & Estates Management Unit has responsibility for the formulation and management of capital works programmes which are aimed at developing the capacity of small, medium and large-scale manufacturers and service providers. This extends to the development and maintenance of the Corporation's industrial estates and general plant, and provision of operating space on a rent or lease/purchase basis.

The Administrative Services Unit supervises and coordinates the Corporation's administrative services. This relates to personnel performing the Registry services as well as security, reception, driver/messenger and ancillary services.

CEO's Office

The Office of the Chief Executive Officer, which has responsibility for the overall leadership of the organisation, oversees Human Resources Management as well as the Corporate Secretarial functions and Legal Affairs of the BIDC.

At the end of the reporting period, the BIDC had 84 employees.

TRAINING & DEVELOPMENT

During the year under review, the BIDC introduced several development initiatives to enable its human resources to

gain experience and benefit from opportunities to undertake additional responsibilities and duties. To ensure adequate human resources to undertake the work of the Corporation, a number of appointments, promotions and reassignments took effect over the review period. Five (5) persons were hired, two of which were on a temporary basis. Three (3) temporary staff members were permanently appointed, two (2) officers were promoted, one (1) was reassigned and one (1) employee resigned. Five (5) staff members also had the opportunity to act in more senior positions and one (1) temporary appointment ended on October 31, 2018. The BIDC facilitated participation in training sessions for its staff in areas such as:

- Digital Marketing Innovation: Ready for Tomorrow
- Financial Statements
- Business Incubation Management
- Records Management
- The Employment Sexual Harassment Prevention Act 2017 – 21 and BIDC Sexual Harassment Policy
- Excellence in Management Consulting Conference
- Leadership Training
- BITT Blockchain
- Small Business Development Center (SBDC) Networking
- Towards Exponential Growth in Barbados (Conference & Workshop)
- Caribbean Week of Agriculture 2018 (CWA) Workshop on Coconut Industry Development for the Caribbean
- Writing Project Proposals for Micro, Small and Medium-Sized Enterprises
- Decriminalization of Marijuana - The Employers Response

- Contemporary Project Management
- Writing Project Proposals for Micro, Small and Medium-Sized Enterprises (MSMEs).
- Microsoft Excel 2016 Levels 1 and 2
- The Management of Change
- Understanding Different Types of Contracts
- Data Analytics using Microsoft Excel
- Labour Law vs. Custom and Practice

In addition, the Corporation facilitated attendance at several conferences and workshops, among which were:

- Barbados Association of Office Professionals (BAOP) Annual Conference
- Director of First Impressions (Receptionist Training) Workshop
- Rethink HR – Conference
- International Consultants Conference
- Institute of Chartered Secretaries Association (ICSA) Barbados CPD seminar
- Integrated Climate Risk Management Workshop
- Institute of Chartered Accountants of Barbados (ICAB) Conference
- IBM Workshop
- Leadership Training
- Leadercast Bridgetown 2019- Leading Healthy Teams
- Global Leadership Summit - Everyone Wins When A Leader Gets Better

Human Resource Management

During the fiscal year, the Corporation prepared for the launch of its Human Resource Management System (HRMS) which will house all employee information in one central online system. This is another step the Corporation is making towards continuous improvement of its processes and systems and greater efficiency overall.

In execution of the corporate strategy ‘Create a Performance Driven Organisation’, training was provided for assessors and assesses in Performance Management in February 2018, which meant that all staff members were prepared to participate in the annual performance appraisal, another key element of improving the overall performance of the organisation.

The BIDC Rewards and Recognition Programme was put into full effect and awards will recognize performance during the next financial year in a variety of categories. At the BIDC’s Christmas Party and Awards Ceremony in December 2018, 15 persons were presented with long service awards ranging from 10 to 40 years. The CEO’s Award was presented to the Design Unit.

In line with its commitment to deepen collaborations with training and educational institutions, the BIDC provided opportunities for several students during the year. A secondary school student was facilitated for the period June 18 – July 13, 2018 and worked with the IT Department whilst a student from UWI was attached to the Accounts Department for a period of six (6) months. A student from the Barbados Community College was attached to the Business Support Services Division for three (3) months and worked with two major projects - Bajans Connect and the Innovate Barbados Conference, while a student from BIMAP

worked with the Corporation for five (5) months and was attached to the Properties and Estates Department. An internship was also facilitated for a student from the Computer Studies Division of the Barbados Community College for the period February 4th to April 13th, 2019 which helped to advance the development of one of the Corporation's tools - the Staff Information Portal (SIP).

EMPLOYEE SAFETY AND HEALTH

Ergonomic reviews of various computer workstations were conducted throughout the year and where possible, ergonomic adjustments were immediately made and advice given to officers where necessary.

The BIDC arranged for the Labour Department to conduct a sensitization session on the Employment Sexual Harassment Prevention Act 2017 – 21 for all staff of the Corporation. At this session, the BIDC also communicated the Corporation's Policy Statement in accordance with Section 4 of the Employment Sexual Harassment (Prevention) Act, 2017 – 21 which states that:

- (1) Every employer shall ensure;
- a) That there is a clear, written policy statement against sexual harassment within the workplace for which that employer has responsibility;



- b) That a statement of that policy is presented to each employee on the commencement of employment with the employer; and
 - c) That procedures are put in place to assist every employee in understanding the policy statement.
- All staff members received and signed a copy of the BIDC's Sexual Harassment Policy.

EMPLOYEE RELATIONS AND WELFARE

The BIDC has partnered with Sagicor Life Inc. on their new Sagicor Wellness Initiative which is part of Sagicor's mission to promote wellness for its clients, through education and encouraging healthy lifestyle behaviour. This partnership will also assist management in creating a corporate culture which is focused on health and wellness and driven by physical and mental health awareness strategies.

The Corporation also sought to provide for some of the social needs of its staff in an effort to further enhance the quality of work life at the BIDC and improve staff relations.

OPERATING ENVIRONMENT

ECONOMIC CONDITIONS

In 2018 and 2019 global growth was estimated to exceed 3% based on the forecast from the International Monetary Fund's 2018 World Economic Outlook. However, emerging markets and developing economies experienced uneven growth prospects amid rising oil prices, higher yields in the United States, opinion shifts following increased trade tensions, and geopolitical conflict. Overall, for the period, financial conditions remained supportive of growth, though there were differences across countries.

At the regional level, the Inter-American Development Bank (IDB) noted generally encouraging economic trends, an increase in the differences in the development of the various countries, along with the rise of threats to the outlook. According to the IDB estimates, average growth increased to 1.6 % in 2018 up from 0.6% in 2017 for the six countries under its Caribbean portfolio, compared to 1.9% growth forecasted for 2019 by the International Monetary Fund (IMF). However, trends in these countries differed, as there was considerable variation in the current and expected macroeconomic performance between tourism-dependent countries and commodity-producing countries. Overall, the performance of tourism-dependent Caribbean countries improved, but for Barbados its economic performance was affected by the uncertainty of its economic situation.

The rate of growth in manufacturing globally slowed during 2018. Statistics from the United Nations Industrial Development

Organization (UNIDO), reveal that value-added for manufacturing rose by 3.6%, slightly lower than the 3.8% recorded in the previous year. This slowdown was mainly attributed to emerging trade and tariff barriers involving the USA and China, and the USA and the European Union (EU), which exposed markets to a significant amount of uncertainty, limiting investment and future growth.

Globally, foreign direct investment (FDI) fell by nearly a fifth in 2018 to an estimated \$1.2 trillion from \$1.47 trillion in 2017, according to the UNCTAD Global Investment Trends Monitor. The drop, the third in as many years, brings FDI flows back to the low point reached after the global financial crisis, with the decline concentrated in developed countries where inflows fell by as much as 40% to an estimated \$451 billion. Meanwhile, developing economies' FDI flows have been more resilient, recording an increase of 3% to \$694 billion in 2018. Developing nations accounted for half of the top 10 host economies for FDI inflows. The Latin America and Caribbean region recorded a 4% drop in FDI.

During the 2018/2019 review period, Barbados underwent several changes and continued to experience economic challenges. Following the May 2018 General Election, a new administration was ushered in. In an effort to tackle the country's economic issues and to avoid devaluation of the Barbados Dollar, the new administration announced a three-phased, five-year package of austerity and stimulus measures.

The IMF was approached for balance of payments support to restore the international reserves to adequate levels along with endorsement of the home-grown Barbados Economic Recovery Transformation (BERT) Programme. This lending arrangement with the IMF amounted to \$290 million. Further, there was suspension of payments on external commercial debt as a complete restructuring of domestic and external debt was undertaken. The suspension of payment prompted international rating agency Standard & Poor's (S&P) to again lower Barbados' long-term foreign currency rating to 'selective default' down from 'CCC+' and its long-term local currency rating to 'CC' from 'CCC'.

These measures were followed by the introduction of a suite of budgetary measures intended to alter the incidence of taxation and provide allocated funding for some state-owned enterprises (SOEs). Legislation was also enacted to level the country's entire corporate tax base to a range of 1% to 5.5%, bringing it in line with European Union requirements. This reduction in corporate tax from as high as 30% in some cases would make the island more attractive to international businesses. Additionally, in the last quarter of 2018, over 1,500 public servants were retrenched in government's effort to relieve some pressure from its recurrent expenditure and to modernize the operations of the public sector.

OUTLOOK

Following the introduction of measures to stabilize the Barbados economy, the final months of 2018/19 showed encouraging signs, leading to a positive outlook. The country received its first upgrade in many years. S&P raised the country's long and short-term local currency ratings to 'B-/B' from 'selective default SD/SD', and assigned a 'B-' local currency issue rating on the domestic debt issued in the exchange. The public finances were reordered to the extent that the country achieved a primary balance equivalent to 3.5% of GDP. There was a reduction in the debt ratio, now targeted to fall to 60% by 2033 and the gross international reserves exceeded the benchmark of 12 weeks of import cover.

The Government's commitment to adjustment and structural reforms has garnered support from the IDB and the Caribbean Development Bank. There is now a return of the confidence necessary for attracting investment and achieving growth in the economy. However, there remain significant downside risks that need to be monitored and managed to prevent policy slippage. As such the positive outlook demands the effort and commitment of all stakeholders to guarantee that the reforms realize their intended goals.

CHAIRMAN'S REPORT



THE YEAR IN REVIEW

The fiscal year April 1, 2018 to March 31, 2019 brought another difficult period for Barbados as the constraints associated with tight fiscal policy contributed considerably to dampened economic activity. Accordingly, the Corporation's key actions, programmes and projects for the period were shaped by government's strategic imperatives as well as the needs and aspirations of its clients.

Barbados' economic progress will depend heavily on making innovation the heart of our comparative advantage. Innovation invariably allows firms to specialize, meet international best-practice standards and compete with companies that may have more assets and resources available. Innovation creates new possibilities for additional value-added, it considers not only typical product/process innovation of manufacturing but also market, organizational and resource input. During the period, the BIDC intensified its innovation thrust, with a goal of creating a contingent of young innovators who could transform the economy and social landscape of Barbados.

The BIDC embarked on a multi-touch marketing and public relations campaign to build awareness of its programmes, its successes and achievements and to communicate the brand and story of the Corporation to the public. One of the main information-sharing initiatives undertaken during the period was the Innovate Barbados Campaign and Conference.

In its third year, the Innovate Conference has become the locale for creative problem-solving, for engineering innovative solutions for a smart sustainable future, for the merging of business and creativity and where ideas become ideal solutions. The 2018 event attracted over 350 participants, inclusive of entrepreneurs and potential entrepreneurs, researchers, innovators, creative thinkers, academia, financing agencies, and business leaders. The conference has earned its place as a leading event on the island's calendar.

In keeping with the innovation agenda two other activities occurred during the period: The Blue Flame Challenge and the Race for Space Competition. The Blue Flame Challenge, undertaken in partnership with IBM, was a fast-paced marathon of technical creativity and business acumen where teams worked to solve the challenge of connecting the Diaspora with Barbadian products and services. The Race for Space Competition, an initiative aimed at supporting business innovation, offered Barbadian entrepreneurs the opportunity to win resources, inclusive of free operating and advertising space, and mentorships.

Team-BIDC has made it a priority to adopt a more engaging approach with its stakeholders to enhance the conditions which would allow local producers to thrive and become more competitive. In this regard, one of the significant actions for the period was the signing of a Memorandum of Understanding with the Barbados Chamber of Commerce and Industry. The objective of this MOU was to employ collaborative efforts towards building the visibility and commercial activity of Micro, Small and Medium Enterprises (MSMEs). Additionally, in the last quarter of the period, the Corporation launched the Accelerate 20/20 programme. This initiative is aimed at starting up and expanding high growth, ambitious companies and bringing to market innovative products that can earn or save foreign exchange by 2020. This programme will be pursued with the support of a network of strategic partners.

For the review period, the Corporation performed well in the targets set for the Key Performance Indicators. For the fiscal year, the minimum target was achieved in six (6) indicators and the maximum was exceeded in three (3) cases.

Thirty-eight (38) sector-specific training seminars/workshops were hosted during the 2018/2019 period. Additionally, sixteen (16) companies were trained in export readiness under the Corporation's Export Readiness initiative. These sessions formed part of the support which Barbadian entrepreneurs require in their quest to become strong, competitive players both at home and abroad.

Over the review period the BIDC led a trade mission to St. Lucia, and participated and/or provided assistance for clients to attend several local and overseas trade events. These included Expo-Comer, Panama; the Trade and Investment Conventor, Trinidad & Tobago; the Label Expo Americas, Chicago, Illinois and the Specialty Graphic Imaging Association Show, Las Vegas, Nevada. Participation in these events provided attendees with the opportunity to network, collaborate, gain knowledge, develop skills and acquire new customers or business partners.

Under the Corporation's entrepreneurial development segment 17 start-ups with investment of BDS\$185,950 were recorded. These were registered in the Crafts, Health and Wellness, Apparel, Food and Beverages and Services sectors. Already established companies reported BDS\$ 3,588,655 in business expansions.

Certified exports for the April 2018 – March 2019 period grew by BDS \$27 million or 8.4% to reach BDS \$349.2 million when compared to the corresponding period of 2017/2018. New exporting companies accommodated through the BIDC's certification service were 14 while 6,205 export shipments were certified for a total of 219 companies using the service.

Compared to 2018, there was a slight decline in disbursements from the Corporation's Special Technical Assistance Programme (STAP). At the end of March 2019, BDS \$1,210,209 million was disbursed, 2.3% less, compared to BDS \$1,238,762 million for the same period in 2018.

Revenue collections increased marginally over the review period. The current rent receipts was \$7.9 million, an increase of \$374,000 compared to \$7.6 million recorded for the same period of 2017/18. Current receipts for the year were 74% of the total billings, a decrease from the 2018 position of 76%. The Corporation also collected \$2.8 million of its previous receivables, a decrease of \$0.4 million compared to the previous year. However, rent receipts totalled \$10.7 million for the period, recording a 0.24% increase compared to the previous year. To combat a potential rise in delinquent tenants during this time of economic recovery, the Corporation intensified its meetings with internal representatives and delinquent tenants with the aim of providing tenants with the opportunity to present reasonable payment plans.

As part of the Corporation's commitment to the provision of affordable office space to Barbadian businesses, it facilitated the allocation of 106,233 square feet of space to 28 clients during the period under review.

FUTURE PROSPECTS AND DIRECTION

The road to recovery for Barbados will be long and challenging, yet, this in itself should serve as a catalyst for more innovative and entrepreneurial ventures. The reforms that Government has set in process have, and will continue to generate opportunities for change to take place across all productive sectors. Team-BIDC remains committed to providing the training required for starting, growing and managing a business, to our growing customer base and more specifically to enable displaced workers with the ability

to deliver the services they previously performed as employees.

In the coming fiscal year 2019 – 2020, the BIDC intends to undertake and support projects and initiatives that are designed to address critical national challenges for social economic recovery, diversification and growth. We will achieve this through facilitation of high growth start-ups and expansion of businesses, through technology driven initiatives, by continuing to align our plans with the government's growth agenda, through research and innovation, by pursuing new export markets and strengthening existing ones, and through partnerships with key agencies. Strategic interventions will be made through key projects such as Accelerate 20/20, Bajans Connect, the Innovation and Incubator Programme, the New Product Development Programme, the Apparel Renewal Project and a National Design Strategy.

Notwithstanding the challenges which lie ahead, Team-BIDC, will continue the task of uncovering extraordinary ways of doing things, solving problems, and delivering novel solutions to their clients. With this intent, clients will be well positioned after the local and external markets return to a more predictable performance.

Appreciation must be extended to our clients and stakeholders for their continued support and co-operation. Thanks also to our team BIDC for its hard work and commitment during the 2018-2019 period.



Mr. John Rocherford
Chairman

OUR ACHIEVEMENTS & OUTCOMES

CORPORATE STRATEGY

The threat to the economic stability of Barbados has been pronounced in recent years. Multiple downgrades by international rating agencies have made this once thriving economy very sluggish and posed challenges to the island's foreign investment thrust.

Against this economically challenging backdrop, the BIDC pursued six objectives under its four main goal areas during the year ended March 2019:

- Under Goal 1, Establish a Customer-centric Operating Model, the Corporation sought to Improve (its) Corporate Benchmarking Score to at least 65 by May 2018;
- Under Goal 2, Improve Financial and Operational Efficiencies of the BIDC, the aim was to Expand Self-financing Programme by Adding At Least Six New Revenue Streams by March 2019 and Expand the Marketability and Scope of 26% of Property Portfolio by March 2019;
- Under Goal 3, Enable a Thriving and Sustainable Export Sector, the BIDC worked to Implement a Product Development Programme by March 2018 and Facilitate the Start-up of At Least 30 SMEs and the Expansion of At Least 72 SMEs with the Potential to Save or Earn Foreign Exchange by March 2019; and
- Under Goal 4, Develop Internationally Competitive Businesses, the Corporation committed to providing the resources to assist at least 25 Barbadian businesses to access in-market opportunities by March 2018.

Efforts were stepped up to reduce the operating costs of the Corporation and to develop and introduce additional revenue streams. The staff of the Corporation sought to improve the quality of its interactions with its clients and to provide an even more pleasant experience for the customer.

The BIDC pursued a robust export programme through the delivery of targeted interventions to:

1. Enhance the range and quality of export goods and services.
2. Support the development and exposure of new export ready businesses.
3. Find new opportunities within traditional and emerging export markets.
4. Educate the sectors served in areas of business development and export.

In an effort to maximize resources, the BIDC explored the best practices of other high-performing TPOs in putting greater emphasis on providing technical assistance at the sectoral level rather than firm level. In this regard, we advocated a Promotion Alliance concept whereby companies from the same sector were encouraged to join forces to promote products, combine production volume, or purchase common raw materials. Additionally we encouraged the establishment of export promotion consortia to bring together companies from the same sector to develop strategies and consolidate markets to reduce overall promotion costs.

Acutely aware of the scarcity of funds for assisting its clients, the Corporation sought to raise revenue by maximising the use of its available factory space. Initiatives were employed to refurbish vacant unlettable space, entering into collaboration and partnership with interested persons in the private sector, where possible. Negotiations were advanced for both the rental of roof space and the sale of selected properties.

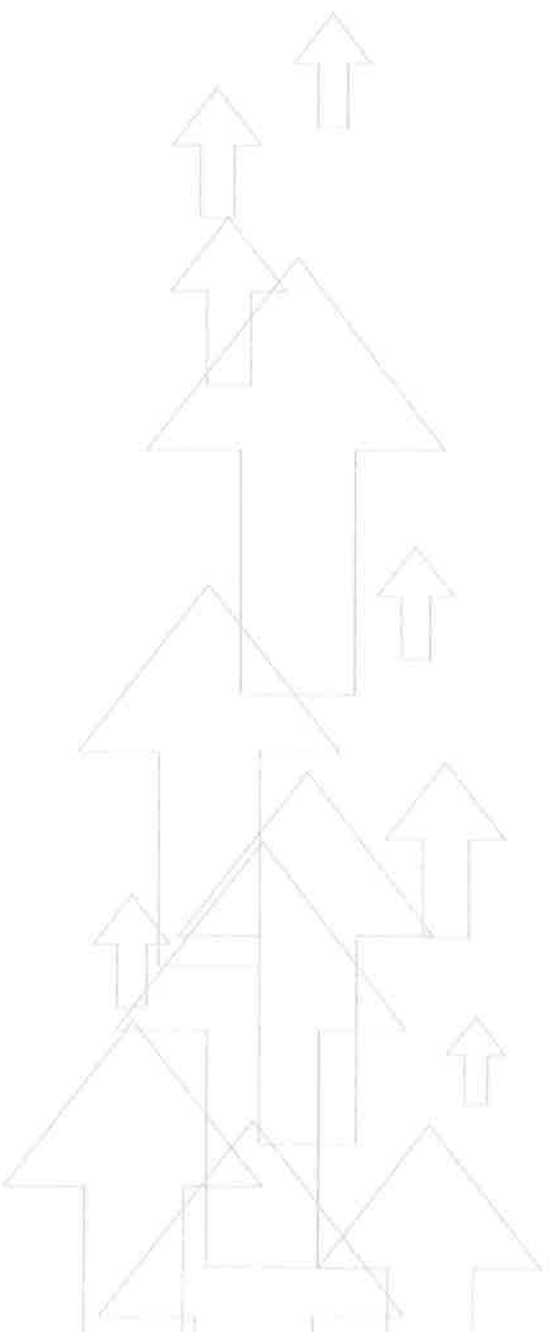
Improving the level of staff engagement was also high on the agenda of the BIDC over the past year. Employees who are engaged are more productive, contented and more likely to be loyal to a corporation. When corporations put sound HR practices in place, they are more likely to discover that employees feel satisfied, safe and will work to their full potential. Through a number of initiatives including career development opportunities and training, the Corporation sought to build a culture that fuels engagement. The development and implementation of

this employment engagement plan is part of the BIDC's wider continuous improvement programme. The engagement plan gave focus to:

- I. Training for middle management - Business Development Officers and Research Officers
- II. Performance appraisals
- III. Feedback mechanism
- IV. Rewards and recognition

The plan will also consider:

- I. Attachments in high performing trade promotion agencies and associations
- II. Internships with private companies



CORPORATE GOALS

GOALS

G1 - Establish a Customer Centric Operating Model

OBJECTIVES

- Brand management initiatives identified & implemented
- Higher customer satisfaction rating
- At least 2 initiatives from Staff Engagement programme implemented
- Staff trained in professional competencies
- BDOs assigned to private sector internships
- Customer segmentation policy

GOALS

G2 - Improve Revenue Generation, and the Financial and Operational Efficiencies of the BIDC

OBJECTIVES

- Increased revenue earnings
- Collection rate of at least 60%
- At least 90% usage of approved document management system
- Cost savings through implementation of at least 2 initiatives
- Funding facilities identified for institutional strengthening
- At least 1 source of external funding for projects
- Cross divisional teams deployed on at least 1 project

GOALS

G3 - Enable a Thriving and Sustainable Export Sector

OBJECTIVES

- At least 3 workshops to increase exports to Canada, US and Latin America
- At least 2 trade missions undertaken
- At least 2 research missions undertaken
- At least 2 sector specific trade shows attended
- Increased number of new exporting companies
- At least 3 stakeholder consultations
- At least 3 networking relationships with export stakeholders
- At least 3 stakeholder relationships established
- At least 5 export business connections

GOALS

G4 - Develop Internationally Competitive Businesses

OBJECTIVES

- At least 50 exporters facilitated with acquiring the requisite skills, knowledge and exposure in producing internationally competitive products/services
- At least 2 high value products or services exported
- Innovation Project executed
- At least 4 market intelligence reports disseminated
- At least 2 promotional events targeted at Diaspora network

CRITICAL SUCCESS FACTORS

A highly trained and energized staff

Financial soundness in terms of self-sufficiency and sustainability

Facilities with state of the art facilities that can drive and support innovation, production, research and development

Strategic direction that will position Barbados as a supplier of high quality goods and services.

MEASURING OUR SUCCESS

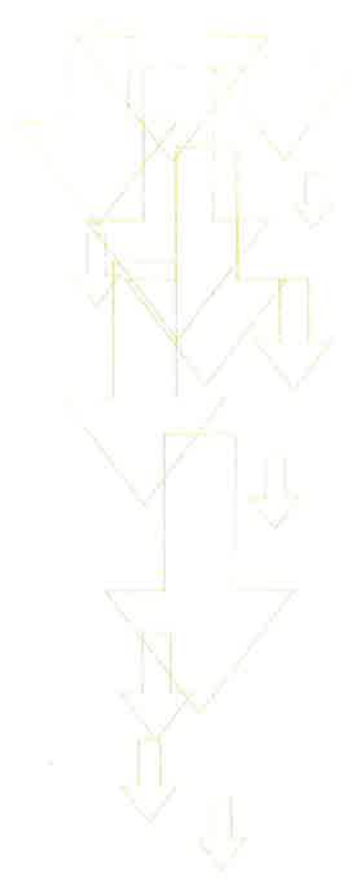
Of the eight key performance indicators that were assessed during the year under review, the BIDC achieved its minimum targets in six (6) of them and exceeded the maximum target in four (4).

The BIDC assisted 17 companies with their start-up process, 58 with expansions and facilitated 23 new companies with exporting. In addition, 38 sector-specific training programmes were executed and 28 companies were allocated factory space. Current rent collections stood at 74% of current billings at the end of the year, highlighting the Corporation's success in collecting rent on a timely basis.

KEY PERFORMANCE INDICATORS FOR 2018-2019

INDICATOR	Annual Target		Apr 2018 – Mar 2019
	Min	Max	Actual
Assessed Annually			
1. Customer Satisfaction Index	66	75	N/A
2. Staff Engagement	35%	45%	**
3. Corporate Bench-marking Score	65%	70%	N/A
Assessed Quarterly			
4. Number of companies moved from idea to start up	15	24	17
5. Number of companies assisted with business expansion	72	120	58
6. No. of sector specific training programmes executed	8	12	38
7. * Growth in exports in selected markets	4%	6%	8%
8. No. of new companies facilitated in exporting	10	15	23
9. Increase in Revenue earnings	8%	10%	7%
10. Current Rent Collections as % of Current billings	60%	65%	74%
11. No. of new tenants facilitated	24	36	28

NB *This indicator is measured by the value of certified exports to all trading partners.



PROGRAMMES AND SERVICES TO SUPPORT SECTOR DEVELOPMENT

RESEARCH, DEVELOPMENT AND DESIGN

The Corporation continued its efforts to deliver business intelligence and design solutions to better aid in the delivery of its programmes and services and inform its clients. Sector profiles were completed for Paper, Printing and Publishing and Apparel. Pre-mission country reports were completed for Aruba, Curacao, Paraguay, Cayman Islands and Bermuda.

The BIDC again hosted Barbados' signature innovation conference, Innovate Barbados 2018, during the year. The conference was designed primarily to cultivate a community of innovative entrepreneurs who can inspire break-through solutions to real-world problems, whilst bolstering much needed social transformation. With an impressive lineup of local, regional and international speakers illustrating the theme, "**Engineering New Connections**", it examined the best opportunities for business in select high-potential sectors and took participants on an intense, highly interactive journey into new frontiers of business, ideation and unparalleled networking. Over 350 persons took part in the conference, which reached well into the intended audience of entrepreneurs and potential entrepreneurs, researchers, students, innovators, creative thinkers, academia, manufacturers and services companies, information communication technology professionals, management consultants, financing agencies, government agencies and business support organisations.

At the end of the year, the Corporation launched the Accelerate 20/20 project. Through the campaign, BIDC will prioritise the use of its resources for greater impact - providing customised, specialised and combined development assistance that would not be readily accessible through our in-house development advice alone, to enterprises that can have the greatest impact on the growth of Barbados' economy. The launch was well supported by clients and stakeholders alike and, already, much interest has been shown by local producers in being a part of this initiative.

Design assistance was provided to 67 of the Corporation's clients in areas of brand development, packaging and labelling, promotional materials and product development. Design support was also provided to the organisation in the execution of 6 local trade shows and 10 overseas trade shows in the areas of shared exhibit space design, individual/client booth design consults, signage, corporate ads and the design of promotional material including literature and videos.

To support the Corporation's workshops, seminars, special events and conference, design solutions were provided for corporate ads/ supplements, corporate uniforms, pop-up banners, backdrops, stationery, business cards, corporate gifts, brand guidelines, fliers, graphics, photographic services at corporate events, covers for internal documents and publications, signage, programme documents, seminar/workshop certificates, the creation of the BIDC Event Page on BIDC Website and event art direction.

CORPORATE COMMUNICATIONS

During 2018/19, the BIDC brought on board an Information Specialist to assist in the management and execution of its corporate communications activities. This precipitated a review of existing policies and the development of new processes for media engagement.

The Corporation secured media coverage over the 12 months of the fiscal year for a host of training workshops, trade shows, special events and the annual conference. Email blasts, newspaper and television ads along with social media advertising were coordinated to highlight BIDC's involvement in activities such as the Blue Flame Challenge Hackathon, the Innovate Barbados Conference, other BIDC events as well as other relevant stakeholder programmes such as BMEX 2018 and AGROFEST 2019.

The services of a consulting agency were contracted to facilitate the Corporation's social media presence on Facebook and LinkedIn. Activities related to managing the BIDC's brand via social media, generic postings highlighting the way BIDC programmes and services can assist in business development and the promotion of the Innovate Barbados Conference. Key events promoted included:

- The Incubator Programme
- The Special Technical Assistance Programme
- The Blue Flame Challenge Hackathon
- Innovate Barbados 2018
- Barbados Entrepreneurship Foundation (BEF) & Bitf Present: Project X; and
- Major trade shows and expos attended by the BIDC.

A comprehensive review was done of the corporate website, with a view to improving the content and layout, providing it with a

more user-friendly interface and easier navigation for users; this work is ongoing.

PROPERTY MANAGEMENT

Capital Works

There were five (5) major projects under the Capital Works portfolio for the period 2018-2019. Building #6-Six Roads was approved for renovation by the procurement model of a Build-Operate-Transfer agreement. The works, which commenced on April 01, 2016, had progressed to the assessment of the final account by the end of this reporting period.

An upgrade to the fresh air intake of the spaces at Building 2 & 6B, Harbour Industrial Estate was also undertaken. A Build-Operate-Transfer programme was approved for the renovation of Building # 11 Wildey. The building will be leased for a period of twenty years and the client will maintain the building's shell and have responsibility for the payment of the VAT component of the monthly rental billing, up to the breakeven point of monthly billings, based on the approved rental offset total. This renovation project had commenced by the end of the reporting period.

The funding options for the implementation of energy efficiency and renewable energy measures at BIDC Corporate Offices are in progress and planning for this project will continue into the 2019-20 year.

Rental Of Roof Space

Discussions have commenced with several additional companies who expressed interest in the rental of BIDC's roof space for the installation of PV panels to sell power to the grid.

The Corporation previously signed contract documents with two companies on September 18th, 2017 for the pilot phase (21 buildings) of the rental of roof space programme. Four new entrants to the programme have come on board for an additional 28 buildings.

The commencement of this project is dependent on the acquisition of licences from the Ministry of Energy after the completion of the pre-contract work and preliminary investigations. This project represents the creation of a new revenue stream for the Corporation.

Factory Space

At the end of March 2019, the Corporation owned a total of 1,478,246.00 square feet of factory space, of which 85.2% is tenanted. The vacant lettable space has been reduced to 64,998.00 square feet or 4.4% of the total space. The vacant lettable space totals 153,093.00 square feet or 10.4%. At the end of the reporting period, only three estates fell below 80% occupancy levels, namely Pelican, Gazettes and the Grantley Adams Industrial Estates.

There were 107 applications submitted for factory space which represented a demand totalling 409,558.00 square feet. A total of 106,233.00 square feet of space was allocated during the period.

Property Management

Several reassignments have occurred in the preventive maintenance programmes in the areas of air conditioning, landscaping, janitorial and security services which are based on monthly contracts. The changes are as a result of tendered

submissions for the upcoming financial year. All contractors have been mandated to show evidence of public liability insurance which indemnifies the Corporation from claims for damages.

The aged property portfolio of the Corporation continues to perform satisfactorily. Corrective maintenance is executed through work requests and approvals which are scheduled throughout the year. Emergency call outs were mainly to rectify plumbing problems.

The Corporation has embarked on a new model for its external decorations programme. The procurement route of buying services and materials directly from the source has allowed BIDC to complete the external decorations to four (4) of its buildings at prices lower than were obtained from contractor submissions.

The buildings included in the programme were:

- Buildings # 1,8 & 16 Newton Industrial Estate
- Building # 2 Harbour Industrial Estate

SPECIAL SECTORAL DEVELOPMENT INITIATIVES/ PROJECTS

Youth Entrepreneurship Scheme (Yes)

BIDC partnered with the Youth Entrepreneurship Scheme (YES) during the year to promote greater entrepreneurial engagement and interest. Through the "Meet the Entrepreneur" event the Corporation was able to participate in a panel discussion and promote its programmes and services.

Crop Over Craft Works

During the past year, the BIDC collaborated with The Barbados Museum and Historical Society and the National Cultural Foundation to produce the annual CropOver Craft Works Fair. The fair is a pre-Crop Over event held every year during the month of June. Artisans are provided with the opportunity to take center stage at this potpourri of cultural extravaganza, as artisans exhibit their craft, cuisine and engage in cultural performances and fashion shows.

Apparel Renewal

Discussions were held during the year to offer on-going mentoring to the participants of the Avis Charles Training. Additionally, the BIDC hosted a workshop, for designers/entrepreneurs entitled “The Ultimate Guide to Building a Profitable Fashion Brand”. It was facilitated by Ms. Monif Clarke / Founder & CEO of Monif C Plus Sizes. In 13 years, Monif has built a multi-million dollar business that designs, manufactures, markets and sells plus size women’s dresses and swimwear worldwide.

The intense training workshops covered a range of topics, including developing a customer-centric sales plan, finding reputable manufacturers, costing products for export, online selling channels, growing a brand with little to no money and increasing a brand’s social media following. The sessions were well attended by both experienced and new designers as well as garment manufacturers, attracting approximately 22 persons, who expressed gratitude and satisfaction with the training. The attendees indicated the workshop was meaningful and provided valuable information from an experienced facilitator who had taken her business from concept to acquiring a multimillion dollar fashion enterprise.

Shared Use Facility (SUF)

During the fourth quarter of the financial year 2018/2019, documents for the purpose of renovations, retrofitting and acquisition of equipment for the Shared Use Facility were finalized in order for the Tender process to commence.

Technical Assistance

The Inter-American Development Bank in collaboration with Compete Caribbean Partnership Facility embarked on a Regional Cluster Development Training programme for BSOs across the region from March – June, 2019. This training initiative is intended to support sector growth through cluster development. A Senior Business Development Officer of the BIDC was one of the two representatives from Barbados attending the training in March, 2019 in St. Lucia and the second and third phases will follow in May and June, 2019 respectively. Participation and submission of a cluster plan are required in order to access technical assistance. It is the intention that the technical assistance, once approved, will be used to assist with the start of the Shared Used Facility.

Export Readiness Programme

Six of the graduates of the Export Readiness Programme participated in a Trade Mission to St. Lucia from 19-22 March, 2019. They were accompanied by three of the Corporation’s clients. The mission provided these nine businesses with the opportunity to meet with key persons from the business community in St. Lucia. The group comprised of a mix of manufacturers and service providers, and included: East Point Productions Inc., Fiberpol Inc. Innovative Interiors & Design Associates Inc. Magnolia Chocolatier, Waves of Bliss, Naara Elements of Beauty, Spa Essentials, Valencia Ltd., and La Rosa Couture Inc.

Televised Pottery Feature

In collaboration with the Government Information Services, a 30-minute documentary featuring Mr. Denis Bell of Red Clay Pottery was filmed and aired on the Caribbean Broadcasting Corporation. The feature was first aired on February 18th and was repeated twice in March. The objective of the activity was to document and share with the public the life story and craftsmanship of master potter, Mr. Denis Bell.

Incubator Programme

The training programme series for incubatees continued during the year, designed to help the incubatees manage their businesses better. The training sessions were facilitated by various industry professionals in a number of areas critical to business success, namely: marketing, finance, management approaches and the use of computerized IT platforms.

The Music Incubator also benefitted from specialized training as workshops were delivered in the areas of: 'How to sell in the Music Industry' and 'Legal Structures in the Music Industry'.

ENTREPRENEURIAL DEVELOPMENT

Getting it Right from the Start

Critical interventions were required during the past year, with the introduction of the Government's austerity measures. The BIDC sought to be the catalyst for economic recovery by providing the environment for the establishment of new businesses, expansion of existing ones, the production of high quality products and increased exports. By facilitating start-ups and expansions, the Corporation aimed to generate increased job opportunities

which would result in increased disposable income and consumer purchasing power. During the period under review, the work of the Export and Business Development Division generated 17 start-ups, 58 expansions and 23 new exporters.

As part of its client engagement, the BIDC disbursed Bds\$1.2 million in grant funds under the Special Technical Assistance Programme (STAP) over the fiscal year 2018/19, a fall of 1.1% compared to the 2017/18 period.

The BIDC organised 38 sector specific training sessions, reaching out to both existing businesses and prospective entrepreneurs, including those in educational institutions. The Entrepreneurship Through Education programme seeks to cultivate creativity and an entrepreneurial culture among the nation's children at an age where they are not settled into working for others as the only viable option. This feature of the Corporation's promotional activities permeated its offerings throughout the year as sponsorship was organised for students to attend various industrial events including Innovate Barbados 2018.

The BIDC collaborated with Dr. Ava Brown, one of the speakers for Innovate Barbados 2018, to visit the St. Michael School and the St. George Secondary School as part of the lead-up activities to the Innovate Barbados 2018 Conference. The aim of this collaboration was to sensitize students to the concept of innovation and promoting innovative thinking among the youth.

Moving from Idea to Enterprise

As part of the Corporation's drive to help create and grow young businesses, the BIDC operates both the Innovation Support programme, and the Incubator programme that is both residential and virtual for start-up companies.

With 16 businesses currently engaged, the Incubator Programme moulds businesses into economically viable enterprises with the capacity to create employment and stimulate economic growth. The Incubator facility can house a maximum of sixteen residential incubatees and the Programme also provides for virtual incubatees.

During the past year, fifteen presentations were made to the Review and Monitoring Committee by the members of the Incubator Programme. This presentation formed a part of their quarterly business review process. The Committee was able to offer suggestions to the various business owners on how to grow and improve their businesses. Applications for STA funding were processed for four (4) businesses and a trademark application was processed in one case.

The BIDC's Innovation programme is designed to assist local innovators through the provision of a confidential environment of evaluation, consultation and education to innovators, helping them to take their ideas from the drawing board to commercialisation. It includes facilities for new product development and intellectual property registration. During the year under review, assistance was provided to companies engaged in the production of a product used in construction, a board game and a water purification device. A project to raise the awareness of innovation in Barbados with the National Council for Science and Technology was started during the year and a provisional patent was applied for and granted to one (1) client.

EXPORT DEVELOPMENT AND PROMOTION

In Pursuit Of Markets That Matter

During the year under review, emphasis was also placed on both inward and outward missions. Through the coordination

and facilitation of the Buyers Programme, which has become a critical part of the Barbados Manufacturers Exhibition (BMEX), distributors from Jamaica, Suriname, Martinique, Virgin Islands, United Kingdom, Cayman Islands and Antigua and Barbuda were invited to meet and network with Barbadian manufacturers. This activity is intended to give local companies the opportunity to start and/or increase trade in these markets.

The presence of Barbadian companies at the annual trade fair, HUB Camara Santo Domingo, has improved the general prospects for local markets in the Dominican Republic. During the year, three (3) companies were facilitated in attending the show and, at the end of the year, regulatory requirements for the entry of meat products had been resolved.

Product sampling at the China International Import Expo in Shanghai allowed several food and beverage items to be introduced to the Chinese distributors and import companies. Interest was expressed in many products including Claytons Kola Tonic, Shirley ginger biscuits, various rums and rum cream, Meadows In the Sun wines and 10 Saints Beer. The BIDC has been actively working with the relevant companies with a view to exploring possible market opportunities.

Positive reports were also received from companies attending trade shows in St. Lucia and Panama in March 2019. Participants of the Expocomer 2019 trade show in Panama showed significant interest in the products of the two Barbadian companies attending and several valuable contacts were made by the nine (9) companies attending the show in St. Lucia.

The BIDC's market penetration efforts were also targeted at the United States of America. During 2018/19, producers of labels attended the Label Expo Americas 2018 in Chicago, Illinois to observe the new trends in cost-effective modern equipment to improve efficiency, improve supply-chain management and meet with new and existing industry suppliers to negotiate the

supply of machinery and materials. In addition, companies in the production of graphics, garments and textiles and commercial printers attended the Specialty Graphic Imaging Association Show in Las Vegas, Nevada to source raw materials and to negotiate the supply of these materials.

Over the twelve months of 2018/19, Barbados exported goods valued at Bds\$527.1 million, an increase of 1.6% over the previous fiscal year. Producers exported to 130 markets during this period, down from 144 in the previous twelve months. The principal trading partners were CARICOM (Bds\$304.2 million), the United States of America (Bds\$90.1 million), Canada (Bds\$28.6 million), Hong Kong (Bds\$17.9 million) and the United Kingdom (Bds\$12.9 million). Strong performances were noted for CARICOM, Canada and France recording increases of Bds\$31.5 million, Bds\$11.4 million and Bds\$2 million respectively.

Rum remained the dominant export, with shipments valued at Bds\$80.5 million in 2018/19, a fall of 4.1% compared to the previous fiscal year. Shipments were made to 42 markets during the year, down from 43 markets in the previous 12 months. Increases in shipments were registered for 18 of these markets. The United States of America remained the principal country of destination for rum exports, with Bds\$37.5 million shipped, increasing by Bds\$1.1 million or 2.9% compared to 2017/18. Substantial increases were recorded in France, the Netherlands, Guyana, Suriname, Italy, Netherlands Antilles, Cayman Islands, Grenada, Guadeloupe and St. Vincent and the Grenadines.

Barbados' exports to CARICOM increased by 11.5%, moving from \$272.7 million to \$304.2 million. Shipments increased in almost every market with the exception of Belize and Trinidad and Tobago. The largest increase in export

DOMESTIC EXPORTS TO MAJOR MARKETS BY VALUE AND PERCENTAGE SHARE

Fiscal Year 2018/19 Compared With 2017/18

MARKETS	BDS \$	% Share	BDS \$	% Share
	2017/18		2018/19	
CARICOM	272,746,449	52.59	304,210,308	57.72
USA	96,266,721	18.56	90,113,564	17.10
Canada	17,254,034	3.33	28,604,199	5.43
EU	50,332,434	9.70	36,170,752	6.86
Dominican Republic	4,119,260	0.79	4,072,573	0.77
Other	77,949,513	15.03	63,912,182	12.13
TOTAL	518,668,411	100.00	527,083,578	100.00

Source: Barbados Statistical Service

sales was recorded in Antigua and Barbuda where sales grew by \$8.8 million, moving from \$18.9 million to \$27.8 million. However, Dominica registered the largest percentage increase, with exports

growing from \$9.2 million in 2017/18 to 15.9 million in 2018/19, an increase of 73.3%.

DOMESTIC EXPORTS TO CARICOM BY MARKETS

Fiscal Year 2018/19 Compared With 2017/18

CARICOM MARKETS	BDS \$ 2017/18	BDS \$ 2018/19	% Change
ANTIGUA	18,925,001	27,774,160	46.76
BELIZE	3,015,242	1,955,090	-35.16
DOMINICA	9,197,793	15,942,516	73.33
GRENADA	16,551,466	21,981,205	32.81
GUYANA	48,287,100	53,427,374	10.65
JAMAICA	37,618,150	39,713,238	5.57
MONTserrat	718,347	796,500	10.88
ST. KITTS/NEVIS	13,857,410	16,203,217	16.93
ST. LUCIA	29,891,050	31,783,311	6.33
ST.VINCENT	17,743,987	19,363,416	9.13
SURINAME	9,395,529	9,779,313	4.08
TRINIDAD & TOB.	67,545,374	65,490,968	-3.04
TOTAL	272,746,449	304,210,308	11.54

Source: Barbados Statistical Service

Within the CARICOM market, the categories with the 5 largest values all recorded positive performances, with **Manufactured Goods Classified Chiefly by Material; Chemicals; Food & Live**

Animals; Miscellaneous Manufactured Articles; and Minerals, Fuels, Lubricants & Related Materials growing by 25.4%, 9.4%, 3.9%, 16.5% and 1.9% respectively.

DOMESTIC EXPORTS TO CARICOM (BY SITC SECTION)
Fiscal Year 2018/19 Compared With 2017/18

SECTION	BDS \$ 2017/18	BDS \$ 2018/19	% Change
Food and Live Animals	60,565,956	62,936,869	3.91
Beverages and Tobacco	14,726,854	11,138,100	-24.37
Crude Materials Inedible Except Fuels	756,743	727,363	-3.88
Minerals, Fuels, Lubricants & Rel. Mat.	27,935,215	28,474,428	1.93
Animals & Vegetable Oils & Fats	4,332,418	4,657,511	7.50
Chemicals	61,308,232	67,087,262	9.43
Manufactured Gds. Classified by Material	63,131,430	79,139,860	25.36
Machinery & Transport Equipment	5,243,086	10,222,597	94.97
Miscellaneous Manufactured Articles	32,862,607	38,286,684	16.51
Miscellaneous Transactions & Commodities	1,883,908	1,539,634	-18.27
TOTAL	272,746,449	304,210,308	11.54

Source: Barbados Statistical Service

Through Trade Counseling

During the year under review, the BIDC organised workshops and seminars to provide in-depth information on very specific issues of interest to our clients and conducted visits to companies to facilitate business opportunities. Through its team of Business Development Officers, Certification Officers, Design Advisors and Research Officers, the BIDC highlighted to its clients best practices of business development and international trade, provided guidance and encouragement for the development of businesses and market penetration activities, shared new and informative business ideas and international trade opportunities

and provided trade counseling on matters involving export documentation, quality standards, business opportunities, supply chains and potential distributors.

Through Capacity Building

It is the aim of the BIDC to equip its clients and potential entrepreneurs with the training and intelligence necessary to be able to compete effectively at the local, regional and international levels. As more and more the world converges into a global marketplace, local producers will find that they need to compete

with world-class companies and products within both overseas and local retail outlets. Protective barriers are being eroded and removed in domestic markets and Barbados will be required to fall in line.

As part of its effort to promote competitiveness through education & training, the BIDC organised more than 30 training courses and workshops. 19 of these training courses and workshops formed part of the Corporation's Incubation Programme, whilst entrepreneurs benefitted from 12 of these training courses and workshops.

Incubatees were strengthened through courses and workshops in:

- Fundamentals of Marketing;
- Financial & Strategic Management;
- Using Microsoft Suite of products & Using the internet for profit;
- The Business Model Canvas;
- The Value Proposition Canvas;
- Website design and Domain Name Branding;
- Legal Structures in the Music Industry;
- Analyzing Financial Statements;
- Pitching;
- Developing an Operations Plan;
- How to be an Effective Manager in a Unionized Environment;
- How to Sell in the Music Industry;
- Using Microsoft Suite PowerPoint;
- Marketing: Brand Discovery and Insights;
- Workflow Process Management;
- Brand Discovery & Insights; and
- Business Ethics and Standards.

Training courses and workshops organised for entrepreneurs included:

- Fashion Design & Business Management Training, delivered by Ms. Avis Charles & Mrs. Nketa Safo-Adjei.
- FDA Regulations for US Market;
- Business Fundamentals – Crafting Your Business and Branding;
- Business Fundamentals – Business Strategy;
- Business Fundamentals – Operations;
- Business Fundamentals – Marketing;
- Business Fundamentals – Finance;
- Good Manufacturing Practices;
- Fundamentals of Business;
- WEB 101: Website Design and Development;
- Monif C Fashion Training; and
- How to Start a Small Business.

Through Certification of Exports

During the period April 2018 to March 2019, the BIDC certified a total of 7,526 shipments, accounting for Bds\$349.1 million, generating an increase of 4.1% in the number of shipments and growth of 8.4% in the value of certified exports compared to the previous year. The top certified exports were rum, cement, crude oil, labels, margarine, sweetened biscuits, resistors, pharmaceuticals, margarine & shortening, metals ends, plugs & rings, insecticides, flour, juice drinks, shampoo, precast structures, aluminium cans & ends, soyabean oil, soyabean meal, emulsion paints, intraocular lenses, sails and juices.

A total of 147 companies used the BIDC's certification service during 2018/19. Applications for certification status are required for both new businesses wanting to export their product(s) or existing exporters wishing to add new products to their export portfolio. Over the year under review, the Certification Unit processed 18 applications for certification status: 13 new products, one (1) re-certification of a manufacturer and seven (7) new exporters.

CERTIFIED EXPORTS BY AGREEMENT
2017/18 and 2018/19

Scheme	BDS \$ 2017/18	BDS \$ 2018/19	Change	% Change
C.B.I	\$51,068,089	\$57,846,851	\$6,778,762	13.27
CARIBCAN	\$13,685,305	\$12,298,132	(\$1,387,173)	-10.14
CARICOM	\$244,943,747	\$267,432,550	\$22,488,802	9.18
CARICOM/COLOMBIA	\$15,000	\$0	(\$15,000)	-100.00
CARICOM/CUBA	\$331,395	\$0	(\$331,395)	-100.00
CARICOM/DOMINICAN REP.	\$3,611,759	\$3,415,666	(\$196,093)	-5.43
CARICOM/VENEZUELA	\$483,926	\$151,326	(\$332,601)	-68.73
CARICOM/COSTA RICA	\$4,703	\$0	(\$4,703)	-100.00
GSP	\$4,021,472	\$3,353,411	(\$668,061)	-16.61
OTHER	\$3,832,923	\$4,650,059	\$817,136	21.32
TOTAL	\$321,998,320	\$349,147,994	\$27,149,673	8.43

Source: BIDC's Certification Database

Exports to CARICOM grew by \$22.5 million (9.2%) due principally to improved sales to Jamaica, Guyana and Dominica. Positive performances were also recorded in the markets of Suriname, Antigua and Barbuda, Grenada, St. Kitts and Nevis and St. Vincent and the Grenadines. Exports of cement grew by \$6.7 million (18.2%), while rum shipments increased by \$3.9 million or 47%. Notable performances were also recorded in exports of prefabricated structures, shampoos, retarding creams, juice drinks, soyabean oil, metal ends & rings, bitumen, margarine, dishwashing liquid and baby chicks.

Through Marketing

The growth of exports of locally-made goods will require more than the introduction of Barbadian producers to overseas markets. In fact, market penetration will require local producers to be actively engaged in the markets where they launch their products and offer their services. Attendance at overseas trade shows, product showcases and samplings and the engagement of customers, agents and distributors must become a consistent part of the producer's activities.

CARICOM CERTIFIED EXPORT STATISTICS
2017/18 and 2018/19

	BDS \$ 2017/18	BDS \$ 2018/19	Change	% Change
Guyana	\$44,414,086	\$51,049,557	\$6,635,471	14.9
Jamaica	\$35,563,794	\$56,196,242	\$20,632,449	58
Suriname	\$6,520,097	\$7,421,062	\$900,966	13.8
Trinidad & Tobago	\$68,361,938	\$50,774,939	(\$17,586,999)	-25.7
Antigua & Barbuda	\$13,704,090	\$15,941,336	\$2,237,246	16.3
Anguilla	\$2,840,090	\$1,811,357	(\$1,028,733)	-36.2
Belize	\$2,791,298	\$1,793,422	(\$997,876)	-35.7
Dominica	\$6,308,515	\$13,130,941	\$6,822,426	108.1
Grenada	\$12,556,936	\$15,563,709	\$3,006,773	23.9
St Kitts and Nevis	\$12,506,283	\$13,828,773	\$1,322,490	10.6
St Lucia	\$25,135,919	\$24,933,670	(\$202,249)	-0.8
Montserrat	\$656,811	\$556,483	(\$100,327)	-15.3
St Vincent & The Grenadines	\$13,582,968	\$14,578,734	\$995,766	7.3
CARICOM TOTAL	\$244,942,822	\$267,580,225	\$22,637,402	9.2
MDCs TOTAL	\$154,859,914	\$165,441,800	\$10,581,885	6.8
LDCs TOTAL	\$90,082,908	\$102,138,425	\$12,055,517	13.4

Source: BIDC's Certification Database

As part of its goal to enable a thriving export sector and develop internationally competitive businesses, the BIDC commits resources on an ongoing basis, to exposing local producers to the environment in overseas markets. To this end, the Corporation sponsored the attendance and participation of its clients at

several local, regional and international trade fairs over the last fiscal year and facilitated a trade mission for the graduates of the Export Readiness Programme. Over the fiscal year, support for marketing activities was provided through the Special Technical Assistance Fund to the tune of Bds\$451,924.

Through Market Intelligence

The manner in which Barbados emerges from the economic challenges with which it currently grapples is dependent on its ability to respond to market pressures and capitalise on available opportunities for growth, development and investment. This requires real-time market intelligence to inform the decisions of both the Government and the productive sectors of the country. The BIDC places great emphasis on helping its clients understand what is happening in a market place, what the issues are, what competitors are doing, what customers or consumers are doing and what the likely market potential is for new products or services based on previous activities and responses.

During the year under review, the Corporation prepared sector profiles and country surveys to empower its clients to make informed business decisions. Subscriptions to several online resources were also acquired in order to ensure that Barbadian companies are adequately informed of the goings-on in their markets and with their competitors and customers.

TECHNICAL ASSISTANCE

In a year where retrenchments and austerity measures dampened the economic landscape, the BIDC sought to provide an impetus for business development through the administration of the

Special Technical Assistance Fund. Activities funded under the STA Fund include training and productivity enhancement, marketing, operational redesign, product development and international standards certification.

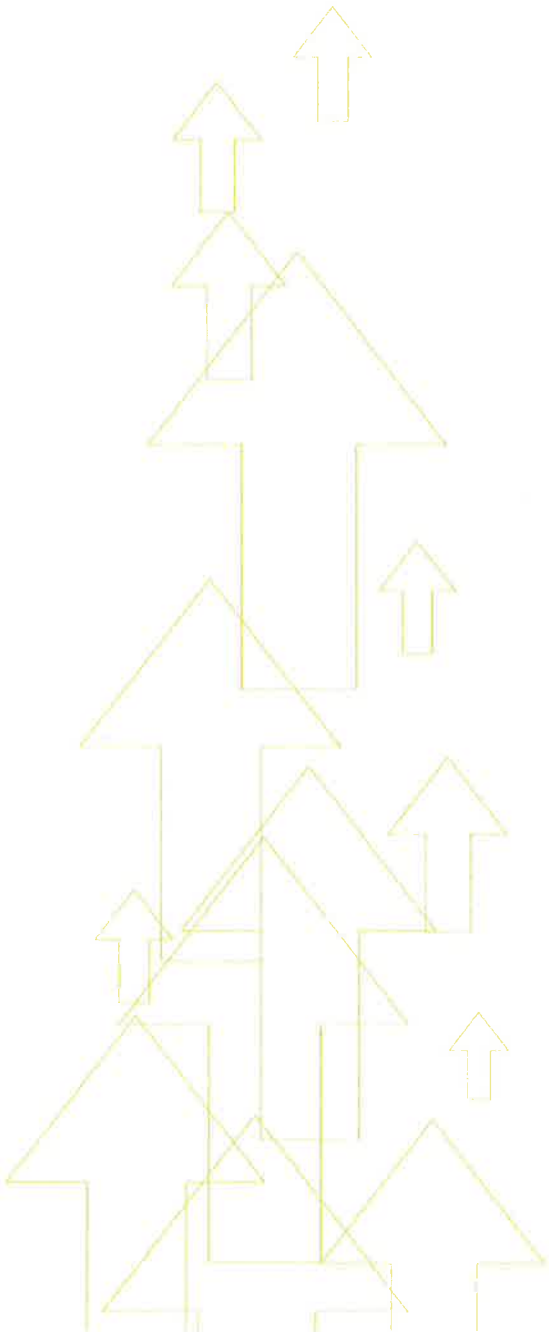
For the period 2018/19, disbursements totalled \$1.2 million, falling by 1.5% compared to the previous twelve months. The principal areas of intervention by the Corporation were marketing, training and productivity enhancement, enhancement programme-BMA/Craft, upgrades to equipment, systems and processes and the acquisition of professional services.

STRATEGIC PARTNERSHIPS

Collaborating with strategic partners allows the Corporation to generate opportunities for its clients in spite of its financial and technical constraints. During the fiscal year under review, the BIDC engaged key stakeholders in key areas of export development, enterprise development, innovation, research and business intelligence and product development:

AREA OF COOPERATION**STRATEGIC PARTNERS**

Agro-processing	Barbados Agricultural Development and Marketing Corporation
Innovation through Science & Technology	University of the West Indies, National Council for Science and Technology
Manufacturing	Barbados Manufacturers' Association Barbados National Standards Institute
Renewable Energy	Producers, Barbados National Oil Company Limited, Barbados Renewable Energy Association
Access to funds for SMEs	Funding Agencies, CDB, IDB
Trade Development and Promotion	Caribbean Export
Business Support	Small Business Association, Barbados Manufacturers' Association, Barbados Chamber of Commerce, Barbados Entrepreneurship Foundation, Barbados Hotel & Tourism Association, Barbados Coalition of Services Industries, Barbados Cultural Industries Development Authority, Barbados Institute of Management & Productivity, Youth Entrepreneurship Scheme
Government	Ministry of Industry, International Business, Commerce and Small Business Development, Ministries of Foreign Affairs & Foreign Trade, Agriculture, Food & Fisheries, Central Bank of Barbados



Consolidated Financial Statements of
BARBADOS INVESTMENT AND DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
March 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Barbados Investment and Development Corporation

Opinion

We have audited the consolidated financial statements of Barbados Investment and Development Corporation (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2019, the consolidated statements of changes in equity, comprehensive loss, and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs).

Basis for Opinion

We 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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group as at and for the year ended March 31, 2018 were audited by another auditor who expressed a qualified opinion on those consolidated statements on February 20, 2019 due to their disagreement as to the treatment of the intragovernmental debt and the classification of the bond payable as a long-term liability.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS for SMEs, 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 consolidated financial statements, management is responsible for assessing the Group'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 either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matter

This report is made solely to the Group, as a body. Our audit work has been undertaken so that we might state to the Group those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group as a body, for our audit work, for this report, or for the opinion we have formed.

KPMG

Chartered Accountants
Bridgetown, Barbados
June 28, 2019



Consolidated Statement of Financial Position

March 31, 2019
(Expressed in Barbados dollars)

	2019 \$	2018 \$
Assets		
Current assets		
Cash and cash equivalents	8,039,520	3,856,384
Cash and cash equivalents (restricted accounts)	4,628,462	4,993,748
Term deposits	616,068	609,631
Accounts receivable	1,545,535	8,315,432
Investments	15,640	15,640
Staff loans	61,090	61,084
Prepaid expenses	7,990	8,392
	<u>14,914,305</u>	<u>17,860,311</u>
Non-current Assets		
Staff loans	176,263	136,988
Sinking fund investment	29,705,978	26,526,831
Property and equipment	65,685,758	69,390,234
	<u>95,567,999</u>	<u>96,054,053</u>
Total Assets	<u>\$ 110,482,304</u>	<u>113,914,364</u>
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	4,924,505	24,585,746
Current portion of long term debt	41,510,946	-
	<u>46,435,451</u>	<u>24,585,746</u>
Long term liabilities		
Long term debt	916,667	39,786,797
	<u>47,352,118</u>	<u>64,372,543</u>
Total liabilities		
Equity		
Capital contributed by Government of Barbados	24,103,331	7,504,087
Sinking fund	29,705,978	26,526,831
Special technical assistance fund	3,750,898	4,036,000
Minority interest	4,839	4,857
Accumulated excess of revenue over expenditure	5,565,140	11,470,046
	<u>63,130,186</u>	<u>49,541,821</u>
Total Liabilities and Equity	<u>110,482,304</u>	<u>113,914,364</u>

See accompanying notes to the consolidated financial statement

Approved on behalf of the Board:



Director



Director

Consolidated Statement of Comprehensive Loss

For the year ended March 31, 2019
(Expressed in Barbados dollars)

	2019 \$	2018 \$
Gross operating revenue:		
Factory space rental	10,436,577	9,821,210
Other income	1,737,397	1,949,938
Revenue grants from Government of Barbados	12,173,974	11,770,948
	11,790,145	12,377,262
Total Revenue	23,964,119	24,148,210
Operating expenses:		
Administration	9,669,528	8,364,597
Bad debts	691,042	392,972
Depreciation	3,976,725	3,955,039
Industrial and training grants	1,082,173	1,357,536
Industrial estates	8,470,626	9,428,319
Interest expense	2,677,483	2,621,435
Loss (gain) on disposal of property and equipment	7,358	(391)
Loss on asset impairment	400,064	2,996,705
	26,974,999	29,116,212
Excess of expenditure over revenue, being comprehensive loss for the year	(3,010,880)	(4,968,002)
Attributable to:		
Equity holders of the Parent	(3,010,862)	(4,967,967)
Minority interest	(18)	(35)
	(3,010,880)	(4,968,002)

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended March 31, 2019
(Expressed in Barbados dollars)

	Capital contributed by Government of Barbados	Fair value reserve	Special Technical Assistance (STA) Fund	Sinking fund	Minority interest	Accumulated excess of revenue over expenditure	Total
	\$	\$	\$	\$	\$	\$	\$
Balance - March 31, 2017	7,504,087	-	4,571,148	25,808,033	4,892	16,621,663	54,509,823
Excess of expenditure over revenue for the year	-	-	-	-	(35)	(4,967,967)	(4,968,002)
Appropriation to special technical assistance fund	-	-	(535,148)	-	-	535,148	-
Appropriation to sinking fund (note 6)	-	-	-	2,277,130	-	(2,277,130)	-
Loss impairment on asset (note 6)	-	-	-	(2,996,705)	-	2,996,705	-
Interest earned on amounts invested (note 6)	-	-	-	1,438,373	-	(1,438,373)	-
Balance - March 31, 2018	7,504,087	-	4,036,000	26,526,831	4,857	11,470,046	49,541,821
Excess of expenditure over revenue for the year	-	-	-	-	(18)	(3,010,862)	(3,010,880)
Appropriation to special technical assistance fund	-	-	(285,102)	-	-	285,102	-
Appropriation to sinking fund (note 6)	-	-	-	2,277,090	-	(2,277,090)	-
Loss impairment on asset (note 6)	-	-	-	(400,064)	-	400,064	-
Capital contribution (note 11)	16,599,244	-	-	-	-	-	16,599,244
Interest earned on amounts invested (note 6)	-	-	-	1,302,121	-	(1,302,121)	-
Balance - March 31, 2019	24,103,331	-	3,750,898	29,705,978	4,839	5,565,139	63,130,185

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

March 31, 2019
(Expressed in Barbados dollars)

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Excess of expenditure over revenue for the year		(3,010,880)	(4,968,002)
Adjustments for:			
Depreciation	7	3,976,725	3,955,039
Loss (gain) on disposal of property and equipment		7,358	(391)
Loss on asset impairment – Sinking Fund	6	400,064	2,996,705
Interest income		(1,308,427)	(1,444,896)
Interest expense		2,677,483	2,621,435
Adjusted excess of revenue over expenditure before working capital changes		2,742,323	3,159,890
Decrease (increase) in accounts receivable		2,794,358	(389,816)
Increase in staff loans		(39,282)	(82,496)
Decrease in prepaid expenses		402	3,743
Increase in accounts payable and accrued liabilities		913,542	3,794,218
Net cash from operating activities		<u>6,411,343</u>	<u>6,485,539</u>
Cash Flows used in Investing Activities			
Purchase of sinking fund investments	6	(3,579,211)	(3,715,503)
Additions to development projects	7	(186,373)	(449,438)
Additions to property and equipment	7	(93,276)	(7,000)
Interest received		1,301,990	1,446,717
Proceeds on disposal of plant and equipment		44	391
Net cash used in investing activities		<u>(2,556,826)</u>	<u>(2,724,833)</u>
Cash Flows used in Financing Activities			
Interest paid		-	(2,621,435)
(Decrease) increase in deferred revenue		(36,667)	993,333
Net cash used in financing activities		<u>(36,667)</u>	<u>(1,628,102)</u>
Net increase in cash and cash equivalents		3,817,850	2,132,604
Cash at beginning of year		8,850,132	6,717,528
Cash at end of year	3	<u>12,667,982</u>	<u>8,850,132</u>

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

March 31, 2019
(Expressed in Barbados dollars)

1. Incorporation and Parent Company

Barbados Investment and Development Corporation (the "Corporation" or "BIDC") was established under the Barbados Investment and Development Corporation Act 1992-30 for the purpose of developing Barbados' industrial, off-shore financial, export and other related activities.

With effect from December 1, 1992, the assets and liabilities of the former Barbados Industrial Development Corporation and the former Barbados Export Promotion Corporation (BEPIC) were transferred to the Barbados Investment and Development Corporation (BIDC).

The Corporation's principal place of business is located at Princess Alice Highway, St. Michael, Barbados.

The subsidiaries are Islandcrafts (Barbados) Limited and Newton Business Park Project Company Limited (NBPPCL). Islandcrafts (Barbados) Limited was incorporated under the Companies Act of Barbados on September 03, 1998, and commenced operations on April 19, 1999. It is 87.96% owned by the Corporation and ceased operations on October 31, 2016. The principal activity of this subsidiary was the sale and marketing of indigenous handicraft items. The regulatory wind-up process for this subsidiary has been initiated.

NBPPCL was incorporated on June 12, 2001 as a Special Purpose Vehicle Company established under a Build Own Transfer (BOT) arrangement set up to carry out construction works at the Newton Business Park Project – Phase 1. It is a wholly owned subsidiary of Barbados Investment and Development Corporation. The regulatory wind-up process for this subsidiary has been initiated.

BIDC is a statutory organization which is reliant on subventions from the Government of Barbados to assist the funding of its operations and these consolidated financial statements have been prepared on the going concern basis with the expectation that adequate funding will continue to be provided for the foreseeable future. The Board of Directors have no reason to believe that the current level of subventions will not continue for the foreseeable future.

2. Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements of Barbados Investment and Development Corporation, (the "Group"), have been prepared on the historical cost basis in keeping with local statutory requirements and in accordance with the requirements of the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and those of its wholly owned subsidiaries, IslandCrafts (Barbados) Inc. and Newton Business Park Project Company Limited for the year ended March 31, 2019. Subsidiaries are all entities (including special entities) over which the Group has the power to govern in the financial and operating policies so as to obtain benefits from its activities. Inter-company transactions, balances and unrealised gains on transactions with subsidiaries, which are related parties, are eliminated in full.

Notes to the Consolidated Financial Statements

March 31, 2019
(Expressed in Barbados dollars)

2. Significant accounting Policies (continued)

(c) Foreign currency translation

Functional and presentation currency

These consolidated financial statements are prepared in Barbados dollars, which is the Group's functional currency. All financial information presented in Barbados dollars has been rounded to the nearest dollar.

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

(d) Use of estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS for SMEs requires management to make subjective estimates, assumptions and judgments that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable.

Key sources of estimation uncertainty include: determination of fair value of financial instruments, the impairment of accounts receivable, property and equipment and development projects, and litigation provisions. Further, sources of estimation uncertainty relating to pensions have been disclosed in notes 16 and 18. Accordingly, actual results may differ from these and other estimates thereby impacting our future consolidated financial statements. 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.

(e) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held at call with other banks with original maturities of ninety days or less.

(f) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, and discounts. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Consolidated Financial Statements

March 31, 2019
(Expressed in Barbados dollars)

2. Significant accounting Policies (continued)

(ii) Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(iv) Rental Income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(v) Deferred revenue

Deferred revenue is disclosed as a long-term liability in the consolidated financial statements where advanced payments have been received and the associated services are expected to be delivered past 12 months. The unwinding of the deferred revenue is recognised in the consolidated income statement as the services are provided and revenue is earned.

(g) Property and equipment and development projects

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Development projects are investment properties principally comprising office and factory buildings, held for rental yields and are not occupied by the Group. Development projects are stated at historical cost less accumulated depreciation and impairment losses. Such an investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Subsequent costs for property and equipment and development projects are included in the asset's carrying amount 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the remaining property and equipment and development projects is provided on the straight line method at rates which are calculated to write the assets off over their expected useful lives as follows:

• Buildings	2.5% per annum
• Furniture and fittings	10% per annum
• Computer hardware	33.3% per annum
• Computer software	100% per annum
• Machinery and equipment	10% per annum
• Vehicles	20% per annum

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Barbados dollars)

2. Significant accounting Policies (continued)

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

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. (Note 2(i))
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of comprehensive loss.

Costs incurred which are directly attributable to capital projects are categorised as construction in progress and capitalised. If it is determined that capitalised costs are no longer justifiable, the related costs are written off and charged to the consolidated statement of loss.

Construction in progress is not depreciated until the asset has been completed and brought into operational activity. None of the property and equipment and development projects are currently pledged as security. Assets taken over from the former BIDC and the former BEPC are being depreciated over their remaining useful lives.

(h) Government Grants

Government grants are generally not recognised until there is reasonable assurance that the Corporation will comply with the conditions attaching to them and that the grants will be received. Specifically, government grants whose primary condition is that BIDC should purchase, construct or otherwise acquire non-current assets are recognised once all related performance conditions are met.

Government grants are received as follows:

- (a) A grant that does not impose specified future performance conditions on the recipient is recognised in income when the grant proceeds are receivable.
- (b) A grant that imposes specified future performance conditions on the recipients is recognised in income only when the performance conditions are met.
- (c) Grants received before the revenue recognition criteria is satisfied are recognised as a liability.

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive loss.

(j) Accounts receivable

Trade receivables are carried at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts at the year end. The provision for doubtful receivables is based on the specific identification of doubtful receivables. Additions to the provision are charged to current operations. As receivables become uncollectible, they are written off against the provision.

(k) Employee benefits

Employee entitlements to annual leave, gratuities and sick pay are recognised when they accrue to employees. A provision is made for the estimated liability for these entitlements as a result of services rendered by employees up to the reporting date. Other entitlements such as salaries and national insurance scheme contributions are recognised as a liability when earned by employees, net of payments made, and charged as an expense.

(l) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities principally comprise amounts outstanding for trade purchases and ongoing costs. These are non-interest bearing with the exception of amounts due in respect of land tax.

Notes to the Consolidated Financial Statements

March 31, 2019
(Expressed in Barbados dollars)

2. Significant accounting Policies (continued)

(m) 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 are charged to the consolidated statement of comprehensive loss on a straight-line basis over the period of the lease.

(n) Financial instruments

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

(i) Financial assets

The Group's financial assets are classified as basic financial instruments and comprise cash and cash equivalents, term deposits, accounts receivable, investments and staff loans.

(ii) Financial liabilities

The Group's financial liabilities are classified as other financial liabilities and are measured at amortised cost using the effective interest method. At the reporting date, the following items were included in other financial liabilities: accounts payable and accrued liabilities; and long term debt.

(o) Taxation

Under the Barbados Investment and Development Corporation Act, the Group is exempt from payment of all taxes on income.

3. Cash and Cash Equivalents and Term Deposits

Cash and bank balances
Cash and bank balances (restricted accounts)
Cash equivalents (restricted accounts)

	2019	2018
	\$	\$
Cash and bank balances	8,039,520	3,856,384
Cash and bank balances (restricted accounts)	4,137,029	4,502,315
Cash equivalents (restricted accounts)	491,433	491,433
	12,667,982	8,850,132

The following restrictions have been placed on certain bank and term deposit accounts:

- One current account and one term deposit together amounting to \$3,750,898 (2018: \$4,036,000) have been restricted to provide special technical assistance (STA) to the manufacturing sector (note 10). These funds have been allocated to the Corporation to provide business development and technical support to the manufacturing, export, craft and small business sector once certain criteria are met.
- One of the current accounts amounting to \$375,035 (2018: \$528,466) has been restricted to capital projects. Funds raised through the sale of buildings and lands are generally reinvested into capital assets.
- The vehicle loan revolving account amounting to \$502,529 (2018: \$429,283) has been restricted to car loans. These amounts enable access to vehicle loans to qualifying employees meeting certain criteria. (See note 5)

The short term deposits earn interest at rates varying from 0.5% - 3.75% (2018 0.5% - 3.75%) per annum.

Term deposits with original maturity dates greater than 90 days but less than one year, total \$616,068 (2018: \$ 609,631).

Notes to the Consolidated Financial Statements

March 31, 2019
(Expressed in Barbados dollars)

4. Accounts Receivable

	2019 \$	2018 \$
Tenants rent receivable	5,227,082	4,148,131
Government Grants receivable (i)	-	7,401,103
Other	851,016	695,034
	6,078,098	12,244,268
Less: Allowance for doubtful accounts	(4,532,563)	(3,928,836)
Accounts receivable - net	<u>1,545,535</u>	<u>8,315,432</u>

(i) Correspondence dated January 31, 2019 and issued by the Ministry of Finance, Economic Affairs and Investment (MOFEI), directed all State Owned Enterprises and public bodies to write off all intragovernmental debt prior to September 1, 2018. Such debt included budgetary transfers which had not been received at that date. The Corporation at the reporting date reflected an outstanding subvention of some \$3.9M which was written off as per instructions. Budgetary transfers from the date of the notice are to remain current and as such, there should be no receivables accumulating.

5. Staff Loans

	2019 \$	2018 \$
Emergency Loans < 1 year	4,189	4,968
Vehicle Loans < 1 year	56,901	56,116
Vehicle Loans > 1 year	61,090	61,084
	176,263	136,988
Total Staff Loans	<u>237,353</u>	<u>198,072</u>

A staff member who is experiencing severe financial difficulties may request an unsecured emergency loan. An emergency loan granted to a staff member shall not exceed \$2,000 or 50% of the officer's monthly salary or total wages whichever is lesser, and be repaid within a period of nine (9) months at an interest rate of 6% per annum on the reducing balance. Repayment is made via deductions from the staff member's salary or wages.

Subject to the availability of funds, travelling officers may be granted an interest free loan up to a maximum of \$50,000 for the purchase of a vehicle. Title to said vehicle is retained by the Corporation until the outstanding loan amount is repaid in full. Such loans are repayable within seven years for a new vehicle and five years for a second-hand or reconditioned vehicle, or such lesser period as may be approved. Repayment is made via deductions from the staff member's salary or wages.

Notes to the Consolidated Financial Statements

March 31, 2019
(Expressed in Barbados dollars)

6. Sinking fund investment

In April 2009, the Corporation set up a sinking fund by monthly appropriations from its resources to provide for the repayment of the principal on the RBC Royal Bank (Barbados) Ltd \$38 million loan (US\$19 million) in the year 2022. (See note 8).

The balance in the sinking fund account is made up as follows:

	2019	2018
Balance at beginning of year	26,526,831	25,808,033
Appropriation to sinking fund	2,277,090	2,277,130
Loss on asset impairment	(400,064)	(2,996,705)
Interest earned on amounts invested	1,302,121	1,438,373
Balance at end of year	<u>29,705,978</u>	<u>26,526,831</u>

Represented by:

(a) Investment in term deposits	16,857,438	12,511,142
(b) Government of Barbados treasury note	11,058,438	11,000,000
Less: Accumulated Impairment Loss	(3,396,769)	(2,996,705)
(c) Investment in bonds- Barbados Port Inc.	5,186,871	6,012,394
Balance at end of year	<u>29,705,978</u>	<u>26,526,831</u>

- (a) The term deposits earned interest at various rates of 0.5% to 3.75% per annum during the year (2018: 0.5% to 3.75% per annum).
- (b) In October 2012, a Government of Barbados treasury note was purchased with an interest rate of 6.375% and due to mature on August 31, 2019. Effective October 1, 2018, through the Government debt restructuring plan, the treasury note was reissued for a total of \$11,058,438 which included accrued interest and is now due to mature on September 30, 2053. It bears variable interest over the course of the instrument. Interest is paid quarterly with principal payments scheduled to commence in November 2033.
- (c) The bond investment issued by the Barbados Port Inc. bears interest of 7.50% per annum, and after an initial moratorium on interest repayment, began to pay interest and principal repayment monthly from June 2017. The bond investment will be fully repaid by December 31, 2021.

Notes to the Consolidated Financial Statements

March 31, 2019
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7. Property, Plant and Equipment

Plant, property and equipment comprise the following:

	Development Projects \$	Buildings \$	Furniture equipment and vehicles \$	Total \$
Cost				
Balance at March 31, 2017	161,658,102	2,704,247	3,330,561	167,692,910
Additions	449,438	-	7,000	456,438
Disposals	-	-	(22,263)	(22,263)
Balance at April 1, 2018	162,107,540	2,704,247	3,315,298	168,127,085
Additions	186,373	22,314	70,962	279,649
Disposals	-	-	(19,735)	(19,735)
Balance at March 31, 2019	162,293,913	2,726,561	3,366,525	168,386,999
Accumulated Depreciation				
Balance at March 31, 2017	89,941,831	1,891,943	2,970,301	94,804,075
Charge for the year	3,807,355	68,181	79,503	3,955,039
Disposals	-	-	(22,263)	(22,263)
Balance at April 1, 2018	93,749,186	1,960,124	3,027,541	98,736,851
Charge for the year	3,839,032	68,283	69,410	3,976,725
Disposals	-	-	(12,335)	(12,335)
Balance at March 31, 2019	97,588,218	2,028,407	3,084,616	102,701,241
Net Book Value				
At March 31, 2018	68,358,354	744,123	287,757	69,390,234
At March 31, 2019	64,705,695	698,154	281,909	65,685,758

Notes to the Consolidated Financial Statements

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8. Accounts Payable

Correspondence dated January 31, 2019 and issued by the Ministry of Finance, Economic Affairs and Investment (MOFEI), directed all State Owned Enterprises and public bodies to write off all intragovernmental debt prior to September 1, 2018. The write off under this instruction included amounts of some \$20,575,009 representing land tax and solid waste tax due on our properties.

9. Long Term Debt

Current Portion of Long Term Debt > 1 year

- (a) RBC Royal Bank (Barbados) Ltd. \$38Million Bond Interest due on bond
- (b) Advance rental premium- Barbados Port Inc.

Total Current Portion of Long Term Debt

Long Term Portion < 1 year

- (a) RBC Royal Bank (Barbados) Ltd. \$38Million Bond
- (b) Advance rental premium –Barbados Port Inc.

	2019	2018
	\$	\$
(a) RBC Royal Bank (Barbados) Ltd. \$38Million Bond Interest due on bond	38,733,084	-
(b) Advance rental premium- Barbados Port Inc.	2,737,862	-
	40,000	-
Total Current Portion of Long Term Debt	41,510,946	-
Long Term Portion < 1 year		
(a) RBC Royal Bank (Barbados) Ltd. \$38Million Bond	-	38,793,464
(b) Advance rental premium –Barbados Port Inc.	916,667	993,333
	916,667	39,786,797

- (a) On March 29, 2007, BIDC entered into a US\$19,000,000 non-callable, fixed rate bond to assist with its capital works programme. This bond is due to mature on March 29, 2022, and bears an interest rate of 6.85% per annum. Semi-annual payments of US\$660,345 are made in September and March and there is a moratorium on the principal repayments until year 2022; a sinking fund has been set up from April 16, 2007 to facilitate full repayment in 2022. This bond is guaranteed by the Government of Barbados.

As a result of the Barbados Economic Recovery and Transformation programme, the Corporation was instructed by the Ministry of Finance, Economic Affairs and Investment (MOFEI) by letter dated July 31, 2018 to default on two payments of US\$0.6M interest, in September 2018 and March 2019, towards its US\$19 M loan. As a consequence, the BIDC was issued with a notice of default from the Bond Trustees in correspondence dated October 5, 2018 and further advising that the bonds have become due and payable immediately. Therefore the Corporation has reclassified the Bond as a current liability including unpaid interest at the reporting date totalling BDS \$41.4M.

Based on the ongoing negotiations between the Government of Barbados and the foreign creditors, another US\$4 M in interest could soon be payable as a result of the default. However, the Government of Barbados is negotiating to have all payments for the Bond protracted and interest rates discounted similar to adjustments made to local debt. Until such time as the negotiations are completed, the Corporation will continue to account for the unpaid interest while noting the possibility of future adjustments.

- (b) The Barbados Port Inc. entered into a 25 year term lease commencing February 1, 2018 with an advance premium rent of \$1 Million plus VAT being the rent for the entire term.

Notes to the Consolidated Financial Statements

March 31, 2019
(Expressed in Barbados dollars)

9. Long Term Debt (continued)

The balance in the deferred revenue account is represented below:

	2019	2018
	\$	\$
Balance at beginning of year	993,333	1,000,000
Recognized in consolidated income statement	(36,666)	(6,667)
Balance at end of year	956,667	993,333

10. Special Technical Assistance Fund (STA)

	2019	2018
	\$	\$
Balance at beginning of year	4,036,000	4,571,148
STA receipts	1,875,000	750,000
Other receipts	62,043	-
STA expenditure – recurrent activity	(937,500)	-
STA expenditure – business development activity	(1,284,645)	(1,285,148)
Balance at end of year	3,750,898	4,036,000
Represented by cash at bank (note 3)	3,750,898	4,036,000

11. Capital contributed by Government of Barbados

	2019	2018
	\$	\$
Balance at beginning and end of year	7,504,087	7,504,087
Contributions for the year	16,599,244	-
Balance at end of year	24,103,331	7,504,087

Notes to the Consolidated Financial Statements

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11. Capital contributed by Government of Barbados (continued)

The balance represents capital appropriations from Government for the purchase of land vested in the Corporation by the Government and capital contributions resulting from the intra-governmental write-offs during the financial year ended March 31, 2019. In a letter dated January 31, 2019 issued by the MOFEL, instructions were given to State Owned Enterprises and public bodies to write off all intragovernmental debt prior to September 1, 2018. Such debt includes tax refunds and budgetary transfers which had not been paid at that date.

At September 1, 2018, the Corporation had an outstanding subvention of some \$3.9M and land tax payable to the Barbados Revenue Authority of \$20.5M resulting in a net increase to capital of \$16.6M.

12. Other Income

	2019 \$	2018 \$
Documentation fees	113,364	110,477
Interest	1,308,427	1,444,896
Grant funding	107,300	196,217
Sale of craft supplies	-	3,768
Rental income – training room	8,537	6,904
Miscellaneous	199,769	187,676
	<u>1,737,397</u>	<u>1,949,938</u>

13. Revenue grants

	2019 \$	2018 \$
Revenue grant receivable from Government during the year	-	1,000,000
Revenue grant receipts from Government for STA (note 10)	1,875,000	1,750,000
Revenue grant from Government for STA	<u>1,875,000</u>	<u>1,750,000</u>
Revenue grant from Government for recurrent activity	9,915,145	10,627,262
	<u>11,790,145</u>	<u>12,377,262</u>

In 2018, the difference of \$1 Million between the STA receipts reported in (note 10) and the revenue grant from Government for STA represents funds not received from government for the current period.

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14. Administration expenses

Staff
Premises
Office
Operational
Promotional
Miscellaneous

	2019	2018
	\$	\$
Staff	6,898,705	6,236,960
Premises	563,353	637,256
Office	296,499	273,652
Operational	1,422,363	794,411
Promotional	479,375	416,591
Miscellaneous	9,233	5,727
	<u>9,669,528</u>	<u>8,364,597</u>

15. Industrial Estate expenses

Property management
Contract building maintenance
Staff

	2019	2018
	\$	\$
Property management	677,081	664,067
Contract building maintenance	7,086,603	8,167,990
Staff	706,942	596,262
	<u>8,470,626</u>	<u>9,428,319</u>

16. Related Party Balances and Transactions

Other than amounts disclosed in notes 11 and 13, the following are further balances and transactions with related parties:

	2019	2018
	\$	\$
Directors	36,600	33,200
Senior Management	<u>616,943</u>	<u>591,489</u>

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17. Contingent liabilities and commitments

- (a) The following claims have been filed against the Corporation and remain unresolved:
 - (i) Two personal injury claims;
 - (ii) Two relating to damages for negligence and/or breach of statutory duty;
 - (iii) One unfair dismissal claim which has been referred to the Employment Rights Tribunal. A Notice of the claim has been issued by the Employment Rights Tribunal. However, a hearing date is yet to be set.

The outcomes of these claims are uncertain.

- (b) During 2004, BIDC entered into an implementation agreement with Newton Business Park Project Company Limited and Hafeez Karamath Construction Limited (the contractor) to develop 6.5 acres of BIDC lands at Newton, Christ Church for the purposes of a business park. Under the terms of the Agreement, BIDC leased the land to Newton Business Park Project (NBP) Company Limited for a term of 20 years to construct the business park and sub-lease it back to the BIDC for a term of 20 years less one day. Disputes arose between the contractor and BIDC and on March 23, 2009 the contractor advised BIDC of its intention to submit a claim against the BIDC with regard to the NBP project in the sum of approximately BDS\$10 Million. After failed attempts at arbitration no further legal action was taken by either party. The property developed out of the NBP was subsequently sold and the Board of Directors at its meeting on June 12, 2019 approved the winding up of Newton Business Park Project (NBP) Company Limited, which is ongoing.

- (c) The Board at its meeting of May 20, 2015 agreed to invoke its discretion under Section 8 (1) of the Statutory Boards (Pensions) Act, Cap. 384 by requiring officers in its service who would have attained the age of 60 years, on or before August 31, 2015, to retire as at September 30, 2015.

On July 20, 2015, Mr. Gregory Nicholls on behalf of seven (7) of the staff members recently retired from the BIDC, filed Applications for: (a) an Interim Injunction to restrain BIDC from effecting the retirement of the claimants and that they be allowed to continue in the employment of the service of the BIDC and (b) Judicial Review. The hearing of the application for the Interim Injunction was set for July 28, 2015.

The Court in handing down its decision on December 20, 2017 found that under the applicable provisions, the BIDC was well within its legal authority to exercise its discretion under Section 8(1), to compulsorily retire officers after the age of voluntary retirement, which is sixty (60) years old. The Court agreed with the BIDC that the public policy considerations mentioned were relevant, but also held the view that the particular and individual circumstances of the Claimants were also a relevant consideration. The Court therefore found that the discretion was not properly exercised.

Therefore the Court ruled that although the BIDC had a right to exercise its discretion under Section 8(1), there was insufficient consultation and this entitled the Claimants to an award of damages.

At the request of the Court, the BIDC gave an undertaking to pay the Claimants their pensions and gratuities as if they had been retired on December 31, 2015, per the Board Decision, an action that could not have been taken while awaiting the Court's Decision.

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17. Contingent liabilities and commitments (continued)

(c) (continued)

Submissions in relation to the award of damages was scheduled to be heard on May 04, 2018. The matter was not heard on the aforementioned date and a new date is to be set.

The BIDC filed a Notice to Appeal the decision, disagreeing with the Court's ruling on matters pertaining to: the improper use of the discretion; the requirement to give reasons for the decision; and the existence of procedural legitimate expectation. However, no date for the Appeal Hearing was set, and the Corporation has subsequently entered into settlement negotiations to determine the quantum of the damages. To date the quantum of damages has not been determined.

In light of the above, the Corporation has therefore set up a provision of \$1,237,908 representing the gratuity and pensions payable as at March 31, 2019.

(d) The Corporation is aware of the charges which have been brought against former Minister with responsibility for Industry; the parent Ministry of the Corporation. However, the Corporation is of the opinion that these charges have no direct bearing on its operations, neither do they have any impact on the financial statements of the Corporation. At this stage, the Corporation does not foresee any potential legal action against the BIDC as a result of these allegations.

18. Operating leases

BIDC leases out its property under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	2019 \$	2018 \$
Less than one year	12,200,989	10,240,309
Between one and five years	50,268,074	42,193,071
	62,469,063	52,433,380

Notes to the Consolidated Financial Statements

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19. Sale of Property

BIDC is in the process of selling separate properties which are expected to generate receipts of approximately \$12 million for the Corporation at the following locations:

- Newton Business Park
- Spring Garden Industrial Estate
- Pine Industrial Estate
- Newton Industrial Park

The selling prices for the above properties are all in excess of the current book values for these premises. Subsequent to the year end, the Cabinet of Barbados approved the sales of the properties.

20. Approval of financial statements

These consolidated financial statements were approved by the Board of Directors and authorized for issue on June 28, 2019.

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