



# Annual Report 2011-2012

1st Floor Warrens Office Complex  
Warrens, St. Michael,  
Barbados, W.I.  
BB12001

©2017 Barbados Tourism Marketing Inc.

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the BTMI, or as otherwise permitted herein.

# Table of Contents

## Section 1

Board of Directors & Senior Management .....	5
Chairman's Report .....	6

## Section 2

Performance of the Tourism Sector 2011-12 .....	9
Status of Licensing .....	15

## Section 3

Independent Auditor's Report .....	17
Financial Statements .....	19
Notes to Financial Statements .....	24



## Mission Statement:

To position Barbados as the premier, globally competitive year-round warm-weather destination, contributing to a sustainable quality of life for all Barbadians.

## Vision Statement:

[For Barbados] To become the Caribbean's most sought-after destination within the next five years, delivering an unparalleled quality and consistent experience that is flavoured with Barbadian culture.

# Section 1



## April 2011 to March 2012

### Board of Directors:

Mr. Adrian Elcock	Chairman
Mr. Austin Husbands	Deputy Chairman
Mr. Nicholas Brancker	Member
Mr. Dennis Roach	Member
Mr. Verla DePeiza	Member
Dr. Kerry Hall	Member
Mr. Alvin Jemmott	Member
Mr. Stephen Alleyne	Member
Mr. Colin Jordan	Representative of BHTA
Mr. Levere Richards	Representative of the Barbados Workers' Union
Mr. Andrew Cox	Permanent Secretary, Ministry of Tourism

### Senior Management:

Mr. David Rice	President and Chief Executive Officer
Mr. Neville Boxill	Aviation Consultant
Mr. John Griffith	Director, Finance
Ms. Carol-Ann Jordan	Director, Human Resources
Ms. Averil Byer	Director, Marketing Services
Mr. Ryan Blackett	Director Cruise (Ag.)
Mr. Campbell Rudder	Vice President, Marketing, North America
Mrs. Petra Roach	Vice President, Marketing, United Kingdom
Ms. Cheryl Carter	Vice President Marketing (Ag.), Canada
Mr. Robert Keysselitz	Consultant, Vice President, Marketing Europe <i>(exit: March 2012)</i>
Mr. Walter Stokes	Consultant, Vice President Caribbean and Latin America

### Employee Departures:

Patrick McGuire	Marketing Representative (US - Contract)	February 2010
Marilyn Greaves	Secretary, Los Angeles (US - Contract)	January 2011
Andrea Franklin-Greaves	Senior Business Development Manager (assignment NY)	June 2011
Hayden Coppin	Sports Consultant (Contract)	June 2011
Natalie Waterman	Administrative Assistant (Temp)	August 2011
Sonia Foster	Customer Service Advisor	October 2011
Denisa Forte	Manager, Administration	November 2011
Cicely Annette Gittens	Registry Assistant	December 2011
DeCoursey Jones	Senior Customer Service Advisor (Seaport)	December 2011
Robert Keysselitz	Consultant, Vice President, Marketing Europe	March 2012

# Chairman's Report 2011-2012

Adrian Elcock, Chairman, BTA

## Overview

The recently concluded financial year was a positive one for the Barbados Tourism Authority (BTA), who recorded an increase of 5.5 percent in stay-over visitor arrivals. Almost all markets recorded positive growth in arrivals, thanks to attractive airfare and increased airlift. Strategic BTA marketing initiatives such as the "Barbados Friends and Family Programme" (BFF) also contributed to the island's favourable performance. However, the Board is committed to carefully monitoring the declines in visitor spend to ensure that arrival increases are translating to growth within the local sector.

## Visitor Arrival Performance 2011

Total assets of BDS \$21,799,999 were recorded and the largest component of this was BDS \$14,949,718 which represented grant subvention receivable from the Government of Barbados. At the year ended 2011, an entry for grant receivable was not recorded. Liabilities of BDS \$41,262,859 were recorded and this comprised account payables to local and overseas vendors. The Loan payable consists of the current amount (within twelve months) due to Carnival Corporation for the Bank of Nova Scotia 2008 US\$10.5 million Loan, and the National Insurance Department for the 2011 BDS \$17 million Loan. The non-current amount for the loan payable is BDS \$26.1 million.

The deferred capital grant amount of BDS \$922,062 represents the amortized amount for accumulated grants given to the BTA over its life span. These grants were intended for capital projects and not for operational expenditure.

Revenue recorded was BDS \$90.2 million which was mainly subvention and hotel registration fees of BDS \$77K but expenditure of BDS \$104,636,957 caused a deficit of BDS \$14,636,957.

The deficit at the beginning of the year was BDS \$32,045,342 and by the close of 2012, this deficit increased to BDS \$46,407,784.

## Visitor Arrival Performance 2011

Total visitor arrivals grew by 5.5 percent, or 29,931 visitors, with almost all major markets registering healthy growth during this period.

The United States was the second-highest producer of business, contributing 141,273 arrivals, an increase of 2.8 percent. New incentives such as the BTA's "Barbados Friends and Family Programme" (BFF), and the inaugural non-stop flight from Dallas/Fort Worth by American Airlines have increased stay-over visitor arrivals.

The U.K., while contributing 33 percent of business to Barbados, saw a 1.7 percent or 3,311-passenger fall in visitor arrivals, due to a significant decline in cruise-stay passengers. The U.K. was the only market to record a decrease in arrivals, still it continued to be the main source of visitors to the island. The Caribbean market was the third-largest producer, accounting for 20 percent of the total business to Barbados. Trinidad & Tobago recorded a significant 47.8 percent increase, for a total of 40,434 visitors, driven by attractive fares from Caribbean Airlines.

Canada also had a positive performance, with an increase of 4.4 percent in stay-over arrivals over the previous year. Business from Europe similarly increased by 19.8 percent, with Germany recording 8,809 arrivals, up 15 percent from last year, and Other Europe 25,425 arrivals, up 21.6 percent. An additional service from Condor Airlines in Germany, as well as the TUI Nordic fortnightly charter service out of Sweden, stimulated this positive growth.

## Visitor Revenue Performance 2011

Despite healthy arrival numbers, visitor expenditure for the year 2011 declined when compared to 2010. Average daily expenditure dipped 2.1 percent, from U.S. \$162.86 in 2010 to U.S. \$159.40 in 2011.

Similarly, total expenditure by stay-over visitors during 2011 declined by 1.5 percent, for a total of U.S. \$939 million. The Caribbean and Other Europe were the only two markets to record positive growth over the previous year. Other Europe recoded a moderate 1.3 percent growth, totalling U.S. \$69 million, while the Caribbean grew by 30.4 percent for a total of U.S. \$138 million.

# Sax Study in Brown



# Section 2



# Performance of the Tourism Sector 2011/2012

## Stay-over Arrivals

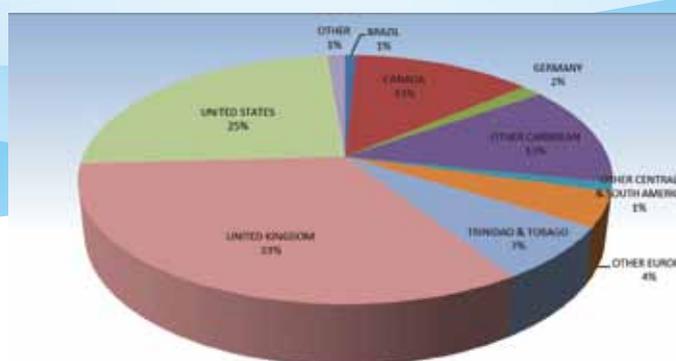
	2010/2011	2011/2012	AB CHG	% CHG
BRAZIL	3502	4651	1149	32.8
CANADA	71196	74322	3126	4.4
GERMANY	7658	8809	1151	15.0
OTHER CARIBBEAN	69043	74650	5607	8.1
OTHER CENTRAL & SOUTH AMERICA	5227	6561	1334	25.5
OTHER EUROPE	20915	25425	4510	21.6
TRINIDAD & TOBAGO	27363	40434	13071	47.8
UNITED KINGDOM	193233	189922	-3311	-1.7
UNITED STATES	137474	141273	3799	2.8
OTHER	7979	7474	-505	-6.3
TOTAL	543590	573521	29931	5.5

According to in-house statistics, the period April 1, 2011 to March 31, 2012 recorded an increase in stay-over visitor arrivals of 5.5% or 29,931 more visitors when compared to the corresponding period of 2010/2011.

There was positive performance in almost all of the markets, ranging from 47.8% (Trinidad & Tobago) to 2.8% (United States).

During this period, there was a decline in visitor arrivals from the United Kingdom (-1.7%) and the category Other (-6.8%).

## Market Performance



The **United Kingdom** market continued to be the main source of visitor arrivals to Barbados, accounting for 33% of business to Barbados with 189,922 arrivals. However, there was a slight decline of 1.7% or 3,311 fewer arrivals when compared with the corresponding period 2010/2011.

The decline in arrivals from this market was due to the significant decline in cruise stay passengers and the reduction in airlift out of the UK.

During the period January to March 2011, the cruise vessels *Azura* and *Venturer* contributed to the majority of cruise stay arrivals to Barbados; however, during the corresponding period of 2012 there was a significant decline of approximately 70%.

The **USA**, the second highest producer of business (25%), contributed 141,273 arrivals, which was an increase of 2.8% (3,799 arrivals). Stay-over visitor arrivals from this market increased due to the new incentives being offered. These incentives such as "The Barbados Friends and Family Programme" (BFF) by the Barbados Tourism Authority (BTA), and the inaugural non-stop flight from Dallas/Fort Worth by American Airlines have increased stay-over visitor arrivals. Increased performances of the American Airlines Miami – Florida flights and American Airlines New York flights also

contributed to the increase in visitor arrivals during this period under review. During the period July to August 2011, JetBlue offered a “red-eye” flight to aid with the increase of visitor arrivals during these summer months.

The **Canadian** market contributed 13% of business for the period under review recording a 4.4% increase when compared with the previous year. Arrivals from Canada totalled 74,322.

The **European** market provided 6% of the arrivals to the overall tourist count. Barbados received a total of 34,234 tourists from Europe, which was an increase of 19.8%.

- There were 8,809 arrivals from **Germany**, an increase of 15% or 1,151 additional visitors. An additional service by Condor Airlines from Germany, contributed to this increase.
- **Other Europe** recorded 25,425 visitors (+21.6% or 4,510 more visitors). The increase in arrivals from Other Europe was mainly due to the TUI Nordic fortnightly charter service out of Stockholm, Sweden.

The **Caribbean** market, the third largest producer, accounted for 20% of overall business with 115,084 arrivals. A significant increase in arrivals of 19.4% (18,678 additional arrivals) was recorded.

- **Trinidad & Tobago** was the highest contributor from this market with 40,434 visitors; a robust increase of 47.8% in arrivals. The increase in arrivals was due to persons leaving Trinidad during Carnival; Barbados being the number one Caribbean destination for Trinidadians –the fare to Barbados was reported to be the lowest in the region; affordable and attractive accommodation; affordable airfare Caribbean Airlines offered US\$39 one way from Trinidad to Barbados during the first quarter; and Trinidadians travelled to the island for sporting activities and other events.
- Arrivals from **Other Caribbean** increased by 8.1% moving from 69,043 during 2010/2011 to 74,650 during 2011/2012.

With 11,212 arrivals, the new and developing market, **South and Central America**, accounted for 2% of the arrivals to Barbados. Overall this market recorded an increase of 28.4% in arrivals.

- **Brazil** was the major contributor from this market with 4,561(an increase of 32.8% or 1,149 more visitors over the corresponding period last year.
- There was also growth in arrivals from **Other South and Central America**; some 6,561 arrivals were recorded; an increase 25.5%.

## Visitor Expenditure

	Average Daily Expenditure US\$				Estimated Total Expenditure US\$			
	2010	2011	Ab Chg	% Chg	2010	2011	Ab Chg	% Chg
<b>US</b>	155.73	151.74	(3.99)	-2.6	210,389,375	200,983,983	(9,405,392.85)	-4.5
<b>Canada</b>	147.89	148.22	0.32	0.2	129,032,229	121,296,136	(7,736,092.99)	-6.0
<b>UK</b>	176.41	170.52	(5.89)	-3.3	384,587,705	366,455,534	(18,132,170.56)	-4.7
<b>Other Europe</b>	194.00	181.29	(12.71)	-6.6	69,062,520	69,928,061	865,541.67	1.3
<b>Caribbean</b>	126.60	141.61	15.01	11.9	106,063,168	138,297,796	32,234,628.39	30.4
<b>Other Countries</b>	223.30	190.54	(32.76)	-14.7	54,588,778	42,195,587	(12,393,191.11)	-22.7
<b>TOTAL</b>	<b>162.86</b>	<b>159.40</b>	<b>(3.46)</b>	<b>-2.1</b>	<b>953,723,775</b>	<b>939,157,098</b>	<b>(14,566,677.45)</b>	<b>-1.5</b>

### Average Daily Expenditure

Estimated average daily expenditure during the year 2011 was US\$159.40, compared to US\$162.86 during the period in 2010, a 2.1% decline in the average daily expenditure between the two periods. Visitors spent between US\$141.61 (Caribbean) and US\$190.54 (other countries category) per day while in Barbados. With the exception of the Canadian and Caribbean markets, individual markets reported declines in average daily expenditure when compared to the period in 2010.

## Estimated Total Expenditure

Total expenditure by stay-over visitors during the 2011 was estimated at US\$939 million; a decline of 1.5% when compared to 2010.

## Cruise

### Objective

Foster stronger relations with key cruise line companies with an aim of making better booking projections while seeking to increase sustainable business thereby increasing average spend per visitor in the short term.

- Clearly define and create a cruise brand.
- Develop a stronger alliance with Cruise based Travel Agents.
- Develop and rejuvenate current product offerings for cruise visitors.
- Develop onshore activities for ships that overnight in Barbados of mutual benefit to the lines.
- Assist in the expansion of home porting and improve the home porting capabilities of the port.
- Seek to develop a southern Caribbean cruise brand.
- Activities for Crew Members - to encourage increased spend and positive WOM about Barbados.
- Create Hotel visit/day pass programs.
- Explore the European cruise market – interest in cruising in UK and Europe is growing; more ships being deployed to this region.
- Design passenger spending initiatives/promotions to encourage more spending in specific outlets.
- Workshops and certification for taxi drivers and accreditation for workers in cruise tourism.
- Create a cruise line incentive program with an attempt to increase market share.
- Quality of the Bridgetown shopping centre, harassment of tourists - maintaining high perceptions of safety.
- Joint marketing efforts with Cruise Lines.
- Fostering closer relationships with governing bodies of Cruise Lines including the FCCA and CLIA.
- Collaborating with local cruise based travel agencies to achieve set goals and to establish a greater presence in the market place.
- Pursue opportunities for on island weddings for cruise passengers.
- The development of a National Tourism Database (NTD) which would replace the current cruise conversion program.
- Cruise Consultation – Bringing together all major partners in the local cruise industry to facilitate discussion on current issues and possible recommendations.
- Develop Cruise and Stay as an integrated element of our promotional mix.
- A systematic pattern of sales related activity to support such packages will be established.
- Barbados for a day will be used as a vehicle to drive on-island spend by selling hotel day passes.
- Creating a partnership with well-established local Tour Operator to develop regional stay and cruise packages.
- Implement programs to maximize visitor satisfaction including meet and greet services.
- Cruise-targeted magazines: Half-page, 4/c ads in titles such as *Mariner*, the magazine published by Holland America that will debut in February 2011, and *Cruise Travel*.
- Incorporate direct marketing value-ads, such as e-blasts, where available.
- Include event-marketing extensions on a value-added basis.

### Summer Programme – Carnival Cruise Lines

The department developed the programme in collaboration with Virgin Holidays. The programme helped to boost arrivals for both long-stay and cruise passenger numbers during the trough summer months.

### Cruise Season Launch

The Barbados Tourism Authority (BTA) officially rang in the launch of the 2011/2012 cruise season on Wednesday November 9, 2011. The launch was staged as two vessels, the *Norwegian Dawn* and the *Carnival Victory*, were docked in the Bridgetown harbour, carrying 6000 passengers between the two, from nations including the United States, Germany, France and Puerto Rico.

The season's launch also coincided with a tour of the Cruise Terminal by a 28-member Chinese delegation, led by Vice Chairman of the Standing Committee of the National People's Congress (NPC) Chen Changzhi, and the Chinese Ambassador to Barbados, Wei Qiang.

### Seven Vessels in on Port's Busiest Day

Seven cruise ships made calls at the Bridgetown Port today, February 10, making the day the busiest for the 2011/2012 cruise season.

Berthed at the port were the Aida Luna, Caribbean Princess, Crystal Symphony, Kristina Katarina, Silver Cloud, Ventura and Freewinds, which brought a total of 12,164 passengers and 4,129 crew to the island's shores.

Of the seven cruise ships, the Aida Luna, Silver Cloud and Ventura will be docked at the Bridgetown Port overnight in order to facilitate the fly/cruise programme.

### Cruise Tourism Task Force

April	69,961	90,532	20,571	29.4
May	20,873	16,073	-4,800	-23
June	18,029	21,701	3,672	20.4
July	19,500	18,056	-1,444	-7.4
August	19,777	22,334	2,557	12.9
September	15,778	15,755	-23	-0.01
October	36,798	21,557	-15,241	-41.4
November	81,548	71,887	-9,661	-11.8
December	123,019	83,504	-39,515	-32.1
January	84,707	81,412	-3,295	-3.9
February	82,757	77,447	-5,310	-6.4
March	90,191	75,956	-14,235	-15.8
<b>TOTAL</b>	<b>662,938</b>	<b>596,214</b>	<b>-66,724</b>	<b>-10.1</b>

The department made a significant contribution to the proposal for the Cabinet Proposal on the restructuring of cruise tourism in Barbados.

### Cruise Arrivals

According to the Barbados Statistical Service (BSS), the Bridgetown Port recorded 596,214 cruise passenger arrivals during the period under review. However, there were some 66,724 fewer cruise ship passengers when compared to the 662,938 passengers recorded during the corresponding period of 2010/11.

There was growth in arrivals during the months of April (29.4%), June (20.4%) and August (12.9%); whereas the remaining nine months recorded declines ranging from 0.01% (September) to 41.4% (October).

### Cruise Calls



The number of cruise ship calls to Barbados during the period under review was reduced by 5 ship calls to 398. The number of calls during this period peaked in January with 68 ships followed by December (65) and March (62).

## Inaugural Cruise Ship Calls

During the period April to March, there were eight (8) inaugural calls at the Port.

DATE	VESSEL	OPERATOR
29-Oct-11	Azamara Journey	Azamara Cruises
13-Nov-11	Mein Schiff 2	TUI Cruises
30-Nov-11	Seabourn Quest	Seabourn Cruise Lines
06-Dec-11	Costa Luminosa	Costa Cruises
29-Dec-11	Marina	Oceania Cruise Lines
11-Jan-12	Kristina Katarina	Kristina Cruises
01-Mar-12	Island Sky	Noble Caledonian
15-Mar-12	Artania	V Ships

## Airlift

### Overview

The slow pace of financial recovery and continued economic uncertainty in many of our primary tourism source markets has produced a global air transport industry focused more on yields than on new route development or broadening their network. Airlines are placing strong focus on routes with high yields, high traffic volumes and low seasonality and are less interested in new destinations especially leisure destinations reliant on consumer confidence and the ability for discretionary spending. Added to this mix are a gradually worsening aviation fuel environment and a rash of new green taxes with the stated objective of reducing "unnecessary travel".

As a result Barbados continues to operate in an extremely competitive and yield conscious environment. Airlines are increasingly reliant on Minimum Revenue Guarantees (MRG's) to provide insurance against the risk involved in operating what they regard as purely leisure routes in the current economic environment.

The Barbados Tourism Authority will for its part will employ a strategy focused on the following objectives.

- i. Protect existing airlift by driving high load factors and satisfactory yields through aggressive and coordinated marketing efforts with the airlines utilizing forward booking and market forecast data;
- ii. Seek to grow capacity on existing routes, introduce new routes in traditional markets and open up new markets in South America and Europe;
- iii. Shift the airlines away from a reliance on MRG's to a relationship based on agreed marketing commitments going forward through demonstrated improvements in load factors, negotiations and more targeted research into market trends.

### United Kingdom

Airline seat capacity out of the United Kingdom increased by 6.8% or 18,406 seats during the period April 1, 2011 to March 31, 2012 when compared to the corresponding period of 2010/11.

#### *British Airways*

The British Airways Gatwick service contributed additional 14,700 seats when five additional flights were introduced bringing the total to twelve per week.

#### *Virgin Manchester*

During the period December to March, the Virgin Manchester service moved from a weekly service to a twice weekly service. This additional weekly frequency with a 451-seat B747 added 7,216 additional seats to the capacity.

### United States

Overall airline seat capacity out of the United States declined by 0.3% or 801 seats during the period under review when compared to the corresponding period 2010/11. The decline in seat capacity is was mainly due to

- The reduction of flights in the American Airlines New York service.
- The discontinuation of the US Airways Philadelphia service.
- The suspension of the American Airlines Puerto Rico summer service during the period May to November.
- The suspension of the US Airways Charlotte service during the months of May, September and October.
- The suspension of the Delta Atlanta service during the period April to December.

However, the impact of the decline in seat capacity was mitigated by:

- increase in capacity on the afternoon American Airlines Miami service;

- jetBlue which offered additional capacity through the introduction of a second daily service out of New York with larger equipment during the months of July and August; and
- the introduction of the American Airlines non-stop Dallas/Fortworth service.

### **Canada**

Seat capacity out of Canada slightly increased by 0.2% or 220 in during the period under review when compared to 2010/11.

Seat capacity on Air Canada's Montreal service decreased by 18.4% or 1,080 seats due to the discontinuation of this service during the months of May, June and July 2011, compared to discontinuation only during the month of May in 2010. However, this decrease on the Montreal route was offset by the increase in seat capacity (1.4% or 1,300 seats) out of Toronto by both Air Canada and WestJet and the operation of the charter service Air Transat which operated during the period January to March 2012.

### **Europe**

Airline seat capacity out of Europe increased by 13.2% or 1,323 seats.

#### ***Condor***

The Condor Frankfurt service continued to be the major airline operating a direct service out of Europe, contributing 9,585 seats. However, there was a decrease in capacity of 4.1% or 405 seats during a reduction of flights during November and December.

#### ***TUI***

However, the slight decrease in capacity out of Germany was offset by the introduction of the TUI winter charter service out of Scandinavia December to February. This service provided 1,728 additional seats.

### **Caribbean**

Airline seat capacity on intra-Caribbean routes increased with the introduction of RedJet services to Trinidad and Guyana.

### **South America**

There was an increase in seat capacity (10.8% or 774 seats) on the GOL service out of Brazil.

## FULLY LICENSED PROPERTIES 2011

HOTELS	NO OF BEDROOMS	APARTMENTS	NO OF BEDROOMS	GUEST HOUSES	NO OF BEDROOMS
Accra Beach	224	Adulo	16	Croton Inn	7
All Seasons/Europa	48	Angler	12	Crystal Waters	10
Almond Beach Club	161	Annjenns	8	Dolphin Inn	8
Almond Beach Village	395	Anthurium Suites	12	Dover Woods	4
Almond Casuarina	227	Battaleys Mews	33	Gibbs Bay Inn	25
Atlantis Hotel	12	Beach View	47	Holders House	6
Bayfield House	10	Best E. - Prospect	12	Hythe Villas	3
Blue Horizon	67	Best E. - Providence	8	Kingsland Palace	11
Blue Orchids Beach	36	Bloomdale Beach	10	Lone Star	4
Bougainvillea Beach Resort	144	Carib Blue	18	Melbourne Inn	18
Butterfly Beach	96	Carvette	8	Merryville	7
Casa Grande	62	Casa de Leo	4	Palm Paradise	7
Cobblers Cove	42	Chateau Blanc	17	Rio	9
Coconut Court	114	Coral Lane	12	Rosomar	8
Colony Club	96	Cotton Beach	7	Round House	4
Coral Mist	35	Four Aces	12	Sea-U	9
Coral Reef Club	93	Fred la Rose	13	Shonlan	13
Coral Sands	31	Give Thanks	6	Winchelsea	4
Courtyard by Marriott	118	Healthy Horizons	11		
Crystal Cove	88	Inchcape Investment Ltd.	16		
Discovery Bay	88	Jendal Villas	5		
Divi Southwinds	145	Karekath	6		
Golden Sands	27	Khrysann - Kingsland	4		
Hilton Barbados	350	Khrysann - Providence	3		
House Hotel (The)	34	Legend Condos	9		
Island Inn	24	Little Bay	10		
Little Arches	10	Mackston	9		
Little Good Harbour	38	Magic Isle	50		
Mango Bay	67	Maresol Beach	21		
Ocean 15 Apt. Hotel	22	Melrose Beach	14		
Palm Garden Apt. Hotel	22	Meridian Inn	16		
Peach and Quiet	22	Miami Beach	19		
Pirates Inn	23	Mirabelle	7		
Rostrevor	60	Mistle Cove	30		
Royal Pavilion	75	Monteray Apt. Hotel	26		
Royal Westmoreland	103	Nautilus Beach	15		
Sandpiper Hotel	51	Nook Apartments	11		
Sandy Lane	128	Ocean Bliss	14		
Sea Breeze	80	Ocean Spray	29		
Settlers	45	Paradise Villas	22		
Silver Point	61	Plum Tree	46		
South Gap	34	Port St. Charles	124		
Southern Palms	90	Regent	5		
Sugar Cane Club	47	Roman Beach	12		
Tamarind	104	Rosebank	12		
Treasure Beach	35	Round Rock	13		
Tropical Winds Apt. Hotel	25	Salt Ash	9		
Turtle Beach	161	Santa Neta	4		
WAVES Barbados	70	Sea Foam Haciendas	20		
Worthing Court	24	Shades	12		
Yellow Bird	18	Southern Surf	18		
		St. James Luxury	17		
		Summer Hayes	8		
		Sun Island	10		
		Sun 'N Sea	3		
		Sunrise Place	12		
		Sunset Sands	4		
		Sunswept Beach	23		
		Tropical Splendour	5		
		Walmer Lodge	10		
		WSB Villas	18		
<b>TOTAL</b>	<b>51</b>	<b>61</b>	<b>987</b>	<b>18</b>	<b>157</b>

# Section 3



# Independent Auditors' Report



## **KPMG**

Hastings

Christ Church, BB 15154

Barbados West Indies

Telephone (246) 434-3900

Fax (246) 427-7123

P. O Box 690C

Bridgetown, Barbados

## **INDEPENDENT AUDITORS' REPORT**

### **To the Government and Members of Barbados Tourism Authority**

We have audited the accompanying financial statements of Barbados Tourism Authority (the "Authority"), which comprise the statement of financial position as at March 31, 2012, the statements of deficit, revenue and expenditure and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

### **Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Auditors' Responsibility, continued**

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2012, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature of the KPMG firm, written in a cursive, blue ink style.

Chartered Accountants  
Bridgetown, Barbados  
April 27, 2017

# Financial Statements

## BARBADOS TOURISM AUTHORITY

### Statement of Financial Position

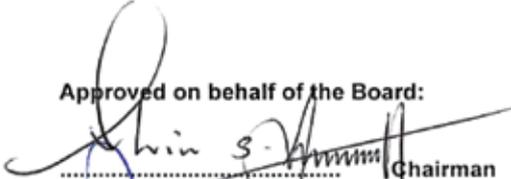
As at March 31, 2012  
with comparative figures for 2011

(Expressed in Barbados Dollars)

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 5,226,980	11,363,120
Accounts receivable		382,658	587,306
Grant receivable	8	14,949,718	-
Prepaid expenses		<u>261,407</u>	<u>1,740,685</u>
<b>Total Current Assets</b>		<b><u>20,820,763</u></b>	<b><u>13,691,111</u></b>
Staff loans, net	7	627,634	578,228
Plant and equipment	11	<u>351,602</u>	<u>460,912</u>
<b>Total Assets</b>		<b>\$ <u>21,799,999</u></b>	<b><u>14,730,251</u></b>
<b>Liabilities and Surplus</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 38,351,520	31,752,608
Loan payable	15	<u>2,911,339</u>	<u>2,170,222</u>
<b>Total Liabilities</b>		<b><u>41,262,859</u></b>	<b><u>33,922,830</u></b>
Loan payable	15	26,022,862	11,936,197
Deferred capital grants	9	922,062	916,566
Deficit		<u>(46,407,784)</u>	<u>(32,045,342)</u>
<b>Total Liabilities and Surplus</b>		<b>\$ <u>21,799,999</u></b>	<b><u>14,730,251</u></b>

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
..... Chairman

  
..... Chief Executive Officer

# BARBADOS TOURISM AUTHORITY

## Statement of Deficit

For the year ended March 31, 2012  
with comparative figures for 2011

*(Expressed in Barbados Dollars)*

---

	<u>2012</u>	<u>2011</u>
Deficit beginning of year	\$ (32,045,342)	(15,122,462)
Excess of expenditure over revenue	<u>(14,362,442)</u>	<u>(16,922,880)</u>
Deficit end of year	\$ <u>(46,407,783)</u>	<u>(32,045,342)</u>

*See accompanying notes to financial statements.*

# BARBADOS TOURISM AUTHORITY

## Statement of Revenue and Expenditure

For the year ended March 31, 2012  
with comparative figures for 2011

(Expressed in Barbados Dollars)

	Notes	2012	2011
<b>Revenue</b>			
Government grant	8	\$ 90,133,690	91,990,076
Hotel registration fees		77,816	88,792
Interest		<u>63,009</u>	<u>42,199</u>
		<u>90,274,515</u>	<u>92,121,066</u>
<b>Expenditure</b>			
Marketing	10	88,649,726	92,013,974
Head Office		7,324,553	7,642,254
Public relations		7,800,096	8,389,730
Quality Assurance		445,191	508,942
Depreciation		245,533	286,727
Exchange adjustments and bank charges		87,582	98,290
Interest expense	15	328,780	354,200
		<u>104,881,461</u>	<u>109,293,914</u>
Amortisation of capital grants	9	<u>(244,504)</u>	<u>(280,652)</u>
		<u>104,636,957</u>	<u>109,044,073</u>
Excess of expenditure over revenue		\$ <u>(14,362,442)</u>	<u>(16,922,880)</u>

See accompanying notes to financial statements.

# BARBADOS TOURISM AUTHORITY

## Statement of Cash Flows

For the year ended March 31, 2012  
with comparative figures for 2011

(Expressed in Barbados Dollars)

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>		
Excess of expenditure over revenue	\$ (14,362,442)	(16,922,880)
Items not affecting working capital:		
Depreciation	245,533	286,727
Amortisation of capital grants	(244,504)	(280,652)
Gain on sale of equipment	-	-
Interest income	(63,009)	(42,199)
Interest expense	<u>328,780</u>	<u>354,200</u>
Operating loss before working capital changes	(14,095,642)	(16,604,804)
(Increase) decrease in accounts receivable	204,648	145,417
Increase in grant receivable	(14,949,718)	-
(Increase) decrease in staff loans	(49,406)	51,867
Decrease (increase) in prepaid expenses	1,479,278	(1,305,454)
Increase in accounts payable and accrued liabilities	<u>6,598,912</u>	<u>10,090,617</u>
<b>Net cash used in operating activities</b>	<u>(20,811,928)</u>	<u>(7,622,357)</u>
<b>Cash flows from investing activities</b>		
Additions to plant and equipment	(136,223)	(52,935)
Interest received	63,009	42,199
Term deposit	-	1,097,351
Proceeds from sale of equipment	<u>-</u>	<u>-</u>
<b>Net cash (used in) from investing activities</b>	<u>(73,214)</u>	<u>1,086,615</u>
<b>Cash flows from financing activities</b>		
Proceeds received from loan	17,000,000	-
Loan repayments	(2,172,218)	(2,170,222)
Capital grant	250,000	-
Interest expense	<u>(328,780)</u>	<u>(354,200)</u>
<b>Net cash from (used in) financing activities</b>	<u>14,749,002</u>	<u>(2,524,422)</u>
Net decrease in cash	(6,136,140)	(9,060,164)
Cash and cash equivalents – beginning of year	<u>11,363,120</u>	<u>20,423,284</u>
Cash and cash equivalents– end of year	\$ <u>5,226,980</u>	<u>11,363,120</u>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 5,226,980	10,265,769
Term Deposits	<u>-</u>	<u>1,097,351</u>
Cash and cash equivalents– end of year	\$ <u>5,226,980</u>	<u>11,363,120</u>

See accompanying notes to financial statements.

# Dark Sky Windmill



# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

---

## 1. Reporting Entity

The Barbados Tourism Authority (the "Authority") is an organization domiciled in Barbados. The registered office of the Authority is located at Harbour Road, St. Michael, Barbados. The Barbados Tourism Authority was first established as the Barbados Board of Tourism under the Barbados Board of Tourism Act 1933-1 which provided for the establishment of a Board of Tourism. Further to this, the Barbados Tourism Authority Act 1955-15 came into operation on November 1, 1995 and replaced the prior Act. Under the terms of the Act, the duties of the Authority are to promote, assist and facilitate the efficient development of tourism and to design and implement suitable marketing strategies for the effective promotion of the tourism industry.

## 2. Going Concern

The financial statements are prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the normal course of business. Due to the economic dependence of the Authority on an annual grant from Government to finance its operations, the going concern assumption is contingent on the continued financial support of Government.

## 3. Basis of Preparation

### a) *Statement of compliance*

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

The financial statements were approved by the Board of Directors on November 24, 2016.

### b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis.

### c) *Functional and presentation currency*

These financial statements are presented in Barbados dollars, which is the Authority's functional currency.

### d) *Use of estimates and judgments*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these statements.

### a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Authority using average exchange rates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the average exchange rate at that date. Foreign currency differences arising on retranslation are recognized in the statement of revenue and expenditure.

### b) Financial instruments

#### Non-derivative financial instruments

Non-derivative financial instruments comprise cash and bank balances, term deposits, accounts receivable, staff loans, accounts payable and accrued liabilities and loan payable.

Cash and cash equivalents comprise cash balances and term deposits with original maturities of three months or less.

Non-derivative financial instruments are recognized initially at fair value.

### c) Plant and equipment

#### Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of plant and equipment have different useful lives they are accounted for as separate items (major) components of plant and equipment.

Gains or losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net in the statement of revenue and expenditure.

#### Subsequent costs

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment is recognized in the statement of revenue and expenditure as incurred.

#### Depreciation

Depreciation is recognized in the statement of revenue and expenditure on a straight-line basis over the estimated useful lives of each item in property and equipment. The annual rates are:-

Equipment	10%, 12.5%, 20%
Furniture, fixtures and fittings	5%, 10%, 12.5%, 20%
Motor vehicles	20%
Improvements to buildings	100%

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

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

---

## 4. Significant Accounting Policies, continued

### d) *Impairment*

#### *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of revenue and expenditure. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

#### *Non-financial assets*

The carrying amounts of the Authority's non-financial assets are reviewed at each reporting date, to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of revenue and expenditure.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognized.

### e) *Employee benefits*

#### *Termination benefits*

Termination benefits are recognized as an expense when the Authority is demonstrably committed without realistic possibility of withdrawal, to a formal plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Authority has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

#### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### f) *Government grants*

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

Grants relating to plant and equipment are deferred and amortized at the same rate as the depreciation on the plant and equipment to which they relate.

### g) *Revenue recognition*

Revenue is recognized on an accrual basis.

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 4. Significant Accounting Policies, continued

### h) Brochures

The cost of brochures and other promotional literature are expensed in the year of purchase.

### i) New standards and interpretations not yet adopted

Below is a list of standards and interpretations in issue at March 31, 2012 that are effective for annual reporting dates beginning after April 1, 2012.

- IFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities (*effective for annual periods beginning on or after January 1, 2013*)
- IFRS 10 – Consolidated Financial Statements (*effective for annual periods beginning on or after January 1, 2013*)
- IFRS 11 – Joint Arrangements (*effective for annual periods beginning on or after January 1, 2013*)
- IFRS 12 – Disclosure of Interests in Other Entities (*effective for annual periods beginning on or after January 1, 2013*)
- IFRS 13 – Fair Value Measurement (*effective for annual periods beginning on or after January 1, 2013*)
- IAS 19 – Employee Benefits [Amended 2011] (*effective for annual periods beginning on or after January 1, 2013*)
- IAS 27 – Separate Financial Statements [2011] (*effective for annual periods beginning on or after January 1, 2013*)
- IAS 28 – Investments in Associates and Joint Ventures [2011] (*effective for annual periods beginning on or after January 1, 2013*)

### j) New standards and interpretations not yet adopted, continued

- IAS 32 – Offsetting Financial Assets and Financial Liabilities [Amendments to IAS 32] (*effective for annual periods beginning on or after January 1, 2014*)
- IFRS 9 – Financial Instruments (*effective for annual periods beginning on or after January 1, 2018*)

The Authority does not believe that the adoption of these standards will have a material financial impact on the financial statements in the period of initial adoption.

## 5. Financial Risk Management

The Authority has minimal exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Authority's exposure to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk, and the Authority's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Authority's risk management framework.

The Authority's risk management policies are established to identify and analyze the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities.

### Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Authority's receivables from employees and other Government institutions.

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 5. Financial Risk Management, continued

### Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

## 6. Staff Loans, net

	<u>2012</u>	<u>2011</u>
Staff Loans	\$ 646,125	596,719
Less: allowance for doubtful accounts	<u>(18,491)</u>	<u>(18,491)</u>
	<u>\$ 627,634</u>	<u>578,228</u>

## 7. Government Grant

	<u>2012</u>	<u>2011</u>
Total grant received during the year	\$89,383,690	91,990,076
Grant for capital expenditure (note)	<u>250,000</u>	<u>-</u>
Revenue grant per statement of income and expenditure	<u>\$90,133,690</u>	<u>91,990,076</u>

As at March 31, 2012 \$14,949,718 (2011: 0) was recorded as a grant receivable from the Government of Barbados.

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 8. Deferred Capital Grants

	<u>2012</u>	<u>2011</u>
<b>Grants received</b>		
Balance – beginning of year	\$ 8,842,272	8,842,292
Capital grants received during the year (note 8)	<u>250,000</u>	<u>-</u>
Balance – end of year	<u>9,092,292</u>	<u>8,842,292</u>
<b>Accumulated amortisation</b>		
Balance – beginning of year	7,925,726	7,645,074
Amortisation for the year	<u>244,504</u>	<u>280,652</u>
Balance – end of year	<u>8,170,230</u>	<u>7,925,726</u>
<b>Net balance deferred</b>		
Beginning of year	\$ <u>916,566</u>	<u>1,197,218</u>
End of year	\$ <u>922,062</u>	<u>916,566</u>

## 9. Marketing Expenditure

	<u>2012</u>	<u>2011</u>
Advertising	\$ 30,817,499	46,888,765
Promotion	46,925,197	34,176,477
Other	<u>10,907,030</u>	<u>10,978,710</u>
	\$ <u>86,649,726</u>	<u>90,043,952</u>

The 2011 comparative figures for marketing expenditure have been reclassified to conform to the current year's presentation.

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 10. Plant and Equipment

Equipment	Furniture	Motor	Improvements	Total	
Cost	and Fittings	Vehicles	to Buildings		
Balance at April 1, 2010	\$ 4,629,141	1,637,591	101,930	3,539,709	9,908,371
Additions	24,685	28,250	-	-	52,935
Disposals	-	-	-	-	-
Balance at March 31, 2011	\$ <u>4,653,826</u>	<u>1,665,841</u>	<u>101,930</u>	<u>3,539,709</u>	<u>9,961,306</u>
Balance at April 1, 2011	\$ 4,653,826	1,665,841	101,930	3,539,709	9,961,306
Additions	91,887	27,726	3,625	12,985	136,223
Disposals	-	-	-	-	-
Balance at March 31, 2012	\$ <u>4,745,713</u>	<u>1,693,567</u>	<u>105,555</u>	<u>3,552,694</u>	<u>10,097,529</u>
<b>Accumulated Depreciation</b>					
Balance at April 1, 2011	\$ 4,120,141	1,461,424	96,393	3,535,709	9,213,667
Charge for the year	235,175	47,630	2,370	1,552	286,727
Disposals	-	-	-	-	-
Balance at March 31, 2011	\$ <u>4,355,316</u>	<u>1,509,054</u>	<u>98,763</u>	<u>3,537,261</u>	<u>9,500,394</u>
Balance at April 1, 2011	\$ 4,355,316	1,509,054	98,763	3,537,261	9,500,394
Charge for the year	199,343	45,118	1,017	55	245,533
Disposals	-	-	-	-	-
Balance at March 31, 2012	\$ <u>4,554,659</u>	<u>1,554,172</u>	<u>99,780</u>	<u>3,537,316</u>	<u>9,745,927</u>
<b>Carrying Amounts</b>					
April 1, 2010	\$ <u>509,000</u>	<u>176,167</u>	<u>5,537</u>	<u>4,000</u>	<u>694,704</u>
March 31, 2011	\$ <u>298,510</u>	<u>156,787</u>	<u>3,167</u>	<u>2,448</u>	<u>460,912</u>
April 1, 2011	\$ <u>298,510</u>	<u>156,787</u>	<u>3,167</u>	<u>2,448</u>	<u>460,912</u>
March 31, 2012	\$ <u>191,054</u>	<u>139,395</u>	<u>5,775</u>	<u>15,378</u>	<u>351,602</u>

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 11. Related Party Transactions

The following related party transactions occurred during the year:

Key management personnel compensation is as follows:

	<u>2012</u>	<u>2011</u>
Board of Directors	\$ 45,600	45,600
Senior Management	341,549	352,632

## 12. Taxation

Under the terms of the Barbados Tourism Authority Act, the Authority is not liable for the payment of any income tax or other tax in respect of its income, revenue or receipts, or any part thereof under any law in force in Barbados.

## 13. Financial Instruments

Financial assets of the Authority include cash and bank balances, term deposits, accounts receivable, and staff loans. Financial liabilities include accounts payable and accrued liabilities and loans payable.

Exposure to credit, market and liquidity risks arises in the normal course of the Authority's business.

### (a) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Authority. The amount of the Authority's maximum exposure to credit risk is indicated in the carrying amounts of its financial assets. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset at the reporting date.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>2012</u>	<u>2011</u>
Accounts receivable, net	\$ 15,332,376	587,306
Staff loans, net	<u>627,634</u>	<u>578,228</u>
	\$ <u>15,960,010</u>	<u>1,165,534</u>

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 13. Financial Instruments, continued

### (a) Credit risk, continued

There was no movement in the allowance for impairment in respect of receivables and staff loans.

		<u>2012</u>	<u>2011</u>
Balance at April 1	\$	18,491	18,491
Impairment loss recognized		<u>-</u>	<u>-</u>
Balance at March 31	\$	<u>18,491</u>	<u>18,491</u>

### (b) Foreign currency risk

The Authority is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency. The currencies giving rise to this risk are primarily Pounds Sterling (GBP) and Canadian Dollars (CAD). The Authority does not take any specific measures to mitigate against this risk. At the reporting date, there were no significant concentrations of foreign currency risk.

### (c) Fair value

The fair values of cash and bank balances, accounts receivable, staff loans, accounts payable and accrued liabilities and loan payable are not materially different from their carrying amounts. The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

		<u>2012</u>		<u>2011</u>	
		<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and bank balances	\$	5,226,980	5,226,980	11,363,120	11,363,120
Term deposit				-	-
Accounts receivable		15,332,376	15,332,376	587,306	587,306
Staff loans, net		627,634	627,634	578,228	578,228
Accounts payable and accrued liabilities		38,351,520	38,351,521	31,752,608	31,752,608
Loan payable		28,934,201	28,934,201	14,106,419	14,106,419

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. All non-financial instruments such as deferred revenue are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the Authority.

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 13. Financial Instruments, continued

### (d) Liquidity risk

The following are the contractual maturities of financial liabilities:

#### Non-derivative financial liabilities

##### March 31, 2012

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>6 Months or Less</u>	<u>6 to 12 Months</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>More than 5 Years</u>
Accounts payable and accrued liabilities	38,351,520	(38,351,520)	(38,351,520)	-	-	-	-
Loan Payable	29,934,201	(44,681,861)	(2,109,724)	(2,109,724)	(4,219,448)	(12,658,344)	(23,584,621)

##### March 31, 2011

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>6 Months or Less</u>	<u>6 to 12 Months</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>More than 5 Years</u>
Accounts payable and accrued liabilities	31,752,608	(31,752,608)	(31,752,608)	-	-	-	-
Loan Payable	14,106,419	(14,106,419)	(1,085,111)	(1,413,890)	(2,170,222)	(6,510,665)	(3,280,731)

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

---

## 14. Loan Payable

On March 9, 2006 the Cabinet of Barbados authorized the following:

- i. The Authority to act on behalf of the Government of Barbados to conclude negotiations with a cruise line company to ensure that the most effective option was chosen to secure cruise ship accommodation for the matches of the International Cricket Council Cricket World Cup 2007.
- ii. The Ministry of Finance to issue a form of guarantee and/or payment acceptable to the cruise line company to secure the vessel for Barbados; and
- iii. The procurement of the use of cruise ship facilities and services under Rule 137A of the Financial Administration and Audit Act Cap 5.

As a result of the Cabinet's decision, the Authority entered into an agreement with the Carnival Cruise Lines, owners of the *Carnival Destiny*, to lease the *Carnival Destiny* for an amount of US\$14,068,000 in order to supplement on-land accommodation for International Cricket Council World Cup 2007.

Under the terms of the lease agreement, the Authority was required to issue two irrevocable bank standby letters of credit in the amount of US\$14,068,000, for the cruise hire and US\$804,000 for onboard target revenue.

In order to comply with the terms of the lease agreement, on May 19, 2006, the Authority entered into an agreement with the Bank of Nova Scotia to provide standby letters of credit in the amount of \$14,772,000 to Carnival Cruise Lines. The financial guarantees covered the charter hire cost of US\$13,968,000 (the lease amount of US\$14,068,000 less initial deposit of US\$100,000) and the potential loss of on-board revenue calculated at US\$804,000. The letters of credit were secured by a letter of comfort from the Government of Barbados.

The Carnival Cruise Lines made draw downs of US\$4,589,384 on January 11, 2007, US\$4,689,383 on February 9, 2007, and on May 2, 2007 on the standby letter of credit, to meet the contractual obligations due to Carnival Cruise lines for the lease of the vessel.

The Authority collected money from the tour operations with respect to the lease of their vessel to their customers. The majority of the money collected from the tour operators was then used to repay the outstanding loan.

# BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2012

(Expressed in Barbados Dollars)

## 14. Loan Payable, continued

The transactions related to the loans obtained are as follows:

	<u>2012</u>	<u>2011</u>
Opening balance	\$ 14,106,419	16,276,641
National Insurance loan proceeds	17,000,000	-
Repayment during the year	<u>(2,172,218)</u>	<u>(2,170,222)</u>
	28,934,201	14,106,419
Current portion	<u>(2,911,339)</u>	<u>(2,170,222)</u>
	\$ <u>26,022,862</u>	<u>11,936,197</u>

### (a) Carnival Loan

The Bank of Nova Scotia loan was due on January 31, 2013. Interest on the loan is charged at a rate of 2.24125%.

Interest expense of \$328,780 (2011: \$354,200) was charged on the loan during the year.

### (b) NIS Loan

The proceeds of the loan was BDS\$17 million and was issued by the National Insurance Board in August 2011. This loan was to assist in the provision of working capital and is guaranteed by a letter of comfort from the Government of Barbados. The interest rate of the loan is 7.75% fixed with semi-annual payments every February and August 1<sup>st</sup> over the life of the loan. The maturity date of the loan is August 1, 2031.

# NOTES

