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**BARBADOS CONFERENCE
SERVICES LIMITED**

Financial statements

For the year ended 31 March 2018

BARBADOS CONFERENCE SERVICES LIMITED

Contents

31 March 2018

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Corporate information

31 March 2018

Directors

Dalton Lovell – Chairman (Appointed 23 July 2018)
Alpha Jackman – Deputy Chairman (Appointed 23 July 2018)
Nicole Taylor – Ministry of Tourism & International Transport (Appointed 25 October 2018)
Rudy Grant – Representative for BHTA
Lisa Belle – (Appointed 23 July 2018)
Ryan Gittens – (Appointed 23 July 2018)
Toni Thorne – (Appointed 23 July 2018)

Vernon Andrew Sealy – Chairman (Resigned 23 July 2018)
Fabian Wharton – (Resigned 23 July 2018)
Jennifer Grant – (Resigned 23 July 2018)
Randolph Outram – (Resigned 23 July 2018)

Secretary

Laura W. Rudder – (Appointed 15 August 2018)
Maxwell Coast Road
Christ Church
Barbados

Julie D. Martindale – (Resigned 15 August 2018)
Carlton Terrace
Brighton
St. Michael
Barbados

Registered office

Lloyd Erskine Sandiford Centre
Two Mile Hill
St. Michael
Barbados

Independent auditors

RBCI Chartered Accountants
P.O. Box 5049
Warrens Tower II
St. Michael
BB28000
Barbados

BOARD OF DIRECTORS' REPORT 2018

During the financial year which ended on March 31, 2018, Barbados Conference Services Limited (BCSL) continued to effectively manage and market the Lloyd Erskine Sandiford Centre (LESC) as the premier meetings and events facility in the Southern Caribbean, with the long term view of reducing Government's subvention to the Company. With this in mind, the main focus of the Company was to increase the occupancy of the Centre and maximize revenue through the rental of meeting rooms/space, conference furnishings and equipment. BCSL also successfully provided Conference Discussion Systems and Simultaneous Interpretation systems along with the associated technical services for meetings hosted at other meeting venues on the island as well as regionally.

During the year, the demand for space extended to the LESL grounds and car parks and an extraordinary high level of business was recorded during the period June – August 2017. During that period, the Centre was the venue of choice for four (4) major events which utilized the entire Centre, including the grounds. These events were BMEX 2017, Circuit of Jehovah Witnesses Convention, the 23rd World Flower Show & Competition and CARIFESTA XIII.

BCSL continued to diversify its product and service offerings and was rewarded with some growth in its business operations and a 3.5% increase in revenue earned over prior year. In addition to earning revenue from the rental of meeting space and other complementary services associated with the hosting of events, income was also generated from the rental of commercial office space and the lease of the Food & Beverage Operations at LESL.

The Company's growth was achieved through an aggressive marketing campaign promoting the Centre as "*One Versatile Venue*", using print, radio, television and social medium. This flexibility and willingness to pursue new opportunities, led to a greater number of entertainment type events and the showcasing of the versatility of the rooms at LESL in keeping with the new marketing theme. In addition successful partnerships with event producers and industry partners, resulted in a greater public awareness of the Centre's capability to meet the varying needs of clients.

Customer Relationship Management to retain market share and boost revenue was also one of the major focal points for the company during FY 2017/18. The improved customer relationship management

practiced company-wide also contributed significantly to the increase in repeat business, new business through referrals and mutually beneficial partnerships. Similar to the previous year, BCSL capitalized on the closure of the Garfield Sobers Gymnasium by successfully targeting event producers who would have normally utilized the Gym for their events. LESC benefited through the hosting of events such as Madd Entertainment and Bacchanal Time Shows, which were held at LESC for the second consecutive year. Other events held at the Centre which would have normally gone to the Gym were the Jehovah Witnesses Convention, Barbados Judo Association Competition, and the NCF NIFCA Culinary Arts Exhibition and Competition.

BCSL also continued to develop strategic partnerships with the producers of the following events that were held at LESC and which based on the success of these events will continue into the FY2018/19.

- Laff-it-Off Shows
- Miss Universe Barbados
- Mahalia's Corner

The significant advantage of these partnerships is the visibility offered through the advertising and promotion of the shows and in turn LESC as a versatile venue. In addition, barter arrangements were entered into with two (2) radio stations, StarCom Network and Capital Media to provide advertising spots in exchange for concessionary room rates.

Another key objective was to improve the customer service experience at the Centre through continuous training and assessment. During the year BCSL reviewed its structure to ensure adequate staffing for maximum output. In-house training continued with all the incoming staff on the various aspects of Hospitality and High Quality Service which helped the Company to maintain its service delivery standard of 90% and over.

The Company reported Gross Revenue Earnings for FY 2017/18 of **\$4,983,697**, which represents a **3.5%** increase over the previous year's earnings of **\$4,815,651**. The following events and annual exhibitions significantly contributed to the revenue earned.

- BMEX 2017
- Circuit of Jehovah Witnesses Convention
- 23rd World Floral Show and Competition

- CARIFESTA XIII
- Circuit of Jehovah Witnesses Assemblies (May, November, December)
- Animekon Expo
- National Cultural Foundation NIFCA Visual Arts & Photography Exhibition and NIFCA Culinary Exhibition and Competition.
- UWI/BAMP/CME Conference
- Canadian Universities & Colleges Education Fair
- Apostolic Teaching Centre (Weekly service)
- Nexworld Productions – Mahalia’s Corner 2017
- Rum & Coke Comedy Show
- Pulse Comedy Show
- Institute of Chartered Accountants (ICAB) Conference
- Barbados International Business Association (BIBA) Conference
- Laff-it-Off Productions (January –March 2018)

In an effort to achieve the goal of self- reliance, BCSL accessed financing for the Fit Out of the New Offices in July 2017 by way of a First Citizens Bank loan guaranteed by Government. Work on the project restarted with the aim to have the offices fully occupied and the company earning perennial income from the long-term lease of the space by the third quarter of financial year (FY) 2018/19.

During the financial year, operational expenses were **\$12,434,128**, which represents a **10%** increase when compared to the previous year’s expenses of **\$11,317,634**. It must be noted however that similar to FY ending 2017, the operational expenses included the interest on the New Offices Loan of **\$3,187,852** which was part of the subvention received from Government but which will discontinue once the New Offices are leased, as the rental fees will be used to cover these interest payments.

Also during the period, management progressively increased revenues and despite a reduction in the operating subvention received from Government, was able to effectively managed expenditure through stringent financial controls and cash flow planning, to reduce the Company’s loss from operations by approximately **11%**. The Company’s retained earnings now stand at **\$10,878,821**.

During FY 2017/18 the company continued to focus on cost saving and cost reduction measures and to implement, monitor and refine its operational processes to ensure that the business was efficiently managed, without compromising its high service delivery standards. One cost reduction measure of significance is the planned installation of photovoltaic panels on the roof of LESC to reduce electricity cost. LESC is one of the buildings earmarked to benefit from the Smart Energy Fund through the Project Execution Unit of the Energy Division and this project which commenced in October 2017 is due to be completed by the first quarter of FY2018/9.

In an effort to penetrate the international market, BCSL continued to work closely with the Barbados Tourism Marketing Inc., the Meetings & Incentives Product Club and other industry partners to promote Barbados as the ideal destination within the Meetings, Incentives, Conferences and Events (MICE) niche markets, and to promote the LESC as the premier meeting and event facility in the Caribbean. BCSL also worked closely with The Student Centre to promote Edu-tourism, with LESC as the preferred venue for the university/colleges informational seminars. LESC is promoted on The Student Centre's websites and collateral materials, as well as at numerous higher education trade fairs and conferences.

During FY 2017/18 the Centre as well as the island benefitted from the influx of representatives from various Canadian, USA and UK colleges and universities promoting their various programs. There was a significant increase in smaller informational sessions, seminars and workshops held by individual colleges/universities.

In the coming fiscal year 2018/19 the Centre's activity is expected to continue on a growth path and the company's aim is to meet and wherever possible exceed its income generation objectives through marketing initiatives geared towards showcasing the Centre as "*One Versatile Venue*" - a multi-purpose venue with a highly skilled, creative and innovative customer service oriented team.

With the anticipated completion of the Fit-Out of the New Offices in 2018/2019, BCSL's aim is to:

- Ensure the New Offices are fully occupied and generating perennial income;
- Meet and wherever possible exceed its income generation targets for the operations of the conference facility by aggressively marketing its services on the local, regional and international markets.

- Meet and wherever possible exceed its income generation targets for the rental aspect of the business, especially as it relates to audio visual equipment and the provision of technical services for meetings held at other venues, locally and regionally.

We, the Board of Directors of BCSL, wish to take this opportunity to publicly thank our loyal clients, industry partners and all the company's employees for their unwavering support and contributions throughout the year. Given the noted financial growth and likely growth in market share we are optimistic with respect to the future prospects for the company. With a strong focus on innovation and service excellence, which is the differentiating factor that separates LESC from its competitors, the company is well positioned to take advantage of any increase in demand or any opportunity that may present itself. We also look forward to the completion of the Fit-out of the New Offices and lease arrangements to ensure a further improved performance during the next financial year.



Dalton Lovell
Chairman

INDEPENDENT AUDITORS' REPORT

To the shareholder of Barbados Conference Services Limited

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of **Barbados Conference Services Limited**, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) for Small and Medium Sized Entities issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Company 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company 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 judgement 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Company 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 finding, including any significant deficiencies in internal control that we identify during our audit.

RBCI

Chartered Accountants

Other matters

This report is made solely for the information and use of the shareholders of **Barbados Conference Services Limited**. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 company's shareholder as a body, for our audit work, for this report, or for the opinion we have formed.



25 October 2018
Bridgetown, Barbados

BARBADOS CONFERENCE SERVICES LIMITED

Statement of Financial Position

For the year ended 31 March 2018

(expressed in Barbados dollars)

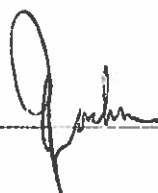
	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash on hand		1,200	1,200
Cash at bank		2,938,747	892,890
Bank fixed deposits	3	4,252,231	1,715,236
Trade and other receivables	4	485,406	878,728
Prepaid expenses		1,790,737	1,673,491
		<u>9,468,321</u>	<u>5,161,545</u>
Pension plan assets	8	-	347,378
Property, plant and equipment	5	<u>56,859,473</u>	<u>58,100,545</u>
Total assets		<u>66,327,794</u>	<u>63,609,468</u>
Liabilities			
Current liabilities			
Accounts payable	6	547,095	653,922
Loans payable – due within one year	7	3,596,664	3,596,664
Advance deposits		118,692	161,632
		<u>4,262,451</u>	<u>4,412,218</u>
Other liabilities:			
Loans payable	7	39,245,694	38,099,391
Pension Plan Liability	8	694,168	-
Deferred Government grant	9	5,231,486	5,305,079
		<u>45,171,348</u>	<u>43,404,470</u>
Equity			
Stated capital	11	6,015,174	6,015,174
Accumulated deficit prior years		9,777,606	2,721,579
Net Profit/ loss for the year		1,101,215	7,056,027
Total equity		<u>16,893,995</u>	<u>15,792,780</u>
Total liabilities and equity		<u>66,327,794</u>	<u>63,609,468</u>

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

Approved by the Board of Directors.



Director



Director

BARBADOS CONFERENCE SERVICES LIMITED

Statement of Changes in Comprehensive Income

For the year ended 31 March 2018

(expressed in Barbados dollars)

	Notes	2018 \$	2017 \$
Revenue			
Room rental		2,063,096	1,796,172
Food and beverage		2,200,622	2,484,820
Other rental income		682,973	528,936
Interest income	3	37,006	5,723
		<u>4,983,697</u>	<u>4,815,651</u>
Costs and expenses			
Salaries and wages		2,013,381	1,962,332
Food and beverage	6	1,938,678	2,190,726
Supplies and services		692,639	482,259
Utilities		812,412	882,870
Depreciation	5	3,107,420	1,571,930
Repairs and maintenance		350,384	393,814
Marketing		108,848	85,575
Insurance		49,129	56,597
Directors' fees		42,000	46,800
Professional fees		37,800	45,635
Loan and other interest expense	7	3,187,852	3,495,131
Bad debts, net		480	215
Pension plan	8	92,397	93,053
Loss on disposal of assets		708	10,697
		<u>12,434,128</u>	<u>11,317,634</u>
Loss from operations		(7,450,431)	(6,501,983)
Government grant		9,645,745	13,534,331
Net income (loss) for the year		<u>2,195,314</u>	<u>7,032,348</u>
Other comprehensive income (loss) not to be reclassified to statement of income:			
Loan payable written off		-	39,428
Net income (loss) for year before pension		2,195,314	7,071,776
Remeasurement loss on defined benefit plan, net of tax	8	(1,094,099)	(15,749)
Total comprehensive income (loss) for the year		<u>1,101,215</u>	<u>7,056,027</u>

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

BARBADOS CONFERENCE SERVICES LIMITED

Statement of Changes in Equity

For the year ended 31 March 2018

(expressed in Barbados dollars)

	Stated capital	Accumulated deficit/Retained earnings	Total
	\$	\$	\$
Balances – 31 March 2016	6,015,174	2,721,579	8,736,753
Total comprehensive loss	-	7,056,027	7,056,027
Balances – 31 March 2017	6,015,174	9,777,606	15,792,780
Total comprehensive income	-	1,101,215	1,101,215
Balances – 31 March 2018	6,015,174	10,878,821	16,893,995

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

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

	2018	2017
	\$	\$
Operating Activities		
Net loss for the year	2,195,314	7,071,776
Adjustments for:		
Depreciation	3,107,420	1,571,930
Loss on Disposal of Assets	708	10,697
Interest expense	3,187,852	3,495,131
Pension plan expense	92,397	93,053
Government grant	(9,645,745)	(13,534,331)
	<u>(1,062,054)</u>	<u>(1,291,744)</u>
Trade and other receivables	393,322	(335,444)
Prepaid Expenses	(117,246)	164,212
Advance deposits	(42,940)	100,774
Accounts payable	(106,827)	(613,440)
	<u>(935,745)</u>	<u>(1,975,642)</u>
Interest paid	(3,187,852)	(3,495,131)
Government grant received	9,572,152	9,510,505
Pension plan contributions	(144,950)	(212,010)
	<u>(144,950)</u>	<u>(212,010)</u>
<i>Net cash from operating activities</i>	<u>5,303,605</u>	<u>3,827,722</u>
Investing Activities		
Purchase of property, plant and equipment	(1,867,056)	(811,831)
<i>Net cash used in investing activities</i>	<u>(1,867,056)</u>	<u>(811,831)</u>
Financing Activities		
Repayment of loans	(3,596,664)	(3,596,664)
Proceeds from loans	4,742,967	-
<i>Net cash from financing activities</i>	<u>1,146,303</u>	<u>(3,596,664)</u>
Net change in cash and cash equivalents	<u>4,582,852</u>	<u>(580,773)</u>
Cash and cash equivalents – beginning of year	2,609,326	3,190,099
Cash and cash equivalents – end of year	<u>7,192,178</u>	<u>2,609,326</u>
Cash on hand	1,200	1,200
Cash at bank	4,252,231	1,715,236
Bank fixed deposits	2,938,747	892,890
	<u>7,192,178</u>	<u>2,609,326</u>

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

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

1. Incorporation and principal activities

The Company was incorporated in Barbados under the Companies Act on 10 April 1997 and commenced operations on 1 April 1998. It is authorised to issue an unlimited number of common shares without par value. The sole shareholder is the Government of Barbados.

The principal activities of the Company are the operation of conference services at Lloyd Erskine Sandiford Centre.

2. Summary of significant accounting policies

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

Basis of preparing the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements comply with both these reporting frameworks because at the time of their preparation, all applicable IFRSs issued by the IASB had been adopted. In addition, the financial statements have been prepared in accordance with the requirements of the Barbados Companies Act. The financial statements have been prepared under the historical cost convention.

Adoption of new and revised IFRSs

During the current year, the Company adopted all the new and revised IFRSs and International Accounting Standards (IAS) which were relevant to its operations and were effective for accounting periods commencing on 1 April 2017. At the date of authorisation of these financial statements, some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Company.

Standards issued but not yet effective

During the year, there were several standards and interpretations issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company has not adopted any of these standards and does not expect any significant impact on its operating activities when these standards become effective.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks with a maturity of less than or equal to ninety (90) days and bank overdrafts. On the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation and any recognised impairment loss. Depreciation is provided using the straight-line method at rates based on the estimated useful life of each asset. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income.

The annual depreciation rates used are:

Property under construction	- 0%
Buildings	- 4%
Equipment	- 10% - 33%
Furniture and fixtures	- 10% - 20%
Leasehold improvements	- 10% - 20%

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Retirement benefits

The Company operates a defined benefit pension plan. The plan is funded by contributions made entirely by the Company. The Company's rate of contribution is determined by an independent actuary.

The cost of providing benefits is determined using the projected unit credit method based on recommendations of the independent qualified actuary at each reporting date.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Company) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Pension costs are recognised in the income statement over the estimated service lives of the employees and the pension obligation is measured as the present value of the estimated future cash flows using interest rates of Government securities which have terms to maturity approximating the terms of the related liability. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under 'cost and expenses in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Government grants

Government grants which are received for operating expenses are recognised as income in the period necessary to match them with the related costs which they are intended to fund. Government grants related to the purchase, construction or otherwise acquisition of non-current assets are deferred and recognised as income on a systematic basis over the useful lives of the assets concerned. The nature, extent and duration of Government grants are dependent upon an annual assessment by the Government of Barbados.

Revenue and advance deposits

Revenue is recognised when the service is provided and measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognised when the Company has transferred to the buyer the significant risk and rewards of ownership of the goods. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable interest rate. Funds received before the service is provided are recorded as advance deposits on the statement of financial position.

Taxation

The taxation charge in the statement of income comprises current and deferred taxation. Current taxation is provided on the basis of the income before taxation for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for tax purposes. Deferred taxation is provided under the liability method in respect of significant temporary differences arising from differences between the carrying amount of an asset and liability for financial reporting purposes and the amount used for income tax purposes. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable income will be available against which temporary differences can be utilised.

Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decision. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals, Government departments, statutory corporations or corporate entities.

Foreign currencies

Transactions originating in foreign currencies are recorded in Barbados dollars at the exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of that asset and, therefore, should be capitalised. Other borrowing costs are recognised as an expense. Where funds are borrowed specifically, costs eligible for capitalisation are the actual costs incurred less any income earned on the temporary investment of such borrowing. Capitalisation should commence when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use of sale or sale in progress (may include some activities prior to commencement of physical production). Capitalisation should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

Financial liabilities and equity instruments

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables. All financial liabilities are recognised initially at fair value. In the case of loans and borrowings and payables, these are recognised net of directly attributable transaction costs. The Company's financial liabilities comprise trade and other payables, loans and borrowings, including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as loan interest expense in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 7.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Financial liabilities and equity instruments (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Classification as debt or equity

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

Equity instruments

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

Ordinary shares are classified as equity.

Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. The key estimates are described below:

Pension plan asset

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Government bonds with at least an 'AA' rating or above. The underlying bonds are further reviewed for quality.

The mortality rate is based on the 1994 Uninsured Pensioner Mortality Table at 2018 using Industry Projection Scale AA. Future salary increases and pension increases are based on expected future inflation rates.

Further details about pension obligations are given in Note 8.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

2. Significant accounting policies (continued)

Estimates and judgment (continued)

Impairment losses on loans and advances

The Company reviews its trade and other receivables at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

3. Bank fixed deposits

The interest earned on the debt reserve account for the year was \$3,756 (2017 - \$5,723). The interest rate at year end was 0.02% (2017 - 0.25%) The debt reserve account with Bank of Nova Scotia will mature simultaneously with the loan. The interest earned on the fixed deposits for the year was \$33,250 (2017 - \$Nil). The interest rate at year-end was 3.65%. The fixed deposits will mature on October 31, 2018.

4. Trade and other receivables

	2018	2017
	\$	\$
Related parties trade receivables	67,665	169,296
Other trade receivables	286,101	111,706
	<u>353,766</u>	<u>281,002</u>
Provision for estimated doubtful debts	-	-
	<u>353,766</u>	<u>281,002</u>
Vat recoverable	84,845	56,194
Other receivables	46,795	541,532
	<u>485,406</u>	<u>878,728</u>

In determining the recoverability of trade and other receivables, the Company considers any change in the credit quality of the trade receivable from the date the credit was granted, up to the reporting date. The provision for doubtful debt represents any change in carrying value of receivables due to irrecoverability. See Note 13 for the aging analysis of trade receivables.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

5. Property, plant and equipment

FOR THE YEAR ENDED MARCH 31, 2018

	Property under Construction	Building Project	Leasehold Improvements	Equipment	Furniture and Fixtures	Totals
April 1, 2017	225,000	58,045,373	3,224,550	6,246,158	268,840	68,009,921
Additions	1,435,727	-	-	431,329	-	1,867,056
Disposals	-	-	(94,074)	(181,680)	-	(275,754)
March 31, 2018	1,660,727	58,045,373	3,130,476	6,495,807	268,840	69,601,223
Depreciation						
April 1, 2017	-	2,032,345	2,181,038	5,435,715	260,278	9,909,376
Additions	-	2,321,815	235,975	541,070	8,560	3,107,420
Disposals	-	-	(94,074)	(180,972)	-	(275,046)
March 31, 2018	-	4,354,160	2,322,939	5,795,813	268,838	12,741,750
Net Book Value						
March 31, 2018	1,660,727	53,691,213	807,537	699,994	2	56,859,473
April 1, 2017	225,000	56,013,028	1,043,512	810,443	8,562	58,100,545

FOR THE YEAR ENDED MARCH 31, 2017

	Property under Construction	Building Project	Leasehold Improvements	Equipment	Furniture and Fixtures	Totals
April 1, 2016	48,693,493	9,194,305	3,199,348	6,006,559	268,840	67,362,545
Additions	382,575	48,851,068	39,991	389,265	-	49,662,899
Disposals	(48,851,068)	-	(14,789)	(149,666)	-	(49,015,523)
March 31, 2017	225,000	58,045,373	3,224,550	6,246,158	268,840	68,009,921
Depreciation						
April 1, 2016	-	1,501,736	1,927,762	4,816,102	245,604	8,491,204
Additions	-	530,609	257,589	769,058	14,674	1,571,930
Disposals	-	-	(4,313)	(149,445)	-	(153,758)
March 31, 2017	-	2,032,345	2,181,038	5,435,715	260,278	9,909,376
Net Book Value						
March 31, 2017	225,000	56,013,028	1,043,512	810,443	8,562	58,100,545
April 1, 2016	48,693,493	7,692,569	1,271,586	1,190,457	23,236	58,871,341

See Note 11 regarding assets pledged as security and vested with the company and Note 15 regarding additional shareholder funds pledged.

The (loss) gain on disposal/sale of property, plant and equipment amounted to (\$708) (2017 - (\$10,697))

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

6. Accounts payable

	2018	2017
	\$	\$
Trade payables	374,752	524,405
Related parties trade payables	2,167	10,522
Other	170,176	118,995
	<u>547,095</u>	<u>653,922</u>

The Company has contracted with a single supplier for the provision of food and beverage services at Lloyd Erskine Sandiford Centre. As of 31 March 2018, trade payables included \$32,900 (2017 - \$49,636) due to the supplier and purchases for the year amounted to \$1,938,678 (2017 - \$2,190,726).

7. Loans payable and overdraft

	2018	2017
	\$	\$
Loans payable	42,842,358	41,696,055
Less current portion	<u>(3,596,664)</u>	<u>(3,596,664)</u>
	<u>39,245,694</u>	<u>38,099,391</u>

A loan agreement was signed with Bank of Nova Scotia on July 15, 2010 for three loan facilities in the sum of \$58.1 million to finance the construction of a four (4) storey Class A commercial office building, a car park and to renovate the kitchen facilities. The loan was secured by a Debt Service Guarantee from Government of Barbados. The interest rate was 8% per annum.

- Facility A - a Non Revolving loan of \$51.4 million (inclusive of Capitalised interest) commenced on September 27, 2010. The term of the loan is 7 years and the amortization is 15 years. Quarterly repayments of \$856,666 commenced in May 2014. Interest expense for the year was \$3,146,177 (2017 - 3,439,532).
- Facility B - a Non Revolving Loan of \$1.7 million commenced on September 27, 2010. The term of the loan is 5 years and the amortization is 10 years. Quarterly repayments of \$42,500 commenced on December 31, 2010. Interest expense for the year was \$41,675 (2017 - \$55,599).
- Facility C - a Revolving loan of \$5 million which was obtained to pay VAT associated with the projects commenced on November 02, 2010. The Principal was repaid in full in November 2015.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

7. Loans payable and overdraft (continued)

A loan agreement was signed with First Citizens Bank on October 31, 2016 in the sum of \$17,625,000 to finance the outfitting of new offices. The loan was secured by a Guarantee from Government of Barbados. The interest rate was 6.65% per annum. The term of the loan is 10 years. The loan disbursement from First Citizen commenced on July 07, 2017 for the sum of \$4,742,967. Interest expense for the year was \$267,406.

The company also has an overdraft facility with The Republic Bank (Barbados) Limited which is unsecured to a limit of \$300,000 with an interest rate of 7.7% per annum at the reporting date. The overdraft facility was not used during the financial year.

8. Pension plan obligation

The Company's defined benefit pension plan was established effective November 1, 2012. Previously, Members of this Plan participated in the Statutory Corporation Pension Fund ("SCPF") which was established effective January 1, 1990. The Company contributes the full cost of the plan at rates determined periodically by independent actuaries (currently 11.01%) of covered payroll. Members are not required to make contributions to the Plan, however, additional Voluntary Contributions are allowed.

This plan is governed by the Occupational Pension Benefits Act of Barbados (OPBA), which requires final salary payments to be the highest of:

- the commuted value of vested benefits accrued in respect of the employment of the member
- the actuarial present value of the vested benefits accrued in respect of the employment of the member; and
- the value of the contributions the member was required to make under the pension plan, plus earnings thereon to the date of payment.

The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of five (5) persons in number. The Trustees are appointed by the Company, of whom there must be two (2) directors of the Company, two (2) managers and one (1) representative of the Members of the Plan. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

8. Pension plan obligation (continued)

Each year, the Board of Trustees reviews the level of funding in the pension plan as required by the OPBA. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. Generally, it aims to achieve a satisfactory long-term rate of return, consistent with acceptable risks and prudent management.

IFRIC 14

The triennial valuation report made as at April 1, 2017 and issued on July 31, 2017 showed the following results as at April 01, 2017:

Solvency Deficit – The current deficit of the Plan on a solvency basis is (\$708,347). The Company's Special Payment to fund this deficit would be \$159,114 per annum over 5 years. **Going Concern Unfunded Liability** - the current unfunded liability of the Plan on a going concern basis is (\$194,666). After making the Special Payments to fund the solvency deficit of \$159,114 per annum in the next 5 years, the Company would have fully funded the going concern unfunded liability.

Since the pension asset is adjusted to the consumer price index, the pension plan is exposed to Barbados' inflation, interest rate risks and changes in the life expectancy for pensioners. As the plan assets include significant investments in quoted equity shares the Company is also exposed to equity market risk arising in the manufacturing and consumer products sector. Changes in the fair value of the defined benefit obligation and plan assets are as follows:

	2018	2017
	\$	\$
Benefit obligation at end of year		
At the beginning of the year	2,234,543	2,050,608
Current service cost	116,617	111,954
Interest costs	174,468	162,919
Benefit payments	(10,718)	(82,139)
Past service costs	(83,296)	(8,799)
Benefit obligation at end of year	<u>2,431,614</u>	<u>2,234,543</u>
At the beginning of the year	2,581,920	2,294,777
Actual return on plan assets	86,442	87,832
Employer contributions (including direct benefit payment)	144,950	212,010
Benefit payments	(83,296)	(8,799)
Administration and other Plan Investment Management cost	(3,800)	(3,900)
	<u>2,726,216</u>	<u>2,581,920</u>

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

8. Pension plan obligation (continued)

The amounts recognised in the statement of financial position are set out below:

	2018	2017
	\$	\$
Statement of financial position reconciliation		
At the beginning of the year	347,378	244,170
Net periodic benefit cost	(92,397)	(93,053)
Employer contributions	144,950	212,010
Effect of Statement of other Comprehensive Income	(1,094,099)	(15,749)
Statement of financial position asset at the end of year	<u>(694,168)</u>	<u>347,378</u>

The amounts recognised in the statement of other comprehensive income are as follows:

	2018	2017
	\$	\$
(Gain) loss from experience	(10,718)	(82,139)
Expected return on plan assets	202,488	185,720
Actual return on plan assets	(86,442)	(87,832)
Effect of IFRIC 14	988,771	-
Statement of Other Comprehensive Income at end of year	<u>1,094,099</u>	<u>15,749</u>

	2018	2017
	\$	\$
Amounts recognized in the statement of comprehensive income	116,617	111,954
Interest cost	174,468	162,919
Expected returns on plan assets	(202,488)	(185,720)
Administration & other non-plan investment management	3,800	3,900
Net periodic benefit cost at end of year	<u>92,397</u>	<u>93,053</u>

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

8. Pension plan obligation (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 March 2018 are shown below:

Change in Assumption	Benefit Obligation
Base IAS 19 Results	\$2,431,613
Reduce discount rate by 1% pa	\$2,834,450
Increase discount rate by 1% pa	\$2,107,918
Reduce salary increase by 0.5% pa	\$2,317,055
Increase salary increase by 0.5% pa	\$2,557,349
Increase average expectancy by 1 year	\$2,569,521

Summary of actuarial assumptions used for accounting purposes were as follows:

	2018	2017
Discount rate	7.75%	7.75%
Future promotional salary increases	2.00%	2.00%
Future inflationary salary increases	3.00%	3.00%
Future increases in the NIS Ceiling for earnings	3.50%	3.50%
Future increases to pensions	0.75%	0.75%
Termination of active members	5% below age 30 grading to 1% at age 50	5% below age 30 grading to 1% at age 50
Early retirement	5% of eligible members	5% of eligible members

9. Deferred Government grant

	2018	2017
	\$	\$
Balances – beginning of year	5,305,079	9,328,905
Amounts received in current year:		
Expenses	4,745,368	5,124,741
Capital	4,826,784	4,385,764
	9,572,152	9,510,505
Transfer to income:		
Expenses	4,745,368	5,124,741
Capital	4,900,377	8,409,590
	9,645,745	13,534,331
Balances – end of year	5,231,486	5,305,079

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

10. Related party transactions

In addition to the transactions disclosed in Notes 4, 5 and 6, the shareholder and the Barbados Tourism Investment Corporation have provided certain fixed assets including the Lloyd Erskine Sandiford Centre, plus certain furniture and fixtures for use in the Company's operations. The furniture and fixtures were vested in the Company for use, but any disposal proceeds are to be paid into the Government Consolidated Fund. Accordingly, these financial statements do not necessarily reflect the conditions that would have occurred if the Company had operated as an unrelated entity.

During the year, the Company incurred \$145,574 (2017 - \$172,674) for services provided by related parties and sales to related parties amounted to \$2,209,854 (2017 - \$2,163,458).

11. Stated Capital:

The Company is authorised to issue an unlimited number of shares without nominal or par value of one class designated as common shares.

	2018	2017
	\$	\$
Issued – 6,015,174 common shares	6,015,174	6,015,174

12. Tax losses

As at 31 March 2018, the Company had incurred tax losses which are available to offset against future taxable income as shown below.

Year of Loss	Amount	Expiry date
2014	1,087,543	2023
2015	5,614,566	2022
2016	5,468,886	2023
2017	5,077,514	2024
2018	4,429,237	2025
	<u>\$ 21,677,746</u>	

The potential tax benefit of the remaining tax losses is \$6,503,324 at the current tax rate of 30% (2017 - \$4,258,931 at the old tax rate of 25%). The deferred tax asset associated with these tax losses has not been booked in the financial statements, since it is uncertain that there will be sufficient future taxable income against which the losses can be utilised.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

13. Financial risk management

The Company's principal financial liabilities comprise loans payable, note payable, accounts payables and advanced deposits. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and bank fixed deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk, liquidity risk, operational risk, compliance risk and reputation risk. The Company's senior management oversees the management of these risks. The Board of Directors also reviews and agrees policies for managing these risks.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company is not exposed to equity price risk. Financial instruments affected by market risk include loans and deposits.

a) *Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its current deposits.

Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company's exposure to interest rate risk is also disclosed in Notes 3, 7 and 9.

b) *Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is not significantly exposed to foreign exchange risk arising from various currency exposures. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

13. Financial risk management (continued)

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has no significant concentration of credit inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history and monitors on a continuous basis, the aging profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of exposure to any financial institution.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The Company's average credit period on the provision of services is 30 days.

Maximum exposure to credit risk

Credit risk exposures are as follows:

	2018	2017
	\$	\$
Cash	1,200	1,200
Cash at bank	2,938,747	892,890
Bank fixed deposits	4,252,231	1,715,236
Trade receivables	353,766	281,002
	<u>7,545,944</u>	<u>2,890,328</u>

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

13. Financial risk management (continued)

Maximum exposure to credit risk (continued)

The above table represents a worst-case scenario of credit risk exposure to the Company at 31 March 2018 and 2017.

i) *Aging analysis of trade receivables that are past due*

Trade receivables that are less than three months past due, were not considered impaired. As of 31 March 2017, trade receivables of \$175,916 (2017 - \$18,030) were past due, but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The aging analysis of the trade receivables is as follows:

	2018	2017
	\$	\$
0 to 1 month	100,904	97,836
1 to 2 months	59,145	130,044
2 to 3 months	8,225	25,517
Over 3 months	185,492	27,606
	<u>353,766</u>	<u>281,003</u>

As at 31 March 2018, trade receivables of \$9,577 (2017 - \$9,577) were considered possibly impaired. The aging of these receivables is as follows:

	2018	2017
	\$	\$
2 to 3 months	-	-
Over 3 months	9,577	9,577
	<u>9,577</u>	<u>9,577</u>

ii) Provision for impairment

Bad debts written off during the year amounted to \$480 (2017 - \$215).

The creation and release of provision for impaired receivables have been included in expenses in the profit and loss account. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

13. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and through grants from its shareholder. The Company also manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates. The tables below summarise the maturity profile of the Company's financial liabilities at 31 March 2018 based on contractual undiscounted payments.

	Less than 6 months \$	6 to 12 Months \$	1 to 5 Years \$	Over 5 years \$	Totals \$
As at 31 March 2018					
Trade and other payables	-	547,095	-	-	547,095
Bank loan – due within one year	-	3,596,664	-	-	3,596,664
Loan payable	-	39,245,694	-	-	39,245,694
Note payable	-	-	-	-	-
Total financial liabilities					
(contractual maturity dates)	-	43,389,453	-	-	43,389,453

	Less than 6 months \$	6 to 12 Months \$	1 to 5 Years \$	Over 5 years \$	Totals \$
As at 31 March 2017					
Trade and other payables	-	653,922	-	-	653,922
Bank loan – due within one year	-	3,596,664	-	-	3,596,664
Loan payable	-	38,099,391	-	-	38,099,391
Note payable	-	-	-	-	-
Total financial liabilities					
(contractual maturity dates)	-	42,349,977	-	-	42,349,977

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

13. Financial risk management (continued)

Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously.

Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by management, as well as by the monitoring controls applied by the Company.

Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company applies procedures to minimise the risk.

Fair value of financial instruments

Fair value amounts represent the approximate values at which a financial instrument could be exchanged in current transactions between willing parties. However, many of the financial instruments lack an available trading market and therefore it is not possible to determine independently the estimated fair values. The directors consider that the carrying amount of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of equity comprising capital contributions and retained earnings as disclosed in the statement of changes in shareholder's equity. The Company reviews the capital structure at least on an annual basis. As a part of this review, the Company considers the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through the issue of new debt or the redemption of existing debt and share capital.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2018

(expressed in Barbados dollars)

14. Management personnel compensation

During the year, the Company incurred \$486,603 (2017 - \$478,977) for services provided by key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

15. Going concern

The Company's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan and the ability to obtain adequate annual grants from its shareholder. While these financial statements have assumed going concern and do not include any adjustments that would be required if the going concern assumption were not appropriate, there are risks associated with the business that raise doubt about the Company's ability to continue as a going concern. Management believes that the Company's business plan will be executed and **subsequent to the year end** the shareholder committed to providing a grant for the year ending 31 March 2019 of \$6,443,038.

16. Contingencies

Certain individuals have initiated legal proceedings against the Company for various reasons. These legal proceedings are ongoing, and the amounts of the claims are not expected by management to be significant to the overall financial statements.