

**BARBADOS CONFERENCE
SERVICES LIMITED**

Financial statements

For the year ended 31 March 2016

BARBADOS CONFERENCE SERVICES LIMITED

Contents

31 March 2016

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Corporate information

31 March 2016

Directors

Vernon Andrew Sealy	- Chairman
Permanent Secretary or Nominee	- Ministry of Tourism & International Transport
Susan Springer	- Representative for BHTA
Randolph Outram	
Jennifer Grant	
Fabian Wharton	

Secretary

Laura Rudder
Maxwell Coast Road
Christ Church
Barbados BB110993

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 2016

During financial year ending, March 31, 2016, in keeping with the company's mandate, Barbados Conference Services Limited (BCSL) continued to generate revenue from the operations of the Lloyd Erskine Sandiford Centre (LESC) through the rental of meeting space and other complementary services associated with the hosting of events at the Centre, to meet the needs of the local, regional and international markets. Revenue was also derived from the rental of kitchen facilities and commercial office space and additional revenue was generated through the rental of conference furnishings and equipment and the provision of specialized audio visual and technical services, for conferences, meetings, exhibitions and tradeshow.

Management sought to finalize the financing for the outfitting of the additional office space and the lease arrangement for the rental of the space. With the Centre fully operational, BCSL continued to aggressively promote its products and services on the local, regional and international markets to maximize the use of the Centre and in turn meet and wherever possible exceed its income generation objectives.

To achieve its goal of increasing market share and revenues, BCSL developed and implemented new initiatives and campaigns for the local, regional and international markets to heighten public awareness and boost sales. During the period an aggressive marketing campaign was launched to regain and expand the Company's market share including establishing mutually beneficial strategic alliances with industry partners and show managers to showcase the versatility of the Centre and offer more diverse and competitive products and services.

During the period the LESL recorded increased activity following the completion of the renovations to the conference facility and construction of the New Offices at LESL and a successful public awareness campaign during the Centre's 20th Anniversary Celebrations in August 2015. As such the Centre was the preferred venue for a myriad of meetings and special events, ranging from conferences and exhibitions/tradeshow to church conventions, banquets and wedding receptions. Of note were the Egmont Plenary and the Barbados Agricultural Society /CTA Agri-Tourism Conference, both of which were held for the first time in the Caribbean.

BCSL continued to establish partnerships in an effort to increase occupancy and increase revenue. One such partnership came to fruition when Laff-it-off Productions made LESC the new home of the Laff-it-Off series of shows from mid-January to April, 2016. The partnership with The Student Centre which started as a small room initiative in 2014 has further grown and recorded increased bookings of medium to large rooms for annual educational information sessions, workshops and educational fairs featuring a variety of overseas colleges and universities.

Another significant source of revenue for the Company was the off-property rentals of conference furnishings and equipment. In addition to the rental of the portable Conference Discussion/Simultaneous Interpretation equipment and the provision of the associated technical services, there was a demand for the provision of exhibition services for off property tradeshows and exhibitions which were facilitated through the Centre's Conference Services Department. Revenue from this aspect of the Centre's operations increased by **13%** over prior year.

The Company reported Gross Revenue Earnings of **\$4,262,484** which represent a **9%** increase over the previous year's earnings of **\$3,942,837**.

LESC was the preferred venue for the following major events and annual exhibitions which contributed significantly to the revenue earnings for FY 2015/16.

- BIMEX 2015 (May)
- Nation Publishing "Forever I do" Expo (May)
- Financial Intelligence Unit/Egmont Group Plenary (June)
- CAF Management Services Expo (July)
- Animekon Expo (August)
- UWI/BAMP/CME Conference (November)
- Canadian Universities & Colleges Education Fair (November)
- Circuit of Jehovah Witnesses Assemblies (January 2016)
- Institute of Chartered Accounts Annual Conference
- General Assembly of Church of God Convention
- Barbados Office Professionals Conference
- LESC/ Triple R Productions "*Back-in-Time*" (April – June 2015)
- Barbados Agricultural Society /CTA Agri-Tourism Conference

- Caricom Secretariat Meetings
- Barbados Bar Association Conference
- Barbados Alzheimer's Association
- Pyramid Entertainment "Back-in-Time (monthly from December 2015- March 2016)
- Laff-it-Off Productions (January –March 2016)
- Apostolic Teaching Centre (weekly service)

During the financial year operational expenses were **\$10,816,349**, which represents a **2%** decrease when compared to the previous year's expenses of **\$10,979,887**. It must be noted however that similar to FY ending 2015, the operational expenses include the interest on the New Offices Loan of **\$3,719,980** 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 interest payments.

Management has continued to progressively increase revenues, while at the same time effectively manage expenditure through stringent financial controls and cash flow planning, to significantly reduce the Company's loss from operations by approximately **7%**. The Company's retained earnings now stands at **\$2,721,580**, this represents **274%** more than prior year.

On-going efforts to control operational expenses continued to be a major priority for both the Board of Directors and Management. Management continued to focus on cost saving measures and to implement, monitor and refine its operations to ensure that the business is efficiently managed, while maintaining the company's high service delivery standards. During the year work on the upgrade of the air conditioning system continued, the final completion of which is dependent on the completion of the fit-out of the offices and the pending relocation of the Ministry of Tourism to the New Offices. Once fully completed this upgrade to the system will result in better temperature control management and a more energy efficient air conditioning system.

Another key objective was to improve the customer service experience at the Centre through continuous training and assessment. During the year BCSL continued to review 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.

Despite the improvement, it is envisaged that the upcoming year will continue to be challenging, as BCSL having been requested by Government to facilitate the fit-out of the New Offices to accommodate several Government Departments/Agencies, is awaiting the approval of the fit out cost from the Ministry of Finance to finalize the loan and commence the project. BCSL expects that, on completion of the fit-out by the second quarter of FY 2017/18, the company will earn fixed office rental income to boost the company's revenues to cover the interest loan payments and off-set operational cost associated with the New Offices. This will considerably reduce the Company's dependency on government funding in this area, however given the fact that the rental income from the offices will be lower than commercial market rates, BCSL will not be in a position to fully eliminate the need for an operating subvention as initially planned.

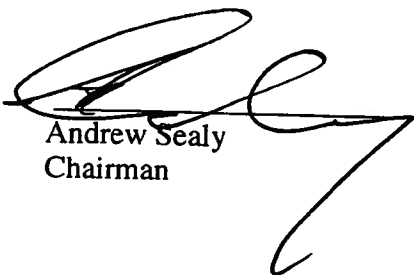
In the coming fiscal year 2016/17 the Centre's activity is expected to continue on a growth path and BCSL's aim is to meet and wherever possible exceed its income generation objectives by diversifying its service offerings and aggressively marketing its services on the local, regional and international markets. BCSL will:

- Relaunch the Lloyd Erskine Sandiford Centre (LESC) brand with its new logo to the local, international and regional marketplace to increase Corporate, Product and Service Awareness.
- Continue to utilize creative inbound marketing strategies to promote the LESC and Barbados as the premier destination for conferences, conventions, exhibitions, tradeshow and social events.
- Intensify its outbound marketing strategies to promote its products and services through traditional and non-traditional methods of media distribution.
- Focus on Customer Relationship Management to retain market share and boost revenue.
- Create specific packages to fill need periods e.g. Executive Meeting Packages and Daily Delegate Packages and revisit old packages to improve on value added benefits.
- Sustain strategic partnerships and establish new partnerships with industry partners i.e. Event Planning companies and Show Producers; and through the production of themed events, seek to increase revenue.

During the fiscal year, BCSL will actively promote the Lloyd Erskine Sandiford Centre (LESC), as the venue of choice for all meetings, conferences and special events. This focus will be on service rebranding using a targeted sales approach spearheaded by the Sales and Marketing Team with the buy-in of the entire BCSL staff. The Corporate website will continue to be used as the primary tool to promote the facilities and services using fresh images and up-to-date content and will be linked to strategic industry partners' sites such as Barbados Tourism Marketing Inc, Barbados Hotel & Tourism Association and Barbados Chamber of Commerce. In addition, management will continue to foster strategic partnerships with providers of accommodation in order to offer Complete Meeting Packages (CMPs) to regional and international clients seeking to host meetings in Barbados. Management will also continue to develop working relationships with reliable Event Planning Companies and Event Producers to maximize use of the Centre and its immediate environs and boost revenues during the fiscal year.

Barbados Conference Services Limited, through its promotion of conference tourism and in conjunction with The Student Centre, has the potential to generate increased foreign exchange for Barbados through Edu-tourism. Therefore BCSL will continue to seek to work more closely with the Barbados Tourism Marketing Inc. and other industry partners, to promote Barbados as the ideal destination within the MICE and SMERF niche markets, and LESL as the premier meeting and event facility in the Caribbean for the hosting of such events.

On behalf of the Board of Directors of BCSL, I wish to thank our loyal clients, industry partners and all the company's employees for their ongoing support and contribution during another challenging year. Management will continue to review and refine the Company's structure as needed, focusing on service excellence which is the differentiating factor that separates LESL from its competitors. We look forward to the completion and rental of the new offices to ensure a much improved performance in the foreseeable future.



Andrew Sealy
Chairman

RBCI

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the shareholder of Barbados Conference Services Limited

We have audited the accompanying financial statements of Barbados Conference Services Limited, which comprise the statement of financial position as of 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the shareholder of Barbados Conference Services Limited, in accordance with the Barbados Companies Act, Cap. 308 and for filing corporation taxes in Barbados. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state in an auditors' report and for no other purpose. We do not accept or assume responsibility to anyone other than Barbados Conference Services Limited, and its directors for our audit work, for this report or for the opinion we have formed. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Barbados Conference Services Limited as of 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion we draw attention to note 15 of the financial statements which indicates that the Company is unable to meet its obligations as they become due and relies on financial support from its shareholder as well as on management's ability to successfully execute its business plan. These conditions give rise to uncertainty about the Company's ability to finance its operations and continue as a going concern.



April 7, 2017
Bridgetown, Barbados

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BARBADOS CONFERENCE SERVICES LIMITED

Statement of Financial Position

For the year ended 31 March 2016

(expressed in Barbados dollars)


	Notes	2016	2015
Assets			
Current assets			
Cash on hand		\$ 1,200	\$ 1,200
Cash at bank		407,953	136,281
Bank fixed deposits	3	2,780,946	1,920,387
Trade and other receivables	4	543,284	3,115,367
Prepaid expenses		<u>1,837,703</u>	<u>1,368,024</u>
		5,571,086	6,541,259
Pension plan assets	8	244,170	184,271
Property, plant and equipment	5	<u>58,871,341</u>	<u>58,334,104</u>
Total assets		\$ <u>64,686,597</u>	\$ <u>65,059,634</u>
Liabilities			
Current liabilities			
Accounts payable	6	1,227,934	582,044
Loans payable – due within one year	7	3,596,664	3,596,664
Advance deposits		<u>60,858</u>	<u>32,137</u>
		<u>4,885,456</u>	<u>4,210,845</u>
Other liabilities:			
Note payable	9	39,428	39,428
Loans payable	7	41,696,055	46,027,305
Deferred government grant	10	<u>9,328,905</u>	<u>10,335,090</u>
		<u>51,064,388</u>	<u>56,401,823</u>
Equity			
Stated capital	11	\$ 6,015,174	\$ 6,015,174
Accumulated deficit prior years		(1,568,208)	(6,601,565)
Net Profit for the year		<u>4,289,787</u>	<u>5,033,357</u>
Total equity		<u>8,736,753</u>	<u>4,446,966</u>
Total liabilities and equity		\$ <u>64,686,597</u>	\$ <u>65,059,634</u>

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


 Fabian Wharton

Director

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 Vernon Sealy
 Director

BARBADOS CONFERENCE SERVICES LIMITED

Statement of Changes in Comprehensive Income

For the year ended 31 March 2016

(expressed in Barbados dollars)

	Notes	2016	2015
Revenue			
Room rental		\$ 1,558,257	\$ 1,553,693
Food and beverage		2,145,540	1,929,340
Other rental income		510,544	451,509
Event Planning		27,202	-
Interest income	3	<u>20,941</u>	<u>8,295</u>
		<u>4,262,484</u>	<u>3,942,837</u>
Costs and expenses			
Salaries and wages		1,882,986	1,900,412
Food and beverage	6	1,893,698	1,697,015
Utilities		973,028	1,191,028
Supplies and services		422,234	567,769
Depreciation	5	1,347,413	1,352,977
Repairs and maintenance		268,402	208,717
Marketing		67,523	123,266
Insurance		57,290	63,183
Directors' fees		49,200	49,200
Professional fees		29,750	48,640
Loan and other interest expense	7	3,719,980	3,685,167
Bad debts, net	13	5,987	2,024
Pension plan	8	92,575	90,489
Loss on Disposal of assets	5	<u>6,283</u>	<u>-</u>
		<u>10,816,349</u>	<u>10,979,887</u>
Loss from operations		(6,553,865)	(7,037,050)
Government grant	10	<u>10,857,606</u>	<u>12,092,128</u>
Net Income for the year		4,303,741	5,055,078
Other comprehensive (loss) income not to be reclassified to statement of income in subsequent periods:			
Remeasurement loss on defined benefit plan, net of tax		<u>(13,954)</u>	<u>(21,721)</u>
Total comprehensive income for the year		\$ <u>4,289,787</u>	\$ <u>5,033,357</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 2016

(expressed in Barbados dollars)

	Stated capital	Accumulated deficit/Retained earnings	Total
	\$	\$	\$
Balances – 31 March 2014	6,015,174	(6,601,565)	(586,389)
Total comprehensive loss	<u>-</u>	<u>5,033,357</u>	<u>5,033,357</u>
Balances – 31 March 2015	6,015,174	(1,568,208)	4,446,966
Total comprehensive income	<u>-</u>	<u>4,289,787</u>	<u>4,289,787</u>
Balances – 31 March 2016	<u>6,015,174</u>	<u>2,721,579</u>	<u>8,736,753</u>

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

BARBADOS CONFERENCE SERVICES LIMITED

Statement of cash flows

For the year ended 31 March 2016

(expressed in Barbados dollars)

	2016	2015
	\$	\$
Operating Activities		
Net loss for the year	4,303,741	5,055,078
Adjustments for:		
Depreciation	1,347,413	1,352,977
Loss on Disposal of Assets	6,283	-
Interest expense	3,719,980	3,685,167
Pension plan expense	92,575	90,489
Government grant	<u>(10,857,606)</u>	<u>(12,092,128)</u>
	(1,387,614)	(1,908,417)
Trade and other receivables	2,572,083	(802,459)
Prepaid Expenses	(469,679)	-
Advance deposits	28,720	(60,355)
Accounts payable	<u>645,890</u>	<u>(1,547,816)</u>
	1,389,400	(4,319,047)
Interest paid	(3,719,980)	(3,685,167)
Government grant received	9,851,422	13,133,605
Pension plan contributions	<u>(166,428)</u>	<u>(81,972)</u>
<i>Net cash from operating activities</i>	<u>7,354,414</u>	<u>5,047,419</u>
Investing Activities		
Purchase of property, plant and equipment	<u>(1,890,933)</u>	<u>(3,301,384)</u>
<i>Net cash used in investing activities</i>	<u>(1,890,933)</u>	<u>(3,301,384)</u>
Financing Activities		
Repayment of loans	(6,592,758)	(3,596,664)
Proceeds from loan	<u>2,261,508</u>	<u>2,825,778</u>
<i>Net cash from financing activities</i>	<u>(4,331,250)</u>	<u>(770,886)</u>
Net change in cash and cash equivalents	1,132,231	975,149
Cash and cash equivalents – beginning of year	<u>2,057,868</u>	<u>1,082,719</u>
Cash and cash equivalents – end of year	<u>\$ 3,190,099</u>	<u>\$ 2,057,868</u>
Cash on hand	1,200	1,200
Cash at bank	407,953	136,281
Bank fixed deposits	<u>2,780,946</u>	<u>1,920,387</u>
	<u>\$ 3,190,099</u>	<u>\$ 2,057,868</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 2016

(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, 2014. 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 2016

(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 2016

(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 2016

(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 probably 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 2016

(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 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 2016

(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 2016

(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 2014 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 2016

(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 deposits for the year was \$20,941 (2015 - \$8,295). The interest rate at year end was 0.25% & 2% (2015 - 0.25% & 3%) and the deposits matured in March 2016. The debt reserve account with Bank of Nova Scotia will mature simultaneously with the loan.

4. Trade and other receivables

	2016	2015
Related parties trade receivables	\$ 53,965	\$ 200,413
Other trade receivables	<u>77,240</u>	<u>115,801</u>
	131,205	316,214
Vat recoverable	105,944	2,716,535
Other receivable	<u>306,135</u>	<u>82,618</u>
	\$ <u>543,284</u>	\$ <u>3,115,367</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 2016

(expressed in Barbados dollars)

5. Property, plant and equipment

FOR THE YEAR ENDED MARCH 31, 2016						
	Property under Construction	Building Project	Leasehold Improvements	Equipment	Furniture and Fixtures	Totals
April 1, 2015	46,951,399	9,194,305	3,199,348	6,272,250	268,840	65,886,142
Additions	1,742,094			148,839		1,890,933
Disposals				(414,530)		(414,530)
March 31, 2016	48,693,493	9,194,305	3,199,348	6,006,559	268,840	67,362,545
Depreciation						
April 1, 2015		1,133,964	1,664,440	4,522,704	230,930	7,552,038
Additions		367,772	263,322	701,645	14,674	1,347,413
Disposals				(408,247)		(408,247)
March 31, 2016	-	1,501,736	1,927,762	4,816,102	245,604	8,491,204
Net Book Value						
March 31, 2016	48,693,493	7,692,569	1,271,586	1,190,457	23,236	58,871,341
April 1, 2015	46,951,399	8,060,341	1,534,908	1,749,546	37,910	58,334,104

FOR THE YEAR ENDED MARCH 31, 2015						
	Property under Construction	Building Project	Leasehold Improvements	Equipment	Furniture and Fixtures	Totals
April 1, 2014	43,777,999	9,194,305	3,156,274	6,191,140	268,840	62,588,558
Additions	3,173,400		43,074	84,910		3,301,384
Disposals				(3,800)		(3,800)
March 31, 2015	46,951,399	9,194,305	3,199,348	6,272,250	268,840	65,886,142
Depreciation						
April 1, 2014		766,192	1,393,701	3,826,712	216,256	6,202,861
Additions		367,772	270,739	699,792	14,674	1,352,977
Disposals				(3,800)		(3,800)
March 31, 2015	-	1,133,964	1,664,440	4,522,704	230,930	7,552,038
Net Book Value						
March 31, 2015	46,951,399	8,060,341	1,534,908	1,749,546	37,910	58,334,104
April 1, 2014	43,777,999	8,428,113	1,762,573	2,364,428	52,584	56,385,697

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 (\$6,283) (2015 – Nil)

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

6. Accounts payable

	2016	2015
Trade payables	\$ 1,090,459	\$ 412,905
Related parties trade payables	57,408	54,837
Other	<u>80,067</u>	<u>114,302</u>
	<u>\$ 1,227,934</u>	<u>\$ 582,044</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 2016, trade payables included \$68,374 (2015 -\$71,910) due to the supplier and purchases for the year amounted to \$1,893,698 (2015 - \$1,697,015).

7. Loans payable and overdraft

	2016	2015
Loans payable	\$ 45,292,719	\$ 49,623,969
Less current portion	<u>(3,596,664)</u>	<u>(3,596,664)</u>
	<u>\$ 41,696,055</u>	<u>\$ 46,027,305</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. Interest rates range from 6.75% to 8%.

- 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 \$3,650,651 (2015 - 3,605,829).
- 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 \$69,329 (2015 - \$79,338).
- Facility C - a Revolving loan of \$5 million which was obtained to pay VAT associated with the projects commenced on November 02, 2010. The loan term is renewable annually up to a maximum of 3 years. The Principal was repaid in full in November 2015.

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.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

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.

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. The Plan had a going concern unfunded liability of (\$238,340) at April 01, 2014, the unfunded liability is amortised over a period of ten (10) years with a contribution rate of 1.83% to amortise the 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.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

8. Pension plan obligation (continued)

Changes in the fair value of the defined benefit obligation and plan assets are as follows:

	2016	2015
Benefit obligation		
At the beginning of the year	1,875,614	1,770,009
Current service cost	105,516	102,710
Interest costs	148,900	137,750
Benefit payments	(65,256)	(46,969)
Past service costs	(14,166)	(87,886)
Benefit obligation at end of year	<u>2,050,608</u>	<u>1,875,614</u>
Plan assets at fair value		
At beginning of the year	2,059,885	1,984,519
Actual return on plan assets	86,331	84,880
Employer contributions (including direct benefit payment)	166,428	81,972
Benefit payments	(14,166)	(87,886)
Administration and other Plan Investment Management cost	(3,700)	(3,600)
	<u>2,294,778</u>	<u>2,059,885</u>

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

	2016	2015
Statement of financial position reconciliation		
At the beginning of the year	184,271	214,510
Net periodic benefit cost	(92,575)	(90,490)
Employer contributions	166,428	81,972
Effect of Statement of other Comprehensive Income	(13,954)	(21,721)
Statement of financial position asset at the end of year	<u>244,170</u>	<u>184,271</u>

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

8. Pension plan obligation (continued)

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

	2016	2015
(Gain) loss from experience	(65,256)	(46,969)
Expected return on plan assets	165,541	153,571
Actual return on plan assets	(86,331)	(84,881)
Statement of Other Comprehensive Income at end of year	<u>\$ 13,954</u>	<u>\$ 21,721</u>
	2016	2015
Amounts recognized in the statement of comprehensive income	105,516	102,710
Interest cost	148,900	137,750
Expected returns on plan assets	(165,541)	(153,571)
Administration & other non-plan investment management	3,700	3,600
Net periodic benefit cost at end of year	<u>\$ 92,575</u>	<u>\$ 90,489</u>

A quantitative sensitivity analysis for significant assumptions as at 31 March 2016 are shown below:

Change in Assumption	Benefit Obligation
Base IAS 19 Results	\$2,050,608
Reduce discount rate by 1% pa	\$2,414,150
Increase discount rate by 1% pa	\$1,760,099
Reduce salary increase by 0.5% pa	\$1,947,360
Increase salary increase by 0.5% pa	\$2,164,040
Increase average expectancy by 1 year	\$2,162,100

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

8. Pension plan obligation (continued)

Post retirement mortality for pensioners at 65:

Male

UP94 Generational Table
at 2016 with Projection Scale
AA GAM94

Female

UP94 Generational Table
at 2016 with Projection Scale
AA GAM94

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

	2016	2015
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. Note payable

The note is payable to Barbados Tourism Investment Corporation, is interest free, unsecured and carries no fixed date of repayment.

10. Deferred Government grant

	2016	2015
Balances – beginning of year	\$ 10,335,090	\$ 9,293,613
Amounts received in current year:		
Expenses	5,465,658	6,855,792
Capital	4,385,764	6,277,813
	<u>9,851,422</u>	<u>13,133,605</u>
Transfer to income:		
Expenses	5,465,658	6,855,792
Capital	5,391,949	5,236,336
	<u>10,857,607</u>	<u>12,092,128</u>
Balances – end of year	\$ <u>9,328,905</u>	\$ <u>10,335,090</u>

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

11. 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 \$201,318 (2015 - \$195,377) for services provided by related parties and sales to related parties amounted to \$2,323,406 (2015 - \$1,662,339).

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.

	2016	2015
	\$	\$
Issued – 6,015,174 common shares	<u>6,015,174</u>	<u>6,015,174</u>

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

12. Tax losses

As at 31 March 2016, 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	<u>5,468,886</u>	2023
	<u>\$12,170,995</u>	

The potential tax benefit of the remaining tax losses is \$3,042,749 (2015 - \$1,732,253) at the current rate of tax. 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.

Taxation Account – Statement of Income:

Corporation tax \$ _____ - \$ _____ -

The tax on Company's (loss) income before taxation differs from the theoretical amount that would arise using the basic tax rate of Barbados as follows:

	2016	2015
	\$	\$
Income (Loss) before taxation	4,303,741	5,055,078
Tax calculated at statutory rate at 25%	1,075,935	1,263,769
Tax effect of losses utilised & expired	<u>(1,075,935)</u>	<u>(1,263,769)</u>
	<u>-</u>	<u>-</u>

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(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 2016

(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:

	2016	2015
Cash	\$ 1,200	\$ 1,200
Cash at bank	407,953	136,281
Bank fixed deposits	2,780,946	1,920,387
Trade receivables	<u>131,205</u>	<u>316,214</u>
	<u>\$ 3,321,304</u>	<u>\$ 2,374,082</u>

The above table represents a worst case scenario of credit risk exposure to the Company at 31 March 2016 and 2015.

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 2016, trade receivables of \$20,425 (2015 - \$137,024) were past due, but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

13. Financial risk management (continued)

Maximum exposure to credit risk (continued)

The aging analysis of the trade receivables is as follows:

	2016	2015
0 to 1 month	\$ 27,126	\$ 7,581
1 to 2 months	49,509	145,538
2 to 3 months	29,112	8,267
Over 3 months	<u>25,458</u>	<u>154,828</u>
	<u>\$ 131,205</u>	<u>\$ 316,214</u>

As at 31 March 2016, trade receivables of \$5,033 (2014 - \$17,804) were considered possibly impaired. The aging of these receivables is as follows:

	2016	2015
2 to 3 months	\$ -	\$ -
Over 3 months	<u>5,033</u>	<u>17,804</u>
	<u>\$ 5,033</u>	<u>\$ 17,804</u>

ii) Provision for impairment

Bad debts written off during the year amounted to \$5,987 (2015 - \$2,024).

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.

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 2016 based on contractual undiscounted payments.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

13. Financial instruments (continued)

Liquidity risk (continued)

	Less than 6 months	6 to 12 Months	1 to 5 Years	Over 5 years	Totals
As at 31 March 2016					
Trade and other payables	-	\$1,227,934	-	-	\$1,227,934
Bank loan – due within one year	-	\$3,596,664	-	-	\$3,596,664
Loan payable	-	\$41,696,055	-	-	\$41,696,055
Note payable	-	-	-	\$39,428	\$39,428
Total financial liabilities					
(contractual maturity dates)	\$ -	\$46,520,653	\$ -	\$39,428	\$46,560,081
As at 31 March 2015					
Trade and other payables	-	\$582,044	-	-	\$582,044
Bank loan – due within one year	-	\$3,596,664	-	-	\$3,596,664
Loan payable	-	\$46,027,305	-	-	\$46,027,305
Note payable	-	-	-	\$39,428	\$39,428
Total financial liabilities					
(Contractual maturity dates)	\$ -	\$50,206,013	\$ -	\$39,428	\$50,245,441

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.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

13. Financial instruments (continued)

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.

14. Management personnel compensation

During the year, the Company incurred \$484,600 (2015 - \$587,818) 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.

BARBADOS CONFERENCE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

(expressed in Barbados dollars)

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 2017 of \$9,510,505.

During the year ended 31 March 2016, the company incurred a liability in the sum of \$288,000 with regard to the fit out of the New Office Project of which financing is yet to be finalized.

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.

17. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.