

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

Financial statements
December 31, 2015

(expressed in Barbados dollars)

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

Statement of financial position

As at December 31, 2015


(expressed in Barbados dollars)

	Notes	2015	2014
Assets			
Current assets			
Cash at bank		1,014,728	1,072,969
Accounts receivable and prepayments		463,199	547,899
Receivable from government	3	<u>1,483,334</u>	<u>815,786</u>
		<u>2,961,261</u>	<u>2,436,654</u>
Non-current assets			
Loans receivable	4	15,630,818	16,598,678
Property, plant and equipment	5	<u>73,840</u>	<u>102,939</u>
		<u>15,704,658</u>	<u>16,701,617</u>
Total assets		\$ <u>18,665,919</u>	\$ <u>19,138,271</u>
Liabilities			
Current liabilities			
Accounts payable and accruals	6	87,718	155,536
Current portion of loans payable	7	1,400,000	1,594,866
Current taxation		<u>2,322</u>	<u>2,322</u>
		<u>1,490,040</u>	<u>1,752,724</u>
Non-current liabilities			
Loans payable	7	1,600,000	1,900,000
Deferred revenue	8	<u>467,626</u>	<u>478,328</u>
		<u>2,067,626</u>	<u>2,378,328</u>
Shareholders' equity			
Stated capital	9	10,676,700	10,676,700
Retained earnings		<u>4,431,553</u>	<u>4,330,519</u>
		<u>15,108,253</u>	<u>15,007,219</u>
Total equity and liabilities		\$ <u>18,665,919</u>	\$ <u>19,138,271</u>

Approved on February 02, 2017 by the Board.



Hugh McClean



Dale Lashley

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

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

Statement of changes in equity

For the year ended December 31, 2015

(expressed in Barbados dollars)

	Stated capital	Retained earnings	Total
Balances – January 1, 2014	10,676,700	4,104,319	14,781,019
Net income for the year	-	226,200	226,200
Balances – December 31, 2014	10,676,700	4,330,519	15,007,219
Net income for the year	-	101,034	101,034
Balances – December 31, 2015	\$ 10,676,700	\$ 4,431,553	\$ 15,108,253

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

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

Statement of comprehensive income
For the year ended December 31, 2015

(expressed in Barbados dollars)

	Notes	2015	2014
Revenue			
Interest subsidy	10	1,838,471	1,413,671
Interest on loans		799,379	803,102
Technical assistance grant	11	600,000	600,000
Bad debt recoveries	4	242,950	175,393
Fees	8	104,827	107,737
Interest – other	12	32,843	31,425
Other income		643	979
		<u>3,619,113</u>	<u>3,132,307</u>
Expenses			
Operating		2,179,175	2,219,106
Impairment losses on loans	4	1,190,980	503,394
Interest and bank charges		92,339	104,344
Depreciation	5	55,585	79,263
		<u>3,518,079</u>	<u>2,906,107</u>
Income before taxation		101,034	226,200
Taxation	14	-	-
Net income being comprehensive income		<u>\$ 101,034</u>	<u>\$ 226,200</u>

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

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

Statement of cash flows

For the year ended December 31, 2015

(expressed in Barbados dollars)

	2015	2014
Operating activities		
Income before taxation	101,034	226,200
Adjustments for:		
Bad debt recoveries	(242,950)	(175,393)
Impairment losses on loans	1,190,980	503,394
Loss on disposal of property, plant and equipment		-
Amortisation of deferred revenue	(104,827)	(107,737)
Depreciation	55,585	79,263
<i>Operating profit before working capital changes</i>	999,822	525,727
Decrease in accounts receivable and prepayments	84,700	33,788
Increase in receivable from government	(667,548)	(327,566)
Decrease (increase) in loans receivable	19,830	(129,903)
Decrease in accounts payable and accruals	(67,818)	(40,156)
Increase in deferred revenue	94,125	90,293
	463,111	152,183
Taxation paid	-	-
<i>Net cash from operating activities</i>	463,111	152,183
Investing activities		
Purchase of property, plant and equipment	(26,486)	(6,872)
<i>Net cash used in investing activities</i>	(26,486)	(6,872)
Financing activities		
Loan proceeds	-	1,000,000
Repayment of loans payable	(494,866)	(655,019)
<i>Net cash (used in) from financing activities</i>	(494,866)	344,981
Net (decrease) increase in cash	(58,241)	490,292
Cash – beginning of year	1,072,969	582,677
Cash – end of year	\$ 1,014,728	\$ 1,072,969

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

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

1. Corporate status and principal activity

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

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

2. Significant accounting policies

Basis of preparation

The financial statements are expressed in Barbados dollars and have been prepared under the historical cost convention.

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2014 except for the standards and interpretations noted below.

New and amended standards and interpretations

The Company applied, for the first time, certain standards and amendments that became applicable for the 2015 financial year; however there was no impact on the amounts reported and/or disclosures in the financial statements.

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations not affecting amounts reported and/or disclosures in the financial statement. (continued)

IFRIC 21, ‘Levies’

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards and fines or other penalties for breaches of legislation. Levies are outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. The application of this IFRIC did not have any impact on the Company’s financial statements.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the meaning of “currently has a legally enforceable right to set-off” and the application of the IAS 32 offsetting criteria to settlement system, which apply gross settlement mechanisms that are not simultaneous. The Company re-assessed all assets and liabilities which are offset and which can potentially be offset and has confirmed that the treatment of all such assets and liabilities are in compliance with the amended standard. These amendments therefore had no impact on the Company’s financial statements.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments clarify the disclosure requirements applicable to assets that have been assessed for impairment based on fair value less costs to sell. These amendments are not applicable to the Company as all impairment assessments carried out by the Company are based on the value in use approach.

Amendments to IAS 19 – Defined Benefit Plans – Employee Contributions –

These amendments require consideration of contributions from employees or third parties that are linked to service to be attributed to periods of service as a negative benefit when accounting for defined benefit pension plans. As the Company does not have a defined benefit pension plan for its employees, this amendment has no effect on the Company’s financial statements.

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations not affecting amounts reported and/or disclosures in the financial statement (continued)

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. These amendments are not applicable to the Company because the Company currently has no derivative or hedging relationships.

Amendments to IFRS 9, IFRS 7, and IAS 39 – Hedge Accounting

The amendments add a chapter on hedge accounting, prescribe the accounting and presentation of changes in the fair value of an entity's own debt and tentatively moved the mandatory effective date of January 1, 2015 to January 1, 2018. These amendments are not applicable as the Company has no derivative or hedge relationship, does not fair value its own debt instruments and already applies IFRS 9.

Annual improvements to IFRSs 2010-2012 Cycle December 2013

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards:

- IFRS 2, 'Share-based Payment'
- IFRS 3, 'Business Combinations'
- IFRS 8, 'Operating Segments'
- IFRS 13, 'Fair Value Measurement'
- IAS 16, 'Property, Plant and Equipment'
- IAS 24, 'Related Party Disclosures'
- IAS 38, 'Intangible Assets'

These improvements are effective for annual periods beginning on or after July 1, 2014 and had no impact on the financial statements.

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Changes in accounting policies and disclosures (continued)

Annual improvements to IFRSs 2011-2013 Cycle December 2013

Certain limited amendments, which primarily consist of clarifications to existing guidance were made to the following standards and are not expected to have a material impact on the financial statements:

- IFRS 1, 'First-time Adoption of International Financial Reporting Standards'
- IFRS 3, 'Business Combinations'
- IFRS 13, 'Fair Value Measurement'
- IAS 40, 'Investment Property'

These improvements are effective for annual periods beginning on or after July 1, 2014 and had no impact on the financial statements.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

<i>IAS 1</i>	<i>Amendments to IAS 1 – Disclosure Initiative</i>	<i>Effective January 1, 2016</i>
<i>IFRS 14</i>	<i>'Regulatory Deferral Accounts'</i>	<i>Effective January 1, 2016</i>
<i>IFRS 11</i>	<i>Amendments to IFRS 11 – Accounting for Acquisition of Interest in Joint Operations</i>	<i>Effective January 1, 2016</i>
<i>IAS 16</i>	<i>Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	<i>Effective January 1, 2016</i>
<i>IFRS 15</i>	<i>'Revenue from Contracts with Customers'</i>	<i>Effective January, 2017</i>

The Company is currently assessing the potential impact of these new standards and interpretations.

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and liabilities are based on historical experience and other factors that are considered to be relevant. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

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

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

Estimates and assumptions

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

The Company based its assumptions and estimates on parameters available when the statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

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

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Impairment losses on loans and receivables

Impairment losses on loans and receivables comprise specific provisions and a general provision. Specific provisions are made, on an individual basis, where management is of the opinion that collection is doubtful. The provision made during the year is charged against income. Recoveries of loan losses previously provided for are credited to income.

Key sources of estimation uncertainty

Impairment losses on loans and receivables

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

Financial instruments

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

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

Government grants and subsidies

The technical assistance grants which are reimbursements of specific expenses, are recorded in the statement of income in the period when due. The interest subsidy which is allocated to cover the shortfall in interest income resulting from the reduction in the interest rate is also recorded in the statement of income when due. Any amounts due from the technical assistance grants and the interest subsidy at year end is recorded as receivable from government in the balance sheet. Additional subsidies which are for onward lending and general purpose are recorded as income when received.

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Loans receivable

Loans are stated net of unearned interest and allowance for impairment.

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred, if and only if there is objective evidence of impairment. If there is such evidence, the amount of the loss is measured as the difference between the carrying amount and the recoverable amount being the estimated present value of expected cash flows.

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

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

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

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Property, plant and equipment

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

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

Deferred revenue

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

Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will accrue to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable.

Interest on loans

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

Interest subsidy, technical assistance grant, fees and other interest are recognised on the accrual basis.

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

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Borrowing costs

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

Taxation

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

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

3. Receivable from government

	2015	2014
Interest subsidy receivable (see note 10)	1,012,493	437,693
Technical assistance grant (see note 11)	470,841	378,093
	\$ 1,483,334	\$ 815,786

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

4. Loans receivable

Sectoral analysis of gross loans receivable

	2015	2014
Service	11,797,331	12,439,987
Retail and distribution	5,594,402	5,441,527
Home accommodation	1,019,465	1,058,777
Manufacturing	1,482,292	1,111,646
Agriculture	1,543,571	1,543,406
Tourism	202,618	151,127
	\$ 21,639,679	\$ 21,746,470
Line of credit	58,284	19,520
	<u>21,697,963</u>	<u>21,765,990</u>

Allowance for impairment

Balances – beginning of year	5,167,312	4,839,311
Recoveries	(242,950)	(175,393)
Loans written-off	(48,197)	-
Increase in allowance	1,190,980	503,394
Balances – end of year	\$ 6,067,145	\$ 5,167,312

Total loans receivable **\$ 15,630,818** **\$ 16,598,678**

Maturity profile of gross loans receivable

Repayment due:		
On demand or within one year	5,123,205	3,964,041
In the second year	1,071,583	1,507,703
In the third to fifth year, inclusive	6,815,611	6,639,601
After five years	8,629,280	9,635,125
	\$ <u>21,639,679</u>	\$ <u>21,746,470</u>

Average interest rate **6 %** **6%**

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

4. Loans receivable (continued)

Effective May 19, 2005, the Government of Barbados through the Ministry of Finance advanced the sum of \$5,000,000 for the Bed and Breakfast Home Accommodation Project (See Note 7). As of December 31, Home Accommodation loans amounted to \$1,019,465 (2014- \$1,058,777).

Loans include non-accrual loans of \$ 4,772,304 (2014 - \$4,839,686).

As part of its risk management policy, the Company uses an external referencing system to assist in assessing the potential client's credit quality. The Company also uses historical experience and other factors that are judged to be relevant in advancing loans to different sectors.

Included in the Company's loan receivable balance are debtors with a carrying amount of \$1,096,790 (2014 - \$844,126) which are due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The collateral over these balances is a mixture of personal guarantees and bills of sale over equipment.

	2015	2014
Aging of past due but not impaired:		
90 – 120 days	69,724	242,269
120 days – 1 year	327,672	249,379
> 1 year	699,394	352,478
Total	\$ <u>1,096,790</u>	\$ <u>844,126</u>
Aging of non-accrual loans:		
90 – 120 days	300,482	1,091,713
120 days – 1 year	1,786,131	1,408,644
> 1 year	2,685,691	2,339,329
Total	\$ <u>4,772,304</u>	\$ <u>4,839,686</u>

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

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT
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Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

5. Property, plant and equipment

	Furniture and equipment	Computer equipment	Motor vehicles	Total
Cost				
Balances – beginning of year	340,832	465,375	77,202	883,409
Additions	14,751	11,735	-	26,486
Balances – end of year	355,583	477,110	77,202	909,895
Accumulated depreciation				
Balances – beginning of year	272,397	430,871	77,202	780,470
Charge for the year	40,322	15,263	-	55,585
Balances – end of year	312,719	446,134	77,202	836,055
Net book value				
Beginning of year	68,435	34,504	-	102,939
End of year	\$ 42,864	30,976	-	73,840

6. Accounts payable and accruals

	2015	2014
Accounts payables	17,854	27,541
Accrued expenses	69,864	127,995
	\$ 87,718	\$ 155,536

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

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

7. Loans payable

	2015	2014
Opening balance	3,494,866	3,149,885
Proceeds of loan payable	-	1,000,000
Repayments	<u>(494,866)</u>	<u>(655,019)</u>
Ending balance	3,000,000	3,494,866
Current Portion	<u>1,400,000</u>	<u>1,594,866</u>
Long term portion	\$ 1,600,000	\$ 1,900,000
Loan – National Insurance Board	-	44,866
Loan – Ministry of Finance	1,100,000	1,250,000
Loans – Central Bank of Barbados	<u>1,900,000</u>	<u>2,200,000</u>
	\$ 3,000,000	\$ 3,494,866

Loan – National Insurance Board

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

Loan – Ministry of Finance

On 19 May 2005, the Company received the sum of \$5,000,000 as a loan from the Government of Barbados to establish the Bed and Breakfast Home Accommodation Loan Fund, an initiative of the Ministry of Tourism (See note 4).

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

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Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

7. Loans payable (continued)

Loans – Central Bank of Barbados

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

On February 12, 2012, the Company signed a second loan agreement with the Central Bank of Barbados for \$1,000,000. This loan is repayable in forty quarterly instalments of \$25,000 plus interest commencing March 31, 2012 with the final instalment due on December 31, 2021. Interest is charged on the reducing balance at a rate of 2.25% per annum.

On December 31, 2013, the Company signed a third loan agreement with the Central Bank of Barbados for \$1,000,000. The loan was disbursed in January of 2014 and is repayable in forty quarterly instalments of \$25,000 plus interest commencing March 31, 2014 with the final instalment due on December 31, 2024. Interest is charged on the reducing balance at a rate of 2.25% per annum.

Repayment profile

	2015	2014
On demand or within one year	1,400,000	1,594,866
In the second year	300,000	300,000
In the third to fifth year inclusive	900,000	1,100,000
After five years	400,000	500,000
	<u>\$ 3,000,000</u>	<u>\$ 3,494,866</u>

8. Deferred revenue

	2015	2014
Deferred revenue - beginning of year	478,328	495,772
Additions	94,125	90,293
Amortization	(104,827)	(107,737)
Deferred revenue - end of year	<u>\$ 467,626</u>	<u>\$ 478,328</u>

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

9. Stated Capital

Authorised

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

Issued

	2015	2014
106,767 (2013– 106,767) Class “A” common shares	\$ <u>10,676,700</u>	\$ <u>10,676,700</u>

10. Interest subsidy

In November 2003, the Board of Directors agreed to reduce the interest rate charged on new loans from 11.5% to 6%. Effective January 1, 2004, all existing loans were refinanced at the lower interest rate. The Government of Barbados has undertaken to cover the shortfall resulting from the reduced rate. The amount received during the year was \$1,263,671 (2014 - \$1,413,671).

11. Technical assistance grant

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

12. Interest – Other

	2015	2014
Staff loans	24,409	25,920
Bank account	6,508	5,505
The Barbados Light & Power - deposit	1,926	-
	\$ <u>32,843</u>	\$ <u>31,425</u>

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

13. Compensation of key management personnel

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

	2015	2014
Salaries and staff costs	456,401	454,246
Directors' fees	<u>52,260</u>	<u>52,260</u>
	\$ <u><u>508,661</u></u>	\$ <u><u>506,506</u></u>

14. Taxation

	2015	2014
The taxation charge comprises:		
Current taxation	-	-
	\$ <u><u>-</u></u>	<u><u>-</u></u>
Reconciliation of taxation charge:		
Income before taxation	<u>101,034</u>	<u>226,200</u>
Tax charge at 25 %	25,259	56,550
Tax effect of losses not recognised	118,799	83,987
Under accrual of deferred tax credit	5,942	9,353
Tax effect of depreciation on vehicle not subject to tax	-	110
Tax effect of income not subject to tax	<u>(150,000)</u>	<u>(150,000)</u>
	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Tax losses

The Company has unutilised tax losses of \$1,371,640 (2014- \$896,445) and the potential tax benefit of these losses is \$342,910 (2014 - \$224,111). The deferred tax asset associated with these tax losses was not recognised in the financial statements, due to the uncertainty that sufficient future taxable income would have been available for utilisation of these losses. The estimated amount of the tax assets calculated at the tax rate enacted at year end is stated below.

Year of income	Losses b/f	Incurred	Utilised	Losses c/f	Tax effect	Expiry date
2011	317,349	-	-	317,349	79,337	2020
2013	243,149	-	-	243,149	60,787	2022
2014	335,947	-	-	335,947	83,987	2023
2015		475,195	-	475,195	118,799	2022
	\$ <u><u>896,445</u></u>	<u><u>475,195</u></u>	-	<u><u>1,371,640</u></u>	\$ <u><u>342,910</u></u>	

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

14. Taxation (continued)

These losses have not been agreed with the Barbados Revenue Authority, but are not in dispute.

15. Pension plan

The Company operates a defined contribution pension plan which commenced on April 1, 2013. Contributions to the plan are determined by an independent qualified actuary. Members of the plan contribute 2.5% of their pensionable salary below the NIS maximum plus 7.5% of any salary in excess of this maximum to the pension plan. The Company's contribution is equal to 100% of the total employee contribution plus past service contributions for members at inception of the plan.

The assets of this plan are held separately from those of the Company and are invested and managed by its Trustees. Contributions to the plan are charged to income and are included in operating expenses. Total contributions for the year amounted to \$106,417. At year end, the market value of the assets of the plan was \$300,784. These assets are held in a combination of shares and local mutual funds.

16. Commitments

As at December 31, 2015, commitments to provide funding for new loans amounted to \$265,333 (2014- \$360,449).

17. Financial instruments

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

Interest rate risk

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

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

17. Financial instruments (continued)

Borrowings

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

Loans

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

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

Credit risk

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

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

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

Liquidity risk

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

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

17. Financial instruments (continued)

Fair value

Fair value amounts represent the approximate values at which financial assets and liabilities could be exchanged in current transactions between willing parties. The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short term financial assets and liabilities comprise cash at bank, accounts receivable and prepayments, receivable from government and accounts payable and accruals.

Loan receivable

The estimated fair value of loans receivable is determined by discounting expected cash flows at the prevailing market rates.

Loans payable

The estimated fair value of loans payable is based on discounted cash flows at prevailing market rates for obligations of similar risk and maturity.

However, it is not possible to determine independently the estimated fair value of the Company's other financial instruments which are considered to approximate their book values.

18. Economic dependence

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

19. Capital risk management policies and objectives

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

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

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

Notes to the financial statements

For the year ended December 31, 2015

(expressed in Barbados dollars)

19. Capital risk management policies and objectives (continued)

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

The Company's overall strategy remains unchanged from 2014.

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

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Independent Auditor's Report

To the Shareholders

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

I have audited the accompanying financial statements of The Barbados Agency for Micro Enterprise Development Ltd. (FundAccess), which comprise the related statement of financial position as at December 31, 2015 and the statement of comprehensive income, statement of changes in equity, and statement of 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 and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Barbados Agency for Micro Enterprise Development. Ltd. (FundAccess) as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

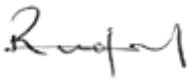
Independent Auditor's Report

To the Shareholders

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

Other Matter

This report is made solely to the company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. My audit work has been undertaken so that I might state to the company's shareholders those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for my audit work, or for this report, or for the opinions I have formed.



Rudolph R. Prescod

Chartered Accountant

February 02, 2017

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

**Corporate information
December 31, 2015**

Directors

Year	Directors	Effective date
2013	Mr. Hugh McClean - Chairman Mr. Dale Lashley - Deputy Chairman Ms. Keisha King Mr. Anthony Hall Mr. Hyrone Boyce Mrs. Janice Estwick Mr. Peter Whitehall	24 May 2013

Officers

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

Registered Office

City Building
Pinfold Street
Bridgetown
Barbados

Secretary

Mr. Hamilton Roach

Attorney-at-law

Jones & Goodridge
Pinfold Street
St. Michael
Barbados

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD.
(FUNDACCESS)
Corporate information
December 31, 2015**

Bankers

RBC Royal Bank (Barbados) Limited
Broad Street
Bridgetown
St. Michael
Barbados

Republic Bank Barbados Limited
Broad Street
Bridgetown
St. Michael
Barbados

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

Auditors

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

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD.
(FUNDACCESS)
Management report
December 31, 2015**

FundAccess recorded a pre-tax profit of \$101,034 as a result of its operations for the year ended December 31, 2015, approximately \$125,000 less than at December 31, 2014, due in part to a rigorous screening and allocation of potential bad debt.

During the year loans totaling \$2, 556,729 were advanced to 71 clients and 139 job opportunities were created as seen in the charts below. The reduction in loans approved was as a result of management being more risk conscious due to the prevailing economic climate.

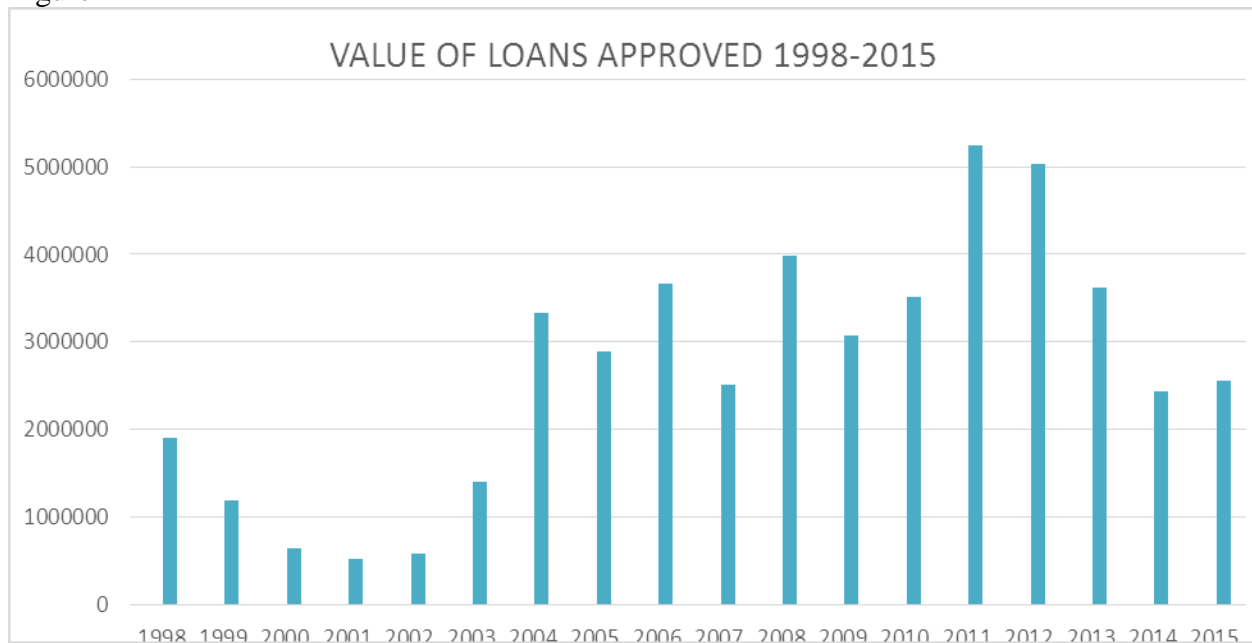
Table 1

Loans Approved 1998-2015

Calendar Year	\$ Value of Loans Approved	Job Opportunities
1998	1,909,042	200
1999	1,190,205	86
2000	646,123	63
2001	525,691	26
2002	581,677	23
2003	1,403,840	72
2004	3,339,653	113
2005	2,897,570	105
2006	3,662,163	93
2007	2,513,331	72
2008	3,981,641	119
2009	3,081,814	73
2010	3,520,449	106
2011	5,236,704	175
2012	5,031,027	155
2013	3,623,780	126
2014	2,438,302	136
2015	2,556,729	139

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD.
(FUNDACCESS)
Management report
December 31, 2015**

Figure 1



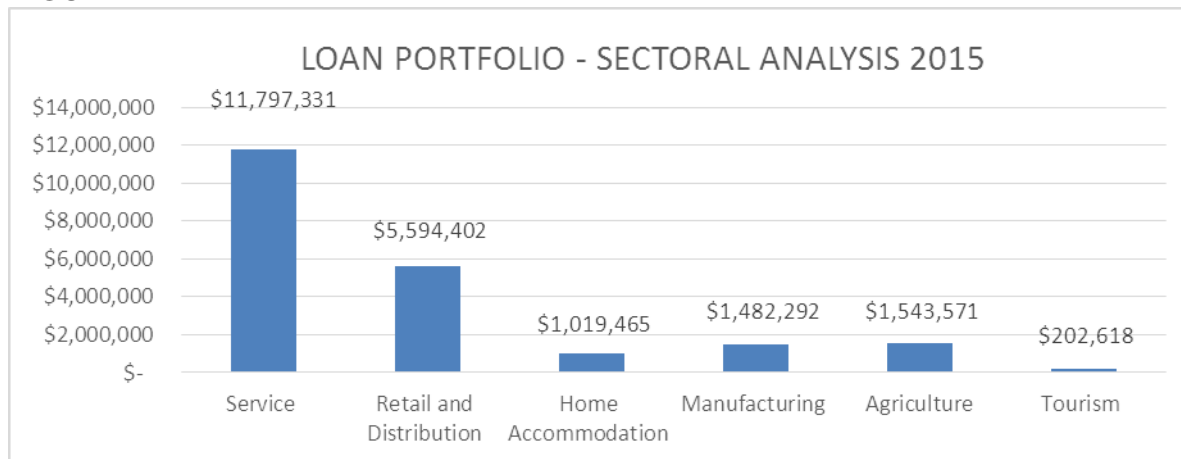
At December 2015, FundAccess loan portfolio was valued at \$21,639,679 with the services sector accounting for 55% of the total portfolio as seen in the charts below.

Table 11

Sector	Value	%
	\$	
Service	11,797,331	55%
	\$	
Retail and Distribution	5,594,402	26%
	\$	
Home Accommodation	1,019,465	5%
	\$	
Manufacturing	1,482,292	7%
	\$	
Agriculture	1,543,571	7%
	\$	
Tourism	202,618	1%
	\$	
	21,639,679	100%

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT LTD.
(FUNDACCESS)
Management report
December 31, 2015**

FIGURE 11



Due to the prevailing economic climate, management sought to assist clients wherever possible to ensure that their businesses would survive and would continue to be viable despite the challenges. Management is pleased to report that through the efforts of The Business Development Department business closures were kept to 3 during the year. With guidance from the Business Development Officers, the clients used creativity to reduce overheads such as rent, by closing store fronts and trading from at home and online via Facebook and Instagram.

The company sought to maintain a downward trend in its operating expenses and managed to do this successfully, spending approximately \$40,000 than in 2014. We continue to stress that the reduction in operating expenses, while desirable, is not enough to put FundAccess on the path of total independence from government subsidies and a large cash injection which will enable a faster loan growth rate is needed urgently.

On behalf of the management team, I would like to express thanks to the staff and Directors for their continued support and dedication.


Esther Lord-Graham
Finance Manager