

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

Financial statements
December 31, 2012

(expressed in Barbados dollars)

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

Statement of financial position

As at December 31, 2012

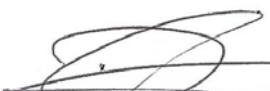
(expressed in Barbados dollars)

	Notes	2012	2011
Assets			
Current assets			
Cash and cash equivalents	4	951,065	2,004,708
Accounts receivable and prepayments		614,993	587,501
Receivable from government	5	620,841	279,424
		<u>2,186,899</u>	<u>2,871,633</u>
Non-current assets			
Loans receivable	6	16,684,417	14,686,928
Property, plant and equipment	7	231,025	263,053
		<u>16,994,42</u>	<u>14,949,981</u>
Total assets		<u>\$ 18,886,341</u>	<u>\$ 17,821,614</u>
Liabilities			
Current liabilities			
Accounts payable and accruals	8	260,876	205,142
Current portion of loans payable	9	865,884	764,312
Current taxation		3,376	9,868
		<u>1,130,136</u>	<u>979,322</u>
Non-current liabilities			
Loans payable	9	2,837,387	2,803,271
Deferred revenue	10	480,685	430,753
		<u>3,318,072</u>	<u>3,234,024</u>
Shareholders' equity			
Stated capital	11	10,676,700	10,676,700
Retained earnings		3,761,433	2,931,568
		<u>14,438,133</u>	<u>13,608,268</u>
Total equity and liabilities		<u>\$ 18,886,341</u>	<u>\$ 17,821,614</u>

Approved on April 22, 2015 by the Board



Hugh McClean Director



Dale Lashley Director

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

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

Statement of financial position

As at December 31, 2012

(expressed in Barbados dollars)

	Stated capital	Retained earnings	Total
Balances – January 1, 2011	10,676,700	2,858,749	13,535,449
Net income for the year	-	72,819	72,819
Balances – December 31, 2011	10,676,700	2,931,568	13,608,268
Net income for the year	-	829,865	829,865
Balances – December 31, 2012	\$ 10,676,700	\$ 3,761,433	\$ 14,438,133

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

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT
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Statement of comprehensive income

For the year ended December 31, 2012

(expressed in Barbados dollars)

	Notes	2012	2011
Revenue			
Interest subsidy	12	1,883,324	1,324,515
Interest on loans		879,413	787,899
Additional subsidies	13	622,319	625,000
Technical assistance grant	14	600,000	600,000
Bad debt recoveries	6	160,135	154,981
Fees	10	164,820	131,361
Interest – Other	15	58,257	100,727
Other income		1,403	1,454
		<u>4,369,671</u>	<u>3,725,937</u>
Expenses			
Operating		2,448,554	2,484,155
Provision for loan losses	6	878,180	967,776
Interest and bank charges		125,010	117,277
Depreciation	7	88,062	83,910
		<u>3,539,806</u>	<u>3,653,118</u>
Income before taxation		829,865	72,819
Taxation	17	-	-
Net income being comprehensive income		\$ 829,865	\$ 72,819

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

**THE BARBADOS AGENCY FOR MICRO ENTERPRISE DEVELOPMENT
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Statement of cash flows

For the year ended December 31, 2012

(expressed in Barbados dollars)

	2012	2011
Operating activities		
Income before taxation	829,865	72,819
Adjustments for:		
Bad debt recoveries	(160,135)	(154,981)
Provision for loan losses	878,180	967,776
Amortisation of deferred revenue	(164,820)	(131,361)
Depreciation	88,062	83,910
<i>Operating profit before working capital changes</i>	1,471,152	838,163
Changes in non cash operating items		
Accounts receivable and prepayments	(27,492)	45,305
Receivable from government	(341,417)	(279,424)
Loans receivable	(2,499,534)	(2,667,378)
Accounts payable and accruals	55,734	32,304
Deferred revenue	214,752	203,564
	(1,126,805)	(1,827,466)
Taxation paid	(6,492)	(8,784)
<i>Net cash used in operating activities</i>	(1,133,297)	(1,836,250)
Investing activities		
Purchase of property, plant and equipment	(56,034)	(159,271)
<i>Net cash used in investing activities</i>	(56,034)	(159,271)
Financing activities		
Loan proceeds	1,000,000	1,000,000
Repayment of loans payable	(864,312)	(762,801)
<i>Net cash from financing activities</i>	135,688	237,199
Net decrease in cash and cash equivalents	(1,053,643)	(1,758,322)
Cash and cash equivalents – beginning of year	2,004,708	3,763,030
Cash and cash equivalents – end of year	\$ 951,065	\$ 2,004,708

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

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

Statement of cash flows

For the year ended December 31, 2012

(expressed in Barbados dollars)

1. Corporate status and principal activity

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

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

2. Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year. There are no IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after January 1, 2012 that would be expected to have a material impact on the Company.

New standards, amendments and interpretations mandatory for the first time for the financial year beginning January 1, 2012 but not currently relevant to the Company.

IAS	1 (amendment)	Presentation of financial statements
IAS	12 (amendment)	'Income taxes' on deferred tax (effective January 2012)

IFRS	1 (amendment)	Fixed dates and hyperinflation, first time adoption (effective July 2011)
IFRS	7 (amendment)	Financial instruments – disclosures on derecognition

New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2012 that have not been early adopted are listed below. The standards and interpretations issued are those which the Company reasonably expects to have an impact on disclosures when applied at a future date. The Company intends to adopt the new standards when they become effective.

IAS	1(amendment)	Presentation of items of Other Comprehensive income
IAS	19 (amendment)	Employee benefits (effective January 1, 2013)
IFRS	7 (amendment)	Financial instruments – disclosures on offsetting financial assets and liabilities

3. Significant accounting policies

Basis of preparation

The financial statements are expressed in Barbados dollars on the historic cost basis in accordance with International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board.

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

Statement of cash flows

For the year ended December 31, 2012

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3. Significant accounting policies (continued)

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and liabilities are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those 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.

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

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

Provision for loan losses

Provision for loan losses comprises specific provisions. Specific provisions are made, on an individual basis, where management is of the opinion that collection is doubtful. The provision made during the year is charged against income. Recoveries of loan losses previously provided for are credited to income.

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

Statement of cash flows

For the year ended December 31, 2012

(expressed in Barbados dollars)

3. Significant accounting policies (continued)

Key sources of estimation uncertainty

Provision for loan losses (continued)

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

Financial instruments

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

Financial assets are assessed for impairment at each balance sheet date.

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

Government grants and subsidies

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

Loans receivable

Loans are stated net of unearned interest and provisions for loan losses.

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

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

Statement of cash flows

For the year ended December 31, 2012

(expressed in Barbados dollars)

3. Significant accounting policies (continued)

Impairment

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

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

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

Property, plant and equipment

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

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

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Statement of cash flows

For the year ended December 31, 2012

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3. Significant accounting policies (continued)

Deferred revenue

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

Interest revenue

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

Borrowing costs

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

Taxation

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

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

4. Cash and cash equivalents

	2012	2011
Short term deposits (maturing in six (6) months)	500,000	1,319,495
Cash at bank	<u>451,065</u>	<u>685,213</u>
	\$ <u><u>951,065</u></u>	\$ <u><u>2,004,708</u></u>

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5. Receivable from government

	2012	2011
Interest subsidy receivable (see note 12)	434,128	279,424
Technical assistance grant (see note 14)	186,713	-
	\$ 620,841	\$ 279,424

6. Loans receivable

Sectoral analysis of gross loans receivable

	2012	2011
Service	11,450,761	9,407,325
Retail and distribution	5,683,820	5,690,122
Home accommodation	1,228,979	1,311,870
Manufacturing	845,322	945,355
Agriculture	1,476,995	882,736
Tourism	184,360	311,722
	\$ 20,870,237	\$ 18,549,130

Provision for loan losses

Balances – beginning of year	3,862,202	3,125,627
Recoveries	(160,135)	(154,981)
Loans written-off	(178,427)	(76,220)
Increase in provision	878,180	967,776
Balances – end of year	4,401,820	\$ 3,862,202

16,468,417 \$ **14,686,928**

Maturity profile of gross loans receivable

Repayment due:		
On demand or within one year	2,228,093	2,769,609
In the second year	784,626	427,295
In the third to fifth year, inclusive	2,745,623	3,622,924
After five years	15,111,895	11,729,302
	20,870,237	\$ 18,549,130

Average interest rate

6 % **6%**

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Statement of cash flows

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6. Loans receivable (continued)

Effective May 19, 2005, the Government of Barbados through the Ministry of Finance advanced the sum of \$5,000,000 for the Bed and Breakfast Home Accommodation Project (See Note 9). As of December 31, Home Accommodation loans amounted to \$1,228,979 (2011 - \$1,311,870).

Loans include non-accrual loans of \$4,311,319 (2011 - \$3,418,432).

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

Included in the Company's loan receivable balance are debtors with a carrying amount of \$349,468 (2011 - \$275,159) which are due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The collateral over these balances is a mixture of personal guarantees and bills of sale over equipment.

	2012	2011
Aging of past due but not impaired:		
90 – 120 days	85,864	83,125
120 days – 1 year	100,726	72,146
> 1 year	162,878	119,888
Total	\$ <u>349,468</u>	\$ <u>275,159</u>
Aging of non-accrual loans:		
90 – 120 days	1,080,584	385,859
120 days – 1 year	1,298,146	965,862
> 1 year	1,932,589	2,066,711
Total	\$ <u>4,311,319</u>	\$ <u>3,418,432</u>

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

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(expressed in Barbados dollars)

7. Property, plant and equipment

	Furniture and fixtures	Computer equipment	Motor vehicles	Total
Cost				
Balances – beginning of year	283,989	429,338	77,202	790,529
Additions	44,263	11,771	-	56,034
Balances – end of year	328,252	441,109	77,202	846,563
Accumulated depreciation				
Balances – beginning of year	150,731	345,865	30,880	527,476
Charge for the year	36,916	35,706	15,440	88,062
Balances – end of year	187,647	381,571	46,320	615,538
Net book value				
Beginning of year	133,258	83,473	46,322	263,053
End of year	\$ 140,605	59,538	30,882	231,025

8. Accounts payable and accruals

	2012	2011
Trade payables	49,078	27,620
Accrued expenses	211,798	177,522
	\$ 260,876	\$ 205,142

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

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(expressed in Barbados dollars)

9. Loans payable

	2012	2011
Opening balance	3,567,583	3,330,384
Proceeds of loan payable	1,000,000	1,000,000
Repayments	(864,312)	(762,801)
Ending balance	3,703,271	3,567,583
Current Portion	865,884	764,312
Long term portion	\$ 2,837,387	\$ 2,803,271
Loan – National Insurance Board	128,271	167,583
Loan – Ministry of Finance	1,875,000	2,500,000
Loan – Central Bank of Barbados	1,700,000	900,000
	\$ 3,703,271	\$ 3,567,583

Loan – National Insurance Board

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

Loan – Ministry of Finance

On 19 May 2005, the Company received the sum of \$5,000,000 as a loan from the Government of Barbados to establish the Bed and Breakfast Home Accommodation Loan Fund, an initiative of the Ministry of Tourism (See note 6).

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

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(expressed in Barbados dollars)

9. Loans payable (continued)

Loan – Central Bank of Barbados

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

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

Repayment profile

	2012	2011
On demand or within one year	865,884	764,312
In the second year	868,387	765,884
In the third to fifth year inclusive	1,269,000	1,637,387
After five years	700,000	400,000
	\$ 3,703,271	\$ 3,567,583

10. Deferred revenue

	2012	2011
Deferred revenue, beginning of year	430,753	358,550
Additions	214,752	203,564
Amortization	(164,820)	(131,361)
	\$ 480,685	\$ 430,753

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11. Stated Capital

Authorised

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

Issued

106,767 (2010– 106,767) Class “A” common shares

	2012	2011
	\$ <u>10,676,700</u>	\$ <u>10,676,700</u>

12. Interest subsidy

In November 2003, the Board of Directors agreed to reduce the interest rate charged on new loans from 11.5% to 6%. Effective January 1, 2004, all existing loans were refinanced at the lower interest rate. The Government of Barbados has undertaken to cover the shortfall resulting from the reduced rate. The amount paid over during the year was \$1,883,324 (2011 - \$1,324,515).

13. Additional subsidies

In 2007, the Agency requested additional funding from the Government of Barbados to assist with its operating cost and for financing of loans to clients. The Government approved additional funding over a three year period beginning in financial year 2007. During the year the Company received \$622,319 (2011 - \$625,000) in additional subsidies.

14. Technical assistance grant

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

15. Interest – Other

	2012	2011
Term deposits	24,572	72,159
Staff loans	26,569	24,274
Bank account	6,303	3,538
The Barbados Light & Power - deposit	813	756
	\$ <u>58,257</u>	\$ <u>100,727</u>

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16. Compensation of key management personnel

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

	2012	2011
Salaries and staff costs	455,323	456,792
Directors' fees	<u>52,653</u>	<u>52,382</u>
	\$ <u>507,976</u>	\$ <u>509,174</u>

17. Taxation

	2012	2011
The taxation charge comprises:		
Current taxation	<u>-</u>	<u>-</u>
	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of taxation charge:		
Income before taxation	<u>829,865</u>	<u>72,819</u>
Tax charge at 25 %	207,466	18,205
Tax effect of losses (utilised) not recognised	(58,326)	137,663
Under accrual of deferred tax	750	(5,978)
Tax effect of depreciation on vehicle not subject to tax	110	110
Tax effect of income not subject to tax (\$600,000)	<u>(150,000)</u>	<u>(150,000)</u>
	\$ <u>-</u>	\$ <u>-</u>

During the year the Company utilised tax losses in the amount of \$233,304 in respect of which a deferred tax asset was not recognised, due to the uncertainty that sufficient profits would have been available for utilisation of these losses. The estimated amount of the tax assets, calculated at the tax rate enacted at year end is stated below:

Year of income	Losses b/f	Incurred	Utilised in 2012	Losses c/f	Tax effect	Expiry date
2011	\$ 550,653	-	(233,304)	317,349	757	2020

These losses have not yet been agreed with the Commissioner of Inland Revenue, but are not in dispute.

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18. Commitments

As at December 31, 2012, commitments to provide funding for new loans amounted to \$447,994 (2011- \$628,712).

19. Financial instruments

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

Interest rate risk

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

Investments

The Company had no investments and is thus not exposed to interest rate risk at the end of financial year 2012.

Borrowings

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

Loans

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

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

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19. Financial instruments (continued)

Credit risk

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

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

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

Liquidity risk

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

Fair value

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. However, it is not possible to determine independently the estimated fair values of the Company's financial instruments which are considered to approximate their book values.

20. Economic dependence

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

21. Capital risk management policies and objectives

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

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

Statement of cash flows

For the year ended December 31, 2012

(expressed in Barbados dollars)

21. Capital risk management policies and objectives (continued)

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

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

The Company's overall strategy remains unchanged from 2011.

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

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

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Independent Auditor's Report

To the Shareholder

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

I have audited the accompanying financial statements of The Barbados Agency for Micro Enterprise Development Ltd. (FundAccess), which comprise the related statement of financial position as at December 31, 2012 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Barbados Agency for Micro Enterprise Development Ltd. (FundAccess) as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Rudolph R. Prescod

Chartered Accountant

April 22, 2015

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

Corporate information

31 December 2012

Directors

Year	Directors	Effective date
2009 - 2012	Mr. Lindell Earle - Chairman Mr. Dale Lashley – Deputy Chairman Mrs. Yvonne Cottle-Hinds Mr. Leslie Parris Mrs. Janice Estwick Mr. Peter Whitehall Mr. Kammie Holder	5 May 2009
2013	Mr. Hugh McClean - Chairman Mr. Dale Lashley - Deputy Chairman Ms. Keisha King Mr. Anthony Hall Mr. Hyrone Boyce Mrs. Janice Estwick Mr. Peter Whitehall	24 May 2013

Officers

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

Registered Office

City Building
Pinfold Street
Bridgetown
Barbados

Secretary

Mr. Hamilton Roach

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

Management report

31 December 2012

Attorney-at-law

Jones & Goodridge
Pinfold Street
St. Michael
Barbados

Bankers

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

Republic Bank Barbados Limited
(formerly)
Barbados National Bank
Broad Street
Bridgetown
St. Michael
Barbados

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

Auditors

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

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

Management report

31 December 2012

For the year ended December 31, 2012, FundAccess reported a pretax profit of \$829,865 as compared to \$72,819 for the year ended December 31, 2011. The increase in profit was due to the receipt of additional subsidies in the amount of \$622,319 and a 3% reduction in operating expenses.

In 2012, FundAccess approved loans totaling \$5,031,027 to 99 clients thereby creating 155 job opportunities.

TABLE 1

Loans Approved 1998-2012

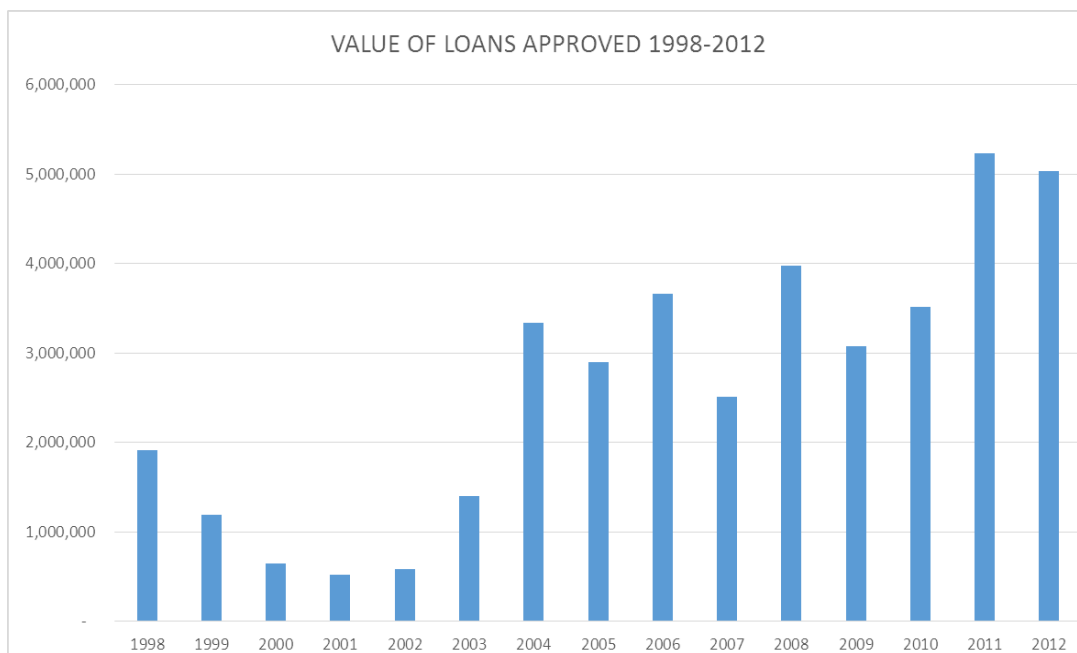
Calendar Year	Value of Loans approved	Job Opportunities
1998	1,909,042	200
1999	1,190,205	86
2000	646,123	63
2001	525,691	26
2002	581,677	23
2003	1,403,840	72
2004	3,339,653	113
2005	2,897,570	105
2006	3,662,163	93
2007	2,513,331	72
2008	3,981,641	119
2009	3,081,814	73
2010	3,520,449	106
2011	5,326,704	175
2012	5,031,027	155

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

Management report

31 December 2012

FIGURE 1



At December 2012, the loan portfolio of 846 loans had a value of \$20,870,237 in various sectors as seen in the table below. The services sector accounted for 55% of the total portfolio.

TABLE 11

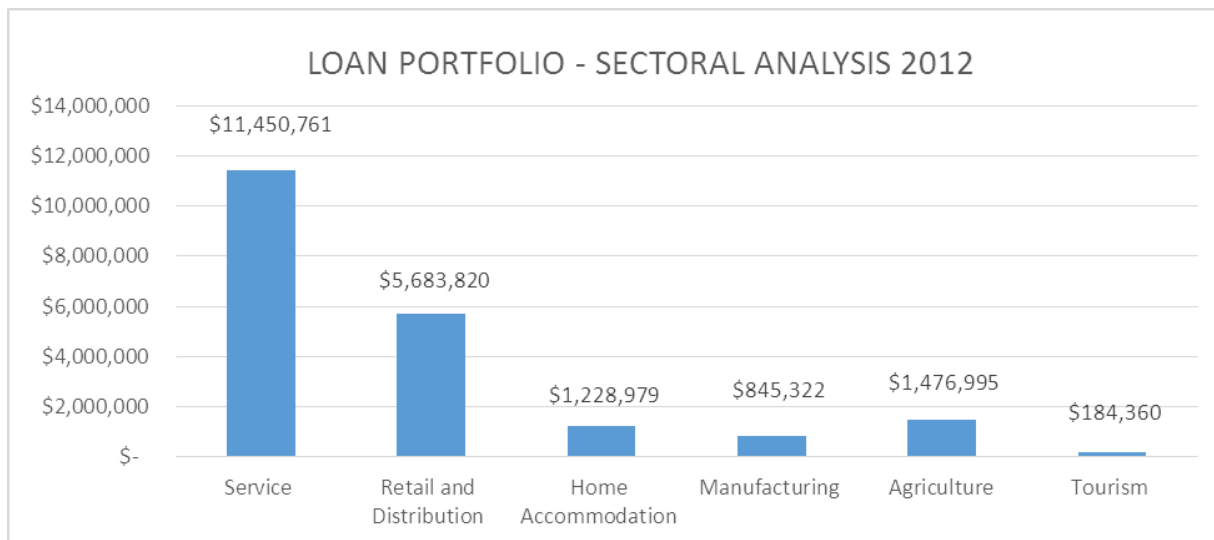
Sector	Value	%
Service	11,450,761	55%
Retail and Distribution	5,683,820	27%
Home Accommodation	1,228,979	6%
Manufacturing	845,322	4%
Agriculture	1,476,995	7%
Tourism	184,360	1%
	\$ 20,870,237	100%

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

Management report

31 December 2012

FIGURE 11



FundAccess continues its mission of fostering the development of micro enterprises and is rapidly cementing itself as the first choice for entrepreneurs in Barbados seeking financing to expand or start up their businesses.

On behalf of management, I would like to express my gratitude to the Directors and staff for their continued support.


Esther Lord-Graham
Finance Manager