



Evolving Enterprise



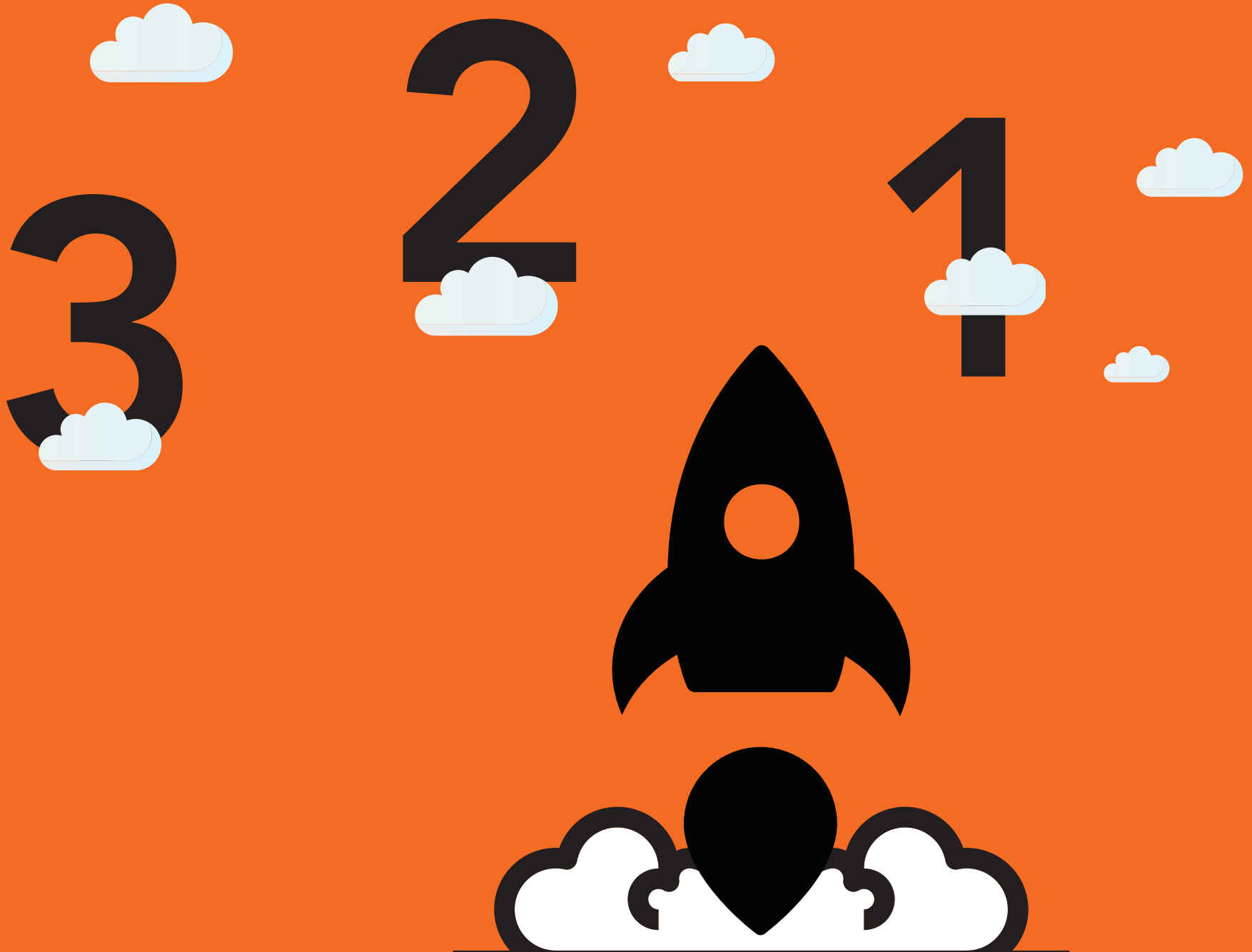


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MISSION

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

VISION

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



LETTER OF TRANSMITTAL

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

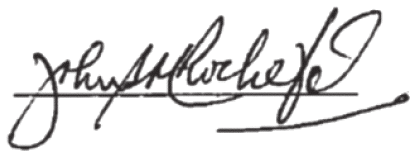
8th May, 2019

The Honourable Ronald Toppin
Minister of International Business and Industry
Ministry of International Business and Industry
8th Floor BAOBAB Tower
Warrens
ST. MICHAEL

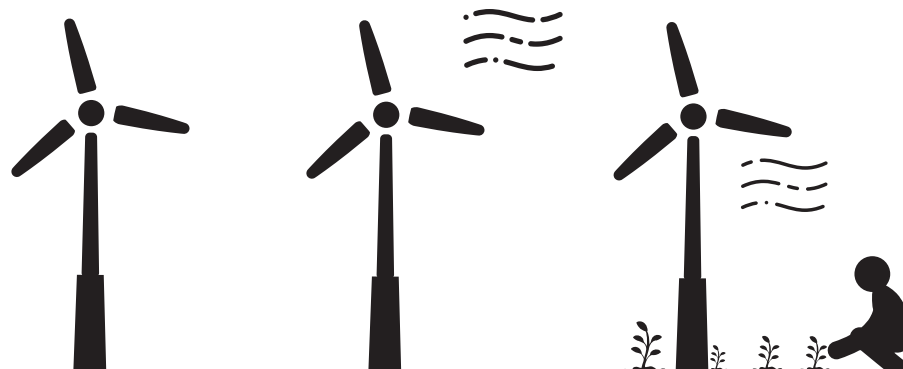
Dear Minister:

In pursuance of Section 18(1) of the Barbados Investment and Development Corporation Act, 1992, I have the honour to submit the Report and Statement of Accounts for the period 1st April, 2017 to 31st March, 2018.

Yours faithfully



Mr. John Rocheford
(Chairman)



GOVERNANCE

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

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

During the period 2017/18 the Board of Directors comprised:

Mr. Benson Straker - Chairman

Mr. Junior Allsopp - Deputy Chairman

Mr. Erskine Thompson

Mr. Dean Straker

Mrs. Gail Niles

Mr. Adrian Padmore

Mr. Cedric Murrell

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

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

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

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

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

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

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

The Innovation and Industrial Development Committee, responsible for making recommendations to the Board on matters relating to the Corporate Strategic Plan, special projects like alternative energy solutions and applications for fiscal incentives under the Fiscal Incentives Act.

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



BOARD OF DIRECTORS



Mr. Benson Straker
Chairman



Mr. Junior Allsopp
Deputy Chairman



Mr. Erskine Thompson



Mr. Paul E. Gibson



Ms. Gail Niles



Mr. Adrian Padmore



Mr. Cedric Murrell



Mr. Dwaine Paul



Mr. Jason Sambrano



Mr. Philmore Best
Permanent Secretary

EXECUTIVE MANAGEMENT 2017/2018

The Office of the Chief Executive Officer reports to the Board of Directors, and has responsibility for the overall leadership of the organization. The CEO is supported by an executive management team. Members of the executive management in 2017/18 were:

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

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

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

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

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

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

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

Ms. Jane Brome B.Sc. M.B.A
Manager, Research & Information

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



OUR ORGANISATION

ORGANISATIONAL CAPABILITY

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

The Export & Business Development Division

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

Other services provided include:

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

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

Business Support Services Division

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

- Market research and business intelligence.
- Corporate Communications.
- Corporate strategic planning and performance monitoring
- Stakeholder engagement
- The Development of policy papers related to industrial development
- Design services, including corporate identity, store or display layouts and product design assistance, brand development & refinement; packaging design

The Finance & Properties Division

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

The Finance & Accounting Services Unit is responsible for the financial and management reporting functions within the Corporation and for providing advice to the Corporation on

matters relating to financial policy. This relates to corporate finance, annual audited financial report, annual budget and rent administration.

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

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

CEO's Office

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

TRAINING & DEVELOPMENT

The B IDC recognises its staff as its most valuable resource and actively seeks to introduce development initiatives to enable them to gain experience and showcase their potential. The opportunities to undertake additional responsibilities and duties also allow for a practical environment through which management can assess staff and provide required mentoring or specified training to enhance competence.

B IDC appointed three (3) temporary staff members to permanent status, two (2) staff members were promoted, two (2) staff members were reassigned and one temporary employee was hired for the period November 2017 – March 2018. Two (2) staff members also had the opportunity to act in more senior positions – one of which is on a long term basis.

During the year ended March 2018, the B IDC organised training sessions for its staff in areas such as:

- Leadership Certification
- Sexual Harassment in the Workplace
- Ergonomics Awareness
- Social Media for Business Development
- Advanced Business Writing
- First Aid/CPR
- Understanding Trade Agreements for MSMEs
- Cybersecurity
- Records Management
- Facilities Management
- Managing For Results (Supervisor & Manager)
- Valuation and Construction
- Safety and Health
- Damage Assessment
- Performance Management.
- Productivity Best Practices for Supervisors and Managers

Human Resource Management System

A new **Human Resource Management System (HRMS)** which will house all employee information in one central online system is being implemented. The HRMS will provide a means of acquiring, storing, analysing and retrieving/distributing information as required for all staff members efficiently and effectively. With the new HRMS a significant reduction in time to process transactions and time spent on administrative tasks will be realized. Among the benefits to be realized are:

- Elimination of data entry into multiple systems
- Decrease in data entry errors
- Automatic generation of reports
- Automated employee tracking, alerts, and notifications
- Elimination of the majority of HR Paperwork.

The HRMS core implementation is 90% completed with the Sage Payroll implementation 64% completed. The mini-payroll shake-out testing has been successfully completed, with the results comparing favourably to Micro-pay for the January 2018 payroll period.

In conjunction with an HR Consultant, a policy document was prepared as a **guideline for internships/job attachments** locally and regionally. The goal of the internship programme is to provide participating students with first-hand experience whilst acquiring acquire new skills and techniques.

The BIDC's **Performance Management System** was assessed with a view to having it revised. All relevant documents were reviewed with very minor changes made to the instrument. Sensitisation sessions were conducted in Performance Management for all staff and more in-depth sessions for assessors.

A new **Rewards and Recognition Programme** was designed for the Corporation. The Spotlight Awards Programme is one of the mechanisms through which the Corporation will acknowledge and reward employees who have made outstanding contributions to its success. The Awards Programme was approved for implementation from April 2018. Key objectives are to:

- Encourage employee engagement through the recognition and reward of excellent performance
- Improve performance, productivity and efficiency by creating an environment that is focused on the achievement of goals where employees/teams want to do the best job possible
- Encourage, emphasize and reward behaviours that support the organisational strategy and desired culture.
- Maintain consistency, transparency and buy-in, as we recognise employees across the Corporation, fixing a point in time to commemorate achievement.

The BIDC collaborated with the Barbados Community College (BCC) for its "Apprenticeship at Business Place" Programme 2018. An IT student from the BCC's Division of Computer Studies was hosted for the period January 23 to April 13, 2018.

The BIDC also collaborated with the Barbados Chamber of Commerce and Industry (BCCI) to host a French intern for a period of six (6) months.

EMPLOYEE SAFETY AND HEALTH

The **Safety and Health Committee** is charged with assisting the Corporation in ensuring the safety and welfare of all staff, clients and visitors. Accordingly, mandatory training in First Aid and CPR was conducted for the Committee and key BIDC personnel.

Ergonomics assessments of staff workstations were conducted throughout the period and a special **Ergonomics Awareness** session entitled '*Good Personal Ergonomic Practices for Health & Comfort*' was held for all staff.

The BDC committed to the renewal of the BDC Group Health/ Life Insurance Plan with Sagcor Life Inc. A refresher session for the members of the Plan was held in February 2018. It also served as useful information for the newer members of the Plan. Arrangements were also made for a number of staff to join the Group Health/Life Insurance.

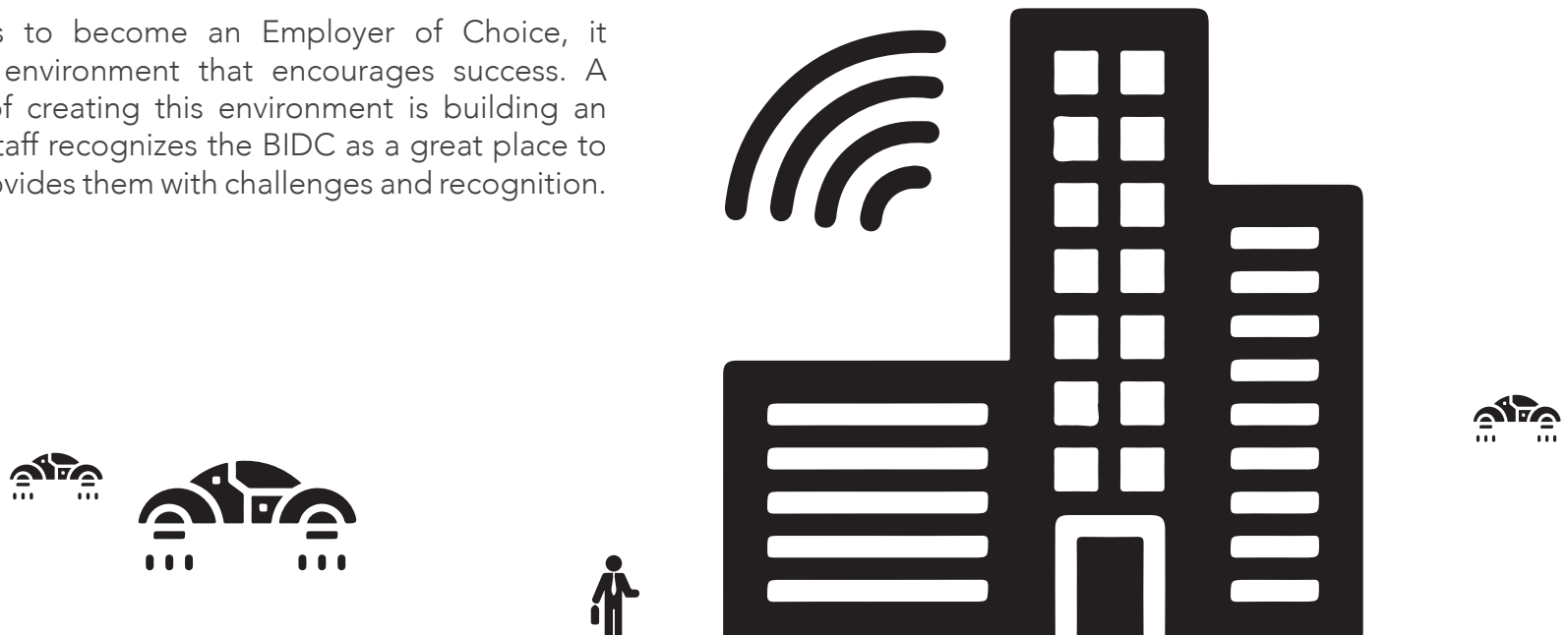
In an effort to acquaint staff with the issues addressed through the enactment of the **Employment Sexual Harassment (Prevention) Act 2017**, plans were advanced for the preparation of a Policy Statement as stipulated by the Act. In addition, the Act was shared with staff and a sensitization session on the Act was planned.

EMPLOYEE RELATIONS AND WELFARE

As the BDC strives to become an Employer of Choice, it seeks to create an environment that encourages success. A critical component of creating this environment is building an organization where staff recognizes the BDC as a great place to work and one that provides them with challenges and recognition.

An **Employee Engagement survey** was conducted in July 2017 which accorded staff the opportunity to rate many facets of the BDC, assess what they value most in their employment and make positive suggestions for improvement. Following the compilation of results, discussions were held with management and staff to identify the challenges and possible solutions. Efforts were advanced during the review period to further enhance the quality of work life at the BDC and improve staff relations.

During the period under review 3 members of staff retired. At the end of the period under review, the BDC had 77 employees.



OPERATING ENVIRONMENT

ECONOMIC CONDITIONS

The World Economic Outlook 2017 predicted an upswing in economic activity with global growth projected to rise to 3.6% in 2017 and 3.7% in 2018. It also revised upward its projections for Asia, Europe, and Russia which more than offset the downward revisions for the United States and the United Kingdom. While the baseline outlook was strengthening, growth remained weak in many countries, and inflation was below target in most advanced economies.

At the regional level, the Caribbean registered improvement in tourism across the region. With arrivals up, most countries were seeing improved growth in their Gross Domestic Product. Those Caribbean countries that are tied to commodity prices continue to experience stagnant to negative growth. Countries like Jamaica and Antigua and Barbuda experienced dramatic growth. Guyana also saw both dramatic growth and increased investment due to the recent oil field discoveries. Although growth returned in 2017, the region continued to underperform, the Caribbean's economies remained fragile and faced such issues as high unemployment, elevated government debt, credit rating downgrades, strained foreign exchange reserves due to high reliance on imported goods and low productivity.

The Barbadian economy in particular was estimated by the Central Bank of Barbados (CBB) to have grown by 1.4% over the first nine months of 2017. Activity in the Tourism sector expanded by 4.1% during the first three quarters of the year, compared to 2.8% growth for the corresponding period in 2016. Growth in the

non-traded sectors of the economy slowed to 0.9% at the end of the third quarter of 2017. In addition, international reserves declined by \$133.9 million to \$549.7 million, principally due to a decline in net short-term private inflows that offset a modest improvement in net public sector flows.

Reporting on the first quarter of 2018, Focus Economics indicated that economic growth was robust among developing economies due to a combination of higher commodity prices, strong global growth and largely accommodative financial conditions. However, advanced economies appear to have slowed down in this same period. Statistics showed that for the first quarter of 2018, the global economy expanded 3.5% annually, as estimated previously and coming in a notch above the 3.4% rise recorded in the fourth quarter of 2017.

Despite the positive global growth, Barbados' economy continued to struggle in 2018. Following the first quarter of 2018, the CBB estimated that the Barbados economy contracted by 0.7%, reflecting the combined impact of a 1% decline in real output in the tourism sector, the slowing of construction activity, the late start to the annual sugar harvest and the slowdown of domestic demand arising from the budgetary measures announced in the May 2017 Budget.

Higher than usual public sector debt service obligations restricted the growth of international reserves at the Central Bank to \$14 million for the period under review, resulting in an import cover of 6.9 weeks at the end of March 2018. The country also registered delays in the execution of planned divestment activities, higher interest expenditure than originally envisaged

and underperformance of revenue, particularly the National Social Responsibility Levy (NSRL) and the Value Added Tax (VAT).

Further downgrade of Barbados' international credit rating continued in the review period. International rating agency Standards and Poors (S&P) in September 2017 lowered its long-term local currency sovereign credit rating on Barbados from 'CCC+' to 'CCC' with a negative outlook. The decision to downgrade was based on Barbados' policy challenges which included high general government debt, deficits, debt servicing requirements, and limited appetite for private-sector financing.

During the period under review, employment in both the public and private sector took a direct hit due to the state of the economy. The rate of unemployment for 2017 stood at 10.0%, while for the January to March 2018 period it stood at 9.7%. Retrenchment continued as Government aimed to stem the flow of expenditure on government employment, while the private sector indicated that it could not continue to maintain its job levels as it struggles to withstand the pressure of the deteriorating economy.

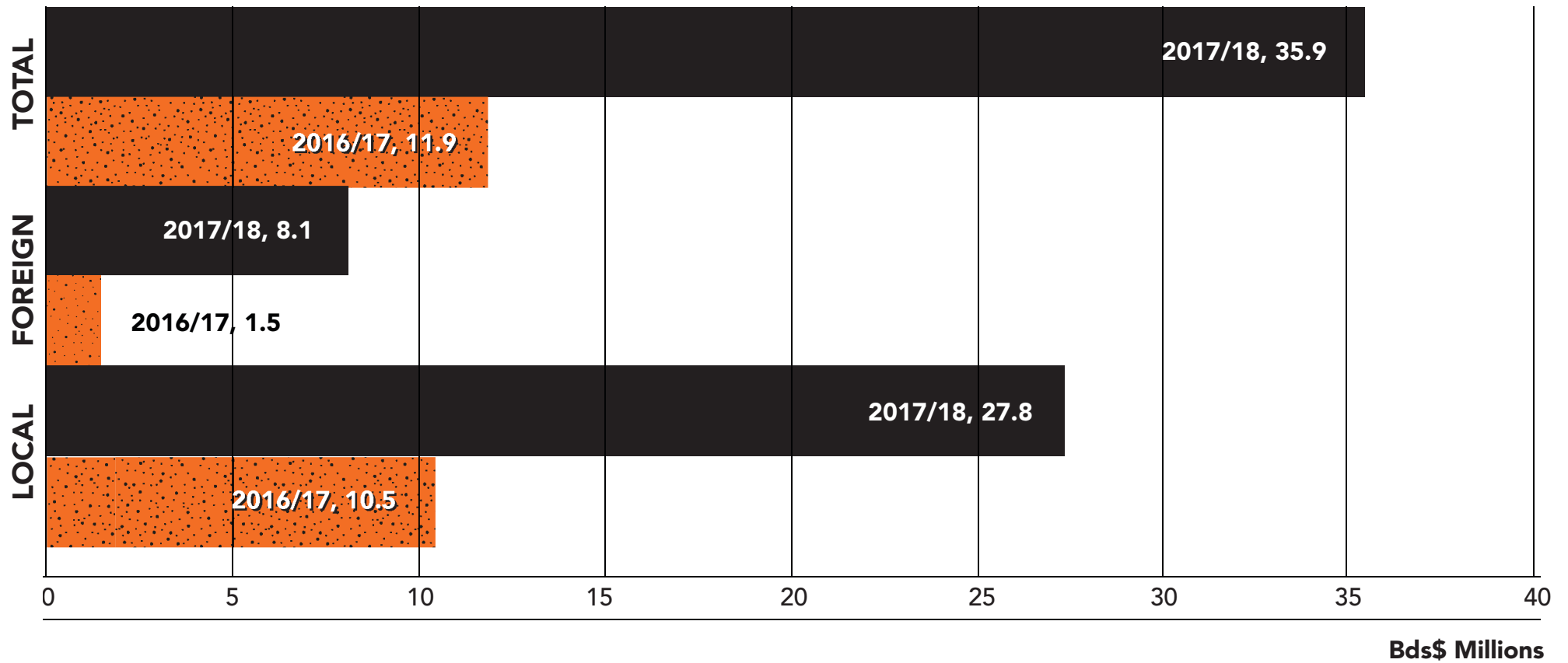
According to the BIDC's quarterly Employment & Investment Survey, for the quarter ending March 2018 there was an overall level of employment in the manufacturing and services companies of 10,236 persons which represents a decline of 0.5% or 54 jobs when compared to the quarter ending December 2017. This decline was due to reduced employment levels in the Fabricated Metal Products; Electronic Components; Non-metallic Mineral Products; Chemical Products and Plastic Products subsectors.

During the period April 2017 to March 2018, based on the quarterly survey, foreign investment in the manufacturing and related services sectors totalled \$8.1 million, with local investment tallying \$27.4 million. Total investment for this period registered at BDS\$35.5 million. This was \$24 million more than the previous period April 2016 to March 2017, where investment totalled \$11.8 million. January to March 2018 was the most active period for investment, with a total of \$11.5 million recorded for the quarter. The Food, Beverages & Tobacco sub-sector recorded the largest share of investment with \$20.8 million. This accounted for 59% of the total investment for the period.

Approximately \$5.5 million was invested in the Services Sector whilst the Manufacturing Sector accounted for the remaining \$30 million.



DISTRIBUTION OF INVESTMENT - 2016/17 & 2017/18



**NB: 2016/17 – Revised
2017/18 - Provisional**

**COMPARATIVE SECTORAL DISTRIBUTION OF INVESTMENT FOR
FISCAL YEARS 2016/17 AND 2017/18
BDS\$**

SECTOR	2016/17	2017/18	Net Change	% Change
Food, Beverages & Tobacco	6,018,739	20,841,454	14,822,715	246.3
Textiles, Apparel & Leather	245,000	48,000	(197,000)	(80.4)
Wood, Wooden Prod. & Fittings	76,303	26,000	(50,303)	(65.9)
Paper Prod, Print & Publishing	387,452	823,793	436,341	112.6
Chemicals & Chemical Products	269,790	1,192,655	922,865	342.1
Plastic Products	1,456,678	504,556	(952,122)	(65.4)
Non-Metallic Mineral Products	850,345	4,157,835	3,307,490	389.0
Fabricated Metal Products	791,731	2,055,654	1,263,923	159.6
Precision Instruments	0	0	0	
Electronic Components & Devices	0	0	0	
Handicraft	145,118	108,124	(36,994)	(25.5)
Other Manufacturing	39,270	264,230	224,960	572.9
Sub-Total	10,280,424	30,022,300	19,741,876	192.0
Information Services	65,741	1,848,770	1,783,029	2712.2
Other Services	1,475,219	3,630,267	2,155,048	146.1
Sub-Total	1,540,960	5,479,038	3,938,077	255.56
Business Not In Survey	37,500	360,000	322,500	860.0
Sub-Total	37,500	360,000	322,500	860.0
Total Investment	11,858,884	35,861,337	24,002,453	202.4

Source: Barbados Investment and Development Corporation

OUTLOOK

Preliminary country data for major world economies demonstrates that the global economy remains in good shape despite lingering trade policy uncertainties, global political instability and tighter financial conditions. Year-on-year GDP growth for the global economy is estimated at around 3.5%.

The CBB has assessed the outlook for the Barbadian economy as challenging. The country must adopt a strategy that places the public finances on a sustainable path, alters the trajectory for the international reserves and embraces infrastructural development that creates the conditions for strong durable growth. Given current conditions, the CBB has revised downwards its current growth forecast for 2018 within the range of -0.25% to 0.25%.

A better future for Barbados is tightly hinged on the ability of new entrepreneurs and small businesses to propel the economy. The BIDC actively sought to empower its clients with the tools to earn and save foreign exchange while, at the same time, creating opportunities for export through initiatives geared at targeting the thousands of visitors to our shores and market penetration efforts. The Corporation is actively seeking to increase production capacity in some market segments through a shared use facility for condiments and a furniture cluster. Its business development initiatives are intended to identify and exploit competitive and comparative advantages with a view to enabling a thriving and sustainable export sector through the development of businesses that are internationally competitive.



CHAIRMAN'S REPORT

THE YEAR IN REVIEW

In the face of the struggling economic climate of Barbados, the BIDC began its fiscal year April 1, 2017 – March 31, 2018 with a strong emphasis on stimulating local production and exports, innovation and developing businesses that can compete on the world stage.

With a sense of excitement and optimism, we undertook programmes/activities which would place our clients on a stronger trajectory for growth, despite the difficulties being experienced in the Barbadian economy. These activities included training programmes designed to strengthen business operations, the Innovate Barbados 2017 Conference and related programmes, the 2018 Export Readiness Programme, its Graduation and Trade Mission, FIHAV 2017 in Havana, Cuba, the Hub Camara in Santo Domingo and the BIDC hosted WIPO Conference. The success of the outlined programmes along with several others was imperative to positioning our clients to break into new markets, promote innovation and create new high value jobs.

A key area which required dedicated attention was the Performance Improvement Road Map initiative. This commenced with the formation of internal teams tasked with the responsibility of formulating strategies that would transform the Corporation into a consistently high performing agency. The teams sought to critically improve performance in the areas of Corporate Strategy; Human Resources; Performance Measurement; Corporate Processes; Structure; Client Management/Client Services; Common Purpose; Knowledge Management/Client Records;

New Products/Client Needs/Segmentation; Income Generation; Communication; Governance; and Strategic Partnerships. Some of these strategies are slated for implementation within the next period.

The Corporation performed well in the targets set for the Key Performance Indicators in the period under review. Success was



achieved in 6 targets, with 3 of these surpassing the maximum value and 3 exceeding the minimum target. Positive results were gained in the indicators of Companies moved from Idea to Start-up; Business Expansions; Sector Specific Training Undertaken; New Companies Exporting; Rent Collections and Facilitation of New Tenants.

Some 17 companies received training in “export readiness” through the BIDC’s Export Readiness Programme. Assistance was also given to 15 endeavours in starting their businesses and 39 companies were able to expand their operations in partnership with the BIDC. Our certification services continue to be heavily used, with 7,247 shipments certified for 143 companies during the year for a value of Bds\$322 million. The period also saw 14 new exporters utilising the BIDC’s certification service.

The Corporation actively engaged in defining a new enabling framework to support entrepreneurship/start-ups, which are vital to driving new job creations. As such, several team-oriented projects were conceptualized in an effort to build a strong cadre of innovative and business savvy entrepreneurs; a more resilient and sustainable export sector and new opportunities for growth in the knowledge and technology driven sectors.

For a second consecutive year, the Corporation recorded a rise in STAP disbursements. At the end of March 2018, Bds\$1,285,149 was disbursed; an increase of 41.1% compared to Bds\$910,858 for the same period in 2017. This continued increase in utilization of the STAP is largely due to the Corporation’s initiatives of promoting the fund and constant client visitation.

The review period saw improvement in collections of revenues. The current rent receipts stood at \$7.6 million, an increase of 14.9% compared to the same period of 2016/17. Current receipts for the year stood at 76% of the total billings, an increase from the previous year’s position of 69%. During the period the Corporation

also collected \$3.1 million of its previous receivables, a decrease of \$0.5 million compared to the previous year. However, total rent receipts stood at \$10.7 million for the period, an increase of \$0.5 million or 4.49% compared to the previous year. Total revenue for the fiscal year 2017/2018 stood at \$9.8 million, an increase of 5.1% or \$0.5 million compared to the previous year. A more active engagement of clients in maintaining their rental accounts and the implementation of repayment plans have continued to yield positive results. Where payments have not materialised from persistent defaulters, the Corporation has, via legal recourse, sought to recover the space.

As part of its commitment to provide affordable office space to Barbadian businesses, the Corporation allocated 329,595 square feet of space to 53 clients during the period under review.

FUTURE PROSPECTS AND DIRECTION

The BIDC will continue into the next period to complete the planned priority projects which are all in advanced stages. These priority projects, among other things, include the following:

1. The Product Development Programme
2. The Apparel Renewal Project (ARP)
3. An Animation Hub In collaboration with BIMAP
4. The Shared Use Facility
5. Sector Specific Education and Training

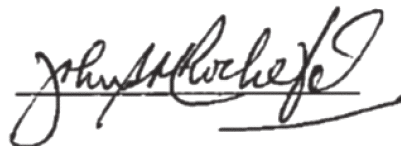
These endeavours are designed to revive the ailing sectors and create new job opportunities, new products for export and enhance the survival of existing manufacturing companies. Additionally, they are intended to improve competitiveness within the sectors, increase revenue earning potential, encourage greater innovation

and import substitution in areas where Barbados can compete. The BIDD will also continue to pursue a robust export programme through the delivery of targeted interventions to:

1. Improve the scope and quality of export goods and services.
2. Assist in the development and exposure of new export ready businesses.
3. Seek new prospects within traditional and emerging export markets.
4. Educate the sectors served in areas of business development and export.

To maximise the impact of these strategic interventions, there will be continual monitoring of corporate performance and an annual assessment of key programmes. The impact assessment will allow the BIDD to make any necessary adjustments to its business model, delivery modes, address any gaps in its programmes or modify any features for greater impact.

I wish to thank the BIDD Team for the achievements and milestones attained during the period under review. Of course, none of this would be possible without the participation of all our stakeholders. As you read through this report I hope you are as proud as I am of the Corporation's successes and the future plans to assist the country in regaining the economic prosperity which Barbados once enjoyed. Let us continue to accelerate our country's progress through hard work and dedication to position it as one of the best countries in the Caribbean to live, work and do business. I look forward to a year of excellence, greater success and encourage all to strive for a stronger, better BIDD in particular and Barbados in general.



Mr. John Rocheford, Chairman



OUR ACHIEVEMENTS & OUTCOMES

CORPORATE STRATEGY

Now more than ever, it is critical that Barbados' industrial sector is one that supports innovative, productive and internationally competitive businesses. The BIDC is committed to providing effective solutions to empower producers to create and respond to market opportunities. It is the intention of the Corporation to be the catalyst for the development of the business culture that will propel Barbados out of the economic malaise that now prevails.

The BIDC pursued six objectives under its four main goal areas during the year ended March 2018:

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

resources to **assist at least 25 Barbadian businesses to access in-market opportunities by March 2018**.

The AIM for Results programme (AIM: Assess Improve Measure) of the International Trade Centre (ITC) seeks to develop the managerial, operational and service delivery capacity of Trade and Investment Support Institutions (TISIs), especially Trade Promotion Organisations (TPOs) such as the BIDC, to contribute to increasing their clients' exports, particularly among small and medium-sized enterprises (SMEs).

The BIDC commenced this benchmarking exercise in August 2013 with an initial assessment by ITC. The 'Improve' aspect of the programme involves the development and implementation of a Performance Improvement Roadmap (PIRM) whilst the 'Measure' component will involve the re-benchmarking on completion of the programme.

During the period, 14 PIRM teams worked collaboratively to achieve specific goals including:

- Review and refresh BIDC's strategic focus to enable stronger impact for clients and motivation for staff.
- Strengthen BIDC's resource management and processes to ensure improved efficiency and to re-engage and support its workforce.
- Review and refresh BIDC's service delivery so it is relevant, effective and creates positive impact for its clients.
- Strengthen BIDC's capacity to measure its performance and results.

- Improved trust, respect, role clarity and effectiveness were considered paramount.

Several detailed reports were presented and a comprehensive report on the PIRM was finalised in March 2018 which summarised the BDC's progress and actions to be taken by December 2018. Recommendations were made for a more effective and efficient client management and service delivery process; the mapping of thirty-three (33) process flows used for the Corporation's delivery of services was completed; internal and external communications plans were prepared along with a Customer Charter and policy documents for income generation and risk management, among other things pertaining to the overall operations of the Corporation.

CORPORATE GOALS

GOAL	G1 - Establish a Customer Centric Operating Model
OBJECTIVES	<ul style="list-style-type: none"> • Brand management initiatives identified & implemented • Higher customer satisfaction rating • At least 2 initiatives from Staff Engagement programme implemented • Staff trained in professional competencies • BDOs assigned to private sector internships • Customer segmentation policy

GOAL	G2 - Improve Revenue Generation, and the Financial and Operational Efficiencies of the BDC
OBJECTIVES	<ul style="list-style-type: none"> • Increased revenue earnings • Collection rate of at least 60% • At least 90% usage of approved document management system • Cost savings through implementation of at least 2 initiatives • Funding facilities identified for institutional strengthening • At least 1 source of external funding for projects • Cross divisional teams deployed on at least 1 project

GOAL	G3 - Enable a Thriving and Sustainable Export Sector
OBJECTIVES	<ul style="list-style-type: none"> • At least 3 workshops to increase exports to Canada, US and Latin America • At least 2 trade missions undertaken • At least 2 research missions undertaken • At least 2 sector specific trade shows attended • Increased number of new exporting companies • At least 3 stakeholder consultations • At least 3 networking relationships with export stakeholders • At least 3 stakeholder relationships established • At least 5 export business connections

GOAL**G4 - Develop Internationally Competitive Businesses****OBJECTIVES**

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

CRITICAL SUCCESS FACTORS

1. A highly trained and energized staff
2. Financial soundness in terms of self-sufficiency and sustainability
3. Facilities with state of the art amenities that can drive and support innovation, production, research and development
4. Strategic direction that will position Barbados as a supplier of high quality goods and services.

MEASURING OUR SUCCESS

Of the eight (8) indicators that were assessed on a quarterly basis, the BIDC achieved its minimum targets in six (6) of them and exceeded the maximum target in three of these indicators. However of the year under review, the Corporation was unable to complete the work necessary to measure the annual Key Performance Indicators for the Customer Satisfaction Index and the Corporate Benchmarking Score.

The BIDC assisted 15 companies with their start-up process, 39 with expansions and facilitated 14 new companies with exporting. In each of these activities, the Corporation exceeded the minimum target. In addition, 14 sector specific training programmes were executed and 53 companies were allocated factory space, exceeding the maximum target in both cases. Current rent collections stood at 76% of current billings at the end of the year, highlighting the Corporation's success in rent collections during the period.

KEY PERFORMANCE INDICATORS FOR 2017-2018

INDICATOR	Annual Target		Apr 2017 -Mar 2018
	Min	Max	Actual
Assessed Annually			
1. Customer Satisfaction Index	66	75	N/A
2. Staff Engagement	35%	45%	**
3. Corporate Bench-marking Score	65%	70%	N/A
Assessed Quarterly			
4. Number of companies moved from idea to start up	15	24	15
5. Number of companies assisted with business expansion	36	60	39
6. No. of sector specific training programmes executed	8	12	14
7. * Growth in exports in selected markets	4%	6%	-0.9%
8. No. of new companies facilitated in exporting	10	15	14
9. Increase in Revenue earnings	8%	10%	5%
10. Current Rent Collections as % of Current billings	60%	65%	76%
11. No. of new tenants facilitated	24	36	53

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

**The B IDC engagement survey measured employee engagement using a 5 point scale, from strongly disagrees to strongly agree. This differed from the rubric used previously. A review of the survey results for the B IDC revealed that the overall company average was 3.73 out of a possible 5. The next survey will assess the Corporation against the identical rubric.

SUSTAINING AND CREATING JOBS

At March 2018, the B IDC recorded a minor falloff in employment in the companies surveyed through the quarterly Survey of Employment & Investment, when compared to March 2017. Total employment at March 2018 stood at 10,217 falling by 1.8% compared to the corresponding period in 2017. Employment in the Manufacturing Sector stood at 6,929 at March 2018, down from 7,075 recorded at March 2017. Jobs within the Services Sectors surveyed totalled 3,288 at March 2018, compared to 3,331 jobs recorded at March 2017.

Start-ups and expansions generated an increase of 538 jobs during the period April 2017 to March 2018. However, this was offset by the loss of more than 700 jobs. The Food, Beverages & Tobacco sub-sector recorded both the highest number of jobs created (244) and the largest loss of jobs (186) in the Manufacturing Sector. In the Services Sector, the Information Services sub-sector generated 50 new jobs and the Other Services sector recorded a loss of 89 jobs in this period. The period July to September 2017 recorded the largest job creation (218) while there was a loss of 215 jobs in the April to June period.

EMPLOYMENT IN SUB-SECTORS SURVEYED BY BIDC AT MARCH 2017 AND MARCH 2018

SUBSECTOR	March 2017 ^R	March 2018	Net Change	% Change
Food, Beverages & Tobacco	3,217	3,269	52	1.62
Textiles, Apparel & Leather	429	400	-29	-6.76
Wood, Wooden Products & Fittings	222	198	-24	-10.81
Paper Products & Printing	625	624	-1	-0.16
Chemicals & Chemical Products	327	303	-24	-7.34
Plastic Products	182	179	-3	-1.65
Non Metallic Mineral Products	694	665	-29	-4.18
Fabricated Metal Products	712	627	-85	-11.94
Precision Instruments	276	300	24	8.70
Electronic Components	167	158	-9	-5.39
Handicraft	110	102	-8	-7.27
Other Manufacturing	114	104	-10	-8.77
Sub-Total	7,075	6,929	-146	-2.06
Information Services	1,259	1,272	13	1.03
Other Services	2,072	2,016	-56	-2.70
Sub-Total	3,331	3,288	-43	-1.29
Total Employed	10,406	10,217	-189	-1.82

^R Revised

Source: Barbados Investment and Development Corporation

PROGRAMMES AND SERVICES TO SUPPORT SECTOR DEVELOPMENT

RESEARCH, DEVELOPMENT AND DESIGN

If Barbados is to successfully emerge from the economic challenges it faces, opportunities for employment creation, new investment and increased exports need to be identified and realised. The BDC plays a key role in both generating these opportunities and pursuing them. It contributes to the diversification and growth of the economy through new investment, increased exports and employment creation by fostering the development of competitive manufacturing, related services and small business enterprises. The Research Officers and Design Advisers of the Business Support Services Division have been working diligently towards this objective. Through targeted research activities and responsive design advisory services, the BDC has sought to stimulate new innovative products and processes, new sector development and new market penetration. The BDC also provided assistance to clients in upgrading and improving existing product features and in fine-tuning new product development.

Insights into market opportunities were critical in the review year and the BDC committed its research resources to deliver business intelligence to empower and better enable companies to capitalize on emerging prospects. To this end, sector profiles were published on activities and trends in the chemicals, apparel, food, beverages, paper, printing and publishing sub sectors of manufacturing and a country survey was prepared for Belize. Information on opportunities and market entry strategies was provided in response to local, regional and international queries.

Design interventions during the year ranged from design consultation and assistance, brand development, packaging and labelling, product development, advertising, graphic design, shop layout and signage, web presence, workshops and seminars. Requests for corporate identity remained the intervention of greatest need. Assistance in booth design and thematic concepts for both local and overseas trade fairs and shows allowed exhibitors to gain significant traction at these events. In addition, the Design Unit facilitated all in-house advertising, signage and promotional media coordinated by the BDC.

The second instalment of the Innovate Barbados conference was hosted on November 1 and 2, 2017 at the Lloyd Erskine Sandiford Centre. The audience who attended confirmed that the conference reached well into the intended target markets, and comprised entrepreneurs and potential entrepreneurs, researchers, students, innovators, creative thinkers, members of academia, manufacturers and services companies, information communication technology professionals, management consultants, financing agencies, government agencies, business support organisations and the media.

The conference content was expanded this year and several new elements added, elevating the conference from one day to two days of intensive opportunities to explore, learn, create and inspire change. The **7 keynote speakers** identified were:



His Excellency Ambassador Selwin Hart, Ambassador to the United States of America (USA) and Permanent Representative to the Organisation of the American States delivering the keynote address: **Building Storm Ready Cities**

1. Barbados' Ambassador to the US, H.E Selwin Hart : *Surviving Impact, Building Storm Ready Economies in the Era of Super Storms*
2. Former Prime Minister , The Hon. Owen Arthur: *Smart Can be Small*
3. Juan Carlos Navarro, Lead Technical Specialist, IDB: *The Road to Smart Specialisation*
4. Futurist Professor Anthony Clayton: *Outrunning the Future*
5. Carlos Alvarez, AIC Medellin, Colombia: *Mission Impossible, Making Improbable Ideas come to Life (could not attend due to illness)*
6. Evolutionary Biologist Tamsin Wooley-Barker: *Lessons from the Birds and Bees*
7. Ignacio Peronne, Research Manager Frost & Sullivan: *Global Megatrends and their Impact on business.*

A panel discussion entitled **Running with Giants, How to Innovate for Impact** represented an enviable mix of high calibre speakers drawn from the USA, Canada, Argentina, Colombia, Jamaica and Trinidad and brought international expert views to the conference agenda.



Conference speaker, Geoff Whitlock (right) engaging Niamke Branch (left) at a one-to-one session

The **Imagine Tomorrow** Blue Flame Challenge, sponsored by Sagicor, was conceptualized by the BIDC as part of its bid to include young people in the process of building a safe and sustainable Barbados. The selected multidisciplinary team spent weeks shaping their vision for Bridgetown 2030. Their presentation was voted outstanding, receiving the only standing ovation throughout the conference.

The Conference also featured the culmination of the Race for Space competition which sought to provide Barbadian

entrepreneurs with a novel process, product or service, the chance to win operating space, retail space, support, opportunities and resources to accelerate their business.

Innovate Barbados 2017 can be considered a success in its aim to:

- Promote innovation as a key mechanism for economic diversification and social transformation;
- Facilitate harmonization and alignment of the policy environment and entrepreneurial development;
- Deepen the start-up culture and
- Be a catalyst for innovative thinking across productive sectors in Barbados.

CORPORATE COMMUNICATIONS

During 2017/18, there was media engagement to ensure coverage of the BIDC/WIPO conference, the Innovate Barbados 2017 conference, the 2018 Export Readiness Programme's Graduation ceremony and Trade Mission and the BIDC's participation in FIHAV 2017 in Havana, Cuba.

Email blasts, newspaper and television ads along with social media advertising were coordinated to highlight BIDC's involvement in activities such as CARIFESTA, the Innovate Barbados conference and other BIDC events as well as other relevant stakeholder programmes.

Much of the work undertaken by the consulting agency to facilitate the Corporation's social media presence, related to managing the BIDC's brand via social media, generic postings highlighting the way BIDC programmes and services can assist in business development and the promotion of the Innovate Conference, which commanded exclusive postings through October 2017.

Key events promoted included:

- The Incubator Programme
- The Special Technical Assistance Programme
- The SELA Digital Course on Entrepreneurship and
- Major trade shows and expos attended by the BIDC.

Work related to managing the BIDC's brand and its programmes via social media included the Doing Business with the Dominican Republic workshop and an end of year BIDC Rewind campaign which highlighted some of the major activities, achievements, movers and shakers throughout 2017. Workshops on intellectual property and screen writing were also promoted. An Entrepreneurship through Education campaign was conceptualized and launched on Facebook.

At the end of March 2018, the BIDC's Facebook page reached 6,097 followers, indicating continued growth. On LinkedIn, BIDC gained 378 followers.

PROPERTY MANAGEMENT

As part of its efforts to maximise the allocation of available factory space, the Corporation continued the maintenance of the property portfolio during the review period. Contracts for corrective and scheduled maintenance were issued to ensure that buildings remained tenatable, but also to bring previously untenatable space back into active operation.

Capital Works

During the past year, the BIDC has sought to reclaim some of its untenatable space as part of its efforts to provide factory space to its clients. Work was carried out on projects geared at

the renewal of the roof covering at Buildings #6A & 6B-Harbour, the replacement of the roof covering at Building #18-Wilkey and the renovation of Building #6-Six Roads. Work also began on the implementation of renewable energy measures at the BIDC's corporate offices. Final and updated project pricing information was received for the design and implementation of energy efficient and renewable energy measures. In addition, a loan to fund the project was approved by Capital Finance for the sum of \$1,377,246.75. Documentation was prepared informing the Ministry of Industry, International Business, Commerce and Small Business Development of the proposed project for its review and approval.

As part of its commitment to the provision of affordable office space to Barbadian businesses, the Corporation facilitated the allocation of 329,595 square feet of space to 53 clients during the year under review: 94,058 square feet on a long term basis and 235,537 square feet for the short term.

SPECIAL SECTORAL DEVELOPMENT INITIATIVES AND PROJECTS

Shared-use facility for the Condiments Sector of Barbados

Barbados' food has unique flavours, particularly determined by the condiments used in preparation. The BIDC has recognised that the Barbadian diaspora yearns for a taste of "home" regardless of where they live. This has developed a ready market for local flavourings that, if prepared according to international standards and requirements, will generate valuable foreign exchange for the country. To this end, the Corporation continued work during the year to establish the Shared Use Facility for the Condiments Subsector. This project intends to prepare and operate a plant that is Hazard Analysis Critical Control Points (HACCP) certified.

During the year under review, the BIDC received for its consideration the following comprehensive reports:

- Survey Report—an analysis of the condiments sector of Barbados operating within the context of the wider international market for condiments, and provided conclusions on the viability and benefits of an SUF for Barbados;
- Report on Best Practices for shared-use facilities
- Design and Layout for the Shared-use Facility
- Compliance of the Barbados Condiment Supply Chain with HACCP Principles: Strategy and Action Plan
- Business and Operational Plan (BOP) for a Shared-use Facility in Barbados.

The work ahead involves the securing of commitment of members via written letters of intention, an inventory of available equipment and the securing of funding vis-à-vis further project development including additional costs for contractual and consultancy work to include building refurbishment for HACCP compliance; selection and commissioning of equipment.

Furniture Cluster

As part of its current three-year plan, the BIDC has sought to establish a furniture cluster and retail furniture and furnishings sales outlet, located at the Spring Garden Industrial Estate, St. Michael. A draft report was submitted by the international consultant in the previous fiscal period on the most suitable model of a possible shared facility for the furniture sector.

Animation Hub

The global animation industry is estimated to generate more than US\$ 250 billion in revenue annually. Animation has been immersed in movies, games, advertisements, education, social media and more. The BIDC is confident that the local industry is

poised to be a major contributor to the development of content and intellectual property and has invested in the development of the animation industry in Barbados. Already, plans are in train for the establishment of a BIDC profit centre which thrives on the animation training being conducted by BIMAP. The BIDC is committed to the provision of accredited animation training and has submitted a proposal for possible funding.

Promotion of Services

As part of the promotional thrust for services production and delivery in Barbados and beyond, the BIDC commissioned the development of an application to enable customers to connect with the providers of services. The potential for the app cannot be underscored as, more and more, the economy of Barbados is being driven by services. The app will eliminate much of the risk associated with contracting providers of services and will allow for the rating of the performance of contracted service providers.

ENTREPRENEURIAL DEVELOPMENT

Getting it Right from the Start

Following multiple downgrades by international rating agencies, the economy of Barbados was in a precarious position and required decisive and targeted interventions. In this regard the BIDC intensified its efforts to support the establishment of new businesses, expansion of existing ones, the production of high quality products and increased exports. By facilitating start-ups and expansions, the Corporation aimed to generate increased job opportunities which would result in increased disposable income and consumer purchasing power. Moreover, expanded businesses have the potential to positively impact the level of exports and foreign exchange. During the period under review, the work of the Export and Business Development Division

generated 15 start-ups and 39 expansions.

As part of its client engagement, the BIDC disbursed Bds\$ 1.3 million in grant funds under the Special Technical Assistance Programme (STAP) over the fiscal year 2017/18, an increase of 41.1% compared to the 2016/17 period. Of this total, marketing activities accounted for Bds\$ 515,244 or (40.1%) and professional services, Bds\$ 146,905 (11.4%).

AGROFEST 2018 was part of the development strategy to assist clients in leveraging opportunities at local exhibitions and enhancing their public profile through the promotion of their product and service offerings. The BIDC supported the participation of five (5) clients at this event.

A further 10 clients benefited through exposure at the Girlfriends Expo in February 2018. Most participants agreed the event was a success and positively impacted their business profile. The participants were engaged in activities such as the manufacture of hand bags, garments, wellness products, baked goods, personalised printing, jewellery-making and other accessories.

Barbados hosted CARIFESTA XIII in August 2017 and the BIDC capitalised on the opportunity to provide assistance to ten (10) clients engaged in the Creative Industries Sector, the Crafts Sector and the manufacture of culinary products and condiments to exhibit their products/services. The Corporation also hosted a number of activities in Pelican Centre during that period, collaborating with the Barbados Museum to deliver a display on the history of Crop Over and organising a number of cultural activities and live demonstrations.

The BIDC sponsored the participation of a number of companies at the 2017 edition of the manufacturers' exhibition, BMEX. Participants were able to market their products/services to a large cross section of attendees who viewed and sampled the selections

on display. Several overseas distributors were sponsored by the Corporation through its Buyers' Programme to attend BMEX 2017. The buyers were also hosted at Bagnall's Point Gallery and afforded the opportunity to interact with several of Barbados' leading exporters.

Moving from Idea to Enterprise

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

Through the Incubator programme businesses are moulded into economically viable enterprises with the capacity to create employment and stimulate economic growth. The programme offers an array of services designed to assist new enterprises to grow and stay in business after graduation. The Incubator facility can house a maximum of 16 Residential Incubatees.

Several developmental initiatives were introduced during the year under review. Among these were the *Lunch n' Learn* Network Forum and Pop-up Showcases. The BIDC also collaborated with the Copyright Society of Composers, Authors and Publishers (COSCAP) to launch its Music Incubator Programme during the year and already is responding to 11 applications for assistance.

The BIDC's Innovation programme is designed to assist local innovators through the provision of a confidential environment of evaluation, consultation and education to innovators, helping them to take their ideas from the drawing board to commercialisation. It includes facilities for new product development and intellectual property registration. During the year under review, assistance was provided to companies engaged in transportation, water sports, renewable energy services and food manufacturing. An innovation Review Committee was established to consider all

applications for assistance and an Innovator's Community was formed to provide networking opportunities.

EXPORT DEVELOPMENT AND PROMOTION

In Pursuit of Markets that Matter

Over the twelve months of the fiscal year 2017/18, the BIDC



Successful participants of the Export Readiness Programme at their graduation

assisted a number of companies in their market penetration efforts, leading to 14 new exporters by the end of the year. Training in "export readiness" was delivered to 17 companies through their participation in the BIDC's annual Export Readiness Programme.

The BIDC has sought to give companies exposure to overseas markets as part of the Export Readiness Programme. In February 2018, 10 of the 17 graduating companies from the 2017 programme were facilitated on a trade mission to Guyana. The



BIDC-sponsored booth at the FIHAV 2017 trade fair.

companies were drawn from the following sectors - food and beverage; information technology services (medical); building and construction; garments and fashion; media publishing and health and wellness.

As part of its market penetration efforts for the Dominican Republic market, the BIDC has facilitated attendance by a number of producers at the annual trade fair, The HUB Camara Santo Domingo. The Hub is a well-attended event with many buyers and distributors attending from the Latin American markets. This could augur well for Barbadian companies who see the Dominican Republic as an 'access doorway' to other markets in Latin America. In 2018, the Corporation arranged for four (4) companies to both attend and participate in the trade show. Moreover, a Memorandum of Understanding has been signed between the BIDC and ProDominicana. The BIDC is expected to continue dialogue with key officials from ProDominicana and develop a Strategic Action Plan designed for activities to be implemented that would create greater economic and commercial cooperation between the two parties.

Cuba remains a market of consideration for several local producers and the Corporation is committed to facilitating viable market entry initiatives. In November 2017, the BIDC assisted seven (7) companies in attending and participating in the Cuban trade fair, FIHAV. Following the 5-day Cuba political/commercial trade mission executed in the previous year, which included meetings with Cuban Government officials and suppliers in Cuba, moderate prospects were identified for market entry. The positive response to local offerings will be explored to its fullest capacity.

In February and March 2018, the BIDC facilitated the participation of four (4) companies in the 5-day trade fair, Expocomer in Panama. Barbados enjoys a rich history with Panama which offers a significant diaspora for the marketing of local products. The engagement in the fair offered a platform for Barbadian manufacturers to investigate and exploit the export opportunities within that market and showcase Barbados' product offerings to the widest possible audience. It provided the manufacturers with the opportunity to establish business to business relations with the Trade and Panamanian distributive sector, match appropriate Panamanian companies with the Barbadian companies to facilitate the prospects of market penetration i.e. through direct export, joint venture and/or franchising and investigate new sources of inputs/raw materials. The visit also enabled the BIDC to investigate interest of buyers from Panama to visit Barbados' premiere trade fair BMEX, to enhance the appreciation of manufacturers' products and production while visiting Barbados. The BIDC employed a multi-faceted strategy in its export thrust in 2017/18. Several sectoral initiatives were engaged in collaboration with targeted firm-level interventions and supply side capabilities to enhance export competitiveness. In conjunction with the trade mission to Guyana, the BIDC facilitated attendance by companies at a number of promotional events including the 'Spirit of Barbados' Gala in Washington D.C., 'Barbados On The Water' in Toronto, 'Ottawa Day' in Ottawa, 'Barbados Comes To Tampa Bay' in Florida, 'Jus Caribbean' and 'Grace Food and

Beverage Conference' in London, 'Aid to Artisan' in New York and 'Expo Astana' in Kazakhstan. The aim was to broaden the distribution of Barbadian products by keeping companies on top of emerging trends and opportunities through the offering of relevant business intelligence and market research, the creation of stronger commercial linkages, enhanced availability of products, a wider base of products and in-market promotional events.

Barbados exported goods valued at Bds\$518.7 million over the twelve months of 2017/18. This represented an increase of 2.3% compared to the previous fiscal year. Producers exported to 144 markets during this period, up from 142 in the previous twelve months. Notable increases in exports were recorded for the following markets: the United States of America, CARICOM, Hong Kong, France, Netherlands, Bermuda, Anguilla, Nicaragua, New Zealand, Panama, Belgium, Taiwan, Slovakia Republic, Denmark and Haiti.

Rum continued to be the dominant export, with shipments valued at Bds\$83.9 million in 2017/18, an increase of 6.8% compared to the previous fiscal year. Shipments were made to 43 markets during the

year, up from 38 in the previous year. Increases in shipments were registered for 25 of these markets. The United States of America remained the principal country of destination for rum exports, with Bds\$40.4 million shipped, increasing by Bds\$1.1 million or 2.9% compared to 2016/17. Substantial increases were also recorded in France, the United Kingdom, Jamaica, Suriname, Grenada, St. Lucia, the Bahamas, Dominica, St. Vincent and French Guiana.

As has been the case for several years, Barbados' major export markets in 2017-2018 were CARICOM (52.6%), the USA (18.6%), Canada (3.3%) and EU (9.7%). These established markets together account for 84.2% of Barbados' export trade. Export performances strengthened in the markets of CARICOM (6.3%), USA (12.55) and European Union (1.6%). While increases of \$16.1 million and \$10.7 million were recorded in the CARICOM and USA markets respectively, a major collapse in exports within the classification of "artificial joints of the bod" to the market in the People's Republic of China generated a fall of \$16.1 million in the Other Markets category.

DOMESTIC EXPORTS TO MAJOR MARKETS BY VALUE AND PERCENTAGE SHARE

Fiscal Year 2017/18 Compared With 2016/17

MARKETS	2016/17 \$ BDS	% Share	2017/18 \$ BDS	% Share
CARICOM	256,612,248	50.59	272,746,449	52.59
USA	85,578,333	16.87	96,266,721	18.56
Canada	17,358,446	3.42	17,254,034	3.33
EU	49,532,158	9.76	50,332,434	9.70
Dominican Republic	4,122,199	0.81	4,119,260	0.79
Other	94,043,458	18.54	77,949,513	15.03
TOTAL	507,246,842	100.00	518,668,411	100.00

Source: Barbados Statistical Service

Barbados' exports to CARICOM increased by 6.3%, moving from \$256.6 million to \$272.2 million. While Dominica registered the largest percentage increase (48.5%), the largest increase in export sales was recorded in the Jamaican market where sales grew by

\$4.8 million, moving from \$33.8 million to \$37.6 million. On the other hand, exports to St. Vincent and the Grenadines declined by just over \$2 million, moving from \$22 million to \$17.7 million.

DOMESTIC EXPORTS TO CARICOM BY MARKETS

Fiscal Year 2017/18 Compared With 2016/17

CARICOM MARKETS	2016/17 \$ BDS	2017/18 \$ BDS	% Change
ANTIGUA	14,704,124	18,925,001	28.71
BELIZE	2,957,273	3,015,242	1.96
DOMINICA	6,194,571	9,197,793	48.48
GRENADA	16,700,477	16,551,466	-0.89
GUYANA	44,367,697	48,287,100	8.83
JAMAICA	33,829,763	37,618,150	11.20
MONTserrat	872,742	718,347	-17.69
ST. KITTS/NEVIS	12,453,884	13,857,410	11.27
ST. LUCIA	29,089,854	29,891,050	2.75
ST.VINCENT	22,037,951	17,743,987	-19.48
SURINAME	7,970,337	9,395,529	17.88
TRINIDAD & TOB.	65,433,575	67,545,374	3.23
TOTAL	256,612,248	272,746,449	6.29

Source: Barbados Statistical Service

Within the CARICOM market, the top export categories of Manufactured Goods Classified Chiefly by Material; Chemicals; and Food & Live Animals all recorded moderate improvements,

with shipments at \$63.1 million, \$61.3 million and \$60.6 million respectively.

DOMESTIC EXPORTS TO CARICOM (BY SITC SECTION)

Fiscal Year 2017/18 Compared With 2016/17

SECTION	2016/17 \$ BDS	2017/18 \$ BDS	% Change
Food and Live Animals	57,468,531	60,565,956	5.39
Beverages and Tobacco	9,536,348	14,726,854	54.43
Crude Materials Inedible Except Fuels	835,478	756,743	-9.42
Minerals, Fuels, Lubricants & Rel. Mat.	22,896,613	27,935,215	22.01
Animals & Vegetable Oils & Fats	3,629,081	4,332,418	19.38
Chemicals	55,515,720	61,308,232	10.43
Manufactured Gds. Classified by Material	62,363,511	63,131,430	1.23
Machinery & Transport Equipment	10,724,636	5,243,086	-51.11
Miscellaneous Manufactured Articles	31,975,175	32,862,607	2.78
Miscellaneous Transactions & Commodities	1,667,155	1,883,908	13.00
TOTAL	256,612,248	272,746,449	6.29

Source: Barbados Statistical Service

Through Trade Counseling

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

documentation, quality standards, business opportunities, supply chains and potential distributors.

Through Capacity Building

The Export Readiness Programme (ERP) continued to be one of the principal vehicles through which the BDC empowered local producers to thrive in the global arena. During the year under review, 17 companies benefited from training under this programme.

In alignment with its key performance indicators, the BDC sought to increase the number of new exporters by between 10 and 15

at the end of March 2017. At the end of the period, some 14 new export companies were registered.

As part of its effort to promote competitiveness through education & training, the BIDC organised 14 training courses and workshops. These included:

- Advanced Leather Goods Fabrication (ALGF) for leather craft artisans and manufacturers of bags and accessories. 17 persons participated;
- “Leather Craft Design Inspiration” for the participants of the ALGF workshop;
- The Brand “YOU” - Developing Your Professional Brand for 11 Mentees of the Mom-Preneurship Programme;
- Doing Business In and With China for Manufacturers seeking to source inputs from and export to China. 20 persons participated;
- Refining Your Business Model for 13 incubatees;
- Export Financing for 20 exporters;
- Export Requirements for the UK for UK exporters and potential exporters. 7 persons participated;
- Export Readiness Programme for potential and fledgling exporters. 17 persons were trained;
- Entrepreneurship through Education Programme: (Building a Business Plan) for 40 students at St. Leonard’s School;
- Entrepreneurship through Education: (Fun with Money) for 30 students at the St. Ambrose Primary School;
- Business Fundamentals Programme for 20 Businesses at start-up stage;

- Global Sales: How to attract foreign buyers to your business – USA for 3 businesses exploring market opportunities in the US market;
- Good Manufacturing Practices: Food Sector for 20 food processors;
- Screenwriting for persons in the Film and Video sector. 20 persons participated.

Through Certification of Exports

During the period April 2017 to March 2018, the BIDC certified a total of 7,247 shipments, accounting for Bds\$322 million. Although the number of shipments was down from 7,401 in 2016/17, there was only a marginal decline of 1.2% in the value of certified exports which had stood at Bds\$325.7 million at the end of the previous year.

As in the previous year, 143 companies used the BIDC’s certification service during 2017/18. Certification officers conducted visits to companies applying for certification status to observe and assess their operations as part of the eligibility criteria. During the period, the Certification Unit processed 37 applications for certification status from 18 different businesses or individuals. Advice was also provided to companies on improvements and amendments that could be made to enable them to meet the requirements for certification status. Applications for certification status are required for both new businesses wanting to export their product(s) or existing exporters wishing to add new products to their export portfolio.

CERTIFIED EXPORTS BY AGREEMENT
2016/17 and 2017/18

Scheme	2016/2017	2017/2018	Change	% Chg.
C.B.I	\$51,959,595	\$51,068,089	(\$891,506)	(1.72)
CARIBCAN	\$14,399,133	\$13,685,305	(\$713,828)	(4.96)
CARICOM	\$236,994,059	\$244,943,747	\$7,949,688	3.35
CARICOM/COLOMBIA	\$172,910	\$15,000	(\$157,910)	(91.32)
CARICOM/CUBA	\$13,713,656	\$331,395	(\$13,382,261)	(97.58)
CARICOM/DOMINICAN REP.	\$3,644,882	\$3,611,759	(\$33,123)	(0.91)
CARICOM/VENEZUELA	\$274,532	\$483,926	\$209,394	76.27
CARICOM/COSTA RICA	\$2,153	\$4,703	\$2,550	118.44
GSP	\$1,500,069	\$4,021,472	\$2,521,403	168.09
OTHER	\$3,072,541	\$3,832,923	\$760,382	24.75
TOTAL	\$325,733,530	\$321,998,319	(\$3,735,211)	(1.15)

Source: BIDC's Certification Database

Exports to CARICOM grew by \$7.9 million due principally to improved sales to Trinidad and Tobago, Guyana, Antigua and Barbuda, Dominica and Jamaica. Strong performances were

noted in crude oil, cement, rum, beer, pharmaceuticals, thinners, juice and labels.

CARICOM CERTIFIED EXPORT STATISTICS
2016/17 and 2017/18

	2016/2017	2017/2018	Change	% Change
Guyana	\$41,011,709.60	\$44,414,086.20	\$3,402,376.60	8.30
Jamaica	\$34,397,976.23	\$35,563,793.70	\$1,165,817.47	3.39
Suriname	\$7,120,967.21	\$6,520,096.52	(\$600,870.69)	-8.44
Trinidad & Tobago	\$63,468,934.16	\$68,361,937.94	\$4,893,003.78	7.71
Antigua & Barbuda	\$12,065,160.03	\$13,704,089.70	\$1,638,929.67	13.58
Anguilla	\$1,933,461.26	\$2,840,089.71	\$906,628.45	46.89
Belize	\$2,530,646.58	\$2,791,297.67	\$260,651.09	10.30
Dominica	\$4,931,423.27	\$6,308,515.09	\$1,377,091.82	27.92
Grenada	\$13,151,842.46	\$12,556,935.51	(\$594,906.95)	-4.52
St Kitts and Nevis	\$11,730,586.18	\$12,506,282.55	\$775,696.37	6.61
St Lucia	\$26,682,915.24	\$25,135,919.10	(\$1,546,996.13)	-5.80
Montserrat	\$776,897.50	\$656,810.66	(\$120,086.84)	-15.46
St Vincent & The Grenadines	\$17,191,539.35	\$13,583,892.88	(\$3,607,646.47)	-20.99
CARICOM TOTAL	\$236,994,059.07	\$244,943,747.23	\$7,949,688.16	3.35
MDC's TOTAL	\$145,999,587.20	\$154,859,914.36	\$8,860,327.16	6.07
LDC's TOTAL	\$90,994,471.87	\$90,083,832.87	(\$910,639.00)	-1.00

Source: BIDC's Certification Database

Through Marketing

As part of its goals to enable a thriving export sector and develop internationally competitive businesses, the BIDC seeks on an ongoing basis, to expose local producers to the environment in overseas markets. To this end, the Corporation sponsored and attended several local and international trade fairs over the last fiscal year and facilitated one trade mission for 10 participants.

These activities included:

- Jus Caribbean Festival, London, UK in August 2017 – The BIDC exposed six manufacturers to opportunities in the UK market while targeting both the diaspora and mainstream consumers with activities specifically designed for both consumers. The visit also served to sensitize the participating manufacturers to the requirements in the UK market, particularly since BREXIT

and the UK's separation from the EU, and heightened the awareness of distributors of the quality and availability of Barbadian products. Amidst the encouraging feedback at the fair, one (1) company received a new distributor and five (5) companies were able to sell product or supply existing distributors with additional products.

- FIHAV, Cuba, October 30 – November 3, 2017 – For the seven companies attending this trade show, the Chamber of Commerce of Cuba provided a clear understanding of the procedures for doing business in Cuba. They were also able to follow up on discussions with various Cuban suppliers which were initiated at the previous FIHAV Trade Fair. The visit also sought to initiate discussions with other global exhibitors, and facilitated discussions on strategic partnering.

The BIDC's assessment of the market in Cuba is that there are moderate prospects for market entry. Efforts will continue to facilitate clients who have expressed interest in entering the market.

- Expocomer, Panama, February 28 – March 3, 2018 – The BIDC facilitated the attendance of four (4) companies producing pharmaceuticals, snacks, condiments, beverages and processed meats. The visit served to:
 - Offer a platform to Barbadian manufacturers to investigate and exploit the export opportunities within that market.
 - Showcase Barbados' product offerings to the widest possible audience so as to enhance the appreciation of the offering.
 - Provide the manufacturers with the opportunity to establish business to business relations with the Trade and Panamanian distributive sector.

- Match appropriate Panamanian companies with the Barbadian companies to facilitate the prospects of market penetration i.e. through direct export, joint venture and/or franchising.
- Investigate new sources of inputs/raw materials for the products under investigation, if available in Panama or neighbouring territories.
- Investigate interest of buyers from Panama to visit Barbados' premiere trade fair BMEX.

After facilitating the participation of a select group of manufacturers in this show for the third year, one company has secured shelf space for its products in two major Supermarket chains in Panama.

- The HUB Camara, Dominican Republic (DR), March 4-10, 2018
 - Five (5) companies derived benefit from participating in this trade fair. They were able to:
 - Build relationships with prospective clients, through B2B meetings facilitated with critical suppliers and distributors from the DR.
 - Develop an awareness of industry trends in the DR.
 - Increase visibility and bring awareness to the products from Barbados.
 - Generate publicity for Barbados and its products and services.

The BIDC was also able to facilitate the signing of an MOU with ProDominicana, designed to deepen cooperation between these two trade promotion/business development agencies.

- The BIDC also undertook an outward trade mission to Guyana in February 2018 as part of the Export Readiness Programme. Participating in the mission were 10 companies involved in the production of snacks, spa products, footwear, garments or engaged in the delivery of medical services (IT), media and events publishing and building and construction.

Through Market Intelligence

The BIDC places great emphasis on helping its clients understand what is happening in a market place, what the issues are, what competitors are doing, what customers or consumers are doing and what the likely market potential is for new products or services based on previous activities and responses.

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

TECHNICAL ASSISTANCE

Since 2001, the BIDC has been charged with the administration of the Special Technical Assistance Fund, financed by the Government of Barbados, with the goal of enhancing the international competitiveness of local manufacturers, service providers and small businesses. Activities funded under the STA Fund include training and productivity enhancement, marketing, operational redesign, product development and international standards certification.

During the year under review, the BIDC advanced its impact on the productive landscape of Barbados through technical assistance

provided to its clients. For the 12 months ended March 2018, the Corporation disbursed \$1.3 million in grant funding under this programme. This represented an increase of 41.1% over the previous fiscal year when a total of \$0.9 million was disbursed. Of the 56 beneficiaries in 2017/18, there were 27 companies, 17 sector initiatives, 10 projects and 2 institutions. The majority of funds disbursed were for sector initiatives which accounted for 50.5% of total payments under the STAP. Businesses in the Other Services sector received 70.4% of disbursements while those operating within the Food, Beverages and Tobacco received 13.9%, those in Textiles and Apparel (5.1%) and those in Other Manufacturing (7.5%).

Requests for marketing attracted 40.1% of funds disbursed this year. Support was also provided to fund enhancement programmes for craft development as well as programmes of the Barbados Manufacturers' Association (BMA) (16.4%), equipment, systems and process upgrades (13.6%), professional services (11.4%), training to support productivity improvement (11.5%), international standards certification (4.0%), the promotion of the Pelican Craft Centre (2.2%), intellectual property (0.4%) and product design (0.4%). Disbursements for 2017/18 brought the total value of assistance provided by the fund since inception in 2001 to \$48.5 million.

STRATEGIC PARTNERSHIPS

Appreciating that the Corporation is faced with both financial and technical constraints, the BIDC engaged key stakeholders during the year under review in strategic partnerships for the development of industry in Barbados. Several collaborative efforts in key areas of export development, enterprise development, innovation, research and business intelligence and product development were undertaken in the following areas:

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



Consolidated Financial Statements of






BARBADOS INVESTMENT AND DEVELOPMENT CORPORATION



FINANCIAL STATEMENTS

March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Barbados Investment and Development Corporation

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Opinion

We have audited the consolidated financial statements of Barbados Investment and Development Corporation (the Group), which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the accompanying consolidated financial statements (hereafter financial statements) present fairly, in all material respects, the financial position of the Group as at March 31, 2018, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

Basis for qualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Note 20 to the financial statements discloses that instructions were issued by the Ministry of Finance, Economic Affairs and Investments to State Owned Enterprises to write off all intragovernmental debt owing prior to September 1, 2018. Affected amounts recorded by the Group as at March 31, 2018 are represented by an outstanding subvention receivable of \$7,401,103 and taxes payable to the Barbados Revenue Authority of \$20,575,009. Portions of these amounts not subsequently received or paid to date have not been

written off. This is not in accordance with section 32.4 of the IFRS for SMEs which would require that this be treated as an adjusting event as at March 31, 2018.

Note 8 to the financial statements discloses that the Group defaulted on the interest payment due on its bond held with RBC Royal Bank (Barbados) Ltd. carried at \$38,793,464. As a consequence, the BIDC was issued with a notice of default and further advised that the bond has become due and payable immediately. The bond payable has not been reclassified as a current liability and this is not in accordance with section 4 of the IFRS for SMEs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Barbados Investment and Development Corporation Annual Report ("the Annual Report"), but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Responsibilities of management and those charged with governance for the financial statements (Continued)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

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



February 20, 2019

Consolidated Statement of Financial Position

As at March 31, 2018

(Expressed in Barbados dollars)

Assets

Current Assets

Cash and cash equivalents (note 3)
Term deposits (note 3)
Accounts receivable (note 4)
Investments
Staff loans (note 5)
Prepaid expenses

Non-current Assets

Staff loans (note 5)
Sinking fund investment (note 6)
Property and equipment (note 7)

Total Assets

Liabilities and Equity

Current Liabilities

Accounts payable and accrued liabilities

Long Term Liabilities

Long term debt (note 8)

Total Liabilities


Equity

Capital contributed by Government of Barbados (note 10)
Investment revaluation reserve
Sinking fund (note 6)
Special technical assistance fund (note 9)
Minority interest
Accumulated excess of revenue over expenditure

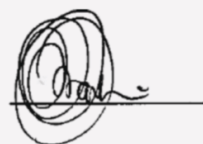
Total Shareholder's Equity

Total Liabilities and Shareholder's Equity

Approved on behalf of the Board:



Director



Director

See accompanying notes to the consolidated financial statements.

	2018 \$	2017 \$
Cash and cash equivalents (note 3)	8,850,132	6,717,528
Term deposits (note 3)	609,631	601,601
Accounts receivable (note 4)	8,315,432	7,991,967
Investments	15,640	15,640
Staff loans (note 5)	61,084	41,719
Prepaid expenses	8,392	12,135
17,860,311	15,380,590	
Staff loans (note 5)	136,988	73,858
Sinking fund investment (note 6)	26,526,831	25,808,033
Property and equipment (note 7)	69,390,234	72,888,835
96,054,053	98,770,726	
113,914,364	114,151,316	
Accounts payable and accrued liabilities	24,585,746	20,791,528
Long term debt (note 8)	39,786,797	38,849,965
64,372,543	59,641,493	
Capital contributed by Government of Barbados (note 10)	7,504,087	7,504,087
Investment revaluation reserve	-	-
Sinking fund (note 6)	26,526,831	25,808,033
Special technical assistance fund (note 9)	4,036,000	4,571,148
Minority interest	4,857	4,892
Accumulated excess of revenue over expenditure	11,470,046	16,621,663
49,541,821	54,509,823	
113,914,364	114,151,316	

Consolidated Statement of Comprehensive Loss

As at March 31, 2018

(Expressed in Barbados dollars)

	2018 \$	2017 \$
Revenue		
Factory space rental	9,821,010	9,341,127
Other income (note 11)	1,949,938	1,743,949
	<hr/>	<hr/>
Revenue grants from Government of Barbados (note 12)	11,770,948	11,085,076
Gain/(loss) on disposal of property and equipment	12,377,262	12,611,448
	391	(6,032)
	<hr/>	<hr/>
Total Revenue	24,148,601	23,690,492
	<hr/>	<hr/>
Expenditure		
Bad debts	392,972	341,051
Administration (note 13)	8,364,597	8,738,059
Industrial estates (note 14)	9,428,319	8,975,900
Interest expense	2,621,435	2,625,064
Industrial and training grants	1,357,536	830,254
Loss on asset impairment (note 6)	2,996,705	-
Depreciation (note 7)	3,955,039	3,927,691
	<hr/>	<hr/>
	29,116,603	25,438,019
	<hr/>	<hr/>
Excess of expenditure over revenue, being comprehensive loss for the year	(4,968,002)	(1,747,527)
	<hr/>	<hr/>
Attributable to:		
Equity holders of the Parent	(4,967,967)	(1,748,340)
Minority interest	(35)	813
	<hr/>	<hr/>
	(4,968,002)	(1,747,527)
	<hr/>	<hr/>

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes In Equity

As at March 31, 2018

(Expressed in Barbados dollars)

	Capital contributed by Government of Barbados \$	Fair value reserve \$	Special Technical Assistance (STA) Fund \$	Sinking fund \$	Minority interest \$	Accumulated excess of revenue over expenditure \$	Total \$
Balance - March 31, 2016	7,504,087	9,183	3,209,844	22,362,423	4,079	23,167,734	56,257,350
Excess of expenditure over revenue for the year	-	-	-	-	813	(1,748,340)	(1,747,527)
Appropriation to special technical assistance fund	-	-	1,361,304	-	-	(1,361,304)	-
Appropriation from sinking fund (note 6)	-	-	-	2,277,150	-	(2,277,150)	-
Interest earned on amounts invested (note 6)	-	-	-	1,168,460	-	(1,168,460)	-
Reclassification of fair value	-	(9,183)	-	-	-	9,183	-
Balance - March 31, 2017	7,504,087	-	4,571,148	25,808,033	4,892	16,621,663	54,509,823
Excess of expenditure over revenue for the year	-	-	-	-	(35)	(4,967,967)	(4,968,002)
Appropriation to special technical assistance fund	-	-	(535,148)	-	-	535,148	-
Appropriation to sinking fund (note 6)	-	-	-	2,277,130	-	(2,277,130)	-
Loss impairment on asset (note 6)	-	-	-	(2,996,705)	-	2,996,705	-
Interest earned on amounts invested (note 6)	-	-	-	1,438,373	-	(1,438,373)	-
Balance - March 31, 2018	7,504,087	-	4,036,000	26,526,831	4,857	11,470,046	49,541,821

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

As at March 31, 2018

(Expressed in Barbados dollars)

	2018 \$	2017 \$
Cash flows from operating activities		
Excess of expenditure over revenue for the year	(4,968,002)	(1,747,527)
Adjustments for:		
Depreciation	3,955,039	3,927,691
(Gain) loss on disposal of property and equipment	(391)	6,032
Loss on asset impairment – Sinking Fund	2,996,705	-
Interest income	(1,436,866)	(1,194,564)
Term deposits	(8,030)	(14,935)
Interest expense	2,621,435	2,625,064
Adjusted excess of revenue over expenditure before working capital changes	3,159,890	3,601,761
Increase in accounts receivable	(389,816)	(922,240)
Decrease in staff loans	(82,496)	102,247
Decrease (increase) in prepaid expenses	3,743	(2,602)
Increase in accounts payable and accrued liabilities	3,794,218	3,299,288
Net cash from operating activities	6,485,539	6,078,454
Cash flows used in investing activities		
Purchase of sinking fund investments	(3,715,503)	(3,445,610)
Additions to development projects	(449,438)	(252,030)
Additions to property and equipment	(7,000)	(33,550)
Interest received	1,446,717	1,171,765
Proceeds on disposal of plant and equipment	391	-
Net cash used in investing activities	(2,724,833)	(2,559,425)
Cash flows used in financing activities		
Interest paid	(2,621,435)	(2,677,937)
Increase in Deferred Revenue	993,333	-
Net cash used in financing activities	(1,628,102)	(2,677,937)
Net increase in cash and cash equivalents	2,132,604	841,092
Cash and cash equivalents - beginning of year	6,717,528	5,876,436
Cash and cash equivalents - end of year (note 3)	8,850,132	6,717,528

See accompanying notes to the financial statements.

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

1. Establishment, principal activity and principal place of business

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

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

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

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

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

2. Significant accounting policies

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

a) Basis of preparation

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

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and those of its wholly owned subsidiaries, IslandCrafts (Barbados) Inc. and Newton Business Park Project Company Limited for the year ended March 31, 2018. Subsidiaries are all entities (including special entities) over which the Group has the power to govern in the financial and operating policies so as to obtain benefits from its activities. Inter-company transactions, balances and unrealised gains on transactions with subsidiaries, which are related parties, are eliminated in full.

c) Foreign currency translation

Functional and presentation currency

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

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

c) Foreign currency translation (continued)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive loss.

d) Use of estimates and assumptions

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

Key sources of estimation uncertainty include: determination of fair value of financial instruments, the impairment of accounts receivables, property and equipment and development projects, and litigation provisions. Further, sources of estimation uncertainty relating to pensions have been disclosed in notes 15 and 17. Accordingly, actual results may differ from these and other estimates thereby impacting our future consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

e) Cash and cash equivalents

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

f) Revenue recognition

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

i. Sale of goods

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

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

ii. Interest income

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

iii. Dividend income

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

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

f) Revenue recognition (continued)

iv. Rental income

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

v) Deferred revenue

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

g) Property and equipment and development projects

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

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

Subsequent costs for property and equipment and development projects are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred.

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (Note 2(j))

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

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

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

g) Property and equipment and development projects (continued)

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

h) Government grants

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

Government grants are received as follows:

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

i) Pension scheme

The Corporation operates a fully insured purchased annuity pension scheme for certain of its employees. The scheme takes the form of a defined contribution pension scheme. Pension costs are accounted for on the basis of contributions payable in the year. Contributions payable by the Corporation are recognised in the consolidated statement of comprehensive loss in the period due.

j) Impairment

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

k) Accounts receivable

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

l) Employee benefits

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

m) Accounts payable and accrued liabilities

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

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

n) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive loss on a straight-line basis over the period of the lease.

o) Financial instruments

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

i. Financial assets

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

ii. Financial liabilities

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

p) Taxation

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

3. Cash, cash equivalents and term deposits

For the purposes of the statement of cash flows, cash and cash equivalents comprise:

	2018 \$	2017 \$
Cash and bank balances	8,358,699	6,226,095
Cash equivalents	491,433	491,433
	<u>8,850,132</u>	<u>6,717,528</u>

Term deposits with original maturity dates greater than 90 days but less than one year, total \$609,631 (2017: \$601,601).

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

- One current account and one term deposit together amounting to \$4,036,000 (2017: \$4,571,148) have been restricted to provide special technical assistance to the manufacturing sector (note 9). These funds have been allocated to the Corporation to provide business development and technical support to the manufacturing, export, craft and small business sector once certain criteria are met.
- One of the current accounts amounting to \$528,466 (2017: \$1,020,718) has been restricted to capital projects. Funds raised through the sale of buildings and lands are generally reinvested into capital assets.
- The vehicle loan revolving account amounting to \$429,283 (2017: \$498,280) has been restricted to car loans. These amounts enable access to vehicle loans to qualifying employees meeting certain criteria. (See note 5)

The short term deposits earn interest at rates varying from 0.5% - 3.75% (2017: 0% - 4.75%) per annum.

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

4. Accounts receivable

	2018 \$	2017 \$
Tenants rent receivable	4,148,131	3,600,753
Other	8,096,137	7,993,439
	12,244,268	11,594,192
Less: Allowance for doubtful accounts	(3,928,836)	(3,602,225)
Accounts receivable - net	8,315,432	7,991,967

5. Staff Loans

	2018 \$	2017 \$
Emergency Loans < 1 year	4,968	4,339
Vehicle Loans < 1 year	56,116	37,380
Vehicle Loans > 1 year	136,988	73,858
Total Staff Loans	198,072	115,577

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

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

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

6. Sinking fund investment

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

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

	2018 \$	2017 \$
Balance at beginning of year	25,808,033	22,362,423
Appropriation to sinking fund	2,277,130	2,277,150
Loss on asset impairment	(2,996,705)	-
Interest earned on amounts invested	1,438,373	1,168,460
	<hr/>	<hr/>
Balance at end of year	26,526,831	25,808,033

Represented by:

	2018 \$	2017 \$
(a) Investment in term deposits	12,511,142	8,029,234
(b) Central Bank treasury note	11,000,000	11,000,000
Less: Accumulated Impairment Loss	(2,996,705)	-
(c) Investment in bonds	6,012,394	6,778,799
	<hr/>	<hr/>
	26,526,831	25,808,033

- (a) The term deposits earned interest at various rates of 0.5% to 3.75% per annum during the year (2017: 2.00% to 3.00% per annum).
- (b) The treasury note was reissued and is due to mature in August 2053. It bears variable interest over the course of the instrument. Interest is paid quarterly with principal payments scheduled to commence in November 2033.
- (c) The bond investment bears interest of 7.50% per annum, and after an initial moratorium on interest repayment, will begin to pay interest and principal repayment monthly from June 2017. The bond investment will be fully repaid by December 31, 2021.

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

7. Property and equipment

	Development Projects \$	Buildings \$	Furniture equipment and vehicles \$	Total \$
Cost				
Balance at March 31, 2017	161,658,102	2,704,247	3,330,561	167,692,910
Additions	449,438	-	7,000	456,438
Transfers	-	-	-	-
Work-in-progress	-	-	-	-
Disposals	-	-	(22,263)	(22,263)
Balance at March 31st, 2018	162,107,540	2,704,247	3,315,298	168,127,085
Accumulated Depreciation				
Balance at March 31, 2017	89,941,831	1,891,943	2,970,301	94,804,075
Charge for the year	3,807,355	68,181	79,503	3,955,039
Transfers during the year	-	-	-	-
Disposals during the year	-	-	(22,263)	(22,263)
Balance at March 31st, 2018	93,749,186	1,960,124	3,027,541	98,736,851
Net Book Value				
At March 2017	71,716,271	812,304	360,260	72,888,835
At March 2018	68,358,354	744,123	287,757	69,390,234

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

8. Long term debt

RBC Royal Bank (Barbados) Ltd. \$38Million Bond
Advance Rental Premium –B'dos Port Inc.

2018 \$	2017 \$
38,793,464	38,849,965
993,333	-
39,786,797	38,849,965

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

On September 29, 2018, the Corporation defaulted on the interest payment of US\$660,345 due on its \$38M bond held with RBC Royal Bank (Barbados). As part of the Debt Restructuring process which forms part of the BERT program rolled out by the Government of Barbados and managed by the Ministry of Finance, Economic Affairs and Investment (MOFEI), a directive dated July 31, 2018 was issued restricting some Stated Owned Enterprises which included the BIDC from servicing US\$ denominated debts. As a consequence, the BIDC was issued with a notice of default from the Trustees in correspondence dated October 5, 2018 and further advising that the bonds have become due and payable immediately.

The carrying amount of the bond at the reporting date was \$38,793,464. Up to the reporting and issuance dates, the MOFEI was still in discussions with the Bond Holders in an effort to renegotiate the terms of the bond payable.

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

The balance in the deferred revenue account is represented below:

	2018 \$	2017 \$
Balance at beginning of year	1,000,000	-
Recognized in income statement	(6,666)	-
Balance at end of year	(993,333)	-

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

9. Special Technical Assistance Fund (STA)

	2018 \$	2017 \$
Balance at beginning of year	4,571,148	3,209,844
STA receipts	750,000	2,272,162
STA expenditure – business development activity	(1,285,148)	(910,858)
Balance at end of year (represented by cash at bank per note 3)	4,036,000	4,571,148

10. Capital contributed by Government of Barbados

	2018 \$	2017 \$
Balance at beginning and end of year	7,504,087	7,504,087

The balance represents capital appropriations from Government for the purchase of land vested in the Corporation by the Government.

11. Other income

	2018 \$	2017 \$
Documentation fees	110,477	112,532
Interest	1,444,896	1,194,564
Grant funding	196,217	309,156
Sale of craft supplies	3,768	-
Rental income – training room	6,904	6,054
Miscellaneous	187,676	121,643
	1,949,938	1,743,949

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

12. Revenue grants

	2018 \$	2017 \$
Revenue grant from Government during the year	10,627,262	10,361,448
Revenue grant from Government for STA (note 9)	1,750,000	2,250,000
	<u>12,377,262</u>	<u>12,611,448</u>

The difference of \$1 Million between the STA receipts reported in note 9 and the revenue grant from Government for STA represents funds not received from government for the current period. In 2017, the difference of \$22,162 represented funds received from Government for previous periods.

13. Administration expenses

	2018 \$	2017 \$
Staff	6,236,960	6,418,592
Premises	637,256	633,079
Office	273,652	265,624
Operational	794,411	652,247
Promotional	416,591	751,294
Miscellaneous	5,727	17,223
	<u>8,364,597</u>	<u>8,738,059</u>

14. Industrial estate expenses

	2018 \$	2017 \$
Property management	664,067	636,169
Contract building maintenance	8,167,990	7,805,816
Staff	596,262	533,915
	<u>9,428,319</u>	<u>8,975,900</u>

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

15. Pension scheme

BIDC has established a non-contributory pension scheme for certain of its employees with Sagicor Life Inc. It is a fully insured purchased annuity pension scheme which was underfunded as at March 31, 2018 by approximately \$2.8Million based on actuarial recalculations. Plans to wind up the plan have been initiated, in an effort to comply with governmental directives that officers who joined statutory corporations after the stipulated date, should not receive two pensions.

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

16. Related party balances and transactions

Other than amounts disclosed in notes 10 and 12, the following are further balances and transactions with related parties:

	2018 \$	2017 \$
Directors	33,200	33,480
Senior Management	591,489	592,311

17. Contingent liabilities and commitments

- (a) Two personal injury claims have been filed against the Corporation. The outcomes of these claims are uncertain.
- (b) During 2004, BIDC entered into an implementation agreement with Newton Business Park Project Company Limited and Hafeez Karamath Construction Limited (the contractor) to develop 6.5 acres of BIDC lands at Newton, Christ Church for the purposes of a business park. Under the terms of the Agreement, BIDC leased the land to Newton Business Park Project Company Limited for a term of 20 years. Newton Business Park Project Company Limited shall construct the business park and sub-lease it back to the BIDC for a term of 20 years less one day.
- (c) The Board at its meeting of May 20, 2015 agreed to invoke its discretion under Section 8 (1) of the Statutory Boards (Pensions) Act, Cap. 384 by requiring officers in its service who would have attained the age of 60 years, on or before August 31, 2015, to retire as at September 30, 2015.

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

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

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

17. Contingent liabilities and commitments (continued)

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

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

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

However the BIDC has filed a Notice to Appeal the decision, as the Corporation does not agree with the Court's ruling on matters pertaining to: the improper use of the discretion; the requirement to give reasons for the decision; and the existence of procedural legitimate expectation. A date for the Appeal Hearing is yet to be set.

In light of the above, the Corporation has therefore set up a provision of \$517,260 representing the gratuity and pensions payable as at March 31, 2018.

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

18. Operating leases

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

	2018 \$	2017 \$
Less than one year	10,240,309	10,848,489
Between one and five years	42,193,071	44,695,774
	<u>52,433,380</u>	<u>55,544,263</u>

19. Sale of property

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

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

The selling prices for the above properties are all in excess of the current book values for these premises.

Notes to the Consolidated Financial Statements

March 31, 2018

(Expressed in Barbados dollars)

20. Subsequent events

In a letter received from the Ministry of Finance, Economic Affairs and Investment (MOFEI) subsequent to the year end, instructions were issued to State Owned Enterprises to write off all intragovernmental debt prior to September 1, 2018. Such debt includes tax refunds and budgetary transfers which had not been paid to date. The Corporation at the reporting date reflected an outstanding subvention of some \$7.4M and land tax payable to the Barbados Revenue Authority of \$20.5M.

The Director of Finance and Economic Affairs (MOFEI) further instructed that these adjustments be made effective December 31, 2018. Consequently, the aforementioned adjustments were not recorded as at March 31, 2018.

21. Approval of financial statements

These consolidated financial statements were approved by the Board of Directors and authorized for issue on January 23, 2019.



BIDC

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Development Corporation
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INNOV ATION

