

INVEST
BARBADOS 

ANNUAL REPORT 2015



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ABOUT INVEST BARBADOS

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

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

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

MANDATE

- To promote Barbados as a desirable investment location, and attract foreign direct investment.
- To monitor competitive domiciles, clients and markets for new trends and legislative changes, and develop new products.
- To work with other stakeholders to manage and develop the Barbados international business brand.

MISSION

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

In pursuing our mission we will:

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

VISION

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

LETTER OF TRANSMITTAL

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

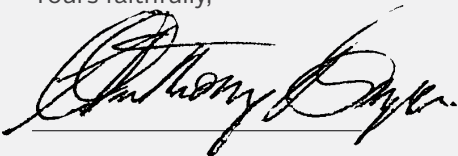
March 30, 2016

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

Dear Minister:

In pursuance of Section 18(1) of the Barbados International Business Promotion Corporation Act, 2005, I have the honour to submit to you, the Corporation's Report and Statement of Accounts for the period April 1, 2014 to March 31, 2015.

Yours faithfully,



Anthony T. Bryan, GCM, J.P.
Chairman

BOARD OF DIRECTORS

The ten members of the Board of Directors are appointed by the Minister with responsibility for IB.

The Board is generally responsible for the administration of the Corporation. The Chief Executive Officer is an ex-officio member of the Board.

During the period April 2014 to March 2015, the Board held 12 administrative meetings. Its members included:

Mr. Anthony T. Bryan, GCM, J.P. – Chairman

Mr. Rodwell London – Deputy Chairman

Mr. Carlton Brathwaite*
(April 2014 - November 2014)

Ms. Debra Gooding

Mr. Randy Graham

Mr. Stephen Greaves

Mr. Everton Walters, CBE, J.P.

Representative, Barbados International Business Association

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

Permanent Secretary, Prime Minister's Office

* Mr. Brathwaite passed away during the year. The Board extended condolences to his family.

EXECUTIVE MANAGEMENT

Ms. Emeline Taitt, B.Sc., M.Sc.

Chief Executive Officer

Mr. Kenneth Campbell, B.Sc., MBA

Director, Investment Promotion

May 2014 - March 2015

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

Director, Investment Facilitation

Miss Sandra Payne, B.Sc., MBA

Director, Research and Development

Miss Jannette Babb, B.Sc., MBA

Manager, Investment Promotion and Facilitation

Mr. Jean-Paul Cumberbatch, B.Sc.

Manager, Research and Development

July 2014 - March 2015

Miss Deborah Gill, B.Sc.

Manager, Finance

Mrs. Michelle Inniss, B.A., M.Sc.

Manager, Human Resources

Mr. Ronald Lewis, B.Sc., M.Sc.

Manager, Information Communication Technology

MESSAGE FROM THE CHAIRMAN



During fiscal year April 2014 to March 2015, IB continued to focus on its mandate to promote Barbados' value proposition as a desirable location for investment, to attract sustainable foreign direct investment (FDI) leading to job creation and the generation of foreign exchange for Barbados, as well as collaborating with stakeholders to manage the country's international business brand.

The Corporation engaged in several initiatives and activities aimed at capitalising on opportunities in existing markets while forging new relationships in non-traditional niche markets. Financial services, information communication and technology (ICT) and niche manufacturing continued to be the main target industries. However, IB also actively explored potential opportunities in growth sectors such as renewable energy and medical tourism.

IB executed its 2014/2015 programme in a global business environment fraught with uncertainty and characterised by ongoing pressure on small international financial centres (IFCs) to adopt ever-changing regulatory policies imposed by developed nations and source markets. Such actions were motivated by their need to retain a share of the wealth generated by IFCs generally, and by multinational corporations, in particular. This, coupled with a sluggish domestic economy and systemic bureaucracy, continued to engage the attention of the resident international business community.

I am pleased to report that despite these challenges, IB recorded another productive year. The Corporation

achieved most of its targets for the period under review. In the area of investment promotion and facilitation, activities were geared towards promoting, landing and facilitating sustainable FDI. Marketing and promotional activities included the execution of several road shows in key cities to inform tax advisors, attorneys and other gate keepers of the Barbados value proposition, and outreach to Latin American clients to showcase the Barbados jurisdiction and the range of wealth management solutions available. At the domestic level, IB continued to work with stakeholders to address investors' concerns regarding the high degree of bureaucracy.

The Corporation continued to gather intelligence on competing domiciles. Barbados' performance as an IFC along with its brand strategy was continuously evaluated and refined. IB also continued to play an active role as a member of several committees including the Joint Policy Working Group, a public/private sector body set up to deal with policy matters impacting the international business sector.

Additionally, as a key strategic partner of the Barbados International Business Association (BIBA), IB was pivotal to the planning and successful execution of the annual international business week (IBW) of activities and the conference, in particular.

At the regional level, IB continued to collaborate with the Caribbean Association of Investment Promotion Agencies (CAIPA) in its efforts to build capacity and improve best practices among regional IPAs. The Corporation also maintained its membership of the World Association of Investment Promotion Agencies (WAIPA).

Acknowledged as the largest contributor to corporate tax revenues and the second largest contributor to foreign exchange earnings in Barbados, as well as being a major employer of highly skilled Barbadians, the international business and financial services (IB&FS) sector continues to be a key pillar in the growth and prosperity of the Barbados economy. IB remains committed to identifying and exploiting opportunities for the further development of this vital sector and ensuring that Barbados retains its advantage as a leading domicile of choice.

LOOKING AHEAD


Barbados has earned its rightful place as one of the leading IFCs in the Caribbean and among the top 10 captive insurance domiciles in the world. Such an achievement has been the result of a clear policy and strategy to position Barbados as a reputable, transparent jurisdiction that attracts businesses of substance which utilise our ever expanding network of double tax treaties.

However, much remains to be done if Barbados is to realise the vision outlined in the Strategic Plan for the International Business Sector, to become “the international financial and wealth management centre of choice in the Western Hemisphere.” While competition and external threats are inevitable, IB and all stakeholders must continue to work together to ensure that the local environment remains conducive to the conduct of international business. Efficiency, excellence and implementation must be our mantra.

IB will continue to be bold and strategic in our approach as we strengthen existing networks in established markets in North America and Europe, in particular the UK, while simultaneously forging closer linkages in select niches within Latin America and Africa to generate new business for Barbados. Together with our strategic partners, we will build on past successes to ensure that Barbados remains top of mind and continues to offer a compelling case for astute investors.

I thank my fellow directors and the management and staff of IB for their commitment and dedication. In particular, Chief Executive Officer, Ms. Emeline Taitt should be commended for her vision and foresight in taking the Corporation forward.

I remain confident that with God's guidance, your ongoing support, and that of our strategic partners, we will secure greater levels of sustainable FDI and international business for Barbados.



Anthony T. Bryan, GCM, J.P.
Chairman



Lenstec Manufacturing Facility



Barbados Fertility Centre - IVF Technology

ORGANISATIONAL STRUCTURE AND STRATEGIC PLAN

The Chief Executive Officer (CEO) is responsible to the Board of Directors for the operations and administration of the Corporation. Ms. Emeline Taitt continued her tenure in this post during the year.

The Corporation closed its UK office at the end of June 2014. Consequently, Senior Business Development Officer, Mr. Jean-Paul Cumberbatch, was relocated to Head Office and assigned to the Research and Development Division. Business enquiries from the UK and Europe were redirected to the Barbados office which maintains ongoing oversight of activities in this market. Operations of the offices in Toronto and New York continued seamlessly.

The Corporation's Strategic Plan for 2014-2015 outlined marketing initiatives in keeping with the strategic focus of the organisation, namely, investment promotion and facilitation and assisting with the management of the Barbados international business brand. Specific initiatives were designed to attract new business and facilitate existing entities to increase foreign direct investment, jobs, foreign exchange earnings and taxes for Barbados.

While the plan continued to focus primarily on attracting investment in the traditional areas of financial services, ICT and niche manufacturing, it also incorporated initiatives to explore investment opportunities in health tourism and alternative energy.

A strategy to target new markets in Latin America, in particular, Colombia, Mexico and Panama for wealth management services, was also developed. The strategy included the ongoing lobby for improved airlift from Latin American countries to facilitate doing business with this region. Additionally, the plan identified programmes designed to protect and strengthen Barbados' international business brand while highlighting the domicile as a quality jurisdiction.

OPERATING ENVIRONMENT

The IMF's World Economic Outlook (WEO) for 2014 predicted a slight moderation in global growth for the first half of the year.

Nevertheless, the outlook remained positive with global growth projected to strengthen to 3.6% in 2014 and a further increase to 3.9% in 2015. In advanced economies, growth was expected to increase to approximately 2 ¼% in 2014/2015, representing an improvement of about 1 percentage point over the 2013 figure. Prospects appeared even brighter for emerging markets and developing economies where growth was projected to increase gradually from 4.7% in 2013 to about 5% in 2014 and 5 ¼% in 2015.

Regionally, subdued growth of 2 ½ % was predicted for Latin America and the Caribbean in 2014. The report further stated that growth in the Caribbean remained constrained by high debt levels and weak competitiveness. However, modest recovery was expected in the tourism-dependent economies during the year as tourism flows improved.

With respect to FDI flows, UNCTAD's World Investment Report (WIR) 2015 noted that global FDI inflows fell by 16% to US\$1.23 trillion in 2014, down from US\$1.47 trillion in 2013.

UNCTAD's outlook for 2015 suggested that there would be an upturn in FDI flows in 2015 to US\$1.4 trillion and a further increase to US\$1.5 trillion in 2016. Nevertheless, both the WIR and the WEO cautioned that this recovery was still fragile, with the WIR indicating that it could be disrupted by a number of economic and political risks including ongoing uncertainties in the Eurozone, potential spillovers from geopolitical tensions and persistent vulnerabilities in emerging economies.

Meanwhile, the FDI Report 2015 noted that real estate was the leading sector for FDI in 2014, followed by the coal, oil and natural gas industries. In terms of project numbers, software and IT services, business and financial services continued to be the top three sectors, accounting for 36% of the number of FDI projects globally. However, there was a 16% decline in the number of FDI projects in Latin America and the Caribbean during 2014. Of the top 10 countries in the region, only Panama experienced growth in the number of FDI projects at 19%.

Although Barbados' IB&FS sector continued to expand, a number of external factors including a further Moody's downgrade of the country's credit rating from Ba3 to B3, contributed to the ongoing sluggish performance of the economy in 2014, with only marginal growth recorded compared to negative growth in 2013. Government's implementation of the Medium Term Growth and Development Strategy at the end of the previous year, while expected to reduce the fiscal deficit to below 3% by the end of the 2014/15 fiscal period, fell short of this target with a deficit of 7.2% of GDP being recorded for the period. However, economic projections for 2015 remained cautiously optimistic.

During this period, Barbados' international banking sector began to feel the effects of the Canadian government's new policy, introduced in 2013, which denied private offshore banks tax benefits similar to those granted to offshore Canadian bank subsidiaries, unless the Canadian parent was a regulated bank in Canada. As a consequence, a few Canadian private banks closed their Barbados operations. Others transitioned to IBCs in order to facilitate the ongoing conduct of their business in Barbados, thus minimising the potential negative impact for the country.

At the same time, increasing pressure from the Canadian



Signing of Barbados/Rwanda DTA

authorities regarding compliance and risk management issues resulted in the refusal of some commercial banks to conduct business with foreign corporations which did not satisfy certain criteria - specifically, those foreign corporations without a physical presence in a country where the Canadian bank or any of its affiliates operate. An exemption would be granted only where the parent company had revenues and assets over a stipulated amount and where the parent was governed by Financial Action Task Force regulations.

These developments were cause for considerable concern among stakeholders of Barbados' international business sector as it was anticipated that many small Canadian owned IBCs, the foundation of the industry, would be impacted by this policy. Also on the international front, the increasing focus on the Base Erosion and Profit Shifting (BEPS) initiative was engaging the attention of small IFCs including Barbados.

Barbados' DTA with Singapore was entered into force while DTAs with the UAE and Rwanda were signed during

the year. A Protocol to the Barbados/Botswana DTA was signed and the Protocol to the Barbados/Malta DTA was entered into force. Additionally, the TIEA with South Africa was entered into force and a Barbados/ Colombia TIEA was signed during the review period.

Legislative changes to enhance the development of the IB&FS sector were put in train. The Corporate and Trust Services Providers Act designed to regulate the operations of local service providers, was enacted. Amendments to the IBC Act were passed to facilitate indefinite licensing of these entities. In addition, amendments to the Mutual Funds/Hedge Fund Act as well as to the Foundations Act were under review. The results of a feasibility study regarding the establishment of a regional arbitration centre in Barbados were released. The study recommended that the centre should be established.

Amidst ongoing concerns regarding the need for improved levels of performance in the public and private sector, particularly in the areas of business facilitation, productivity and service, there was acknowledgement at the highest level that these issues needed to be addressed urgently in order to sustain and grow the IB&FS sector. This sector not only remains a key driver of the Barbados economy, but also plays a pivotal role in helping international companies, especially multinationals to enhance their global competitiveness. Barbados continues to score high international rankings in areas such as global competitiveness-55th worldwide out of 144 countries and 4th in Latin America and the Caribbean; and in terms of transparency - 1st in the Caribbean and Latin America and 17th in the world out of 175 countries.

KEY ACHIEVEMENTS

IB's investment promotion team worked diligently to secure new foreign direct investment, whether through new business starts or expansions of existing operations, and to provide solutions that assist foreign investors to enhance their global competitive advantage.

The team worked with relevant stakeholders to facilitate registrations of new financial services entities. Registrations of international business companies, international societies with restricted liabilities, international trusts, exempt and qualifying insurance companies, and exempt management companies for the financial year ending in 2015 totalled 540. Although 5% less than the result recorded for the same period in 2014, the figure surpassed this year's target of 500 new registrations by over 7%.

Of the new registrations of financial services entities, 449 (83%) were international business companies (IBCs), 45 (8.3%) were international trusts, 32 (6%) were international societies with restricted liability (ISRLs), 13 (2.4%) international insurance companies - 11 being exempt insurance and two being qualifying insurance companies. One exempt management company was also registered. There were no new registrations of international banks during the review period.

A comparison over the past five years is shown in Figure 1 for new registrations of IBCs, ISRLs, international trusts and international insurance companies – the main types of entities registered.

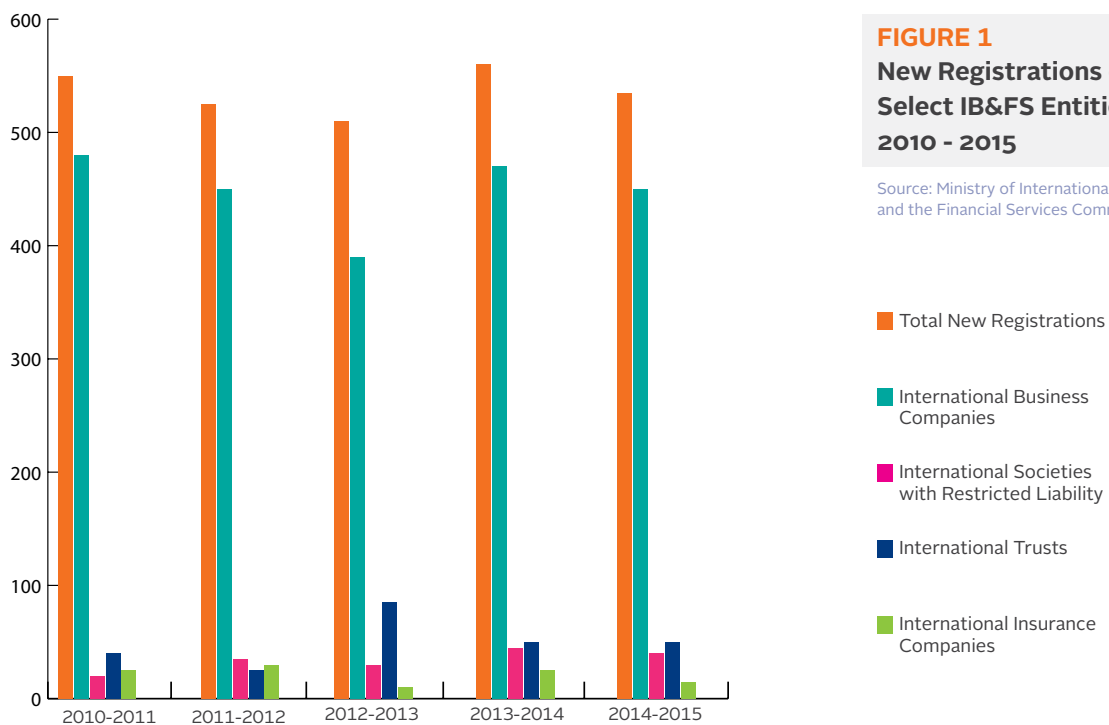


FIGURE 1
New Registrations of Select IB&FS Entities 2010 - 2015

Source: Ministry of International Business and the Financial Services Commission

- Total New Registrations
- International Business Companies
- International Societies with Restricted Liability
- International Trusts
- International Insurance Companies

The Corporation continued the data collection project to estimate the annual contribution of the IB&FS sector to the Barbadian economy. Compilation of data for the review period is ongoing.

PRINCIPAL ACTIVITIES

The Corporation's main activities revolved around:

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

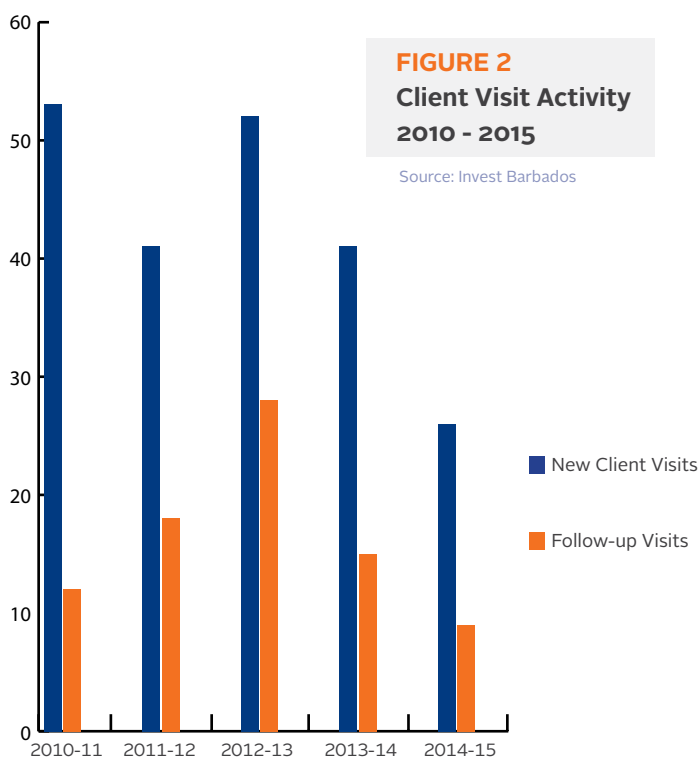
DIVISIONAL ACTIVITIES

Investment Promotion and Facilitation

The Investment Promotion strategy guided activities that led to attracting, winning and sustaining international investment in the areas of financial services and ICT. Through its marketing programme, in partnership with public and private sector stakeholders, 540 new financial services entities were registered. IB also assisted with the establishment of one new non-financial services start-up in the area of ICT. The overseas offices generated 981 new client contacts.

During 2014-2015, the division assisted with 26 new client evaluation visits to Barbados, compared with 43 for the preceding year, a reflection of the prevailing cautious economic climate. These client visits were mainly from the USA and Canada. Officers also facilitated nine follow-up evaluation visits, and the year ended with 3 imminent starts on record in the areas of financial services, manufacturing and international consultancy services. A number of other projects which engaged the division's attention experienced delays during the period.

Figure 2 below, provides an overview of client visits over the past five years.



A number of promotional activities were undertaken during the year, primarily by the Corporation's overseas offices located in New York and Toronto, as well as at headquarters in Bridgetown, Barbados. Activities included seven road shows conducted in the cities of Calgary, Halifax, Toronto (2) and Vancouver in Canada; New York, USA, and Sao Paulo, Brazil. Presentations on the advantages of doing business in and through Barbados were made to 75 tax advisors during these road shows. The division also attended 15 conferences and trade shows, arranged one ministerial seminar and hosted one inward mission to Barbados.



RIMS Conference



IB Week Conference

The inward mission which attracted 11 delegates from Brazil, Costa Rica, Colombia, Mexico, Panama and Venezuela was successfully integrated into the International Business Week Conference organised by IB. This conference continues to be the premier event of the international business week of activities, held annually to highlight the importance of the international business sector to the economy of Barbados. Focusing on Latin America, as reflected in the theme "Bridging the Americas, Barbados...Your Gateway", the Conference which was held at the Hilton Barbados on October 9-10, 2014 attracted 200 attendees and 13 exhibitors.

The programme featured a distinguished roster of 23 speakers, some of whom were drawn from among the LATAM inward mission delegates.

The division also collaborated with the Central Bank of Barbados (CBB) to host the international financial centres conference themed, "IFCs in a Borderless Digital Economy", held on September 11, also at the Hilton hotel. The conference addressed key global issues impacting IFCs and the conduct of business internationally. Approximately 150 delegates including regulators, policy makers, tax advisors, attorneys and other industry professionals attended this event. IB subsequently published an outcome document which was developed jointly with the CBB.



IFCs Conference

IB's facilitation services continued to foster an efficient and enabling business environment conducive to the conduct and growth of international business. Staff actively engaged in resolving several business environment issues affecting international business clients. Two hundred and three clients, including foreign investors and service providers, were visited under the customer care programme.

Officers in the division continued to liaise directly with regulators and other stakeholders, primarily the Central Bank of Barbados, Corporate Affairs and Intellectual Property Office, Customs Department, Immigration Department, the Financial Services Commission, the Barbados Revenue Authority (particularly with respect to corporate tax and VAT returns), the International Business Unit, the Town and Country Planning Development Office in order to resolve client issues and effect an improvement in service delivery.

The widespread level of bureaucracy pervading the system continued to engage the division's attention, with immigration matters again highlighted as the leading cause for concern. IB provided assistance to 56 foreign clients who were seeking to acquire work permits or entry visas, along with eight HNWIs who were granted special entry and reside permits (SEPs). Four other applications for SEPs were still awaiting approval at the end of the review period.

In addition, the division participated in several educational activities for both university and secondary school students aimed at raising awareness of the role of IB and the contribution of the IB&FS sector to the economy of Barbados.



Schools' Outreach Programme

Research and Development

The Research and Development division continued to gather intelligence to influence the marketing strategy of the Corporation, as well as enhance the positioning of Barbados' international business brand. In this regard, the division monitored Barbados' ranking on important global indices and gathered information on competing domiciles including the Bahamas, Bermuda, BVI, Cayman Islands, Hong Kong, Ireland, Mauritius, Panama and St. Lucia, as well as on new and potential markets. Country surveys were prepared and updated for markets including Rwanda, Gabon, Nigeria, Turkey, San Marino and Burkina Faso.

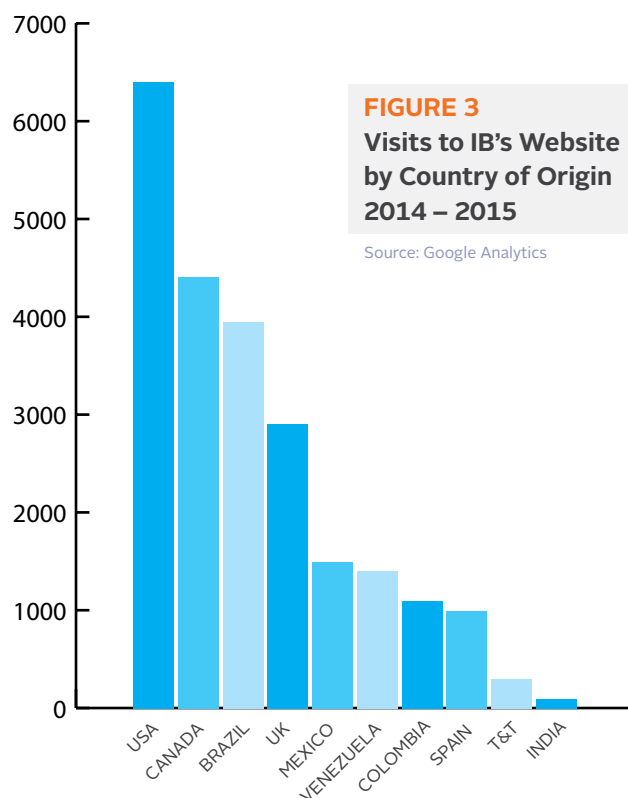
The division also improved the quality of information to internal and external clients in print and online formats. Once again, the Research and Development team successfully collaborated with investors and service providers in the IB&FS sector to produce the seventh edition of the Corporation's annual flagship promotional

publication – the Barbados International Finance and Business magazine. This magazine, which is eagerly anticipated by the industry, is used to promote Barbados as a domicile of choice to international investors. Some 6,500 print copies of this edition were distributed to potential and existing local and international investors, while an electronic version was easily accessible via the Corporation's website.

Additionally, the division continued working to enhance IB's suite of promotional literature. In particular, a brochure was developed on the captive insurance sector in Barbados to further support the marketing activities of the Corporation.

IB's website continues to be an important vehicle for the dissemination of information about the Barbados domicile. Visits to the site for the month of March 2015 were 30% higher than at March 2014. While Barbados' traditional markets - Canada, USA and the UK - remained the main source of visitors, Brazil, Colombia, Mexico, and Venezuela consistently made the list of top ten countries from which visits originated. India also made the list for the first time during the review period.

A list of top ten countries from which visits originated during April 2014 - March 2015 is shown in Figure 3 below.



Support Divisions

Three departments support the core business activities of the Corporation.

The ICT department, which is responsible for the delivery of cutting edge information and communication technology across the Corporation's offices, continued to provide the Corporation's telecommunications, software and technology needs. During the period, the PBX and VOIP systems were upgraded and a new Windows 2012 server installed. This provided for the ongoing delivery of efficient and reliable telecommunications backbone enabling staff to interact with clients and stakeholders in a timely and cost-effective manner. Critical support for the maintenance of the Corporation's CRM database and website also continued.

Having been assigned responsibility for building maintenance matters in 2013, the ICT division played an active role in the integration of shared space on the fourth floor with new occupant, Continental Bank, following the consolidation of IB's main operations onto the third floor during the previous year.

The HR department continued to use best practices to ensure the effective deployment of the Corporation's human resources. A number of staff promotions occurred during the period, as follows:

- Ezra Catwell, Manager IPF - promoted to Director, Investment Facilitation
- Kenneth Campbell, Manager, North America - promoted to Director, Investment Promotion
- Jean-Paul Cumberbatch, Senior Business Development Officer - promoted to Manager, Research & Development

- Leslie Gittens, Business Development Officer - promoted to Senior Business Development Officer
- Wendy Taylor-King, Secretary, NYO - promoted to Administrative Assistant

Senior Research Officer, Wainelle Alleyne-Jones resigned from the Corporation in October 2014, while Juliette Holder, Executive Assistant, was made redundant due to the closure of the London office.

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

Government's subvention to the Corporation for the year 2014-2015 totalled Bds\$6,421,281. The Corporation's expenditure for the year was Bds\$7,837,931.

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

**Barbados International Business
Promotion Corporation**

FINANCIAL STATEMENTS

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March 31, 2015
(expressed in Barbados dollars)

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS AND THE GOVERNMENT OF BARBADOS

We have audited the accompanying financial statements of **Barbados International Business Promotion Corporation** ("Invest Barbados") which comprise the balance sheet as at March 31, 2015 and the statements of revenue and expenditure, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Barbados International Business Promotion Corporation as at March 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

E. G. Hutson & Co.

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

7th October, 2015

BALANCE SHEET

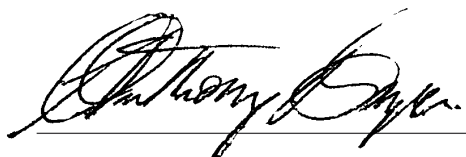
As at March 31, 2015

(expressed in Barbados dollars)

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,499,143	2,638,557
Accounts receivable and prepaid expenses	5	732,251	653,066
		2,231,394	3,291,623
Non-current assets			
Property, plant and equipment	6	797,901	1,053,258
		3,029,295	4,344,881
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		681,093	328,285
Non-current liabilities			
Deferred capital grants	7	797,900	1,053,257
		1,478,993	1,381,542
Equity			
Accumulated excess of revenue over expenditure		1,550,302	2,963,339
		3,029,295	4,344,881

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

Approved by the Board of Directors on 7th October, 2015 and signed on its behalf by:



Anthony T. Bryan - Chairman



Rondell London - Deputy Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2015

(expressed in Barbados dollars)

	\$
Balance at March 31, 2013	4,438,504
Excess of expenditure over revenue for the year	(1,475,165)
Balance at March 31, 2014	2,963,339
Excess of expenditure over revenue for the year	(1,413,037)
Balance at March 31, 2015	1,550,302

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

STATEMENT OF REVENUE AND EXPENDITURE

For the year ended March 31, 2015

(expressed in Barbados dollars)

	Notes	2015 \$	2014 \$
REVENUE			
Revenue grant from Government of Barbados		6,421,281	7,168,837
EXPENDITURE			
Promotional expenses	8	(2,547,796)	(2,710,145)
Staff costs	9	(3,881,960)	(3,893,438)
Office expenses		(130,157)	(123,652)
Operational expenses	11	(416,082)	(858,393)
Miscellaneous expenses		(1,548)	(4,789)
Premises		(829,369)	(1,075,647)
		(7,806,912)	(8,666,064)
Finance income	12	3,850	15,365
Finance costs	12	(34,869)	(13,804)
Finance income - net		(31,019)	1,561
Excess of expenditure over revenue before the following items:		(1,416,650)	(1,495,666)
Gain/(loss) on disposal of property, plant and equipment		(5,955)	20,460
Depreciation	6	(263,101)	(280,174)
Amortisation of capital grants	7	272,669	280,215
Excess of expenditure over revenue for the year		(1,413,037)	(1,475,165)

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

STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

(expressed in Barbados dollars)

	2015	2014
	\$	\$
Cash flows from operating activities		
Excess of expenditure over revenue for the year	(1,413,037)	(1,475,165)
Adjustments for:		
Depreciation	263,101	280,174
Amortisation of capital grants	(272,669)	(280,215)
(Gain)/loss on disposal of property, plant and equipment	5,955	(20,460)
Interest income	(3,849)	(15,365)
Operating excess of revenue over expenditure before working capital changes	(1,420,499)	(1,511,031)
Decrease/(increase) in accounts receivable and prepaid expenses	(79,185)	482,359
(Decrease)/increase in accounts payable and accrued liabilities	352,808	(215,815)
Net cash from operating activities	<u>(1,146,876)</u>	<u>(1,244,487)</u>
Cash flows used in investing activities		
Purchase of property, plant and equipment	(17,312)	(167,912)
Interest income received	3,849	15,365
Net cash used in investing activities	<u>(13,463)</u>	<u>(152,547)</u>
Cash flows from financing activities		
Capital grants received	17,312	167,912
Proceeds on disposal of property, plant and equipment	3,613	20,500
Net cash from financing activities	<u>20,925</u>	<u>188,412</u>
Net increase in cash and cash equivalents	(1,139,414)	(1,208,622)
Cash and cash equivalents - beginning of year	2,638,557	3,847,179
Cash and cash equivalents - end of year	1,499,143	2,638,557

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

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

1 ESTABLISHMENT, PRINCIPAL ACTIVITY AND PRINCIPAL PLACE OF BUSINESS

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

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

Significant accounting policies are as follows:

a) Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

The Corporation has chosen not to early adopt standards and interpretations that were issued but not effective for the 2015 reporting year. Management is in the process of reviewing these to determine if any are relevant to the Corporation's operations.

b) Property, plant and equipment

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

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

b) Property, plant and equipment ...continued

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

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

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

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

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

c) Cash and cash equivalents

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

d) Revenue and capital grants

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

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

e) Taxation

The Corporation is not liable to corporate tax.

f) Financial assets

The Corporation has classified its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets. The Corporation's loans and receivables comprise: cash and cash equivalents and other receivables.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

g) Provisions

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

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

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

h) Operating leases

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

i) Foreign currencies

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

j) Pension scheme

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

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

k) Accounts payable

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4 CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Petty cash	2,100	2,840
Imprest accounts	409,144	1,093,229
Recurrent account	597,127	555,545
Call account	490,772	986,943
	1,499,143	2,638,557

5 ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	2015 \$	2014 \$
Staff loans	99,881	75,224
VAT recoverable	327,260	235,097
Other receivables	74,498	82,235
Security deposits	75,609	84,409
Prepaid expenses	155,003	176,101
	732,251	653,066

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

6 PROPERTY, PLANT AND EQUIPMENT

	Office furniture and equipment \$	Computer Equipment and Software \$	Vehicles \$	Leasehold improvements \$	Total \$
AT MARCH 31, 2013					
Cost	825,782	406,989	241,067	1,586,752	3,060,950
Accumulated depreciation	(498,901)	(367,094)	(225,207)	(803,828)	(1,895,030)
Net book amount	326,881	39,895	15,860	782,924	1,165,560
YEAR ENDED MARCH 31, 2014					
Opening net book amount	326,881	39,895	15,860	782,924	1,165,560
Additions	27,522	23,195	66,151	51,044	167,912
Disposals (net book value)	(40)	-	-	-	(40)
Depreciation charge	(72,380)	(28,753)	(16,963)	(162,078)	(280,174)
Closing net book amount	281,983	34,337	65,048	671,890	1,053,258
AT MARCH 31, 2014					
Cost	847,322	417,756	224,759	1,637,796	3,127,633
Accumulated depreciation	(565,339)	(383,419)	(159,711)	(965,906)	(2,074,375)
Net book amount	281,983	34,337	65,048	671,890	1,053,258
YEAR ENDED MARCH 31, 2015					
Opening net book amount	281,983	34,337	65,048	671,890	1,053,258
Additions	7,271	3,640	-	6,401	17,312
Disposals (net book value)	(8,668)	(900)	-	-	(9,568)
Depreciation charge	(73,691)	(12,294)	(13,230)	(163,886)	(263,101)
Closing net book amount	206,895	24,783	51,818	514,405	797,901
AT MARCH 31, 2015					
Cost	827,924	389,068	224,759	1,644,198	3,085,949
Accumulated depreciation	(621,029)	(364,285)	(172,941)	(1,129,793)	(2,288,048)
Net book amount	206,895	24,783	51,818	514,405	797,901

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

7 DEFERRED CAPITAL GRANTS

	2015 \$	2014 \$
Balance - beginning of year	1,053,257	1,165,560
Grants received	17,313	167,912
Amortisation	(272,669)	(280,215)
Balance - end of year	797,901	1,053,257
Total grants received	3,697,205	3,679,892
Accumulated amortisation	(2,899,304)	(2,626,635)
	797,901	1,053,257

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

8 PROMOTIONAL EXPENSES

	2015 \$	2014 \$
Advertising expenses	1,165,618	998,097
Seminars, conferences and trade shows	32,355	53,422
Sales missions and trade shows	702,532	945,979
Market development	459,543	207,210
Other	193,767	278,414
Special Project	(6,019)	227,023
	2,547,796	2,710,145

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

9 STAFF COSTS

	2015	2014
	\$	\$
Salaries, wages and allowances	3,304,352	3,415,853
Medical expenses	167,342	163,607
Other benefits	0	36,818
Pension contributions (note 10)	108,942	90,942
National Insurance	147,412	158,011
Temporary staff	5,369	3,197
Staff training and development	42,057	25,010
Gratuities	106,486	-
	3,881,960	3,893,438

10 PENSION SCHEME

At commencement certain employees previously employed with Barbados Investment and Development Corporation (BIDC) were transferred to the Corporation. These employees participated in a fully insured purchased annuity pension scheme that is operated by BIDC. The premiums paid to BIDC on behalf of those employees during the financial year 2014 - 2015 were charged to operations and amounted to \$72,454 (2013 - 2014 - \$90,942).

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

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

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

11 OPERATIONAL EXPENSES

	2015	2014
	\$	\$
Staff travel	13,118	36,225
Telephone and other communication charges	70,745	80,454
Computer expenses	92,694	92,484
Staff relocation and reorientation visits	62,691	10,683
Professional fees	38,780	485,927
Other expenses	138,054	152,620
	416,082	858,393

12 FINANCE INCOME AND COSTS

	2015	2014
	\$	\$
Finance income		
Interest income on fixed deposit account	3,850	15,365
Finance costs		
Bank charges	(7,795)	(10,531)
Net exchange (losses) gains	(27,074)	(3,273)
	(34,869)	(13,804)
Net finance (loss) income	(31,019)	1,561

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

13 RELATED PARTIES

a) Year-end balances:

	2015	2014
	\$	\$
Receivables from Government-related entities		
Ministry of International Business	-	240
Barbados Investment & Development Corporation	-	196
Central Bank	30,000	4,705
	<hr/>	<hr/>
	30,000	5,141

Payables from Government-related entities

Barbados Investment & Development Corporation	12,076	18,114
Barbados Tourism Authority	4,000	4,000
Central Purchasing Department	572	729
	<hr/>	<hr/>
	16,648	22,843

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

	2015	2014
	\$	\$
Barbados Investment & Development Corporation	72,454	284,954
Central Purchasing Department	6,713	8,098
Barbados Licensing Authority	2,050	3,200
Entities in which Directors of the Corporation have interest	119,525	224,459
	<hr/>	<hr/>
	200,742	520,711

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2015

(expressed in Barbados dollars)

14 FINANCIAL RISK MANAGEMENT

14.1 FINANCIAL RISK FACTORS

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

a) Market risk

i) Foreign exchange risk

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

ii) Price risk

The Corporation is not exposed to any price risk.

iii) Cash flow and fair value interest rate risk

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

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

b) Credit risk

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

c) Liquidity risk

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

14.2 CAPITAL RISK MANAGEMENT

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

14.3 FAIR VALUE ESTIMATES

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


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