

INVEST BARBADOS

BARBADOS INTERNATIONAL BUSINESS
PROMOTION CORPORATION

ANNUAL REPORT 2014



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ABOUT INVEST BARBADOS

The Barbados International Business Promotion Corporation (BIBPC) was established as a statutory corporation on November 10, 2005. The Corporation subsequently gained permission to trade under the new name Invest Barbados (IB). On October 1, 2006 IB became operational and the first employee was hired. It was reasoned, given the critical need for the country to attract greater levels of foreign direct investment (FDI), boost vital foreign exchange receipts, create jobs and maintain Barbados' standard of living, that a dedicated organisation was needed to accomplish such outcomes.

IB is an economic development agency of the government of Barbados, responsible for attracting, winning and sustaining international investment for Barbados. The corporation is also responsible for helping to develop and manage the Barbados international business brand.

MANDATE

- To promote Barbados as a desirable investment location, and attract foreign direct investment
- To monitor competitive domiciles, clients and markets for new trends and legislative changes, and develop new products
- To work with other stakeholders to manage and develop the Barbados international business brand.

MISSION

"To secure and facilitate sustainable foreign direct investment and international business that result in increased jobs, technology and skills transfer, foreign exchange earnings and tax revenues for Barbados."

In pursuing our mission we:

- Recruit, train and retain high quality people to execute our mandate
- Engage in promotional and sales activity globally
- Conduct research to facilitate the development of new products and markets
- Manage Barbados' investment climate to ensure client satisfaction and future growth

VISION

"To be recognised as a leading investment promotion agency by virtue of our success in winning and facilitating international business."

LETTER OF TRANSMITTAL

Barbados International Business Promotion Corporation
Trident Insurance Financial Centre
Hastings Main Road
Christ Church

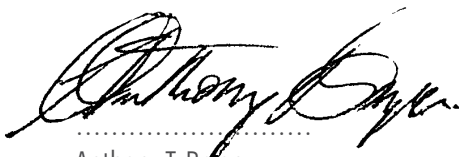
June 30, 2015

Senator, the Honourable Darcy Boyce
Minister in the Prime Minister's Office with Responsibility for Immigration,
Energy, and Invest Barbados
Government Headquarters
Bay Street
St. Michael

Dear Minister,

In pursuance of Section 18(1) of the Barbados International Business Promotion Corporation Act, 2005, I have the honour to submit to you, the Corporation's Report and Statement of Accounts for the period April 1, 2013 to March 31, 2014.

Yours faithfully,



Anthony T. Bryan
Chairman

BOARD OF DIRECTORS

The ten members of the Board of Directors are appointed by the Minister with responsibility for Invest Barbados. The Board is responsible for the smooth administration of the Corporation. The Chief Executive Officer is an ex-officio member of the Board.

During the period April 2013 to March 2014, the Board held 11 administrative meetings. Its members included:

Mr. Anthony T. Bryan - Chairman

Mr. Rodwell London - Deputy Chairman

Mr. Carlton Brathwaite

Ms. Debra Gooding

Mr. Randy Graham

Mr. Stephen Greaves

Mr. Everton Walters, CBE, JP

Representative, Barbados International Business Association

Representative, Barbados Investment Development Corporation

(April - September 2013)

Permanent Secretary, Ministry of Industry, International Business, Commerce and Small Business Development

(October 2013 - March 2014)

Permanent Secretary, Prime Minister's Office

EXECUTIVE MANAGEMENT

Ms. Emeline Taitt, B.Sc., M.Sc.

Chief Executive Officer (October 2013 – March 2014)

Chief Executive Officer (Ag) (April 2013 – September 2013)

Mr. Kenneth Campbell, B.Sc., MBA

Director (Ag), Investment Promotion and Facilitation

Miss Jannette Babb, B.Sc., MBA

Manager, Investment Promotion and Facilitation

Mr. Ezra Catwell, B.Sc., M.Sc.

Manager, Investment Promotion and Facilitation

Miss Sandra Payne, B.Sc., MBA

Director, Research and Development

Miss Deborah Gill, B.Sc.

Manager, Finance

Mrs. Michelle Inniss, B.A., M.Sc.

Manager, Human Resources

Mr. Ronald Lewis, B.Sc., M.Sc.

Manager, Information Communication Technology

MESSAGE FROM THE CHAIRMAN



Invest Barbados continued to prioritise job creation, attraction of international business and generation of foreign exchange earnings in its initiatives and activities during the fiscal year April 2013 to March 2014.

Operations were focused on promoting Barbados' competitive advantages, maximising returns from existing markets, identifying and exploring new and niche markets, while collaborating with stakeholders to improve Barbados' business climate. The main sectors targeted for the attraction of international business continued to be financial services, information and communication technology (ICT), and niche manufacturing.

I am pleased to report that despite a still recovering global economy, IB recorded another productive year. In the area of investment promotion and facilitation, several activities were implemented in keeping with IB's mandate which is to promote, land and facilitate sustainable FDI. All targets were achieved as a result of the dynamic marketing approach of the Corporation and the several activities that were implemented. These included execution of a number of road shows during which presentations were made to tax advisors and diversification into new markets, such as Latin America. Locally, efforts concentrated on reducing the level of bureaucracy and resolving issues that new and existing investors were

experiencing as they sought to conduct business in Barbados.

The performance of Barbados' international business sector remains pivotal to the future growth and prosperity of the domestic economy. This sector is the second largest contributor to foreign exchange earnings and the largest contributor to corporate tax revenues. Not to be discounted, is its significant contribution to Barbados' gross domestic product.

Several regulatory changes have been impacting the global business landscape. The move toward automatic and multilateral exchange of information among nations is shaping how global business is done. In Barbados' case, we have as a matter of deliberate policy, chosen to be a transparent jurisdiction that attracts businesses of substance.

During the year, IB continued to benchmark Barbados' performance in relation to competing jurisdictions to further refine its strategy for managing the Barbados international business brand. Key to the ongoing relevance and positioning of this brand is the expansion of Barbados' treaty

network, as well as the tenacity to comply with international standards and best practices.

The Corporation also continued its advocacy role as an active member of several committees, including the Joint Policy Working Group whose mandate is to address key policy issues that support Government's vision for the international business sector. IB participated in discussions with the Treaty Negotiating Team, the Task Force on Foreign Account Tax Compliance Act (FATCA) implementation, the recently established Business Facilitation Committee and assisted with the development of the Strategic Plan for Barbados' International Business Sector, 2014-2019.

IB will continue to identify opportunities for new growth as we pursue innovative ways that position the Barbados domicile at the forefront, in this global arena.

Looking Ahead

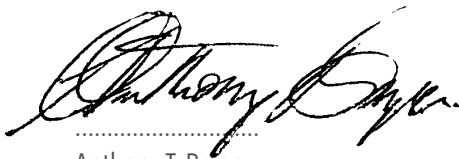
The Strategic Plan for the International Business Sector embraces a vision of Barbados as "the international financial and wealth management centre of choice in the Western Hemisphere." This bold vision will set the tone for our future activities as we harness Barbados' competitive advantages and retool where

necessary to provide existing and potential investors with innovative solutions for success.

Barbados has built a solid reputation as a safe jurisdiction with exceptional political, economic and social stability, offering an excellent quality of life as well as a world class infrastructure. Our future success as a jurisdiction will demand consistency and creativity, productivity and efficiency, competitiveness and innovation, balanced with exceptional client service. Barbados can and must deliver on these important tenets that should become part of the DNA of our business culture.

While Barbados has performed creditably thus far, competition has become more intense. This notwithstanding, the opportunities are still promising. We will consolidate on past success. We will purposefully strengthen our alliances and outreach to countries in Africa, the Americas, Asia and Europe.

I am confident that together with my fellow directors, the management and staff of IB and our valued partners, we will secure greater levels of sustainable international business and financial services for our nation, Barbados.



Anthony T. Bryan
Chairman

ORGANISATIONAL STRUCTURE AND STRATEGIC PLAN

The Chief Executive Officer (CEO) is responsible to the Board of Directors for the operations and administration of the Corporation. Ms. Emeline Taitt was appointed to the post of CEO during the year.

There were no significant changes to the organisational structure. However some functions were streamlined to improve efficiencies in information management.

The strategic focus of the organisation continued to be on investment promotion and facilitation, as well as assisting with the development and management of the Barbados international business brand.

The Corporation's Strategic Plan 2013-2014 outlined marketing initiatives designed to attract new business and facilitate existing entities to increase foreign direct investment, job opportunities, foreign exchange earnings and taxes for Barbados. These initiatives focused primarily on attracting investment in the areas of financial services, ICT and niche manufacturing. The plan incorporated initiatives to attract and facilitate high net worth individuals (HNWIs) as well as to explore investment opportunities in health tourism. Additionally, it identified programmes designed to protect and build Barbados' international business brand while highlighting the domicile as a quality jurisdiction.

OPERATING ENVIRONMENT

The IMF's World Economic Outlook for 2013 reported that global prospects have improved again but the road to recovery in the advanced economies will remain uneven.

It further projected that in the major advanced economies, activity is expected to gradually accelerate, following a weak start to 2013, with world output growth reaching 3.3% in 2013 and 4% in 2014.

UNCTAD's World Investment Report (WIR) 2014 noted that in 2013, FDI flows returned to an upward trend and that generally, cautious optimism had returned to global FDI. The WIR 2014 further indicated that after the 2012 slump, inflows rose by 9% in 2013, to US\$1.45 trillion and were projected to reach US\$1.6 trillion by the end of 2014.

The report also noted that although FDI inflows were up in developing regions, including Latin America and the Caribbean, this growth trend was not evidenced in offshore financial centres in the region. In fact, FDI inflows to Barbados, for example, declined from US\$516 million in 2012 to US\$376 in 2013.

In the face of this, external pressure continued to mount. Competition increased. In addition to a fiercely competitive environment, offshore locations constantly had to defend their brands against the tax haven label.

Notably too, as the aftershocks of the financial crisis continue to reverberate, the issues of tax transparency and fairness have become key agenda items for several governments and stakeholders.

In 2013, the Organisation for Economic Co-operation and Development (OECD) released its 15-point Action Plan on Base Erosion and Profit Shifting. The Plan, which was endorsed by the G-20, aims to secure government revenues by ensuring that profits are taxed in the jurisdiction where the economic activities generating such profits are performed and where value is created. Concomitantly, the OECD also accelerated the move toward automatic and multilateral exchange of information.

Some source markets have also outlined policy adjustments which could impact the attractiveness of setting up certain entities offshore, in jurisdictions like Barbados. For example, Canada's 2014 Budget, proposed a new rule that will deny Canadian tax benefits to offshore bank subsidiaries of Canadian companies, except where the Canadian parent is a regulated bank in Canada. This will impact those foreign affiliates whose main purpose is to invest or trade in securities on their own account.

All this occurred at a time when the Barbados economy exhibited signs of weakness. To correct the downturn, in its 2013 Financial Statement and Budgetary Proposals, Government announced a framework to enhance revenue, reduce expenditure and stimulate growth particularly through increased local and foreign investment while protecting and generating foreign exchange earnings.

Important initiatives to inspire confidence, enhance business facilitation, efficiency and productivity were set in train including a revision of the Corporate Trust and Service Providers Act; indefinite licences for international business companies and societies with restricted liability; and a National Business Facilitation Committee. Additionally, the Special Entry Work Permit programme, which started in 2012 was reviewed and expanded.

One of the new categories added allow for the issuance of a five year permit for non-nationals investing at least US\$2 million or more in rental real estate, property development projects, manufacturing, tourism, bank deposits, mutual funds or bonds or any financial instrument. The other category made provision for non-nationals with special skills needed in the country, as determined by the relevant Ministry, to be eligible for the grant of special entry and reside permits.

During 2013 as well, the Cabinet approved a 2013-2020 Growth and Development Strategy for Barbados, themed "Adjustment, Reform and Sustainability". The strategy outlines Government's plan to chart a new course of sustainable development and to return the economy to growth of 3% by 2017.

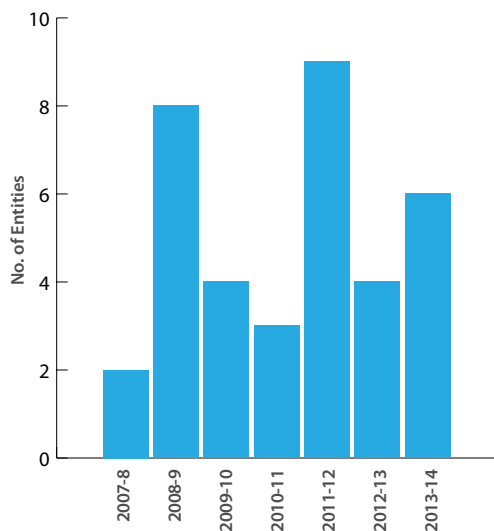
Barbados also continued its active engagement with international stakeholders. The country participated in the Phase 2 Peer Review by the Global Forum, the IMF's Financial Sector Assessment Programme and started to prepare for the negotiation of an inter-governmental reciprocal agreement on FATCA with the USA. DTAs were signed with Rwanda, Singapore and the United Arab Emirates as well as a Tax Information Exchange Agreement with South Africa during the review period.

The international business and financial services sector remains an important pillar of the Barbados economy. International business and financial centres like Barbados are still very relevant to the global economy, since these centres can help multinationals to enhance their global competitiveness.



KEY ACHIEVEMENTS

FIGURE 1
NEW START NON-FINANCIAL SERVICE ENTITIES



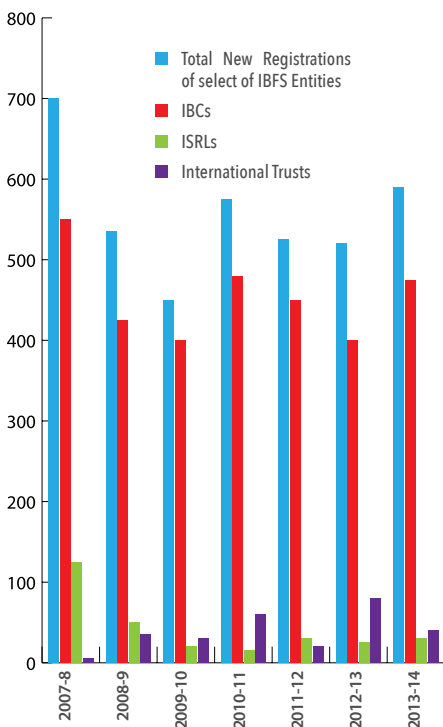
Source: Invest Barbados

IB's investment promotion team worked diligently to secure new international business start-ups, facilitate expansions and provide solutions that assist foreign investors to enhance their global competitive advantage.

There were six new non-financial services start-ups during the year. Figure 1 provides a comparison over the past seven years for foreign-owned, non-financial services new starts.

The team worked with relevant stakeholders to facilitate registrations of new financial services entities. Registrations of international business companies, international societies with restricted liabilities, international trusts, exempt and qualifying insurance companies, and exempt management companies for the financial year ending in 2014 were 569, approximately 11% higher than for the year ended March 2013. The target for the year was 500 new registrations. Results surpassed projections by 14%.

FIGURE 2
NEW REGISTRATIONS OF SELECT OF IBFS ENTITIES



Source: International Business Unit, Ministry of International Business

Of the new registrations of financial services entities, 472 (83%) were international business companies (IBCs), 45 (8%) were international trusts, 34 (6%) were international societies with restricted liability (ISRLs), and the other 18 (3%) were international insurance companies – 16 being exempt insurance and two being qualifying insurance companies.

Figure 2 shows a comparison of new registrations of IBCs, ISRLs and international trusts – the main types of entities registered.

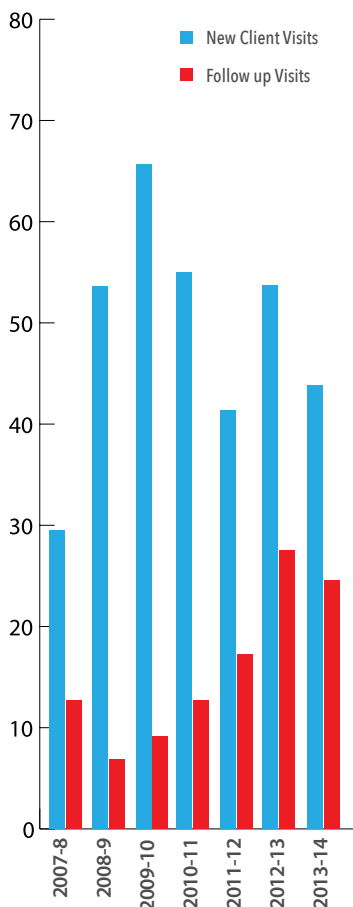
The Corporation continued the data collection project to estimate the annual contribution of the international business and financial services (IBFS) sector to the Barbadian economy. The results of the survey and research indicated that the sector contributed approximately Bds\$764.7 million to the Barbados economy for the financial year 2013. This represents an approximate contribution of 8.9% to the GDP of the local economy compared with 10.3% for the previous year. The survey also indicated that the sector contributed an estimated 54% of the total contribution of corporate taxes.

PRINCIPAL ACTIVITIES

The Corporation's main activities revolved around:

1. Presenting Barbados' value proposition and competitive advantages to investors and tax advisors in our various target markets so that the Barbados jurisdiction remains top-of-mind as a viable investment location
2. Organising and hosting inward missions of prequalified investors and service providers to assess the jurisdiction first-hand and appreciate the quality of the infrastructure and professional services available
3. Facilitating new client visits with a view to encouraging FDI and the establishment of new foreign owned enterprises
4. Expanding the network of contacts in existing and new markets, including to smaller boutique tax advisor firms
5. Continuing to take action and lobby for improved business facilitation
6. Providing customer care visits and aftercare services to investors in Barbados
7. Managing the Barbados international business brand
8. Monitoring markets and competing jurisdictions, identifying emerging trends and seeking to influence the creation of new niche products

FIGURE 3
CLIENT VISIT ACTIVITY



DIVISIONAL ACTIVITIES

Investment Promotion and Facilitation

The Corporation played the lead role in attracting, winning and sustaining international investment in the areas of financial services and ICT. Through its marketing programme, in partnership with public and private sector stakeholders, 569 new financial services entities were registered. IB also assisted with the establishment of six new non-financial services start-ups in the areas of business services and ICT. The overseas offices generated 1,207 new client contacts.

During 2013-2014, the Investment Promotion and Facilitation division assisted with 43 new client evaluation visits to Barbados, compared with 53 for the preceding year. These client visits were mainly from North America. The division also facilitated 15 follow-up visits and the year ended with three imminent starts on record. [Figure 3](#) provides an overview of client visit activity over the past seven years.



FATCA CONFERENCE



CALGARY SEMINAR



NEW YORK SEMINAR



TORONTO SEMINAR

Promotional activities during the year included four road shows undertaken in the cities of Calgary, London, New York, and Toronto. Presentations on the advantages of doing business in and through Barbados were made to 27 tax advisors during these road shows. The division also attended 16 conferences and trade shows, arranged four ministerial seminars, and hosted two inward missions. The first inward mission included participants from Canada and attracted representatives from five companies operating in select industries namely oil and gas, mining,

ICT, investment banking and financial advisory services. The ten delegates in the second mission were from Chile, Costa Rica, Mexico, Panama and Venezuela. They were able to assess the Barbados business environment first-hand and network with counterpart service providers in Barbados.

The division again played a key role in implementing a successful week of activities to highlight the importance of the international business sector. IB was the main organiser of the week's flagship event – the International Business Week

Conference. Themed "Economic Realities: New Paths to Success" the Conference, held at the Hilton Barbados on October 24 and 25, attracted 183 attendees and 13 exhibitors. The programme featured a distinguished roster of 25 speakers, all of whom have achieved acclaim at similar international conferences.

The division also collaborated with the Central Bank of Barbados and the Financial Services Commission to host a one-day seminar that featured presentations by local regulators and international experts

who provided information on how foreign financial institutions along with individual US taxpayers and corporations would be affected by FATCA. One hundred and sixty-six (166) representatives, predominantly from the international business community, attended the informative and fully subscribed session.

The activities of this division were undertaken primarily by the Corporation's three overseas offices located in London, New York, and Toronto, as well as at headquarters in Bridgetown. The contract for business development services with China Investment Solutions Corporation, a company based in Beijing, China ended in December 2013, having commenced in January of the said year.

In terms of investment facilitation, IB continued its efforts to foster an efficient business environment that enables international business to flourish. In this vein, the division continued to play a major role in resolving several issues affecting investors. In fact, IB continued to work directly with regulators and other stakeholders to ensure the effective resolution of client issues. One hundred and seventy-two (172) clients, including foreign investors and service providers, were visited under the customer care programme. Additionally, the Corporation participated in the meetings of the recently established National Business Facilitation Committee as well as in a regulators forum, convened to address business facilitation concerns. Seventy-five (75) persons from the IBFS community attended this forum.

Immigration matters continued to be among the main client concerns, as well as the seeming pervasiveness in the level of bureaucracy in several government agencies and departments. IB provided assistance to 52 foreign clients who were

seeking to acquire work permits or entry visas, along with 14 HNWI's who were granted special entry and reside permits.

The IB team continued to work with the Central Bank of Barbados, Corporate Affairs and Intellectual Property Office, Customs Department, the Financial Services Commission, Inland Revenue Department, the International Business Unit, and the Town and Country Planning Development Office to improve service delivery.

Research and Development

The Corporation's Research and Development division continued to gather intelligence to influence the marketing strategy of the Corporation, as well as enhance the positioning of Barbados' international business brand. In this regard, the division monitored Barbados' ranking on important indices and gathered intelligence on competing domiciles, as well as on new and potential markets.

Country surveys were prepared and updated for markets including Bahrain, Canada, Chile, Mexico, Qatar, Russia, Singapore, the UK, USA and Venezuela.

The Research team assisted Mansfield Communications with the preparation of industry research and select communication pieces. Ten media articles were prepared for distribution in the local and international press.

The division also improved the quality of information to internal and external clients in print and online formats. For the sixth consecutive year the division collaborated with investors and service providers in the IBFS sector to produce the Corporation's flagship promotional piece – the Barbados International Finance

and Business magazine. The magazine is used to promote Barbados as a domicile of choice to international investors.

The 6,500 print copies of the magazine were distributed to potential and existing investors, mainly in the Americas and Europe, while an electronic format was distributed via the Corporation's website. The magazine was produced in Flip Book format for the first time during the period under review.

The website, an important vehicle for the dissemination of information about the Barbados domicile, registered a 6% increase in visitors, 73% of whom were visiting for the first time. The traditional markets remained the main source of visitors, while encouraging levels of interest were also noted from Latin American countries particularly Brazil, Colombia, Mexico and Venezuela.

Support Departments

There are three departments that facilitate the core business activities of the Corporation.

The ICT department, which is responsible for the of delivery cutting edge information and communication technology across the Corporation's four offices, continued to service the telecommunications, software and technology needs. This provided for the delivery of efficient and reliable telecommunications backbone enabling staff to interact with clients and stakeholders in a timely and cost-effective manner.

The ICT department also assumed the responsibility for building maintenance matters during the period under review and was able to effect the seamless consolidation of the Corporation's main

operations on to one floor, instead of two, during the year.

HR continued to use best practices to ensure that the Corporation maintained the right mix of employees. During the year, the department successfully recruited persons for the vacant posts of Business Development Officer, CEO and Secretary. The annual performance reviews of staff were duly completed.

Although the department operated with a limited training budget, there were still

some opportunities for staff to enhance their competencies.

A Research Officer participated in a fully sponsored, three week bilateral training seminar for Economic and Trade Officials. The programme was financed by and held in China. Additionally, two secretaries attended the Barbados Association of Office Professionals' 16th Annual Conference. Six members of staff participated in First Aid Re-Certification Training hosted by the Heart & Stroke Foundation of Barbados Inc. The department, through its partnership with the

Human Resource Management Association of Barbados also sponsored one student as part of the 'World at Work' programme.

The Finance department continued to provide both accurate and timely information, as well as to service the prompt settlement of the Corporation's payables.

The audited financial statements were completed by E.G. Hutson & Co. and duly approved by the Board of Directors.





BARBADOS INTERNATIONAL
BUSINESS PROMOTION CORPORATION

FINANCIAL STATEMENTS

March 31, 2014 (expressed in Barbados dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Government of Barbados

We have audited the accompanying financial statements of Barbados International Business Promotion Corporation ("Invest Barbados") which comprise the balance sheet as at March 31, 2014 and the statements of revenue and expenditure, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 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 controls 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 controls. 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 International Business Promotion Corporation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

E. G. Hutson & Co.

E. G. Hutson & Co.
Chartered Accountants
Bridgetown, Barbados

October 2, 2014

Balance Sheet

As at March 31, 2014

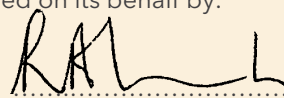
(expressed in Barbados dollars)

	Notes	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	4	2,638,557	3,847,179
Accounts receivable and prepaid expenses	5	653,066	1,135,425
		<u>3,291,623</u>	<u>4,982,604</u>
Non-current assets			
Property, plant and equipment	6	<u>1,053,258</u>	<u>1,165,560</u>
Total assets		<u>4,344,881</u>	<u>6,148,164</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		328,285	544,100
Non-current liabilities			
Deferred capital grants	7	<u>1,053,257</u>	<u>1,165,560</u>
Total liabilities		<u>1,381,542</u>	<u>1,709,660</u>
Equity			
Accumulated excess of revenue over expenditure		<u>2,963,339</u>	<u>4,438,504</u>
Total liabilities and equity		<u>4,344,881</u>	<u>6,148,164</u>

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

Approved by the Board of Directors on October 2, 2014 and signed on its behalf by:


 Anthony Bryan - Chairman


 Rodwell London - Deputy Chairman

Statement of Changes in Equity

For the year ended March 31, 2014

(expressed in Barbados dollars)

	\$
Balance at March 31, 2012	5,438,161
Excess of expenditure over revenue for the year	<u>(999,657)</u>
Balance at March 31, 2013	4,438,504
Excess of expenditure over revenue for the year	<u>(1,475,165)</u>
Balance at March 31, 2014	<u>2,963,339</u>

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

Statement of Revenue and Expenditure

For the year ended March 31, 2014

(expressed in Barbados dollars)

	Notes	2014	2013
		\$	\$
Revenue			
Revenue grant from Government of Barbados		7,168,837	7,741,271
Expenditure			
Promotional expenses	8	(2,710,145)	(2,425,095)
Staff costs	9	(3,893,438)	(4,277,047)
Office expenses		(123,652)	(129,946)
Operational expenses	11	(858,393)	(868,239)
Miscellaneous expenses		(4,789)	(5,133)
Premises		(1,075,647)	(1,070,064)
		(8,666,064)	(8,775,524)
Finance income	12	15,365	8,500
Finance costs	12	(13,804)	2,377
Finance income - net		1,561	10,877
Excess of revenue over expenditure before the following items:		(1,495,666)	(1,023,376)
Gain/(loss) on disposal of property, plant and equipment		20,460	(12,179)
Depreciation	6	(280,174)	(273,070)
Amortisation of capital grants	7	280,215	308,968
Excess of expenditure over revenue for the year		(1,475,165)	(999,657)

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

Statement of Cash Flows

For the year ended March 31, 2014

(expressed in Barbados dollars)

	2014	2013
	\$	\$
Cash flows from operating activities		
Excess of expenditure over revenue for the year	(1,475,165)	(999,657)
Adjustments for:		
Depreciation	280,174	273,070
Amortisation of capital grants	(280,215)	(308,968)
(Gain)/loss on disposal of property, plant and equipment	(20,460)	12,179
Interest income	(15,365)	(8,500)
Operating excess of revenue over expenditure before working capital changes	(1,511,031)	(1,031,876)
Decrease/(increase) in accounts receivable and prepaid expenses	482,359	(284,293)
(Decrease)/increase in accounts payable and accrued liabilities	(215,815)	(247,823)
Net cash from operating activities	(1,244,487)	(1,563,992)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(167,912)	(35,388)
Interest income received	15,365	8,500
Net cash used in investing activities	(152,547)	(26,888)
Cash flows from financing activities		
Capital grants received	167,912	35,388
Proceeds on disposal of property, plant and equipment	20,500	23,718
Net cash from financing activities	188,412	59,106
Net increase in cash and cash equivalents	(1,208,622)	(1,531,773)
Cash and cash equivalents - beginning of year	3,847,179	5,378,952
Cash and cash equivalents - end of year	2,638,557	3,847,179

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

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

1 Establishment, principal activity and principal place of business

Barbados International Business Promotion Corporation ("The Corporation") was established on November 10, 2005 under the Barbados International Business Promotion Corporation Act 2005-25 for the purpose of marketing and promoting Barbados as an international business centre.

The use of the name "Invest Barbados" was approved by an amendment to the Act in 2008. Invest Barbados became the registered trading name of Barbados International Business Promotion Corporation.

The Corporation's principal place of business is located at Trident Insurance Financial Centre, Hastings, Christ Church.

2 Significant accounting policies

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

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

Significant accounting policies are as follows:

a) Basis of preparation

The financial statements of the Corporation have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

i) Standards, amendments and interpretations early adopted by the Corporation

The Corporation has chosen not to early adopt standards and interpretations that were issued but not effective for 2014 reporting year. Management is in the process of reviewing these to determine if any are relevant to the Corporation's operations.

b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying value or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of revenue and expenditure during the financial period in which they are incurred.

Depreciation on property, plant and equipment is provided on the straight line method at rates which are calculated to allocate the cost of the assets over their expected useful lives as follows:

Furniture and equipment	- 10% per annum
Computer hardware	- 33.3% per annum
Computer software	- 100% per annum
Vehicles	- 20% per annum
Leasehold improvements	- 10% per annum

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

b) Property, plant and equipment cont'd

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on disposal included in the statement of revenue and expenditure is determined by comparing proceeds to the asset's carrying value at the time of disposal.

Assets purchased from the Barbados Investment and Development Corporation (BIDC) at net book value are being depreciated over their remaining useful lives.

c) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with other banks.

d) Revenue and capital grants

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

Grants received from Government that are used for capital expenditure are treated as capital grants and are deferred and amortised over the useful life of the assets purchased.

e) Taxation

The Corporation is not liable to corporate tax.

f) Financial assets

The Corporation has classified its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets. The Corporation's loans and receivables comprise: cash and cash equivalents and other receivables.

g) Provisions

Provisions are recognised when: the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

h) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of revenue and expenditure on a straight-line basis over the period of the lease.

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

i) Foreign currencies

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Barbados dollars, which is the Corporation's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

j) Pension scheme

At commencement of the Corporation, certain employees previously employed with Barbados Investment and Development Corporation (BIDC) were transferred to the Corporation. These employees participated in a fully insured purchased annuity pension scheme that is operated by BIDC. The scheme takes the form of a defined contribution pension scheme. The Corporation continues to honour the employees' pension rights and pays over to the BIDC their share of such employees' pension costs. Pension costs are accounted for on the basis of contributions payable in the year.

k) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method and subsequently measured at amortised cost using the effective interest method.

3 Critical accounting estimates and judgements

The Corporation's financial statements have been prepared in accordance with IFRS. These accounting standards require the selection of specific accounting policies and methods from acceptable alternatives. A summary of the significant accounting policies adopted by the Corporation is disclosed in note 2. In the process of applying these policies, the Corporation is required to apply judgements and make certain estimates and assumptions of the effect of uncertain future events that affect the amounts recognised in the financial statements. The Corporation bases its judgements, estimates and assumptions on historical experience and expectation of future outcomes that it believes are reasonable under the circumstances.

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

4 Cash and cash equivalents

	2014	2013
	\$	\$
Petty cash	2,840	2,840
Imprest accounts	1,093,229	380,706
Recurrent account	555,545	1,792,006
Call account	986,943	1,671,627
	<u>2,638,557</u>	<u>3,847,179</u>

5 Accounts receivable and prepaid expenses

	2014	2013
	\$	\$
Staff loans	75,224	159,223
VAT recoverable	235,097	180,318
Other receivables	82,235	496,506
Security deposits	84,409	84,739
Prepaid expenses	176,101	214,639
	<u>653,066</u>	<u>1,135,425</u>

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

6 Property, plant and equipment

	Office furniture & equipment	Computer equipment	Vehicles	Leasehold improvements	Total
	\$	\$	\$	\$	\$
At March 31, 2012					
Cost	844,049	399,741	241,066	1,586,751	3,071,607
Accumulated depreciation	(430,405)	(340,863)	(193,484)	(667,716)	(1,632,468)
Net book amount	413,644	58,878	47,582	919,035	1,439,139
Year ended March 31, 2013					
Opening net book amount	413,644	58,878	47,582	919,035	1,439,139
Additions	23,922	11,466	-	-	35,388
Disposals (net book value)	(33,085)	(2,812)	-	-	(35,897)
Depreciation charge	(77,600)	(27,637)	(31,722)	(136,111)	(273,070)
Closing net book amount	326,881	39,895	15,860	782,924	1,165,560
At March 31, 2013					
Cost	825,782	406,989	241,067	1,586,752	3,060,950
Accumulated depreciation	(498,901)	(367,094)	(225,207)	(803,828)	(1,895,030)
Net book amount	326,881	39,895	15,860	782,924	1,165,560
Year ended March 31, 2014					
Opening net book amount	326,881	39,895	15,860	782,924	1,165,560
Additions	27,522	23,195	66,151	51,044	167,912
Disposals (net book value)	(40)	-	-	-	(40)
Depreciation charge	(72,380)	(28,753)	(16,963)	(162,078)	(280,174)
Closing net book amount	281,983	34,337	65,048	671,890	1,053,258
At March 31, 2014					
Cost	847,322	417,756	224,759	1,637,796	3,127,633
Accumulated depreciation	(565,339)	(383,419)	(159,711)	(965,906)	(2,074,375)
Net book amount	281,983	34,337	65,048	671,890	1,053,258

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

7 Deferred capital grants

	2014	2013
	\$	\$
Balance - beginning of year	1,165,560	1,439,139
Grants received	167,912	35,388
Amortisation	(280,215)	(308,967)
Balance - end of year	<u>1,053,257</u>	<u>1,165,560</u>
Total grants received	3,679,892	3,511,980
Accumulated amortisation	(2,626,635)	(2,346,420)
	<u>1,053,257</u>	<u>1,165,560</u>

Deferred capital grants are amounts received from Government that are used for capital expenditure. The grants are amortised over the useful life of the assets purchased with grant funds.

8 Promotional expenses

	2014	2013
	\$	\$
Advertising expenses	998,097	619,611
Seminars, conferences and trade shows	53,422	96,235
Sales missions and trade shows	945,979	995,418
Market development	207,210	142,752
Other	278,414	418,605
Special Project	227,023	152,474
	<u>2,710,145</u>	<u>2,425,095</u>

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

9 Staff costs

	2014	2013
	\$	\$
Salaries, wages and allowances	3,415,853	3,592,756
Medical expenses	163,607	168,983
Other benefits	36,818	25,131
Pension contributions (net of anniversary credits) (note 10)	90,942	90,942
National Insurance	158,011	149,945
Temporary staff	3,197	16,148
Staff training and development	25,010	107,199
Gratuities	-	125,943
	3,893,438	4,277,047

10 Pension scheme

At commencement certain employees previously employed with Barbados Investment and Development Corporation (BIDC) were transferred to the Corporation. These employees participated in a fully insured purchased annuity pension scheme that is operated by BIDC. The premiums paid to BIDC on behalf of those employees during the financial year 2013 - 2014 were charged to operations and amounted to \$72,454 (2013 - \$72,454).

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

In addition, the Barbados employees, including those on overseas deputation, are members of the Barbados Government Pension Scheme and National Insurance. Contributions to the scheme are made by both employee and employer on a monthly basis.

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

11 Operational expenses

	2014	2013
	\$	\$
Staff travel	36,225	18,915
Telephone and other communication charges	80,454	90,747
Computer expenses	92,484	68,916
Staff relocation and reorientation visits	10,683	168,906
Professional fees	485,927	357,958
Other expenses	152,620	162,797
	<u>858,393</u>	<u>868,239</u>

12 Finance income and costs

	2014	2013
	\$	\$
Finance income		
Interest income on fixed deposit account	<u>15,365</u>	8,500
Finance costs		
Bank charges	(10,531)	(9,543)
Net exchange (losses) gains	<u>(3,273)</u>	11,920
	<u>(13,804)</u>	2,377
Net finance income	<u>1,561</u>	10,877

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

13 Related parties including entities in which Directors of the Corporation have interest.

The Corporation is controlled by the Government of Barbados.

The following balances and transactions were carried out with Government-related entities.

a) Year-end balances:

	2014	2013
	\$	\$
Receivables from Government-related entities		
Ministry of International Business	240	31,244
Accountant General	-	94,996
Barbados Investment & Development Corporation	196	331,198
Prime Minister's Office	-	2,046
Central Bank	4,705	-
	5,141	459,484
Payables from Government-related entities		
Barbados Investment & Development Corporation	18,114	66,416
Barbados Tourism Authority	4,000	4,000
Central Purchasing Department	729	953
Caribbean Broadcasting Corporation	-	67
	22,843	71,436

b) Transactions with Government-related entities and entities in which Directors of the Corporation have an interest:

	2013	2012
	\$	\$
Barbados Investment & Development Corporation	284,954	81,621
Central Purchasing Department	8,098	10,277
Barbados Licensing Authority	3,200	3,200
Entities in which Directors of the Corporation have interest	224,459	302,590
	520,711	397,688

Notes to Financial Statements

March 31, 2014

(expressed in Barbados dollars)

14 Financial risk management

14.1 Financial risk factors

The Corporation's activities expose it to limited financial risks. Financial assets of the Corporation include cash on hand and at bank and accounts receivable. Financial liabilities of the Corporation include accounts payable.

a) Market risk

i) Foreign exchange risk

The Corporation is not exposed to any significant foreign exchange risk.

ii) Price risk

The Corporation is not exposed to any price risk.

iii) Cash flow and fair value interest rate risk

As the Corporation has no significant variable interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Corporation does not have any borrowings and therefore is not exposed to interest rate risk.

b) Credit risk

Cash is placed with local and international banks with good standing. Credit risk on accounts receivable is limited as receivables are shown net of any necessary provision for impairment. The Corporation's maximum exposure to credit risk at the balance sheet date is the carrying value of the cash and cash equivalents and accounts receivables in the balance sheet.

c) Liquidity risk

The Corporation is exposed to limited liquidity risk as its expenditure is funded by pre-approved Government grants. The Corporation monitors its expenditure to ensure that those are incurred in accordance with approved budgets.

14.2 Capital risk management

The Corporation is funded by grants received from the Government of Barbados. The Corporation's objectives when managing capital is to ensure that its expenditure is incurred in accordance with the budgets based on which grants were approved by the Government.

14.3 Fair value estimates


The fair values of financial assets and liabilities are not considered to be materially different from their carrying amounts.


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