



Annual Report 2012-2013

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Mission Statement:

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

Vision Statement:

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

SECTION 1



April 2012 to March 2013

Board of Directors:

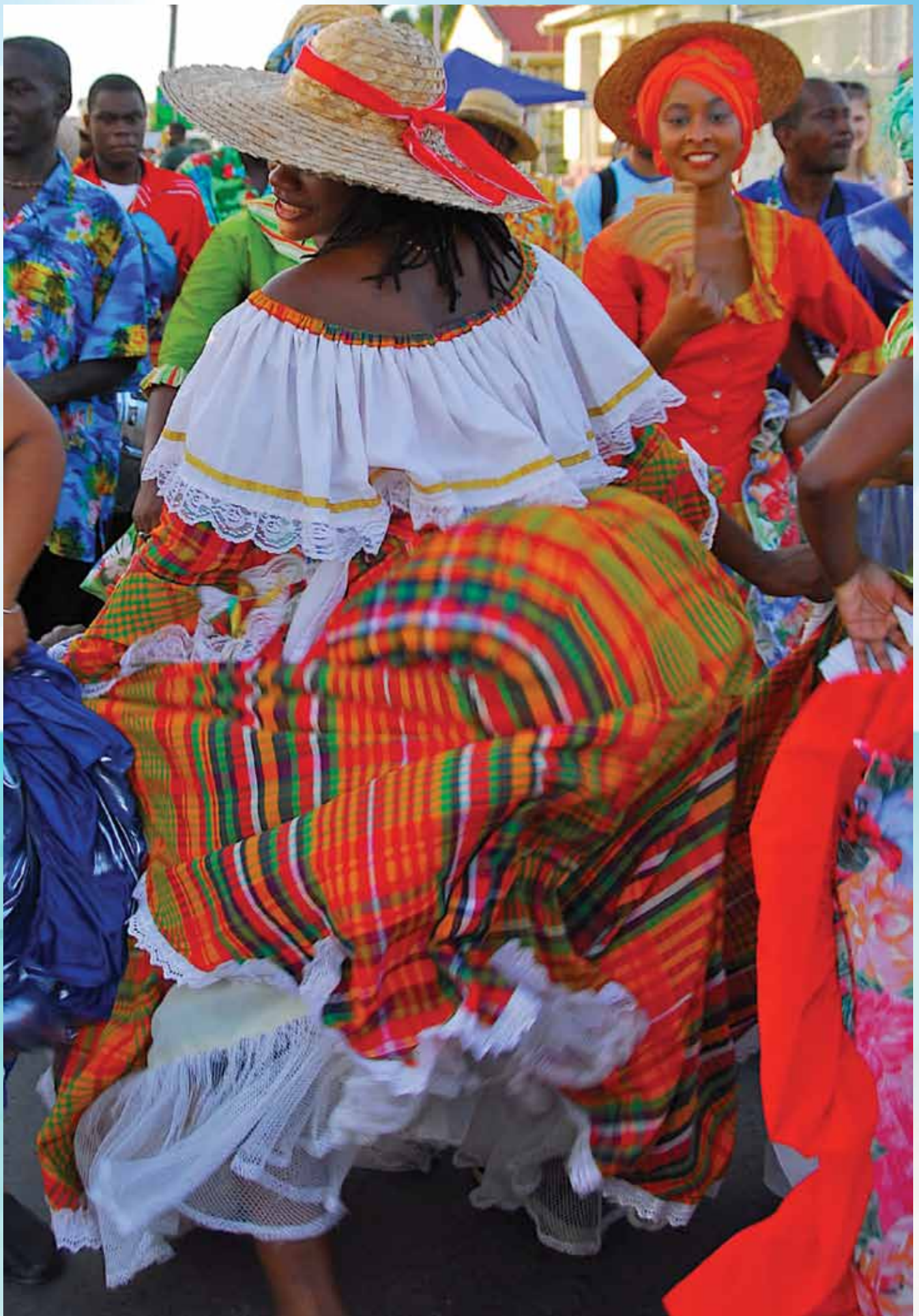
Mr. Adrian Elcock	Chairman
Mr. Austin Husbands	Deputy Chairman
Mr. Nicholas Brancker	Member
Mr. Dennis Roach	Member
Ms. Verla DePeiza	Member
Dr. Kerry Hall	Member
Mr. Alvin Jemmott	Member
Mr. Stephen Alleyne	Member
Mr. Colin Jordan	Representative of BHTA
Mr. Levere Richards	Representative of the Barbados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

Senior Management:

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

Employee Departures:

Melissa Grannum	Accounts Assistant (Temp)	April 2012
Walter Stokes	Vice President, Marketing, Caribbean & Latin America	June 2012
Margaret Jemmott	Administrative Assistant (NY)	August 2012
Bonnie Carter	Marketing Representative, USA (Contract)	September 2012
Gail Quinn	Area Representative, Canada (Contract)	September 2012
David Rice	President and CEO (Contract)	October 2012
Ignatius Marshall	Business Development Manager	November 2012
Richardo Benn	Steel-band Player	November 2012
Alejandro Garcia	Representative, Puerto Rico, USVI, BVI (Contract)	December 2012
Patricia Moses	Administrator/Protocol Officer	December 2012



Chairman's Report

Adrian Elcock

Overview

The Barbados Tourism Authority (BTA) delivered a solid performance in 2012 despite recording an 8.1 percent reduction in visitor arrivals. Unfavourable market conditions including economic recessions and losses in airlift capacity, provided challenges for the Barbados tourism industry. Nevertheless, the Board of the BTA remained focused on the global objectives of ensuring that Barbados continues to be marketed globally as the premier warm weather year-round destination in the Caribbean. At the close of the financial year, the BTA stood poised for a return to growth in 2013.

Financial Performance 2012

Total assets of BDS \$29,168,111 were recorded and the largest component of this was BDS \$18,033,665 which comprised grant subvention receivable from the Government of Barbados. At the year ended 2012, an entry for grant receivable was recorded for BDS \$14,949,718.

Liabilities of BDS \$36,630,949 were recorded and this comprised account payables to local and overseas vendors. The Loan payable consists of the current amount (within twelve months) due to Carnival Corporation for the Bank of Nova Scotia 2008 US \$10.5 million Loan and the National Insurance Department for the 2011 BDS \$17 million Loan.

The non-current amount for the loan payable was BDS \$23.6 million.

The deferred capital grant of BDS \$1,013,115 represents the amortized amount for accumulated grants given to the BTA over its life span. These grants were intended for capital projects and not for operational expenditure.

Revenue recorded was BDS \$94.3 million which was mainly subvention and hotel registration fees of BDS \$75K and expenditure of BDS \$79,950,367 resulted in a profit of BDS \$14,352,884.

The deficit at the beginning of the year was BDS \$46,407,784 and by the close of 2013, this deficit decreased to BDS \$32,054,900.

Visitor Arrival Performance 2012

Total visitor arrivals dipped 8.1 percent, or 46,401 visitors, with all major markets registering declines or moderate performances during this period.

Out of the United States a reduction in visitor arrivals of 10.4 percent was recorded, prompted by a loss of 16,378 air seats from destinations such as Dallas, and Puerto Rico on American Airlines and Atlanta on Delta Air Lines. Similarly, the U.K. saw a 6.7 percent or 12,763-passenger fall in visitor arrivals, stimulated in part by reduced airline capacity on British Airways. However, this market continued to be the main source of visitor arrivals, contributing 34 percent of business. Out of the Caribbean, including our largest market of Trinidad and Tobago, the performance trend was similar. Overall Caribbean visitation fell significantly by 12.6 percent, primarily as a result of the loss of regional carrier RedJet after under one year of operation.

Canada was also negatively impacted, primarily by the decreased seating capacity out of Toronto, and the closure of the all-inclusive Almond Beach Village, popular among Canadian visitors. Canada recorded 68,479 arrivals, a decline of 7.9 percent. However, Germany and other Europe were able to weather the storm with Europe contributing 36,259 tourists overall, an increase of 6 percent. Germany recorded strong growth of 16.2 percent, led by a doubling of winter capacity offered by Condor out of Frankfurt.

Visitor Revenue Performance 2012

Visitor expenditure recorded during 2012 reflected the weak overall visitor arrival performance.

Average daily visitor expenditure showed moderate growth of 2.1 percent in Canada and 0.7 percent in the U.S. All other markets recorded decreases, with the Caribbean recording a drop as high as 7.2 percent.

Total expenditure followed a similar pattern, falling 3.7 percent from the previous year, to U.S. \$871 million. All of the major source markets, except Canada, recorded dips in total expenditure. Caribbean dropped by 17 percent, followed by the U.S. at 6.5 percent, U.K. at 3.8 percent, and Europe at 2.6 percent. However, Canada, despite recording a 7.9 percent decline in visitor arrivals, managed a 5.6 percent growth in visitor expenditure, totalling U.S. \$124 million.

SECTION 2



PERFORMANCE OF THE TOURISM SECTOR 2012/2013

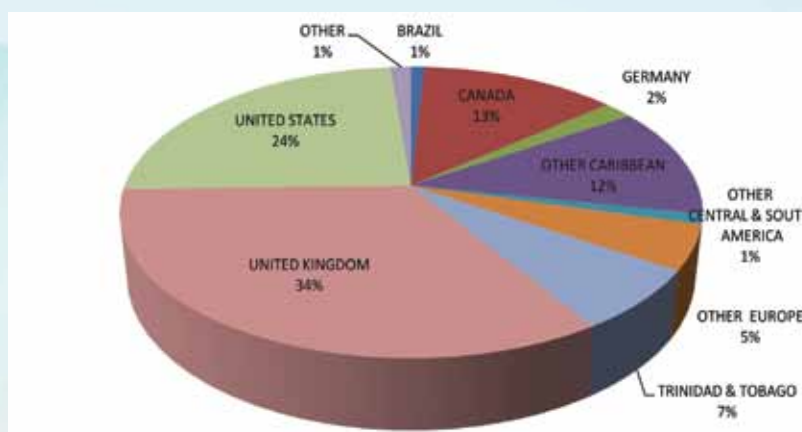
Stay-over Arrivals

When compared to 2011/12 which posted relatively strong performance statistics, the 2012/13 stay-over arrivals indicated a significant year on year decline. According to in-house statistics, there was a decline of 8.1% in arrivals to Barbados during the period April 1, 2012 to March 31. Some 527,120 arrivals were recorded, 46,401 fewer visitors when compared to 2011/12.

	2011/2012	2012/2013	AB CHG	% C HG
BRAZIL	4651	4784	133	2.9
CANADA	74322	68479	-5843	-7.9
GERMANY	8809	10240	1431	16.2
OTHER CARIBBEAN	74650	64613	-10037	-13.4
OTHER CENTRAL & SOUTH AMERICA	6561	6052	-509	-7.8
OTHER EUROPE	25425	26019	594	2.3
TRINIDAD & TOBAGO	40434	36015	-4419	-10.9
UNITED KINGDOM	189922	177159	-12763	-6.7
UNITED STATES	141273	126552	-14721	-10.4
OTHER	7474	7207	-267	-3.6
TOTAL	573521	527120	-46401	-8.1

Germany (+16.2%), Other Europe (+2.3%) and Brazil (+2.9%) all recorded growth in arrivals; while the remaining markets recorded declines ranging from 3.6% (Other Countries) to 13.4% (Other Caribbean).

Market Performance



The **United Kingdom** market continued to be the main source of visitor arrivals to Barbados contributing 34% of business. There were 177,159 arrivals; however, there was a decline of 6.7% (or 12,763 fewer arrivals) when compared with the corresponding period 2011/2012. The decline in arrivals from this market was due to the reduction in airlift out of this market was due to the suspension of the British Airways additional service (5 days a week) with effect from April 1, 2012. The service resumed on October 31, 2012, with three flights per week, a frequency lower than the original schedule, but utilizing larger planes. The Air Passenger Duty has also had an effect on outbound travel from this market also the fragile state of the UK economy – credit crunch credit crunch and job fears resulted in consumers reducing spending.

The second highest producer of business (24%) was the USA market which provided 126,552 arrivals.

This market witnessed a significant decline of 10.4%.

Reduction in seat capacity affected this market; the American Airlines Dallas/Fort Worth service was reduced from three (3) days a week to a weekly service with effect from April 1, 2012. The service was then cancelled with effect from August 19, 2012.

Seat capacity was also reduced as Jet Blue did not operate an additional summer service as was done in the previous year (July 15 to August 27, 2011).

The Caribbean market, the third largest supplier 19% of overall business delivered 100,628 arrivals. A significant decline (12.6% or 14,456 fewer arrivals) in arrivals of was recorded.

Trinidad & Tobago was the highest contributor from this market with 36,015 visitors; however, the number of arrivals fell by 10.9%.

Arrivals from Other Caribbean fell by 13.4% from 74,650 during the period 2011/12 to 64,613 during 2012/2013. The decline in arrivals was due to some of the following factors: -

- Reduction in capacity.
- The recession and high cost of living impacted negatively on consumers. Their spending power was significantly curtailed when compared with the previous period.
- REDjet suspended its services w.e.f March 16, 2013.
- The T20 cricket tournament which took place in January 2012 had attracted a significant number of Caribbean visitors, particularly from Trinidad & Tobago. The T20 Cricket tournament was held in Trinidad in January 2013.
- Aggressive competition from regional destinations for greater market share.



With a total of 68,479 arrivals, the Canadian market contributed 13% of business for the period under review; however, there was a 79% decline in arrivals when compared with the previous year. The decreased seating capacity out of Toronto and the closure of the Almond Beach Village (the lead-in All Inclusive property for most tour operators and 50% of the total All Inclusive business from Canada) negatively impacted growth.

The European market provided 7% of the arrivals to the overall tourist count. Barbados received a total of 36,259 tourists from Europe, which was an increase of 6%.

Arrivals from Germany totalled 10,240; an increase in arrivals of 16.2% or 1,431 more visitors when compared to 2011/12. An additional service by Condor out of Germany contributed to this increase.

Long stay visitor arrivals out of Other Europe also recorded positive growth; arrivals increased by 2.3%, moving from 25,435 arrivals in 2011/12 to 26,019 arrivals in 2012/13. The TUI Nordic charter service out of Scandinavia contributed to this increase. The airline added services out of Helsinki, Finland to its operation out of Stockholm. The carrier operated twelve weekly rotations alternating between Stockholm and Helsinki. Visitors from each destination remained on island for 14 days as each city was served on a 2 week rotation.

The new and developing market, South and Central America, accounted for 2% of the arrivals to Barbados. With 10,836 visitors overall, arrivals from this market fell by 3.4%. Brazil was the major contributor from this market recording 4,784 arrivals; an increase of 2.9% when compared with the corresponding period of 2012/13. However, the contribution of these arrivals to the overall arrivals to this market was affected by the decline of 7.8% in arrivals from the **Other Central & South America** countries.

Visitor Expenditure

Average Daily Expenditure

ESTIMATED VISITOR EXPENDITURE JANUARY TO DECEMBER 2011 VS 2012								
REGION	AVG SPEND				TOTAL EXPENDITURE			
	2011	2012	AB CHG	% CH	2011	2012	AB CHG	% CH
UNITED STATES	151.43	152.55	1.12	0.7	199281446	186403908	-12877539	-6.5
CANADA	144.71	147.82	3.11	2.1	117781755	124390995	6609240	5.6
UNITED KINGDOM	167.90	166.76	-1.14	-0.7	361002515	347298334	-13704182	-3.8
OTHER EUROPE	178.61	168.40	-10.21	-5.7	67260893	65482502	-1778391	-2.6
CARICOM	132.07	122.51	-9.56	-7.2	128920980	106948600	-21972380	-17.0
OTHER	184.54	184.46	-0.07	0.0	40837457	41194521	357064	0.9
TOTAL	156.38	154.52	-1.86	-1.2	915085047	871718860	-43366187	-4.7

Estimated average daily expenditure during the year 2012 was US\$154.52, US\$1.86 less when compared to US\$156.38 during 2011. By market, visitors spent between US\$122.51 (CARICOM) and US\$184.46 (other countries category) per day while in Barbados. The average daily spend by US and Canadian visitors increased by US\$1.12 and US\$3.11, respectively; while visitors from the other markets spent less when compared to 2011.

Estimated Total Expenditure

Total expenditure by stay-over visitors during 2012 was estimated at US\$871 million; a decline of 4.7% when compared to 2011.

Cruise

During the period April to March 2012/13, cruise passenger arrivals recorded a significant decline, falling from 596,214 during 2011/12 to 533,512 during 2012/13. This represented an actual change of 62,702 (10.5%) fewer passengers than 2012/13.

	2011/12	2012/13	AB CHG	% CHG
April	90,532	51,067	-39,465	-43.6
May	16,073	16,853	780	4.9
June	21,701	13,038	-8,663	-39.9
July	18,056	13,256	-4,800	-26.6
August	22,334	15,895	-6,439	-28.8
September	15,755	11,781	-3,974	-25.2
October	21,557	25,726	4,169	19.3
November	71,887	60,015	-11,872	-16.5
December	83,504	74,990	-8,514	-10.2
January	81,412	93,132	11,720	14.4
February	77,447	74,833	-2,614	-3.4
March	75,956	82,926	6,970	9.2
TOTAL	596,214	533,512	-62,702	-10.5

The number of cruise ship calls to Barbados was reduced by 41 ship calls to 357, an 8.4% decline. The number of calls for the year peaked in March with 65 ships. The next busiest month was January (64) followed by December (62).

	2011/12	2012/13	AB CHG	% CHG
April	55	29	-26	-47.3
May	8	6	-2	-25.0
June	8	5	-3	-37.5
July	6	6	0	0.0
August	8	5	-3	-37.5
September	6	4	-2	-33.3
October	10	10	0	0.0
November	42	41	-1	-2.4
December	65	62	-3	-4.6
January	68	64	-4	-5.9
February	60	60	0	0.0
March	62	65	3	4.8
TOTAL	398	357	-41	-10.3



Airlift

UNITED STATES

Seat capacity out of the United States decreased by 9.2% or 25,846 seats.

American Airlines continued to operate a twice daily service out of Miami its principle hub for Latin American, the Caribbean and the East Coast of the United States. These morning and afternoon services contributed 130,472 seats during April 1, 2012 to March 31, 2013. The airline also returned to a daily operation out of New York on November 15, 2012 and continued this service throughout the winter 2012 season. The service provided 62,228 seats. While capacity during the winter 2012 season was the equivalent to capacity during the winter 2011 season, overall American Airlines' capacity out of New York during the period under review, increased by 8,648 seats.

The Puerto Rico service, with 2,748 seats was discontinued with effect from 1st November, 2012.

The Dallas/Fort Worth service was cancelled with effect from August 19, 2012. The service was reduced to a weekly service with effect from April 1, 2012.

JetBlue continued to operate a daily service out of New York during the majority of the winter season. Fewer seats were available as the airline reduced its frequency due to:

- Its change in operation from the weekly service to 5 days a week during the months of September and October, 2012 and January to March, 2013; and
- during the period July 15 to August 27, 2012 it did not operate an additional service like the previous year.

US Airways continued their weekly service out of Charlotte, North Carolina. This service provided 6,268, an increase of 1,132 seats when compared to 2011/12.

CANADA

The seat capacity from this market during the period under review, decreased by 4,338 seats to record 97,230 seats.

Air Canada continued to provide a daily service out of Toronto during the winter, but reduced capacity during April 2012, January, February and March 2013 due to the operation of predominantly smaller 120 seating A319's as opposed to the larger B767 aircraft usually operated during the winter season.

Out of Montreal, it once again reintroduced a twice weekly service using its A319 aircraft from the middle of December. This service continued to be important to meeting the needs of travellers out of Quebec.

WestJet continued its 5 weekly flights out of Toronto, Canada during the winter season. This carrier provided 680 seats per week from its hub in Toronto which offered easy connections to Western Canada.

Air Transat which introduced a very successful winter programme in 2011/12 out of Toronto, reintroduced that programme during 2012/13. The carrier once again operated a weekly 189 seat B737 service commencing December 23, 2012.

UNITED KINGDOM

During the period under review, there was a decline in seat capacity out of the United Kingdom. The number of seats decreased by 4.0% or 11,146 to a total of 273,085 seats.

The **British Airways** additional service did not operate during the months of April and September; as a result, the seat capacity moved from 41,860 during 2011/12 to 17,325 during 2012/13.

However, the airline added 3 additional flights per week out of Gatwick during winter; resulting in a total of 10 flights per week during the winter 2012 season with 2,260 seats per week.

Although there were two flights per week less than the Winter 2011 season, capacity remained constant as each of the 10 flights only operated to Barbados whereas, during the winter 2011 season, five of the twelve flights operated were shared with other Caribbean destinations. Barbados was the only Caribbean destination

to witness increased frequencies during winter.

Virgin Atlantic continued to operate a daily B747 service out of London Gatwick along with a twice weekly service out of Manchester, England. The service out of London provided 3,150 seats per week while the Manchester service will provide 910 seats per week. Capacity out of both gateways remained flat when compared with 2011/12.

EUROPE

Capacity out of Europe increased by 23.3% or 2,530 to a total of 13,410 seats. Condor increased capacity by 11.1%, moving capacity from 9,720 to 10,800. The airline operated a twice weekly service out of Frankfurt providing 270 seats per week for the entire winter season. This period witnessed strong growth in Condor's business leading them to introduce their twice weekly schedule, adding 2,430 seats nine weeks earlier than 2011/12.

TUI Nordic, in its second year of operation doubled its capacity and added services out of Helsinki, Finland to its operation out of Stockholm. Capacity increased from 1,160 to 2,610 seats.

LATIN AMERICA

GOL continued to operate a weekly service out of Sao Paulo, Brazil providing 170 seats per week.



FULLY LICENSED PROPERTIES 2012

HOTELS	NO OF BEDROOMS	APARTMENTS	NO OF BEDROOMS	GUEST HOUSES	NO OF BEDROOMS
Accra Beach	228	Adulo	16	Dolphin Inn	8
All Seasons	48	Angler	12	Croton Inn	7
Almond Beach Club	161	Annjenn	8	Crystal Waters	10
Amaryllis	145	Battaleys	48	Holders House	6
Barbados Beach Club	214	Beach View	82	Hythe Villa	3
Bayfield House	10	Best E - Prospect	12	Kingsland Palace	11
Blue Horizon	67	Best E - Providence	8	Lone Star	4
Blue Orchids	36	Bloomdale Beach	10	Merryville	7
Blue Orchids	36	Carib Blue	18	Palm Paradise	6
Bougainvillea	144	Carvette	8	Rio	9
Butterfly Beach	96	Casa de Leo	4	Round House	4
Casa Grande	62	Chateau Blanc	17	Sea-U	9
Cobblers Cove	42	Coral Lane	12	Winchelsea	4
Coconut Court	114	Cotton Beach	7		
Colony Club	96	Cumbers Beach	11		
Coral Mist	35	Four Aces	13		
Coral Reef	93	Fred la Rose	13		
Coral Sands	31	Gentle Breeze	8		
Courtyard by Marriott	118	Halcyon Palms	25		
Crystal Cove	88	Healthy Horizons	11		
Divi Southwinds	145	Inchcape	16		
Hilton Barbados	350	Jendal Villas	5		
Hotel PomMarine	21	Karekath	6		
Island Inn	24	Khrysann - Kingsland	3		
Little Arches	10	Khrysann - Providence	3		
Little Good Harbour	38	Legend Condos	9		
Ocean 15	23	Lindale	8		
Ocean Two Resort	88	Little Bay	10		
Palm Garden	24	Mackston	9		
Pirates Inn	23	Magic Isle	50		
Rostrevor	85	Maresol Beach	21		
Royal Pavilion	75	Melrose Beach	14		
Royal Westmoreland	103	Meridian Inn	17		
Sandpiper	51	Miami Beach	19		
Sandy Lane	128	Mirabelle	7		
Savannah Beach	92	Mistle Cove	28		
Sea Breeze	80	Monteray Apt. Hotel	26		
Silver Point	61	Ocean Bliss	14		
South Beach	49	Ocean Spray	29		
South Gap	34	Paradise Villas	22		
Southern Palms	90	Plum Tree Club	46		
Sugar Cane Club	47	Regent	5		
Tamarind	104	Roman Beach	11		
The House	34	Round Rock	13		
Time Out	76	Salt Ash	9		
Treasure Beach	35	Santosha Barbados	6		
Tropical Winds	24	Sea Foam Haciendas	20		
Turtle Beach	161	Southern Surf	12		
WAVES	70	St. James Luxury	17		
Worthing Court	24	Summer Hayes	8		
		Sun N Sea	3		
		Sunrise Place	12		
		Sunset Sands	4		
		Sunswept Beach	23		
		The Nook	11		
		Tropical Splendour	5		
		Walmer Lodge	10		
		WSB Villas	20		
TOTAL	50	4033	58	13	88

FULLY LICENSED PROPERTIES 2013

HOTELS	NO OF BEDROOMS	APARTMENTS	NO OF BEDROOMS	GUEST HOUSES	NO OF BEDROOMS
Accra Beach Hotel & Resort	228	Adulo	16	Bayfield House	10
All Seasons Resort-Europa	48	Angler	12	Croton Inn	7
Amaryllis Beach Resort	145	Annjenn	8	Crystal Waters	11
Atlantis	12	Anthurium Suites	12	Dolphin Inn	8
Blue Horizon	67	Battaleys Mews	66	Holders House	8
Blue Orchids	36	Beach View	82	Kingsland Palace	11
Bougainvillea Beach Resort	144	Carib Blue	18	Lone Star Motel	4
Butterfly	96	Chateau Blanc	17	Merriville	7
Casa Grande		Cotton Beach	7	Palm Paradise	6
Airport Hotel & Resort	62	Cumbers Tropical	11	Rio Guest House	9
Cobblers Cove	42	Faithville	4	Sea-U Guest House	9
Coconut Court	111	Gentle Breeze	8	Shonlan Inn & Apartments	13
Colony Club	96	Healthy Horizons	11	Winchelsea	4
Coral Mist	35	Inchcape Seaside Investment	16		
Coral Sands Beach Resort	31	Khrysann Apartments			
Couples Barbados	280	- Kingsland	3		
Courtyard by Marriott	118	Khrysann Apartments			
Crane Resort & Residences	274	- Providence	3		
Crystal Cove	88	Legend Garden Condos	10		
Divi Southwinds		Magic Isle Beach	50		
Beach Resort	128	Maresol Beach	21		
Fairmont Royal Pavilion	75	Melrose Beach	14		
Golden Sands		Meridian Inn	17		
Apartment Hotel	27	Miami Beach	18		
Island Inn	24	Mirabelle	7		
Little Arches	10	Mistle Cove	28		
Little Good Harbour	38	Monteray	26		
Mango Bay	67	Nautilus Beach	15		
Ocean 15	22	Paradise Villas	22		
Palm Garden	27	Plum Tree Club	46		
Palms Resort/Travellers Palm	16	Port St. Charles	119		
Pirates Inn	23	Roman Beach	11		
Rostrevor Apartment Hotel	85	Rosebank	12		
Royal Westmoreland	103	Round Rock	13		
Sandpiper	50	Salt Ash	9		
Sandy Lane	128	Santa Neta	4		
Silver Point Villa	61	Santosha Barbados	6		
South Beach Resort	49	Sea Foam Haciendas	24		
South Gap	34	Southern Surf Beach	18		
Southern Palms Beach Club	90	St. James Luxury	17		
Sugar Cane Club	47	Summer Hayes	8		
Tamarind	104	Sun N' Sea	3		
The Club Barbados		Sunisland Holiday Apartments	10		
Resort & Spa	160	Sunset Sands	4		
The House	34	Tropical Splendour Eversley	5		
The Soco	24				
Time Out Hotel	75				
Tropical Winds					
Apartment Hotel	24				
Turtle Beach Resort	161				
Waves Barbados	70				
Worthing Court					
Apartment Hotel	24				
Yellow Bird Hotel	20				
TOTAL 48	3713	43	831	13	107

SECTION 3





KPMG

Hastings

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Barbados West Indies

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Bridgetown, Barbados

INDEPENDENT AUDITORS' REPORT

To the Government and Members of Barbados Tourism Authority

We have audited the accompanying financial statements of Barbados Tourism Authority (the "Authority"), which comprise the statement of financial position as at March 31, 2013, the statements of deficit, revenue and expenditure and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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



INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibility, continued

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2013, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature of the KPMG firm, written in dark ink.

Chartered Accountants
Bridgetown, Barbados
April 27, 2017

BARBADOS TOURISM AUTHORITY

Statement of Financial Position

As at March 31, 2013
with comparative figures for 2012

(Expressed in Barbados Dollars)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Assets			
Current Assets			
Cash and cash equivalents		\$ 9,550,967	5,226,980
Accounts receivable		18,526,222	15,332,376
Prepaid expenses		<u>324,985</u>	<u>261,407</u>
Total Current Assets		<u>28,402,174</u>	<u>20,820,763</u>
Staff loans, net	7	402,157	627,634
Plant and equipment	11	<u>363,780</u>	<u>351,602</u>
Total Assets		\$ <u>29,168,111</u>	<u>21,799,999</u>
Liabilities and Surplus			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 32,134,002	38,351,520
Loan payable	15	<u>4,496,947</u>	<u>2,911,339</u>
Total Liabilities		<u>36,630,949</u>	<u>41,262,859</u>
Loan payable	15	23,578,947	26,022,862
Deferred capital grants	9	1,013,115	922,062
Deficit		<u>(32,054,900)</u>	<u>(46,407,784)</u>
Total Liabilities and Surplus		\$ <u>29,168,111</u>	<u>21,799,999</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:


Chairman


Chief Executive Officer

BARBADOS TOURISM AUTHORITY

Statement of Deficit

For the year ended March 31, 2013

with comparative figures for 2012

(Expressed in Barbados Dollars)

	<u>2013</u>	<u>2012</u>
Deficit beginning of year	\$ (46,407,784)	(32,045,342)
Excess of expenditure over revenue	<u>14,352,884</u>	<u>(14,362,442)</u>
Deficit end of year	\$ <u>(30,054,900)</u>	<u>(46,407,784)</u>

See accompanying notes to financial statements.

BARBADOS TOURISM AUTHORITY

Statement of Revenue and Expenditure

For the year ended March 31, 2013
with comparative figures for 2012

(Expressed in Barbados Dollars)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Revenue			
Government grant	8	\$ 94,200,000	90,133,690
Hotel registration fees		74,473	77,816
Interest		<u>28,778</u>	<u>63,009</u>
		<u>94,303,251</u>	<u>90,274,515</u>
Expenditure			
Marketing	10	65,327,154	88,649,726
Head Office		7,231,238	7,324,553
Public relations		5,479,478	7,800,096
Quality Assurance		413,456	445,191
Depreciation		145,231	245,533
Exchange adjustments and bank charges		(26,972)	87,582
Interest expense	15	<u>1,553,729</u>	<u>328,780</u>
		80,123,314	104,881,461
Amortisation of capital grants	9	<u>(172,947)</u>	<u>(244,504)</u>
		<u>79,950,367</u>	<u>104,636,957</u>
Excess of expenditure over revenue		\$ <u>14,352,884</u>	<u>(14,362,442)</u>

See accompanying notes to financial statements.

BARBADOS TOURISM AUTHORITY

Statement of Cash Flows

For the year ended March 31, 2013
with comparative figures for 2012

(Expressed in Barbados Dollars)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Excess of revenue over expenditure (expenditure over revenue) \$	14,352,884	(14,362,442)
Items not affecting working capital:		
Depreciation	145,231	245,333
Amortisation of capital grants	(172,947)	(244,504)
Loss on sale of equipment	-	-
Interest income	(28,778)	(63,009)
Interest expense	<u>1,553,729</u>	<u>328,780</u>
Operating income (loss) before working capital changes	15,850,119	(14,095,642)
Increase in accounts receivable	(3,193,846)	(14,745,070)
Decrease (increase) in staff loans	225,477	(49,406)
(Increase) decrease in prepaid expenses	(63,578)	1,479,277
(Decrease) Increase in accounts payable and accrued liabilities	<u>(6,217,519)</u>	<u>6,598,913</u>
Net cash from (used in) operating activities	<u>6,600,653</u>	<u>(20,811,928)</u>
Cash flows from investing activities		
Additions to plant and equipment	(157,409)	(136,223)
Interest received	28,778	63,009
Net cash from (used in) investing activities	<u>(128,631)</u>	<u>(73,214)</u>
Cash flows from financing activities		
Proceeds received from loan	-	17,000,000
Loan repayments	(2,162,418)	(2,172,218)
Capital grant	264,000	250,000
Interest expense	<u>(249,618)</u>	<u>(328,780)</u>
Net cash used in financing activities	<u>(2,148,036)</u>	<u>14,749,002</u>
Net increase / (decrease) in cash	4,323,987	(6,136,140)
Cash and cash equivalents – beginning of year	<u>5,226,980</u>	<u>11,363,120</u>
Cash and cash equivalents– end of year	\$ <u><u>9,550,967</u></u>	<u><u>5,226,980</u></u>

See accompanying notes to financial statements.

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

1. Reporting Entity

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

2. Going Concern

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

3. Basis of Preparation

a) *Statement of compliance*

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

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

b) *Basis of measurement*

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

c) *Functional and presentation currency*

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

d) *Use of estimates and judgments*

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

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

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

4. Significant Accounting Policies

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

a) *Foreign currency*

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

b) *Financial instruments*

Non-derivative financial instruments

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

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

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

c) *Plant and equipment*

Recognition and measurement

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

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

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

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

Subsequent costs

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

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

4. Significant Accounting Policies, continued

c) Plant and equipment, continued

Depreciation

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

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

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

d) Impairment

Financial assets

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

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

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

Non-financial assets

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

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

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

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

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

4. Significant Accounting Policies, continued

e) *Employee benefits*

Termination benefits

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

Short-term benefits

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

f) *Government grants*

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

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

g) *Revenue recognition*

Revenue is recognized on an accrual basis.

h) *Brochures*

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

i) *New standards and interpretations not yet adopted*

Below is a list of standards and interpretations in issue at March 31, 2013 that are effective for annual reporting dates beginning after April 1, 2013.

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

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

4. Significant Accounting Policies, continued

- i) *New standards and interpretations not yet adopted, continued*
- IAS 32 – Offsetting Financial Assets and Financial Liabilities [Amendments to IAS 32 (effective for annual periods beginning on or after January 1, 2014)]
 - IFRS 9 – Financial Instruments (effective for annual periods beginning on or after January 1, 2018)

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

5. Financial Risk Management

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

- credit risk
- liquidity risk
- market risk

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

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

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

Credit risk

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

Liquidity risk

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

Market risk

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

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

6. Staff Loans, net

		<u>2013</u>	<u>2012</u>
Staff Loans	\$	420,648	646,125
Less: allowance for doubtful accounts		<u>(18,491)</u>	<u>(18,491)</u>
	\$	<u>402,157</u>	<u>627,634</u>

7. Government Grant

		<u>2013</u>	<u>2012</u>
Operational grant	\$	94,464,000	90,383,690
Grant for capital expenditure (note 9)		<u>264,000</u>	<u>250,000</u>
Operational and capital grants	\$	<u>94,200,000</u>	<u>90,133,690</u>

8. Deferred Capital Grants

		<u>2013</u>	<u>2012</u>
Grants received			
Balance – beginning of year	\$	9,092,292	8,842,292
Capital grants received during the year (note 8)		<u>264,000</u>	<u>250,000</u>
Balance – end of year		<u>9,356,292</u>	<u>9,092,292</u>
Accumulated amortisation			
Balance – beginning of year		8,170,230	7,925,726
Amortisation for the year		<u>172,947</u>	<u>244,504</u>
Balance – end of year		<u>8,343,177</u>	<u>8,170,230</u>
Net balance deferred			
Beginning of year	\$	<u>922,062</u>	<u>916,566</u>
End of year	\$	<u>1,013,115</u>	<u>922,062</u>

9. Marketing Expenditure

		<u>2013</u>	<u>2012</u>
Advertising	\$	36,071,284	30,817,499
Promotion		27,641,832	46,925,197
Other		<u>1,614,038</u>	<u>10,907,030</u>
	\$	<u>65,327,154</u>	<u>88,649,726</u>

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

10. Plant and Equipment

	<u>Equipment</u>	<u>Furniture and Fittings</u>	<u>Motor Vehicles</u>	<u>Improvements to Buildings</u>	<u>Total</u>
Cost					
Balance at April 1, 2011	\$ 4,653,826	1,665,841	101,930	3,539,709	9,961,306
Additions	91,887	27,726	3,625	12,985	136,223
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2012	\$ <u>4,745,713</u>	<u>1,693,567</u>	<u>105,555</u>	<u>3,552,694</u>	<u>10,097,529</u>
Balance at April 1, 2012	\$ 4,745,713	1,693,567	105,555	3,552,694	10,097,529
Additions	14,914	142,495	-	-	157,409
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2013	\$ <u>4,760,627</u>	<u>1,836,062</u>	<u>105,555</u>	<u>3,552,694</u>	<u>10,254,938</u>
Accumulated Depreciation					
Balance at April 1, 2011	\$ 4,355,316	1,509,054	98,763	3,537,261	9,500,394
Charge for the year	199,343	45,118	1,017	55	245,533
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2012	\$ <u>4,554,659</u>	<u>1,554,172</u>	<u>99,780</u>	<u>3,537,316</u>	<u>9,745,927</u>
Balance at April 1, 2012	\$ 4,554,659	1,554,172	99,780	3,537,316	9,745,927
Charge for the year	111,199	26,484	1,749	5,801	145,231
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2013	\$ <u>4,665,858</u>	<u>1,580,656</u>	<u>101,526</u>	<u>3,543,117</u>	<u>9,891,158</u>
Carrying Amounts					
April 1, 2011	\$ <u>298,510</u>	<u>156,787</u>	<u>3,167</u>	<u>2,448</u>	<u>460,912</u>
March 31, 2012	\$ <u>191,054</u>	<u>139,395</u>	<u>5,775</u>	<u>15,378</u>	<u>351,602</u>
April 1, 2012	\$ <u>191,054</u>	<u>139,395</u>	<u>5,775</u>	<u>15,378</u>	<u>351,602</u>
March 31, 2013	\$ <u>94,769</u>	<u>255,406</u>	<u>4,028</u>	<u>9,577</u>	<u>363,780</u>

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

11. Related Party Transactions

The following related party transactions occurred during the year:
Key management personnel compensation is as follows:

	<u>2013</u>	<u>2012</u>
Board of Directors	\$ 50,700	45,600
Senior Management	339,928	341,549

12. Taxation

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

13. Financial Instruments

Financial assets of the Authority include cash and bank balances, term deposits, accounts receivable, and staff loans. Financial liabilities include accounts payable and accrued liabilities and loans payable. Exposure to credit, market and liquidity risks arises in the normal course of the Authority's business.

(a) Credit risk

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

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

	<u>2013</u>	<u>2012</u>
Accounts receivable, net	\$ 18,526,222	15,332,376
Staff loans, net	<u>402,157</u>	<u>627,634</u>
	\$ <u>18,928,379</u>	<u>15,960,010</u>

As at March 31, 2013, \$18,033,665 (2012: \$14,949,718) represents grants receivable from Government and has been due for less than a year.

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

13. Financial Instruments, continued

(a) Credit risk, continued

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

		<u>2013</u>	<u>2012</u>
Balance at April 1	\$	18,491	18,491
Impairment loss recognized		<u>-</u>	<u>-</u>
Balance at March 31	\$	<u>18,491</u>	<u>18,491</u>

(b) Foreign currency risk

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

(c) Fair value

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

		<u>2013</u>		<u>2012</u>	
		<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and bank balances	\$	9,550,967	9,550,967	5,226,980	5,226,980
Term deposit				-	-
Accounts receivable		18,526,222	18,526,222	15,332,376	15,332,376
Staff loans, net		402,157	402,157	627,634	627,634
Accounts payable and accrued liabilities		32,134,002	32,134,002	38,351,520	38,351,520
Loan payable		28,075,894	28,075,894	28,934,201	28,934,201

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

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

13. Financial Instruments, continued

(d) Liquidity risk

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities

March 31, 2013

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>6 Months or Less</u>	<u>6 to 12 Months</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>More than 5 Years</u>
Accounts payable and accrued liabilities	32,134,002	(32,134,002)	(32,134,002)	-	-	-	-
Loan Payable	28,075,894	(43,799,540)	(4,715,947)	(2,107,725)	(4,215,450)	(11,555,455)	(21,204,963)

March 31, 2012

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>6 Months or Less</u>	<u>6 to 12 Months</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>More than 5 Years</u>
Accounts payable and accrued liabilities	38,351,520	(38,351,520)	(38,351,520)	-	-	-	-
Loan Payable	28,934,201	(44,681,861)	(2,109,724)	(2,109,724)	(4,219,448)	(12,658,344)	(23,584,621)

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

14. Loan Payable

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

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

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

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

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

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

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

BARBADOS TOURISM AUTHORITY

Notes to Financial Statements

March 31, 2013

(Expressed in Barbados Dollars)

14. Loan Payable, continued

The transactions related to the loans obtained are as follows:

	<u>2013</u>	<u>2012</u>
Opening balance	\$ 11,934,201	14,106,419
National Insurance loan proceeds	18,304,111	17,000,000
Repayment during the year	<u>(2,162,418)</u>	<u>(2,172,218)</u>
	2,075,894	28,934,201
Current portion	<u>(4,496,947)</u>	<u>(2,911,339)</u>
	\$ <u>23,578,947</u>	<u>26,022,862</u>

(a) Carnival Loan

Interest on the Bank of Nova Scotia loan is charged at a rate of 2.24125%. This loan is not expected to be settled within 12 months after the date of the statement of financial position.

Interest expense of \$249,618 (2012: \$328,780) was charged on the BNS loan during the year.

(b) NIS Loan

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

Interest expense of \$1,304,111 (2012: Nil) was charged on the NIS loan during the year

NOTES

