



**BIDC**

UNLEASHING IDEAS  
INSPIRING ENTERPRISE

BARBADOS INVESTMENT AND DEVELOPMENT CORPORATION  
ANNUAL REPORT 2012-2013



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# MISSION

To promote the sustainable development of the Manufacturing, Industrial and Small Business sectors, the export of goods and its related activities.

# VISION

To be a dynamic, research-led trade and business development institution, fostering innovation and entrepreneurship whilst providing strategic business intelligence and technical assistance to its clients and stakeholders.

# LETTER OF TRANSMITTAL

Barbados Investment and Development Corporation  
P.O. Box 1250  
"Pelican House"  
Princess Alice Highway  
BRIDGETOWN BB11000

28th March, 2014

The Honourable Donville Inniss  
Minister of Industry, International Business, Commerce  
and Small Business Development  
Ministry of Industry, International Business, Commerce  
and Small Business Development  
Reef Road  
Fontabelle  
ST. MICHAEL

Dear Minister:

In pursuance of Section 18(1) of the Barbados Investment and Development Corporation Act, 1992, I have the honour to submit the Report and Statement of Accounts for the period 1st April, 2012 to 31st March, 2013.

Yours faithfully



Mr. Ashley Toppin  
(Chairman)

# GOVERNANCE

The Barbados Investment and Development Corporation (BIDC) is governed by a Board of Directors. Decisions relating to the operations of the BIDC are made by or under the authority of the Board, in accordance with the Barbados Investment and Development Corporation Act 1992.

The Minister, after consultation with the Chairman of the Board, may give directions of a general nature in respect of policy to be followed by the Board in the performance of its functions under the Act and the Board shall comply with the directions.

During the period 2012/13 the Board of Directors were:

Mr. Ashley Toppin, FCCA, JP	-	Chairman
Mr. Michael Allamby, FCCA	-	Deputy Chairman
Mrs. Veronica P. Griffith, B.Sc.	-	Representative, Barbados Workers Union
Mr. David Foster, ONC Engineering	-	Representative, Barbados Manufacturers Association (BMA)
Ms. Ruth Blackman B.Sc., M.P.A	-	Permanent Secretary, Ministry of Industry, Small Business and Rural Development
Mrs. Muriel Robertson, ADID, BED		
Mr. Henderson Holmes, B.Sc.		
Mrs. Samantha Smith, B.Sc		
Mr. Lewis Kirton, J.P		

Meetings of the Board are held as required at such times as may be expedient for the transaction of business. Sub-Committees of the Board are convened to deal with specific matters. Sub-Committees during the period under review were:

**The Establishments Committee**, responsible for making recommendations to the Board on policy matters pertaining to the Corporation's human resources.

**The Tenders & Estates Committee**, responsible for making recommendations to the Board on matters pertaining to tenders, the award of contracts and capital work projects.

**The Finance and Special Technical Assistance Committee**, responsible for making recommendations to the Board on all matters of a financial nature, including applications under the Special Technical Assistance Programme.



**BIDC Board of Directors** (Standing from left) Mr. Michael Allamby, Legal Officer/Secretary to the Board Mrs. Monica Mason-Crichlow, Mrs. Veronica Griffith, Mr. Lewis Kirton, Mrs. Muriel Robertson, Mr. David Foster. (Seated from left) Mrs. Ruth Blackman, Mr. Ashley Toppin, Mrs. Samantha Smith

**The Innovation and Industrial Development Committee**, responsible for making recommendations to the Board on matters relating to the Corporate Strategic Plan, special projects like alternative energy solutions and applications for fiscal incentives under the Fiscal Incentives Act.

**Exports and Entrepreneurial Committee**, responsible for making recommendations to the Board on matters relating to export development and promotion and the development of the entrepreneurial sector.



# EXECUTIVE COMMITTEE

The Office of the Chief Executive Officer reports to the Board of Directors, and has responsibility for the overall leadership of the organization. The CEO is supported by an executive management team. Members of the executive management in 2012/13 were:

**Dr. Leroy McClean, B.Sc., Ph.D**

Chief Executive Officer (Effective August 1, 2012)

**Ms. Diana C. Brooks, C.M.A, F.C.A., A.C.I.S.**

Director, Administration

Chief Executive Office Ag. (April 1, 2012 to July 31, 2012)

**Mrs. Sonja S. Trotman, B.Sc., A.C.I.S., LL.M**

Director, Export Development & Promotion

**Mr. Michael Bynoe, Dip. Management, M.Sc.**

Director, Entrepreneurial Development

**Ms. Karen Forde, B.Sc., M.B.A., FCCA**

Director, Investments & Properties

**Ms. Carol M. Lynch, B.Sc., M.Sc.**

Director, Research, Information & Design Services

**Mr. David H. Parris, B.Sc., M.Sc.**

Manager, Human Resources

**Mrs. Fern Lewis B.Sc.**

Manager, Research & Information Services

**Mr. Michael L. Piggott, B.A., ANSCAD, Alns. Pkg**

Manager, Design Services

**Mr. Neville Rice, B.Sc., M.Sc.**

Manager, Investments & Properties

**Mr. Paul Waithe, B.Sc, M.Sc.**

Manager, Export Development & Promotion

Manager (Ag.), Entrepreneurial Development

(August 12, 2012 to Present)

**Mrs. Michelle Moore, B.Sc., M.B.A**

Chief Accountant (Ag.), Administration

**Mrs. Monica Mason-Crichlow, LL.B, LEC**

Legal Officer

Secretary to the Board





# OUR ORGANISATION

## ORGANISATIONAL CAPABILITY

The B IDC continues to place great emphasis on developing and maintaining a cadre of highly trained staff who possess the knowledge, competencies and attitudes necessary to support the achievement of its corporate objectives. During the year the Corporation embarked on a number of initiatives to build workforce capability. This approach acknowledges the internationally recognized position that successful organisations have the right human resources to enable optimum performance. Particular emphasis was therefore placed on training and employee engagement. An employee engagement evaluation was commissioned by the B IDC as part of its human resource development plan. The findings of this survey have identified opportunities for enhancing productivity, professional development and employee satisfaction.

At the end of the period under review, the B IDC had 105 full time employees. Three officers joined the staff complement during this financial year and two persons retired.

## TRAINING & DEVELOPMENT

As the Corporation pursues a continuous improvement strategy where learning and knowledge transfer are embedded in the culture and excellence becomes the benchmark for performance, management continues to place great emphasis on developing the competencies and skills of staff. During the period under review, over 90% of agreed training programmes were completed. However, as in the previous year, financial constraints required modification to the implementation of some programmes.

Training sessions attended by all categories of staff included:

- Enlightening Business Strategies and Marketing Seminars
- Effective Leadership Seminars

- Creating Winners in the Workplace
- Network Security Administration
- Performance Budgeting
- Secrets and Techniques of Forensic Document Examination
- International Public Accounting Standards
- UNITAR Green Economy
- Copyright Law Course
- Certificate in Records Management
- Stigma Reduction

In addition, staff attended courses conducted by the Barbados Institute of Management & Productivity, the Barbados Employers' Confederation and the Training and Administration Division. One of the key building blocks in constructing a sustainable and enduring organization is leadership and the Corporation made sure to include training and skill building exercises in this area during the year. The Corporation also continued its focus on succession planning by providing opportunities for staff to act in higher positions and fully utilize the training and exposure received during the year.

## EMPLOYMENT RIGHTS BILL

The Corporation, through its HR Division, continued preparation for the introduction of the Employment Rights Act (ERA) and a sensitization seminar was conducted for all staff by Dr. Hensley Sobers in June 2012. Senior members of staff also attended seminars on the ERA organized by the Barbados Employers Confederation.

## EMPLOYEE SAFETY AND HEALTH

The B IDC has been proactive in complying with the Safety and Health at Work Act (SHaW) which came into effect January 2013. Employees were informed of the requirements of the Act in a sensitization session conducted by the Labour Department. Specialised training was also

provided for the members of the Safety and Health committee on the SHaW Act by REA EnviroHealth International. Members also attended training sessions on Safety and Health at Work; Occupational Safety and Health and Work Place Inspections. The Barbados Fire Service was in attendance when the Corporation conducted its annual fire drill and provided guidance for further improvement in this activity.

### **EMPLOYEE RELATIONS AND WELFARE**

In support of improved staff relations and the quality of work life, informative workshops were held on health care, estate planning and financial management.

As part of the employee recognition efforts, long-serving members of staff as well as outstanding employees were also honored during the annual Christmas Party and Awards Ceremony. Twelve awardees were honoured having provided service between 10 – 35 years. The Employee

of the Year 2012 was Business Development Officer, Ms. Chauntel Thomas while Secretary II, Ms. Sonia Johnson was the recipient of the Spirit of the Corporation Award.

The contributory Medical and Life Insurance plan introduced for staff in 2010 forms a critical component of the Corporation's commitment to enhancing the conditions of service for its employees. The plan was reviewed and found to be favourable by both the employees and the plan provider, and was renewed in 2012. Additional employees joined the Plan during this financial year. The Corporation continues to pay 50% of the monthly payments.

The BIDC is currently working with Sagikor Life Inc. to ensure its Private Pension Plan is in compliance with the Occupational Pension Benefits Act of the laws of Barbados and to ensure that it is registered accordingly.



# OPERATING ENVIRONMENT

## GLOBAL ECONOMY

As the global economy shifts into high gear for 2013 and beyond, a review of 2012 has thrown up some interesting facts on what has propelled growth in the global economy and the unlikely leaders in this post crisis recovery. According to the World Bank, the global economy grew by only 2.3% as activity in high-income countries remained subdued particularly in the Euro Area. Germany, Japan and the United States, had growth of only 1.3% in 2012. Most forecasters had predicted a year of steady growth driven by emerging economies Brazil, Russia, India and China, but as the dust settled on what was a year of mixed fortunes the spotlight fell on small but striving economies in Sub-Saharan Africa which posted growth of 4.7% for the region and 6.0% excluding South Africa.

The Latin America and the Caribbean region ended 2012 with GDP growth of 3.1% which was higher than the global average but lower than the 4.3% posted in 2011. This shows that the world economic crisis had a negative but not dramatic impact on the continent, as the region maintained a certain resilience to external shocks throughout the year. Economic growth in the Caribbean countries in 2012 was sluggish overall. Jamaica and Trinidad and Tobago recorded growth below 2%, Bahamas and Haiti had slightly higher growth ranging from 2.5 to 3% whilst Belize, Guyana and Suriname ended the year with strong performances posting growth rates from 4.5% to 5.3%.

Economic activity in the Barbadian economy slowed during the fiscal year 2012/2013. At the end of the first quarter of 2013, real output was estimated to have fallen by 0.4%. This anemic performance was in large part due to setbacks in the tourism sector which recorded a decline of 2%, with arrivals from USA and Canada declining by 13% and 15% respectively.

With continued economic uncertainty, investors' confidence in the performance of the business environment dampened. This was evident

from the 6% reduction of new registrations of international business and financial services (IBFS) companies and the high levels of liquidity in the banking system. The rippling effects of a weakened consumer demand translated into reduced production and an increase in the rate of unemployment which averaged 11.6% at the end of 2012. Inflation was projected at 3.3% at the end of March 2013, when compared to the corresponding period of 2012.

In addition to the external shocks on the local economy and its effects on the private sector, government continued its efforts to manage the fiscal deficit which was estimated at 7.3% for the financial year 2012/13. The worsening of the fiscal balance is reflective of a combination of lower tax receipts and increased outlays in current expenditures.

The productive sector also saw levels of contraction in output, with the manufacturing sector declining by 4% at the end of the fiscal period under review. Rising energy and fuel costs and increased prices of raw materials across some sectors posed additional challenges for producers and constrained job creation in most sub-sectors. Agricultural production also declined during the period, with sugar production recording fallout of 25% which was evident in the reduction in hectares reaped and the quality of yields. The completion of some commercial projects saw an easing off of construction activity at the end of 2012. This in turn curbed demand for some key inputs such as cement and cement blocks.<sup>1</sup>

## INTERNATIONAL TRADE

The abrupt deceleration of trade in 2012 was attributed to slow growth in developed economies and recurring bouts of uncertainty over the future of the euro. Flagging output and high unemployment in developed countries reduced imports and fed through to a lower pace of export growth in both developed and developing economies. The World Bank estimates that growth will pick up slightly to 2.4% in 2013.

<sup>1</sup>Central Bank of Barbados Review of the Economy 2012

Improved economic prospects for the United States in 2013 should only partly offset the continued weakness in the European Union, where growth is expected to remain flat or even contract slightly this year according to consensus estimates.

China's growth should continue to outpace other leading economies, cushioning the slowdown, but exports will still be constrained by weak demand in Europe. As a result, 2013 looks to be a near repeat of 2012, with both trade and output expanding slowly, below their long-term average rates (Chart 1).

According to the World Trade Organisation (WTO) "The events of 2012 should serve as a reminder that the structural flaws in economies that were revealed by the economic crisis have not been fully addressed, despite important progress in some areas. Repairing these fissures needs to be the priority for 2013".

Attempts by developed economies to strike a balance between short-term growth and increasingly binding fiscal constraints have produced uneven results to date, and finding an appropriate mix of policies has proven to be challenging. Similarly, the amount of progress that developing economies have made in reducing their reliance on external demand is still unclear. In 2012, the dollar value of world merchandise exports only increased two tenths of 1% (i.e. 0.2%) to US\$18.3 trillion, leaving it essentially unchanged. The slower growth in the dollar value of world trade compared to trade in volume terms is explained by falling prices for traded goods. Some of the biggest price declines were recorded for commodities such as coffee (-22%), cotton (-42%), iron ore (-23%) and coal (-21%), according to IMF commodity price statistics.

The value of world commercial services exports rose just 2% in 2012 to US\$4.3 trillion, with strong differences in growth rates across countries and regions. For example, the US saw its exports of commercial services climb 4% while those of Germany dropped 2% and France's tumbled 7%.

On the import side, several European countries recorded sharp declines, including Italy (-8%), France (-10%), Portugal (-16%) and Greece (-18%).<sup>2</sup>

Barbados' exports increased from BDS\$525.3 million at the end of the fiscal year 2011/2012, to BDS \$549.7 million at the end of 2012/2013, yielding a small but much anticipated increase of 4.7%. Barbados' foreign exchange reserves increased during the year 2012 to BDS\$1,467 million, and the import cover at the end of December stood at 18 weeks, even though there was no real growth in the economy in 2012. Import expenditure was contained, and the gap between import payments and foreign earnings was smaller than for 2011. The flat growth performance resulted from declines in tourism, other traded services and manufacturing. Output in the non-traded sectors grew by only 1% because of fiscal spending limits and the reduction in the traded sectors.<sup>3</sup>

## GLOBAL COMPETITIVENESS

As the global economies remained fragile through 2012-2013, competitiveness featured highly as countries realigned their economies to drive productivity and higher income levels. According to the Global Competitiveness Index Report for 2012, European countries including Switzerland, Finland, Sweden, the Netherlands, and Germany and the United Kingdom continued to dominate the coveted top ten positions in the survey that measures the competitiveness of 144 countries.<sup>4</sup> Singapore retained its 2nd place in the list along with the US, Japan and Hong Kong.

Barbados fell two notches to 44th place in the rankings due in large measure to the continued deterioration of the macroeconomic framework. The report notes that with one of the lowest national savings rates (136th) and one of the highest government debt levels (139th), the macroeconomic conditions in the country (134th) are strangling the access of businesses to financing through local equity markets (92nd), loans (79th), or venture capital (94th).

<sup>2</sup>WTO, World Trade 2012, Prospects for 2013 <sup>3</sup> Central Bank of Barbados Review of the Economy 2012

<sup>4</sup> Global Competitiveness Report 2012-2013

# OPERATING ENVIRONMENT

As a result, the business community continues to face important challenges in engaging in new investment projects. Notwithstanding these serious weaknesses, which sharply affect economic activity, Barbados still benefits from well-functioning institutions (24<sup>th</sup>) and good infrastructure (22<sup>nd</sup>).

## GLOBAL INVESTMENT

Global Foreign Direct Investment (FDI) flows fell by 18% to an estimated US\$1.3 trillion, down from a revised US\$1.6 trillion in 2011, as significant investor uncertainty continued to hamper the FDI recovery. This uncertainty is driven by a weakening macroeconomic environment with lower growth rates for GDP, trade, capital formation and employment, and by a number of perceived risk factors in the policy environment, related to the Eurozone crisis, the United States fiscal cliff, changes of government in a number of major economies in 2012, and broad-based policy changes with implications for FDI.

FDI flows to developing economies remained relatively resilient in 2012, reaching US\$680 billion, the second highest level ever recorded. Developing economies absorbed an unprecedented US\$130 billion more than developed countries. Latin America and the Caribbean registered positive growth in FDI in 2012. The rise was strongest in South America due to the sub-region's economic buoyancy, leading to a significant number of market-seeking investments, and persistent strength of commodity prices, which continue to encourage investments in the extractive industries, particularly in Chile, Peru and Colombia. Inflows registered also strong growth in Argentina. FDI to Brazil slowed but remained robust, confirming the country's primacy as the leading investment destination in the region, accounting for 28% of the total. FDI flows to Central America decreased mainly as a result of a decline in FDI to Mexico.

FDI flows to Africa however rose in 2012. Flows to North Africa reversed their downward trend, as Egypt saw a rebound of investment from European investors. Angola – an important holder of FDI stock in Africa – posted lower divestments in 2012 compared with 2010 and 2011 while positive growth of FDI flows to South Africa contributed to a rise in inward FDI flows to Southern Africa.

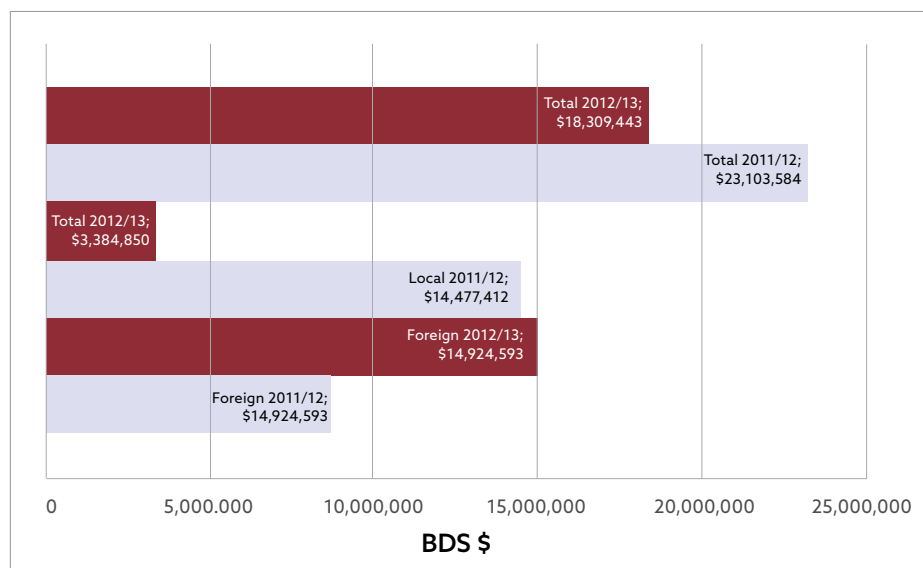
Meanwhile, FDI flows fell drastically in developed countries to values last seen almost ten years ago. Of the global decline of US\$300 billion in FDI inflows, from US\$1.6 trillion in 2011 to an estimated US\$1.3 trillion in 2012, almost 90% was accounted for by developed countries. FDI declined sharply both in Europe and in the United States. In Europe, Belgium and Germany saw large declines in FDI inflows. In Belgium – which, with a drop of US\$80 billion, accounted for much of the fall – FDI flows are often volatile or inflated by the transactions of the special purpose entities (SPE). Germany posted a large decline from US\$40 billion in 2011 to only US\$1 billion in 2012, due in part to large divestments. The decline of inflows to the United States is largely explained by the fall in cross-border Merger & Acquisition (M&A) sales; despite the fall the country remained the largest recipient of FDI flows in the world. Elsewhere, Japan saw a net divestment for the third successive year.

In 2012, the value of cross-border M&As fell by 41% to the lowest activity level since 2009. The weak M&A market reflected global macro-economic uncertainty and the resulting low corporate confidence, especially in developed markets. In many European countries, cross-border M&A sales decreased significantly from 2011 levels.

Looking forward, FDI flows could rise moderately to US\$1.4 trillion in 2013 and US\$1.6 trillion in 2014 as the global economy is expected to make a hesitant and uneven recovery over the coming two years. GDP growth, gross fixed capital formation and trade are projected to rise gradually,

both at the global level and, especially, in developing countries. Such a slight improvement in macroeconomic conditions could prompt Trans National Corporations (TNCs) to transform their record levels of cash holdings into new investments. If investor confidence returns, TNCs may also be induced to make strategic investments to cement their business plans for the post-crisis period. In addition, possible further sales of publicly owned assets to restructure sovereign debt may also provide FDI opportunities.

### DISTRIBUTION OF INVESTMENT - 2011/12 & 2012/13



Source: Barbados Investment and Development Corporation

Significant risks to this scenario persist, including: structural weaknesses in major developed economies and in the global financial system; the possible further deterioration of the macroeconomic environment; and significant policy uncertainty in areas crucial for investor confidence, like fiscal policy and investment regulations and restrictions. Should these risks prevail, FDI recovery could be further delayed.<sup>5</sup>

In Barbados, private capital inflows were estimated at BDS\$682 million in 2012. Several tourism related projects were ongoing, but foreign investment in real estate projects was down about 16%. Real estate flows, which are associated with villa and hotel development, were estimated at BDS\$290 million in 2012 (3.3% of GDP), compared with BDS\$347 million in 2011.

According to the B IDC's quarterly Employment & Investment Survey, during the period April 2012 to March 2013, foreign investment in the manufacturing and related services sectors totaled BDS\$3.4 million, with local investment tallying BDS\$14.9 million. Total investment for this period was registered at BDS\$18.3 million. This was BDS\$4.8 million or 25% less than the previous period, April 2011 to March 2012, where investment totaled BDS\$23.1 million.

In the manufacturing sector, the food, beverages & tobacco sub-sector recorded the largest share of investment, with BDS\$4.6 million or 25% of total investment. Approximately BDS\$6.9 million was invested in the other services sub-sector making it the largest recipient in the services sector. October to December 2012 was the most active period for investment, with a total of BDS\$4.9 million recorded for the quarter.

<sup>5</sup>UNCTAD Global and Regional FDI Trends in 2012



As Barbados transitions from an efficiency driven to an innovation driven economy, the need for investment, skills and knowledge transfer will increase significantly. To leverage our core competencies, more investment is needed to grow specialist niches such as eco tourism, sports and cultural tourism, as well as to accommodate the more discriminating middle income visitor whose value is measured by a distinctive Barbadian experience. Investment is also needed to market international business and financial services, and increased capacity in agro-processing and alternative energy. Efforts must be redoubled to remove barriers to Barbados' competitiveness, the most damaging of which are inefficiency of Government bureaucracy, insufficient financing for new ventures, and poor work attitudes in the workforce.

#### COMPARATIVE SECTORAL DISTRIBUTION OF INVESTMENT (BDS\$)

SUBSECTOR	2011-2012	2012-2013	Net Change	% Change
FOOD, BEVERAGES & TOBACCO	6,104,321	4,596,440	(1,507,881)	-24.70
TEXTILES, APPAREL & LEATHER	20,000	200,411	180,411	902.06
WOOD, WOODEN PRODUCTS & FITTINGS	198,510	339,748	141,238	71.15
PAPER PRODUCTS & PRINTING	695,337	222,060	(473,277)	-68.06
CHEMICALS & CHEMICAL PRODUCTS	1,292,679	1,016,656	(276,023)	-21.35
PLASTIC PRODUCTS	27,000	146,802	119,802	443.71
NON METALLIC MINERAL PRODUCTS	7,331,309	2,064,203	(5,267,106)	-71.84
FABRICATED METAL PRODUCTS	719,664	1,774,813	1,055,149	146.62
PRECISION INSTRUMENTS	7,229	0	(7,229)	-100.00
ELECTRONIC COMPONENTS	2,808	0	(2,808)	-100.00
HANDICRAFT	501,150	480,250	(20,900)	-4.17
OTHER MANUFACTURING	1,276,480	33,455	(1,243,025)	-97.38
<b>Sub-Total</b>	<b>18,176,487</b>	<b>10,874,837</b>	<b>(7,301,650)</b>	<b>-40.17</b>
INFORMATION SERVICES	214,410	413,200	198,790	92.71
OTHER SERVICES	4,712,687	7,434,606	2,721,919	57.76
<b>Sub-Total</b>	<b>4,927,097</b>	<b>7,360,356</b>	<b>2,433,259</b>	<b>49.39</b>
<b>Total</b>	<b>23,103,584</b>	<b>18,309,443</b>	<b>(4,794,141)</b>	<b>-20.75</b>

Source: Barbados Investment and Development Corporation

# ECONOMIC PERFORMANCE ENHANCEMENT INITIATIVES

The future growth and development of the Barbados economy is contingent on adequate funds being available and invested in the key areas that will drive the economy. While Barbados has developed a sophisticated and modern financial system, at present we are faced with a situation in Barbados where there are high levels of liquidity in the financial system but an acute shortage of capital for investments in the economy. This shortage of capital is especially acute for investments in agriculture, alternative energy, creative industries, education, health care, information technology, manufacturing and tourism and hospitality – the very sectors we need to drive growth in our economy. Government has therefore proposed additional measures to assist with this problem.

Government in its annual Performance and Budgetary Statement, has announced its intention to:

Provide fiscal incentives to encourage companies to list on the Junior Stock Market. Firms that choose to list on the Barbados Stock Exchange's Junior Stock Market will be provided with a tax incentive for ten years structured as follows:

- a. An income tax holiday on 25% of the company's operation for the first five years of the ten year incentive period;
- b. A full income tax holiday for the first five years of the ten year incentive period;
- c. A half income tax holiday for the second half of the incentive period;
- d. An exemption from withholding tax on dividends and other distributions from companies listed on the junior market;
- e. An exemption from transfer tax on transfers of shares in Junior market companies;

In order for a company to qualify for the above-mentioned tax incentives the following is required:

- a. The company must have a minimum of 50 shareholders;
- b. No single shareholder should own more than 25% of the shares of the company and no other shareholder should own more than 5% of the shares.
- c. If at any point these are violated the company must repay the Government all taxes claimed.

With respect to energy the following incentives are being offered for businesses generating and distributing electricity from a renewable energy (RE) source, businesses producing, distributing and/or installing renewable energy systems for electricity generation and energy efficient (EE) products:

Government will provide financial assistance of BDS\$100 million in the form of low-interest loans over an 8 year period to retool and capitalize the industry, and to provide improved credit to the consumers of RE and EE products produced locally. This loan facility will be available to the industry via the financial intermediaries (including banks, credit unions, and finance companies) and administered by way of a special window under the Industrial Credit Fund and the Credit Guarantee Scheme of the Central Bank of Barbados.

- Building materials and supplies for construction of a facility dedicated to the generation and sale of electricity from a renewable source shall be duty free and VAT free; a zero rate of VAT will be applied to all RE and EE systems and products produced in Barbados.
- Developers, manufacturers and installers of RE products will be granted an income tax holiday of 10 years.
- Eligible businesses will now have a 150% deductible on interest paid on loans entered into for: upgrading an existing property so as to

generate and sell electricity from a renewable source; construction of a new facility to generate and sell electricity from a renewable source; construction of a facility for the installation or supply of renewable energy generation systems or energy efficient products.

- Eligible businesses will now have a 150% deductible on expenditures for staff training related directly to the generation and sale of electricity from a renewable source in the installation, as well as the installation and servicing of renewable energy electricity generation systems or energy efficient products.
- Individuals will be able to claim the funds spent on RE and/or EE training provided by educational and vocational institutions that are approved by the Barbados Accreditation Council as a separate deduction on their income tax. This deduction can also be made by the parents of minors and adult students (up to the age of 25 years) who are not working and who are studying in the area of RE and/or EE.
- Eligible businesses will now have a 150% deductible on expenditures directly related to the marketing of products for the generation and sale of electricity from a renewable source in the installation, as well as the installation and servicing of renewable energy electricity generation systems or energy efficient products.
- Eligible businesses will now have a 150% deductible on expenditures for product development/research related directly to the generation and sale of electricity from a renewable source in the installation, as well as the installation and servicing of renewable energy electricity generation systems or energy efficient products.

Incentives for investors in businesses generating and distributing electricity from a renewable energy (RE) source, businesses producing, distributing and/or installing renewable energy systems for electricity generation and energy efficient (EE) products are as follows:

- Interest earned by financial intermediaries (including banks, credit unions, and finance companies) for financing the development, manufacturing, and installations of RE and EE products and technologies shall be free of withholding taxes for 10 year.

- Venture capital funds where investments are made in the RE and EE sectors shall be free from corporation taxes for a period of 10 years;
- Contributions to venture capital where investments are directed to the RE and EE sectors shall be deductible from taxable income for a period of 10 years;
- Dividends for shareholders of companies investing in entrepreneurial businesses engaged in installation or supply of renewable energy electricity generation systems or energy efficient products shall be exempted from withholding taxes for a 10 year period. The income households earn from the sale of electricity produced from the utilization of RE equipment shall be exempted from all taxes.

Government is also seeking to establish a "Hotel Refurbishment, Energy Efficiency and Food Production Fund" as part of its investment portfolio. The fund will initially be capitalized with BDS\$18 million of the National Insurance Service (NIS) surpluses. Initially for a 12 month period, in every month where the NIS earns a surplus of more than BDS\$10 million, BDS\$1 million of that surplus will be directed to further capitalization of the fund. A further BDS\$50 million of financing will be provided from the receipts of the Government's divestment programme for a total fund of \$80 million.

Of the BDS\$80 million, BDS\$20 million will be allocated to the initiation of a National Food Production Initiative to be managed by the Barbados Agricultural Development and Marketing Company (BADMC) in conjunction with key agriculture stakeholders over five years with a specific mandate to focus on an agreed list of crops and meats for which acceptable programmes can be implemented to achieve self-sufficiency in production. This will not only cut the food import bill but provide work for hundreds of Barbadian small farmers keen to assist in this programme.

To further finance entrepreneurial development, Fund Access will also receive increased capitalization. The fund has been one of the veritable success stories coming out of the recession with a flood of requests for support from scores of young small business people eager to provide employment for themselves and others through investments in various business enterprises. In an effort to assist the Fund in coping with this excess demand for its services, it is proposed to top up the current

allocation provided in the Estimates of Expenditure to the tune of BDS\$600,000.

It is further proposed to inject an additional BDS\$400,000 into the Micro Enterprise Grant Scheme to assist with the flood of requests coming in since the initiation of this programme two years ago.

The SME Factoring programme has been in place for more than a year and while it has worked relatively well it has encountered some bureaucratic challenges that have at times frustrated the people it was designed to assist. Following a review of this programme by the Ministry of Industry, Small Business and Rural Development and relevant stakeholders and on recommendation from the Ministry, the following adjustments are proposed:

- The existing requirement that allows for a minimum of BDS\$10,000 to be factored to be reduced to a minimum of BDS\$5,000.
- The list of financial institutions acting as intermediaries to provide financing under the factoring programme be expanded to include Credit Unions which have indicated an interest in participating in the programme.

To stave off the exit of international business entities from Barbados the following measures have been proposed:

- i. That the International Business Companies Act Cap 77 and the Societies with Restricted Liabilities Act be amended to change the tax rate on the highest band for taxable income for income years 2012 and 2013;
- ii. That the tax schedule in Section 10 (1) of the International Business Companies Act be amended to read as follows:

- a. 2.5% on all profits and gains up to \$10,000,000;
- b. 2.0% on all profits and gains exceeding \$10,000,000 but not exceeding \$20,000,000;
- c. 1.5% on all profits and gains exceeding \$20,000,000 but not exceeding \$30,000,000; and
- d. 0.5% on all profits and gains in excess of \$30,000,000.

- iii. That the lower band of 0.5% apply for income year 2012 and that this be changed to 0.25% for income year 2013;
- iv. That the changes apply to legislation for Societies with Restricted Liabilities as well as offshore Banks;
- v. That the range of services eligible for the Foreign Currency Earnings Credit be expanded to include exploration, extraction and other mining, oil and gas activities, licensing and sub-licensing of intellectual property and shipping services;

Four pieces of major legislation are proposed for the International Business sector. These pieces will look at:

1. Money Laundering and Financing of Terrorism (Prevent and Control) Bill
2. Foundations Legislation
3. International Corporate and Trust Providers legislation
4. Societies with Restricted Liability Act.

The passage of these pieces of legislation will provide Barbados with a set of critical new tools with which to market the country as a premier destination for International Business investment.



# CHAIRMAN'S REPORT

BIDC Chairman Mr. Ashley Toppin

## The Year in Review

The past year mirrored the path of previous years in that it yielded many challenges that required considerable ingenuity and insightfulness. Faced with an underperforming portfolio, an unfavourable economic climate, and limited financial resources, we knew that the effort to achieve corporate objectives could only be achieved through strategic interventions and collaborative effort with our stakeholders. Increasing emphasis was therefore placed on delivering the supportive interventions necessary to maintain stability and drive growth within the sectors that we serve.

Government's transfer of the mandate for services exports from Invest Barbados to the BIDC, effective July 2, 2012 also meant significant attention had to be given to all matters pertaining to the export development and promotion of the local services sector, with the exception of tourism-related and financial services. The Corporation in essence was charged with doing significantly more, with significantly less.

With the appointment of Dr. Leroy McClean as Chief Executive Officer, effective August 1, 2012, the Corporation embarked on an ambitious but very necessary venture to infuse a new entrepreneurial thinking across the industrial sector. Recognising the urgent need for new high value products and new engines of growth, Dr. McClean commenced a campaign of unleashing and mobilizing ideas that could be quickly translated into new enterprises. This required some minor structural adjustments,

more intensive stakeholder engagements, and a re-energised BIDC team approach. This effort commenced with the temporary assignment of a Special Projects Unit to elevate and enhance the execution of projects with high value returns; intensify the BIDC's new product development thrust; manage the corporate communications portfolio and reposition the BIDC as an organization that is ready, relevant and responsive; and create new strategic linkages through which the BIDC could better leverage high potential opportunities.

Project concepts have been developed and proposals submitted internally to Divisions and externally to stakeholders including government Ministries, training institutions, business support agencies and private sector entities. An aggressive campaign to rebuild the BIDC's image has also been launched with the submission of new Corporate mission and vision statements for consideration by management and the elevation of media engagement through press releases and targeted advertising. New product development has also been shortlisted for priority in the segments of confectionery, bath and body products, heritage products (souvenirs, collectibles), sample-size products best suited for the culinary and hospitality sectors and Black Belly Sheep leather.

Corporate wide, much of the energies expended in the past year were dedicated to building a more diversified export market and product portfolio and pushing entrepreneurial development. Pro-active research projects were also initiated to stimulate interest in manufacturing and to support new product development and increased utilization of science and technology. At the same time, effective monitoring of



the Corporation's performance continued in an effort to advance those activities earmarked for priority attention. Client service delivery and customer satisfaction also came under review.

The performance review for the period April 2012 - March 2013 suggests that the B IDC performed commendably amidst the challenges presented by testing economic conditions. The Corporation attained success in several endeavours. Export sales under our Market Development Programmes highlight the improved penetration in the UK, US and Canadian markets due to in-market promotions and marketing efforts. This, along with the development of 15 new and improved products, augurs well for the domestic manufacturing sector and sends the signal that there remains potential for growth and expansion.

Although the Corporation was not able to meet its minimum target for self-financing, the deficit was less than 3% below the minimum target set and it was able to reduce its overall expenditure on electricity by more than 3% above the maximum target set. These achievements are laudable in the face of the prevailing economic climate and declining financial support from Government. However, a review is needed of the Corporation's efforts to stimulate and expand micro, small and medium-sized enterprises if the successes that have been gained thus far are to be sustained and improved in the medium to long term.

### Future Prospects and Direction

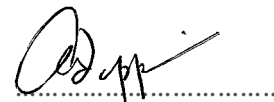
The B IDC's role has historically been to contribute to the diversification of the economy through new investment, increased exports and employment creation manufacturing, services and small business enterprises. This role remains relevant today. What has become clear however is that the type of assistance offered and mode of delivery must be adapted to better cater to the needs of our clients. We have therefore been moving to redefine the B IDC and the part it has to play in propelling and empowering our clients to become entrepreneurs, innovators and exporters. Some of the critical areas we have sought to examine are: What is the economic impact of B IDC's client interventions? How can we help businesses to start, grow and internationalise? What is our role in developing new products and services for export? And how can we transform Barbados' economic landscape?

It is generally felt that the right model for economic development is strategic collaboration between the private sector and the government,

with the aim of uncovering where the most significant obstacles to progression lie, and what type of interventions will most likely remove them. At the same time, however, it is well-recognized that the competitiveness of enterprises is determined largely by their ability to combine technology, managerial entrepreneurship, employee skills, business operations and capacity to service markets and interact with customers and suppliers. Barbadian firms for the most part, remain somewhat challenged in getting this formula right. We, as a country, have spent too much time debating the challenges confronting the sector and too little time and thought on procuring the right combination of trade, tax, labour, energy, education, science, technology, and industrial policy levers to generate the best possible future.

With respect to manufacturing, what we now need to do is to chart a solid, strategic path; a path that engenders confidence and pride among key stakeholders and activates the incentives and resources necessary for the promotion of innovation, growth and competitiveness. The B IDC is cognizant of this need and has been more actively exploring stakeholder engagement in striving to mobilise the resources necessary to attaining some turnaround in the sectors that we serve.

Our focus in the coming months will be on building a new framework of support for the sectors that we serve. The time has come for the B IDC to embrace a new mission and vision that clearly defines our purpose and our strategic direction. We want to be in step with business technology and be well-equipped with the competencies required for building strong businesses. We also want to be adequately financed to support our programmes, resourceful and responsive, offering the services that our clients need and led by a strong management team to guide the strategic direction of the corporation. Our aim is to reposition the corporation as a solutions-oriented agency, in the forefront of **Unleashing Ideas and Inspiring Enterprise** across the island.



Mr. Ashley Toppin  
Chairman

# OUR ACHIEVEMENTS & OUTCOMES

## CORPORATE STRATEGY

The BIDC's vision for the industrial sector is one that is characterized by creativity and innovation. A sector that is enterprising and highly skilled, providing opportunities for wealth creation, job creation and economic growth.

One of the major outcomes which the Corporation hopes will be realized as a result of its efforts over the next three years will be the evolution of a new cadre of entrepreneurs who are ambitious, innovative and export-focused.

It is against this backdrop that the BIDC undertook strategic interventions and initiatives to build more resilient and sustainable productive sectors. Resources were employed strategically to provide solutions and viable options for local producers that will translate into:

- Competitive products that reflect our heritage and traditions.
- Products that will attract a larger share of domestic and international consumers.
- Innovative technology, collaborative research and development that will yield new products, new services, new sectors.
- Highly skilled and creative work forces.
- High value-added businesses with strong brands.

## CORPORATE GOALS

CORPORATE OBJECTIVES 2012-2013	
#1	Facilitate the achievement of a margin of growth of at least 6% in targeted export markets by 2015.
#2	Provide targeted assistance to yield at least 255 new and/or expanded MSMEs by 2015.
#3	Facilitate the achievement of a margin of growth of at least 3% in domestic sales for selected companies in the Basic Industries Market Development Programme by 2015.
#4	Reduce the "carbon footprint" of the Corporation by implementing at least three (3) green initiatives by 2015.
#5	Increase the Corporation's contribution to its income to at least 47% by 2015.
#6	Achieve the benchmark for excellence by 2015 as determined by the NISE Customer Satisfaction Index



### CRITICAL SUCCESS FACTORS

Availability of adequate funding for programmes/projects.

Timely approval of contracts and recommendations.

Performance of contractors in accordance with the terms of contracts.

Full collaboration of companies with BDC in Developmental Programmes.

Adequate manpower resources to execute programmes/projects in a timely manner.

Effective cross linkages and collaboration of all agencies identified as strategic partners in the delivery of programmes of assistance.

Timeliness of Board approvals.

Minimization of unplanned activities/programmes.

### MEASURING OUR SUCCESS

The review for the period April 2012 to March 2013 suggests that the BDC performed creditably amidst the challenging economic situation faced by the country during the fiscal period. In three of the five indicators chosen to measure the corporate performance, the BDC was able to exceed both the minimum and maximum targets set. However, there were two indicators in which the Corporation was unable to attain even the minimum level of success anticipated.

INDICATOR	MIN.	MIN.	ACTUAL PERFORMANCE
Facilitation of Growth in targeted export markets (%)	2	3	4.1
Facilitation of the creation and development of MSMEs	75	80	13
Reduction in the "carbon footprint" of the Corporation-through reduced costs (%)	3	5	8.3
Corporation's share of its income (%)	42	45	39.6
Facilitation of launch of new or enhanced products	2	4	15

## SUSTAINING AND CREATING JOBS

The BIDC, as part of its assessment, also keeps track of employment trends within the sectors served. At March 2013, there was a significant decline in employment within the companies surveyed through the quarterly Survey of Employment & Investment, when compared to March 2012. Total employment at March 2013 was 10,703, a decrease of 1,062 jobs when compared with the 11,765 jobs registered in the corresponding period in 2012. Employment in the Manufacturing Sector decreased by 4.9% at March 2013 to reach 7,737 when compared to the 8,137 recorded at March 2012. Jobs in the section of the Services Sector surveyed totaled 2,966 at March 2013. This was 662 or 18.2% less than the 3,628 recorded for the corresponding 2012 period.

Total jobs created through the formation of new businesses or expansion of existing ones during the period April 2012 to March 2013 was 998 or 6.3% more than in the previous period April 2011 to March 2012 when 935 jobs were created. The Food, Beverages & Tobacco sub-sector recorded the highest number of jobs created in the Manufacturing Sector, contributing 290 or 29% of total jobs created. In the Services Sector, the Information Services sub-sector recorded 15% or 150 of jobs created in this period. The period January to March 2013 was the most productive, creating a total of 289 jobs or 28.9% of total jobs created during the quarter.

### EMPLOYMENT IN SUB-SECTORS SURVEYED BY BIDC AT MARCH 2012 AND MARCH 2013

SUBSECTOR	March 2012 <sup>R</sup>	March 2013	Net Change	% Change
FOOD, BEVERAGES & TOBACCO	3,651	3,419	-232	-6.4
TEXTILES, APPAREL & LEATHER	511	501	-10	-2.0
WOOD, WOODEN PRODUCTS & FITTINGS	339	305	-34	-10.0
PAPER PRODUCTS & PRINTING	703	671	-32	-4.6
CHEMICALS & CHEMICAL PRODUCTS	384	371	-13	-3.4
PLASTIC PRODUCTS	179	173	-6	-3.4
NON METALLIC MINERAL PRODUCTS	963	890	-73	-7.6
FABRICATED METAL PRODUCTS	718	711	-7	-1.0
PRECISION INSTRUMENTS	210	231	21	10.0
ELECTRONIC COMPONENTS	219	204	-15	-6.8
HANDICRAFT	121	124	3	2.5
OTHER MANUFACTURING	139	137	-2	-1.4
<b>Sub-Total</b>	<b>8,137</b>	<b>7,737</b>	<b>-400</b>	<b>-4.9</b>
INFORMATION SERVICES	1,298	639	-659	-50.8
OTHER SERVICES	2,330	2,327	-3	-0.1
<b>Sub-Total</b>	<b>3,628</b>	<b>2,966</b>	<b>(662)</b>	<b>-18.2</b>
<b>Total Employed</b>	<b>11,765</b>	<b>10,703</b>	<b>(1,062)</b>	<b>-9.0</b>

<sup>R</sup> Revised

Source: Barbados Investment and Development Corporation

# PROGRAMMES AND SERVICES TO SUPPORT SECTOR DEVELOPMENT

## RESEARCH AND DEVELOPMENT

The role of the BIDC is principally to make a major contribution to the diversification and growth of the economy through new investment, increased exports and employment creation by fostering the development of competitive manufacturing, related services and small business enterprises. Finding and applying solutions that will aid in the further development of the industrial sector is also part of the BIDC's corporate goals.

Towards this objective, the organization seeks to engage in specific research activities that could stimulate new innovative products and processes, new sector development, and new market penetration. The BIDC also provides design advisory services that would assist clients in upgrading and improving existing product features and in fine-tuning new product development. These activities are facilitated through the Corporation's Research Information and Design Services Division.

In support of new market exploration, in-depth research was done for the countries of St. Vincent & the Grenadines, Puerto Rico, St. Barts, St. Kitts & Nevis and Antigua & Barbuda, where the BIDC is seeking to expand Barbados' share of export sales. Efforts were also made to deliver business intelligence to empower and better enable companies to capitalize on emerging opportunities.

## CORPORATE COMMUNICATIONS

Throughout the year, efforts were also made to enhance communications with all stakeholders through targeted promotions and knowledge sharing. An estimated 9 of 31 activities outlined in the Corporate Communications

Strategic Action Plan 2012-2014 have been achieved with an additional 4 in process. New Corporate mission and vision statements were crafted and submitted to management for consideration to guide the strategic focus of the new financial year beginning April 2013. Efforts were also dedicated to enhancing the BIDC's corporate image. Significant work was undertaken in graphics design, to support press advertising and the production of new promotional materials and publications. Promotional work extended to the placement of 11 newspaper and radio ads, the issuance of 9 media releases, the hosting of one press conference and media invitation to 5 events hosted to expose not only the work of BIDC but also the companies and individuals involved. Also among the main activities undertaken was a comprehensive review of the corporate website. This was done with a view to enhancing visual inputs and tools used to disseminate critical information to clients on viable opportunities for export, training, capacity building, news, analysis, trends, trade developments as well as other areas of interest. A new website is expected to be rolled out in the coming financial year.

## DESIGN SERVICES

During the year under review, the Design Services Unit continued to provide direct design assistance to the BIDC's client base.

With respect to entrepreneurial development, this assistance was a combination of client consultation on a range of design matters. During the year a total of 96 companies utilized the services of the Unit, with 108 design projects undertaken. New corporate identities were created for 45 companies while another 25 sought brand development assistance. Packaging and labeling was created for 20 companies while seven requested new signage. Six web and social media solutions were delivered.



The BIDC at BMEX.

DESIGN SOLUTIONS DELIVERED	NO. OF BENEFICIARIES
Corporate Identity Development	45
Packaging & Labeling	20
Brand Development	25
Signage	7
Promotional Media (web & social media)	6

In addition, the Unit was heavily involved in ensuring successful participation of the Corporation and its clients in local exhibitions, among them: BMEX and Agrofest. With respect to BMEX 2012, the BIDC's Design Unit assisted emerging companies in making their BMEX debut by ensuring that their product and packaging designs were market ready and designed to give them stand-out-in the crowd status.

### PROPERTY MANAGEMENT

The BIDC remains committed to providing operating space on a rent/ lease purchase basis within its industrial estates which favourably compares with that offered in the real estate market. With 12 industrial estates under its portfolio, property management during the period

2012-2013 continued to be heavily focused on ensuring that client needs are met and that the infrastructure remains in peak condition.

Ground floor space, growing in scarcity, continues to generate the greatest interest among potential clients. The majority of requests for space continued to be dominated by those operating in light manufacturing. A total of 45,666 sq. ft of space was allocated during the year. These were awarded to 17 companies drawn from the food production, retail, consulting services, woodworking, garment manufacture, air conditioning manufacture and repair, health and wellness, information technology and telecommunications sectors.

Space available for lease increased during the period under review, with the closure of two large call centers. The Corporation currently has 21% of its operating space listed as vacant, the majority of which is located at the Harbour Industrial Estate known as the hub for Information Services. Approximately 7% of the space listed as vacant is not lettable as a result of fire damage or renovations required.

The **Capital Works Programme** of the Corporation was tackled on a small scale during the year and was concentrated mostly on repairs and urgent works required to facilitate the expansion of client activities. Eight projects were undertaken with Bds\$1.6 million spent on roof repairs, painting and decoration, renovation, elevator installation, electrical upgrade and demolition following fire at a building located at the Spring Garden estate. The unavailability of funding continues to impede major development of the Industrial estates and the provision of new operating space to meet the demands.

The **Maintenance Programme** was however strengthened with the preparation of condition surveys for each building which introduced a new system of reporting maintenance issues at each location and requesting quotations from qualified maintenance companies. Special attention has also been paid to adherence to the financial rules and ensuring that formal contracts are issued with each job. Auditing of factory buildings has continued with annual electrical, plumbing and fire audits and inspections.

In addition to the Maintenance Programme, efforts continued in greening operating spaces. The BIDC initiated discussions with many of the players in the alternative energy industry and commenced a programme of staff

sensitization regarding energy conservation throughout its offices. The Corporation is pursuing synergies with the Barbados National Oil Company (BNO) and one of the leaders in alternative energy installations in a bid to reduce energy consumption across the estates.

The provision of operating space on a rent/lease purchase basis elevates the collection of rents as a key revenue generating activity for the Corporation. During the period under review, the Corporation extended rent relief to tenants in the form of discounts for early payment and a freeze on increases in rates, in an effort to assist them during this period of financial downturn. During the period April 1, 2012 to March 31, 2013, the Accounting Services Department continued to work tirelessly to recover outstanding rents. Collections totaled BDS\$8.9 million as compared to BDS\$10.02 million in the previous year, representing 78% of billings. Some 63% of tenants billed made payments throughout the year. The BIDC continues to work with these companies in meeting their commitments to the Corporation and continues to assist them by identifying alternative payment plans that redound to the benefit of all parties. The Corporation will at the same time seek to expand its space recovery programme in the upcoming fiscal period.

## ENTREPRENEURIAL DEVELOPMENT

The Entrepreneurial Development Division (EDD) continued to provide a wide range of business development services to the Micro Small and Medium sized enterprises (MSME) sector, through its range of advisory and business development services. This assistance was facilitated through a number of critical programmes.

The sector continued to experience a number of challenges including: limited access to financing, reduced demand in the market for goods and services, the inability of business customers to pay in a timely manner and general malaise in the business environment. These factors contributed to the reduced level of activity and accomplishments in the sector.

The rate of small business startups continued to decline during the year, despite the best efforts of the EDD to generate and influence a turnaround. The Division assisted in establishing 13 new companies between April 2012 and March 2013. This is down from 15 in the previous year ending March 2012 and a marked reduction from the 25 new

companies registered in the year ending March 2011. With the creation of these 14 new businesses, new investment amounted to BDS\$302,250, far below the BDS\$705,288, reported in the 2012 financial year. New jobs created within the sector registered at 31, down from the 38 generated in the previous year.

The Corporation continued to welcome a steady flow of persons who visited its offices either for assistance in establishing new ventures or to access the suite of professional services and resources provided to assist them in overcoming challenges emerging in the market. Some 184 new clients were recorded, as compared to 174 last year.

Much of the assistance given to existing clients was aimed at capacity building of small businesses, improving their viability, market share, productivity levels, implementing adequate and efficient operating systems, creating sustainable business models and enhancing profitability. Business counseling and coaching, business and marketing plans preparation, and general business development services were also provided.

Assistance extended to the hosting of seminars focused on strengthening the skills of entrepreneurs in areas such as structuring your business, good manufacturing practices, costing and pricing, efficient workshop operations and social media marketing. The BIDC, in collaboration with the Corporate Affairs & Intellectual Property Office (CAIPO) and Conceptualisation? Incorporated, partnered with the World Intellectual Property Organisation (WIPO) in hosting a two-day seminar under the theme "Protect it or Lose It- Effective Intellectual Property Management for Small & Medium Sized Enterprises." Attended by entrepreneurs, trainers and students, the seminar provided participants with the basic knowledge and skills to identify, protect, exploit and manage intellectual property as part of an overall strategy to enhance business competitiveness and sustainability in domestic and international markets. Participants also had the opportunity to engage in Q&A sessions with experts in specialised areas such as trademarks, copyright, trade secrets, patents and the application in branding, licensing, franchising and other business strategies.



An interactive workshop titled Strategic Business Planning–Things You Always Wanted to Know Before You Start a Business... But Were Afraid to Ask, took participants through group and individual exercises in How to Read the Warning Signs; the Mindset of an Entrepreneur; People Planning and Management; Management Competence; Systems and Operations; Developing a Sales Pitch & Relationship Building; Motivation; Resources and Support.

The EDD, in an effort to engender the spirit of entrepreneurship in Barbados, also engaged in outreach activities to spread the word and educate the public on the benefits of becoming an entrepreneur. The Division employed a vigorous outreach programme during the year through business development presentations to various community groups and camps, in order to encourage the growth of the sector and to build awareness of entrepreneurship across Barbados.

As part of the outreach, the secondary school entrepreneurial programme was intensified. In addition to the usual presentations on small business development to schools, the Entrepreneurship in Action initiative sought to provide a complete overview of the business development process and the activities involved in establishing a business. The end result is intended to be the establishment and management of a retail business by students. Piloted at the **Frederick Smith Secondary School**, 20 students are being trained and a building which will house the retail operation was constructed. Plans are in train to replicate this programme in other schools over time. Other sector development initiatives extended to facilitation of tours to the Pelican Crafts Centre for schools; invitation of artisans to participate in School Career Showcases; and presentations to institutions such as the Girls Industrial School.

To increase the visibility of entrepreneurs, the BIDC assisted selected companies in exhibiting their products at BMEX 2012, Agrofest 2013, the Barbados Horticultural Society Annual Flower and Garden show, the Holetown Festival and other such fora on the national event calendar.

The **Innovation Support Programme** continued to offer a range of assistance to inventors and those with innovative ideas. Services offered through the year included financial assistance and guidance with intellectual property registration, prototyping, product testing and product launches.

A number of companies benefited from Technical Assistance funding to have their products further developed and made ready for full commercialization. The development of marketing plans and design assistance are also some of the services from which this group of companies continue to benefit.

Despite the number of ideas pitched, only a few can be deemed as truly innovative and were screened and approved by the Selection Committee of the programme. During the period some 12 clients were seen, who were involved in the production of new and interesting products. These included: Board games, a new type of baking mechanism and construction tools among others. The Corporation is in the process of assisting companies to bring these products to commercialization.

The Corporation's **Incubator Programme** came under scrutiny during the year, mainly as a result of the high percentage of companies which have been resident in the Incubator far beyond the stipulated three year period. This has contributed to the inability of the Corporation to effectively deliver its services and enroll new companies. A review of the programme was therefore commenced during the year and a plan of action is being devised in order to make it more relevant and impactful on the business landscape in Barbados.

Despite the challenges, we continued to offer our range of services to assist companies to develop and to survive. In this regard, five companies benefited from technical assistance funding, which provided assistance for marketing, training- both local and overseas, accounting services, and the development of promotional materials. Companies were also encouraged to participate in seminars and conferences from which they could benefit and which would contribute to the development of their businesses. One incubatee is currently participating in the Corporation's **Export Readiness Training Programme**. Marketing plans were developed for two companies and these were produced in close collaboration with the companies.

During the year, 2 companies relocated from the Incubator. One company, involved in Information Technology, moved to rural Barbados and continues to expand both in terms of employment and clients. The other company is reinventing itself, since its franchise partnership experienced difficulties which resulted in the suspension of operations. One new

company joined the programme and is involved in the manufacture of skin care products using natural inputs.

At the end of March 2013, 13 companies occupying 15 units remained in the resident programme, along with four virtual incubatees. It should be noted, that approximately 70% of the resident companies have been in the programme in excess of five years. The BIDC is therefore in the process of identifying alternative accommodation to assist with the relocation of these companies, most of which have been experiencing difficulty in accessing suitable and affordable accommodation.

Despite the challenges resulting from the economic downturn, incubated companies have been able to maintain their viability through the introduction of a number of survival strategies. Hence the companies have engaged in diversifying their products and services, pursuing export opportunities, developing new products and services in an effort to attract new clients.

## CRAFT DEVELOPMENT

Craft development activities were accelerated this year with several new initiatives undertaken. One of the major things on the agenda was the commencement of discussions with Colombia and Argentina through the Embassy of Barbados in Caracas on technical cooperation projects aimed at strengthening Barbados' creative industries.

The talks between Barbados and Colombia were advanced with officials from the **South-South Cooperation Department of the Ministry of External Relations of Colombia, the National Service of Learning (SENA) and the Artesanias de Colombia Corporation** on a project intended to position the creative sector to contribute to Barbados' national goal of increased exports by strengthening and expanding the technical skills of artisans, jewelers and leather workers. It should also advance product development among them by exploring more creative uses of local organic materials, enhancing production and finishing techniques.

In the month of August, 44 persons graduated from a leather crafts course organized by the BIDC. During the four-week training, participants were exposed to the rudiments of sandal, belt, wristband production and multimedia techniques. This effort coincided with the launch of the

**Leather Studio project**, intended to hone the skills of more advanced artisans in producing high quality leathercraft. Six businesses are currently enrolled in this cluster.

The BIDC, in a complementary project, has been investigating the value-added components of the Blackbelly Sheep industry. The BIDC's vision is to see a Geographical Indicator (GI) designation or certification mark for the Blackbelly Sheep, the production of leather from the sheepskins and the launch of a high-end, high-quality leather collection.

The project, officially launched on February 14, 2013, at the Pelican Craft Centre, Princess Alice Highway, will seek to cover all aspects of the industry from husbandry and the supply of inputs to the creation of value added commodities such as leather, jewellery, and spa products. **The Inter-American Institute for Cooperation on Agriculture (IICA)**, with the funding from **Canada's Department of Foreign Affairs and International Trade**, and support from the BIDC and the **Barbados Sheep and Goat Producers Association (BSGA)**, has dedicated \$100,000 to the project, with the aim of sensitizing, training and providing mentorship opportunities for youth interested in the Blackbelly Sheep industry. At the end of the project, it is expected that young farmers/entrepreneurs will be better informed and prepared to invest in the industry as a profitable business venture.

With respect to the advancement of jewellery making skills on the island, the BIDC has been facilitating Fabric & Copper Jewellery-Making classes at the **Irving Wilson School** and has witnessed a heartening and enthusiastic response from participants. As part of the training, the students were invited to spend a day at the Pelican Craft Centre. This visit was specifically purposed to expose the students to artisans within the Centre and intended to demonstrate to the students the commercial viability of the jewellery-making trade; as well as stimulate their thoughts to the financial feasibility of starting their own business. Outside of the school, jewellery artistes were awarded technical assistance to improve training and to facilitate marketing and product development.

Other specific sector development initiatives undertaken through the year were aimed at the pottery and fibre-craft segments. As part of the ongoing pottery revitalization initiative, kilns were installed at **the Lodge School** as well as the **Ann Hill School** and two others were presented



to two potters **Joseph (Isef) Kellman** and **Jonathan Springer** operating from Chalky Mount. These kilns were produced and sourced from the local **Red Clay Pottery** and have contributed significantly to the output and efficiency of the recipients. To assess the development needs of the basketry and straw craft subsector, the Craft Development Unit organized consultative sessions. This call to artisans triggered much interest from the public with 13 fibrecraft artisans volunteering to be a part of the initiative.

The BIDC recommended two straw work artisans, **Roslyn Watson** and **Frank Watson** for the **UNESCO Award of Excellence in Crafts**. Coconut Rib Mats by Roslyn Watson and Cabbage Bark Waste Basket by Frank Watson were submitted along with completed application forms, a CD of images and artisan bios. **Roslyn Watson** was eventually honoured with the Award.

When **FOROMIC XV**, the region's leading forum for supporting and financing microenterprises, SMEs, and small farmers in Latin America and the Caribbean, came to the Caribbean for the first time in its 14-year history, it presented somewhat of a challenge and at the same time, an opportunity for Barbadian artisans. The challenge was to find an innovative way to present unconventional Barbadian craft and souvenirs to the hundreds of visiting conference delegates. The opportunity came in a window for local artisans to showcase their work to many from across the region.

The BIDC, as one of the organisations taking a lead role in hosting the conference, seized the opportunity to push the work of several Barbadian entrepreneurs in the crafts and condiments sectors. And success of the initiative augurs well for the 16 artisans whose products have now made entry into the more than 35 countries from which seminar participants originated.

The BIDC was instrumental in showcasing some of Barbados' successful entrepreneurs by organizing visits by delegates to their workshops and in selecting some of them as exhibitors during the event. The Corporation's participation in the organisation of the crafts fair and activities for the Barbados/Caribbean Day also created further opportunities for putting Barbadian producers in the spotlight.



Officials celebrate the official launch of the collaborative Blackbelly Sheep project with the unveiling of the logo.



The Blackbelly Sheep was the center of attention during the project launch.



FOROMIC XV allowed several entrepreneurs to showcase their products.



The completed FOROMIC mosaic was conceptualised by the BIDC and produced by seven artisans.

The stunning logo mosaic which greeted delegates at the Lloyd Erskine Sandiford Centre (LESC) from October 1-3, 2012, was also the result of efforts by the BIDC to push the work of local artisans.

The Mosaic, a medley of hand-crafted individual magnets, was conceptualized by the BIDC's Design unit, which also orchestrated the design and production among the seven artisans who were required to render the FOROMIC logo icon in their respective media of clay, glazed clay, glass, wood, paper and fabric. The BIDC also used the forum to honour some of the masters of local craft. In its drive to create champions in the sector, the BIDC initiated a new award - "**Living Treasures - Masters of Barbadian Crafts**" and honoured crafts stalwart **Diane Bourne-Daniel** with the first award. This award was presented at the **FOROMIC** conference, October 2012.

Other efforts to create greater visibility for the artisan's work included facilitation of product exhibits at major events on the national calendar. One such event was the **Mexico - CARICOM Conference** hosted at the Hilton Hotel. A craft market was set up for 11 artisans in the hotel's foyer, where Conference delegates, Hilton in house guest and visitors to the hotel were able to see the craftsmanship of Barbados and purchase products.

Efforts also extended to continuation of the **Barbados Arts and Crafts Experience**, collaboration with the **Ministry of Tourism**, where visitors

get the opportunity to interact with artisans in their studios and even create their own pieces. The Craft Development Unit also continued to collaborate with the **Grantley Adams International Airport (GAIA)** to maintain craft displays in the passenger lounges. Participating artisans have reported sales from the exposure. At the Pelican Craft Centre, the annual **Dooflicky** of music, dance, entertainment and cuisine was hosted as part of the promotional activities to drive traffic to that location. To encourage the purchase of unique Barbadian-inspired gifts, a **This Christmas Make It Pelican Promotion** was also launched with success.

## EXPORT DEVELOPMENT AND PROMOTION

As the champion of the national effort to promote the export of Barbadian goods and services, the BIDC this year placed considerable emphasis on the exploration of new markets and sales expansion initiatives. With the transfer of the mandate for services exports from Invest Barbados to the BIDC, effective July 2, 2012 a new plan of action had to be developed. One of the first initiatives undertaken was the organization of a three-day workshop designed, in collaboration with the Barbados Coalition of Services Industries (BCSI) to educate existing and potential clients about the BIDC's export development and promotion services. Participants, drawn from the music, ICT and professional services sectors, were not only taken through the suite of services available but were also informed about the operational processes and qualifying criterion determining qualification for assistance. Services exporters now benefit from the full suite of export development and promotion services which BIDC offers to manufacturing companies. These include technical assistance, advisory services, export marketing and assistance in accessing funding from other agencies.

The Corporation has earmarked certain sectors for priority, namely, Creative Industries (Film, Fashion and Entertainment), Professional services (Engineering, Architecture, Consulting Services, etc.), Health and Wellness services, ICT services, Construction services and Education services. These sectors are considered to have high potential for growth and foreign exchange earnings.

With respect to the export development of products, a major part of this year's work was aimed at increasing the visibility of Barbadian brands in key export markets of the USA, UK, Canada and CARICOM.



As a result of these efforts, Barbados was able to report an expansion in export sales during the review period. The 44 companies monitored within the Corporation's Export Expansion Programme reported results relatively in line with those obtained in the previous year. This period saw quarterly fluctuations in exports by major companies within this grouping. Exports under the project grew marginally by 0.77%, coming in at BDS\$ 247.9 million, as compared to BDS\$246 million in the previous year.

Overall, the value of domestic exports rose by 13.8% to BDS\$549.7 million between April 2012 and March 2013, compared to BDS\$525.3 million recorded over the same period of 2011/12.

Food and beverages generated the highest proportion of exports, accounting for 22.9%. Rum sales represented a 13.7% share of domestic exports despite a 7% decline in sales.

Growth was recorded in major product segments such as flour which grew by 64.1% to BDS\$8.5 million, paper products where sales expanded by 28.2% to reach BDS\$4.4 million, spices and condiments where sales rose by 10.4%. Increased export sales were also registered within the non-traditional export categories of paints and varnishes which grew 4.5%; margarine and lard products which were up by 4.8%; and non-alcoholic beverages where sales increased 0.6%.

In general, a positive performance was noted among Barbados' major trading partners during the fiscal period with expansions in sales more than compensating for any falloffs. The US, despite a falloff in sales previously measured at BDS\$110.1 million, emerged the country's largest extra-regional trading partner with sales coming in at BDS\$94.9 million. The EU which previously held that rank, fell to third place with exports declining from BDS\$117.1 million to BDS\$67.1 million. Exports to CARICOM grew substantially from BDS\$204.4 million to BDS\$266.5 million and those to Canada expanded from BDS\$16.9 million to BDS\$21.6 million. The value of shipments to other countries also increased significantly from BDS\$71.3 million to BDS\$96 million at the end of the fiscal period.

CARICOM remained Barbados' largest export market during the period, accounting for 48.4% of total domestic exports. This was up from the 38.8% share noted in the previous year. Exports to the EU fell most significantly from 22.3% of total export shipments to 12.2% and those to the US fell from



Visitors to the BNC get some information on BIDC's services.



Pete Martin promotes products of Barbados.



Visitors to the BNC get some information on BIDC's services.



Artistes Rupee and Red Plastic Bag share the MIDEM experience along with CEO Leroy McClean.

20.9% to 17.3%. Increased shipments to other markets moved from 13.6% to 17.5% and those to Canada grew slightly from 3.2% to account for 3.9% of sales. Exports to the Latin America trading bloc constituted just 0.6% of foreign shipments, down from 1.1% in the previous year.

Perhaps the most significant achievement in export development efforts was realised through the Corporation's **Market Development Programme**. This programme is intended to broaden the ethnic base in the Diaspora and to take some market share into the mainstream markets. The programme uses in-country market representatives and a principal importer to introduce Barbadian products in new markets and utilises a number of strategies including niche marketing, branding, certification and the attainment of quality standards in helping manufacturers capitalise on potential export sales. Some tools engaged are in-store promotions and food and beverage sampling, advertising, promotions at strategic consumer and industry shows, provision of promotional materials and client education. The major promotional activities undertaken in these markets this year, included exhibiting Barbadian products collectively at several industry/consumer and other trade shows and exhibitions; involvement in various diaspora targeted events and the placement of advertisements in strategic publications.

At the end of the period under review, exports under the programme grew by 5% from BDS\$7.7 million to BDS\$8.1 million.

UK export sales under the programme came in at BDS\$1.5 million as compared to BDS\$1.1 million at the end of March 2012. Within the UK, the [www.tasteofbarbados.co.uk](http://www.tasteofbarbados.co.uk) website project proved an important addition to this programme, as it provides sales and promotional opportunities for all of the smaller, specialist Barbadian food, drink, art and craft manufacturer that major importers may be unable or unwilling to carry. By adding this outlet to the product range, almost every Barbadian product under the programme now has the opportunity to export to the UK.

There was also some growth registered in the Canadian market. Exports to Canada under the programme increased from BDS\$ 381,565 to BDS\$471,340. The BIDC's participation in the 2013 Good Food Festival held at the Direct Energy Centre, Downtown Toronto, also helped in pushing market sales. The products displayed and sampled were Mauby,

Kick energy drink, Shirley biscuits, Eclipse and Soda biscuits, Kola Tonic, Sorrel Syrup, Pepper Sauces, Chopped Seasonings, Rum Cakes, Glow Spread and Mello Kreem, Jams, Jellies, Golden Apple and Mango Chutneys, Curry Cream, Malt, Plus and Coconut Coolers. The festival had an increased number of exhibitors with approximately 32,000 persons passing through the show. The products were very well received and captured the interest of three new distributors.

Exports under the US Market Development Programme declined 2.2% from BDS\$6.2 million to BDS\$ 6.1 million. Notwithstanding the narrow falloff, the Food and beverages sector still seems to be holding its own for the most part across the US.

Outside of the Market Development Programme, the Corporation has been concentrating on expanding the distribution of Barbadian products into the Southern USA, with a view to penetrating southern cities with Barbadian products. Discussions re-commenced with an independent store which has shown interest in some specific products.

<b>PENETRATING NEW MARKETS</b>		
<b>EXPORTS UNDER THE MARKET DEVELOPMENT PROGRAMME (BDS\$)</b>		
<b>MARKETS</b>	<b>2011/2012</b>	<b>2011/2013</b>
USA	6,234,343.51	6,096,088.53
UK	1,146,823.74	1,513,702.53
CANADA	381,565.22	471,340.00
<b>Total</b>	<b>7,762,732.47</b>	<b>8,081,131.06</b>

Source: Barbados Investment and Development Corporation

## CAPACITY BUILDING

As part of its capacity building effort, The BIDC implemented an Export Readiness programme in the second quarter of 2011, with a view to achieving the following objectives:

- Enhancing the level of management expertise available within the ranks of the SME manufacturing community.
- Increasing the number of manufacturing practitioners in this economy, who have been trained and who have the expertise to conceive and execute "Export Marketing Plans".
- Providing practical export marketing experiences, to a number of post graduate students who are enrolled in management programmes at UWI, Cave Hill. (Replication of this training method increases the number of trained persons available for industry).
- Increasing our annual exports by increasing the number of companies which are actually exporting.

During this financial year, the programme continued with the involvement of twelve companies. Five training sessions were completed, covering subjects such as Financial Management, Negotiation and Contract Tips, Documentation for Internalization, and Industrial Health & Safety.

The Corporation's Export Development and Promotion team facilitated 366 client visits to exporters during the year. These visits were aimed largely at medium and large exporters and entities with export potential. The visits also formed part of the exporters audit from which information derived will be used to guide future programmes of assistance.

## SELECTED DOMESTIC EXPORTS

Fiscal Years 2011/12 and 2012/13

SELECTED EXPORTS	2011/12 <sup>R</sup>	2012/13 <sup>P</sup>	% Change	% of Total Domestic Exports
	\$BDS	\$BDS		
Electronic Components	18,978,136	13,606,498	-28.30	2.48
Soaps & Detergents	1,071,859	984,314	-8.17	0.18
Insecticides, Fungicides & Disinfectants	17,413,753	15,981,260	-8.23	2.91
Portland Cement	23,978,664	22,072,002	-7.95	4.01
Garments	637,953	586,150	-8.12	0.11
Paints & Varnishes	9,454,033	9,878,957	4.49	1.80
Metal Cans (cap. < 50 L)	10,725,196	8,540,243	-20.37	1.55
Hand Tools	546,005	364,162	-33.30	0.07
Paper Products	3,475,545	4,455,793	28.20	0.81
Printed Material	24,965,912	23,316,757	-6.61	4.24
Biscuits	15,275,752	14,733,403	-3.55	2.68
Margarine/Lard	19,782,457	20,736,024	4.82	3.77
Flour	5,212,257	8,554,541	64.12	1.56
Spices and Condiments	583,983	644,765	10.41	0.12
Non-alcoholic Beverages	3,044,142	3,064,494	0.67	0.56
Sugar	21,851,717	21,749,323	-0.47	3.96
Rum	81,430,550	75,718,497	-7.01	13.77
Other Foods & Beverages	130,141,425	126,004,048	-3.18	22.92
Furniture and Parts thereof	2,575,470	704,750	-72.64	0.13
Windows and Doors	5,217,178	4,312,017	-17.35	0.78
<b>SELECTED EXPORTS</b>	<b>396,361,987</b>	<b>376,007,998</b>	<b>-5.14</b>	
<b>DOMESTIC EXPORTS</b>	<b>525,315,280</b>	<b>549,748,591</b>	<b>13.80</b>	
<b>SELECTED EXPORTS AS % OF DOMESTIC EXPORTS</b>	<b>75.45</b>	<b>68.40</b>	<b>10.32</b>	

<sup>R</sup> Revised <sup>P</sup> Provisional

Source: Barbados Statistical Service

## DOMESTIC EXPORTS TO CARICOM

Fiscal Years 2011/12 and 2012/13

CARICOM MARKETS	2011/12 <sup>R</sup> \$ BDS	2012/13 <sup>P</sup> \$ BDS	% Change
ANTIGUA	13,673,750	15,079,517	10.28
BELIZE	2,974,615	2,437,250	-18.07
DOMINICA	5,882,077	6,437,598	9.44
GRENADA	15,823,722	14,568,359	-7.93
GUYANA	27,900,728	30,982,740	11.05
JAMAICA	28,487,015	30,070,702	5.56
MONTserrat	353,754	457,480	29.32
ST. KITTS/NEVIS	6,009,067	6,678,184	11.14
ST. LUCIA	32,358,266	34,166,347	5.59
ST.VINCENT	19,281,561	18,241,422	-5.39
SURINAME	6,638,268	9,227,022	39.00
TRINIDAD & TOB	44,663,976	98,194,803	119.85
<b>TOTAL</b>	<b>204,046,799</b>	<b>266,541,424</b>	<b>30.63</b>

<sup>R</sup> - Revised <sup>P</sup> - Provisional

Source: Barbados Statistical Service

## DOMESTIC EXPORTS TO MAJOR MARKETS

Fiscal Years 2011/12 and 2012/13

MARKETS	2011/12 <sup>R</sup> \$ BDS	% Share	2012/13 <sup>P</sup> \$ BDS	% Share
CARICOM	204,046,799	38.84	266,541,424	48.48
USA	110,106,034	20.96	94,991,595	17.28
Canada	16,975,102	3.23	21,665,462	3.94
EU	117,056,841	22.28	67,127,184	12.21
Latin America	5,762,077	1.10	3,411,367	0.62
Other	71,368,427	13.59	96,011,559	17.46
<b>TOTAL</b>	<b>525,315,280</b>	<b>100.00</b>	<b>549,748,591</b>	<b>100.00</b>

<sup>R</sup> - Revised <sup>P</sup> - Provisional

Source: Barbados Statistical Service



## EXPORT CERTIFICATION

The BIDC is the certifying authority for exports claiming preferential treatment under a number of Trade Agreements (TA). Certificates of Origin relating to the following Agreements are authorised daily at the Corporation's Head office: CARICOM, CARIBCAN, CBI, GSP, CARICOM / Venezuela/ Colombia /Cuba /Dominican Republic /Costa Rica. Exports to the European Union (EU) are certified by the Customs and Excise Department, in accordance with the CARICOM Economic Partnership Agreement (EPA) with the EU.

DOMESTIC EXPORTS UNDER TRADE AGREEMENTS (BDS\$)		
PARTNER	2011/12	2012/13
CARICOM	239,018,464	239,558,033
Costa Rica	72,508	74,953
Colombia	72,900	84,177
Cuba	0	0
Dominican Republic	4,403,263	2,876,283
Venezuela	235,625	470,667
<b>TOTAL VALUE OF GOODS CERTIFIED</b>	<b>248,843,969</b>	<b>243,064,113</b>

Source: Barbados Investment and Development Corporation

## NEW MARKET INITIATIVES

During the period under review, new market exploration saw the corporation executing a trade mission to St. Vincent and the Grenadines. Twelve companies participated in the mission. Significant attention was also dedicated to follow-up on contacts made in the markets of Panama and Costa Rica as well as Martinique and Guadeloupe, during the previous year. In addition, plans were being advanced for preliminary market research to be conducted in Brazil in support of a Political/Commercial mission.

On the services side, the BIDC participated in two major promotional events related to music and business process outsourcing. Barbados'

participation in MIDEM was in fact touted the most fruitful since first attending this event five years ago. It has now positioned some of the island's best in the creative industries to capitalize on an abundance of opportunities and possibilities. MIDEM, **the Marché International du Disque et de l'Édition Musicale**, brings together leading executives, decision-makers and people of influence, making it the place to do business for music.

Participation in MIDEM was aimed at improving Barbados' global market reach, creating promotional opportunities which can result in international collaborations, and increasing visibility and international exposure for Barbadian music professionals. It was also intended to raise the profile of Barbados in the international market as a source of talent, with excellent professional recording facilities, as well as a source for high-quality music production services and artiste management services. The six Barbadian artistes who attended the international music conference and trade show in Cannes, France, January 26-29, 2013 reported that they were now better placed to increase foreign exchange earnings through negotiated contracts for publishing, distribution, licensing and related activities.

Attendance at the **Latin America and the Caribbean Outsourcing and Offshoring Forum (Outsource2LAC 2012)** held in Medellín, Colombia, December 5-6, 2012, showcased Barbados' services industries offerings and allowed for networking with representatives from most of the Trade Promotion Organisations in Latin America and the Caribbean. The Barbados delegation benefited tremendously from the business networking and conference sessions, which focused on presenting major trends in the global services industry to identify existing opportunities and propose strategies for the growth and sustainable development of the sector. Four Barbadian companies drawn from legal services, consulting services, architectural services, ICT and business solutions, got the opportunity to meet high-level executives from Latin America, the Caribbean, Asia, Europe, and the United States, along with official representatives of the Government of Colombia, who participated in the different thematic discussion sessions, all aimed at supporting small and medium enterprises in the services sector in their search for new markets. Outsource2LAC included a business conference with potential buyers and investors.

Throughout the coming months, efforts will continue to be concentrated on new market exploration and promotion, supported by market research, education and funding for new product development. We will continue to provide support to all exporters but do realize that companies with the capacity to supply will have less difficulty penetrating new markets. Our goal will be to grow and develop companies into entities which can take on the challenges of exporting, and pursue new market niches.

## TECHNICAL ASSISTANCE

Financial support to local businesses continued during the fiscal year through the Corporation's Special Technical Assistance Programme (STAP). During the period April 2012 to March 2013, BDS\$1.5 million was disbursed from the STAP fund. Though some 20.4% below the level of assistance offered in the previous year, the funding proved critical in maintaining the viability and competitiveness of Barbadian companies. Sixty companies received assistance, the majority operating within the food, beverages and tobacco and textiles, apparel and leather segments.

Requests for equipment, systems and process upgrades was the single

largest segment of demand, attracting 36.7% of funds disbursed this year. Support was also offered to fund marketing (23.5%), international standards certification (3%), training to support productivity improvement (1.4%), the enhancement programmes for craft development as well as programmes of the Barbados Manufacturers Association (BMA) (10%). Disbursements this year brought the total value of assistance provided by the fund since inception to BDS\$40 million.

## STRATEGIC PARTNERSHIPS

The BIDC continued to involve relevant umbrella organizations and industry partners in various promotional and developmental initiatives either through joint staging of events or through consultations. Several collaborative efforts in key areas of export development, enterprise development, innovation, research and business intelligence and product development were undertaken.

Through the year, numerous initiatives were undertaken in the following areas:

AREA OF COOPERATION	STRATEGIC PARTNERS
Agro-processing	Barbados Agricultural Development and Marketing Corporation
Innovation through Science & Technology	University of the West Indies, National Council for Science and Technology
Manufacturing	Barbados Manufacturers Association
Renewable Energy	Producers, Barbados National Oil Company Limited, Barbados Renewable Energy Association
Access to funds for SMEs	Funding Agencies
Trade Promotion	Caribbean Export and Development Agency
Business Support	Small Business Association, Barbados Chamber of Commerce, Barbados Entrepreneurship Foundation, Barbados Hotel & Tourism Association, Barbados Tourism Authority, Barbados Coalition of Services Industries
Government	CIEX, Ministries of Foreign Affairs & Foreign Trade, Agriculture, Food & Fisheries



US Ambassador Larry Palmer (right) accepts a gift from CEO Leroy McClean on his visit to the BIDC.



President of the BMA, David Foster and Executive Director Bobbi McKay visit CEO Leroy McClean.

# Financial Statements

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Bridgetown, Barbados

# Auditors' Report

## To the Board of Directors of Barbados Investment and Development Corporation

We have audited the accompanying consolidated financial statements of the Barbados Investment and Development Corporation (the "Corporation"), which comprise the consolidated statement of financial position as at March 31, 2013, the consolidated statements of changes in equity, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

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

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

### Opinion

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

Chartered Accountants  
Bridgetown, Barbados  
February 12, 2014



# Consolidated Statement of Financial Position

For the year ended March 31, 2013  
with comparative figures for 2012  
(Expressed in Barbados dollars)

	2013	2012
<b>Assets</b>		
Current Assets		
Cash and cash equivalents (note 4)	\$ 11,901,794	9,596,787
Accounts receivable (note 5)	5,752,109	2,948,369
Investments (note 6)	15,640	15,640
Staff loans	100,225	134,123
Inventory	57,560	77,639
Asset held for sale (note 7)	-	486,229
Prepaid expenses	93,898	82,314
	<u>17,921,226</u>	<u>13,341,101</u>
Non-current Assets		
Staff loans	245,617	250,074
Sinking fund investment (note 8)	13,050,660	10,564,262
Development projects (note 9)	104,539,618	104,857,019
Property and equipment (note 10)	2,028,229	1,840,064
	<u>119,864,124</u>	<u>117,511,419</u>
<b>Total Assets</b>	<b>\$ <u>137,785,350</u></b>	<b><u>130,852,520</u></b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 11,096,868	8,577,409
Deposit on land (note 7)	-	230,000
	<u>11,096,868</u>	<u>8,807,409</u>
<b>Non-current Liabilities</b>		
Long term debt (note 11)	37,952,500	37,952,500
Deferred capital grants (note 12)	50,538,439	52,926,649
Special Technical Assistance Fund (note 13)	8,321,080	7,808,474
	<u>107,908,887</u>	<u>107,495,032</u>
<b>Equity</b>		
Capital contributed by Government of Barbados (note 14)	7,504,087	7,504,087
Fair value reserve	9,183	9,183
Sinking Fund (note 8)	13,050,660	10,564,262
Accumulated excess of revenue over expenditure	9,312,533	5,279,956
	<u>29,876,463</u>	<u>23,357,488</u>
<b>Total Liabilities and Equity</b>	<b>\$ <u>137,785,350</u></b>	<b><u>130,852,520</u></b>
See accompanying notes to consolidated financial statements.		

Approved on behalf of the Board: ..... Director ..... Director

# Consolidated Statement of Changes in Equity

For the year ended March 31, 2013  
with comparative figures for 2012  
(Expressed in Barbados dollars)

	Capital Contribution by Government of Barbados	Fair Value reserve	Sinking fund	Minority interest	Accumulated excess of revenue over expenditure	Total
Balance - March 31, 2011	\$ 7,504,087	9,183	8,072,200	-	7,768,682	23,354,152
Excess of expenditure over revenue for the year	-	-	-	(26,172)	(185,404)	(211,576)
Appropriation to sinking fund (note 8)	-	-	2,277,150	-	(2,277,150)	-
Interest earned on amounts invested (note 8)	-	-	214,912	-	-	214,912
Amount transferred to retained earnings	-	-	-	26,172	(26,172)	-
Balance - March 31, 2012	7,504,087	9,183	10,564,262	-	5,279,956	23,357,488
Excess of ( expenditure over revenue) revenue over expenditure for the year	-	-	-	(28,313)	6,338,040	6,309,727
Appropriation to sinking fund (note 8)-	-	2,277,150	-	(2,277,150)	-	-
Interest earned on amounts invested (note 8)	-	-	209,248	-	-	209,248
Amount transferred to retained earnings	-	-	-	28,313	(28,313)	-
Balance - March 31, 2013	<u>\$7,504,087</u>	<u>9,183</u>	<u>13,050,660</u>	<u>-</u>	<u>9,312,533</u>	<u>29,876,463</u>

See accompanying notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended March 31, 2013  
with comparative figures for 2012  
(Expressed in Barbados dollars)

	<b>2013</b>	<b>2012</b>
<b>Revenue</b>		
Factory space rental	\$ 10,214,406	10,824,070
Retail gross profit (note 15)	102,296	141,801
Other revenue (note 16)	<u>486,013</u>	<u>835,785</u>
	10,802,715	11,801,656
Revenue grant (note 17)	14,893,022	11,642,831
Gain on disposal of plant and equipment	24,091	109
Gain (loss) on disposal of development projects (notes 7 & 18)	<u>3,932,987</u>	<u>(15,446)</u>
	<u>29,652,815</u>	<u>23,429,150</u>
<b>Expenditure</b>		
Industrial estates	9,700,737	10,202,428
Administration (note 19)	10,105,632	9,575,040
Industrial and training grants	197,711	200,416
Bad debts	1,748,496	2,021,529
Interest expense	<u>19,386</u>	<u>21,334</u>
	<u>21,771,962</u>	<u>22,020,747</u>
<b>Excess of revenue over expenditure before the following items</b>	7,880,853	1,408,403
Depreciation (notes 9 & 10)	(3,959,336)	(4,008,189)
Amortisation of capital grants (note 12)	<u>2,388,210</u>	<u>2,388,210</u>
<b>Excess of revenue over expenditure (expenditure over revenue), being comprehensive income (loss) for the year</b>	<u>\$6,309,727</u>	<u>(211,576)</u>
<b>Attributable to:</b>		
Equity holder of the parent	\$ 6,338,040	(185,404)
Minority Interest	<u>(28,313)</u>	<u>(26,172)</u>
<b>Excess of revenue over expenditure (expenditure over revenue), being comprehensive income (loss) for the year</b>	<u>\$ 6,309,727</u>	<u>(211,576)</u>

See accompanying notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

As at March 31, 2013  
with comparative figures for 2012  
(Expressed in Barbados dollars)

	2013	2012
<b>Cash flows from operating activities</b>		
Excess revenue over expenditure (expenditure over revenue) for the year	\$ 6,309,727	(211,576)
Adjustments for:		
Depreciation	3,959,336	4,008,189
Amortisation of capital grants	(2,388,210)	(2,388,210)
Gain on disposal of development projects and asset held for sale	(3,932,987)	(15,446)
Gain on disposal of plant and equipment	(24,091)	(109)
Interest income	(242,345)	(26,831)
Interest expense	19,386	21,334
	<hr/>	<hr/>
<b>Operating income before working capital changes</b>	3,700,816	1,387,351
Increase in accounts receivable	(2,803,740)	(1,879,450)
Decrease( increase) in inventory	20,079	(10,821)
Decrease (increase) in staff loans	38,355	(50,123)
(Increase) decrease in prepaid expenses	(11,584)	1,607
Increase in accounts payable and accrued liabilities	2,519,459	640,654
	<hr/>	<hr/>
Cash generated from operations	3,463,385	89,218
Interest paid	(19,386)	(21,334)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	3,443,999	67,884
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Deposit on land	(230,000)	230,000
Purchase of sinking fund investments	(2,277,150)	(2,277,150)
Additions to development projects	(3,934,234)	(3,091,331)
Additions to property and equipment	(363,007)	(173,540)
Proceeds on disposal of property and equipment	24,091	387
Proceeds on disposal of development projects	4,886,357	15,446
Interest received	242,345	26,831
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(1,651,598)	(5,269,357)
	<hr/>	<hr/>
Cash flows from financing activities		
Increase in Special Technical Assistance Fund (net)	512,606	1,617,688
Long term loan instalments paid	-	(10,275)
	<hr/>	<hr/>

# Consolidated Statement of Cash Flows

As at March 31, 2013  
with comparative figures for 2012  
(Expressed in Barbados dollars)

	<b>2013</b>	<b>2012</b>
<b>Net cash from financing activities</b>	<u>512,606</u>	<u>1,607,413</u>
Net increase (decrease) in cash and cash equivalents	2,305,007	(3,594,060)
Cash and cash equivalents - beginning of year	<u>9,596,787</u>	<u>13,190,847</u>
Cash and cash equivalents - end of year (note 4)	\$ <u>11,901,794</u>	<u>9,596,787</u>
Represented by:		
Cash and cash equivalents	\$ <u>11,901,794</u>	<u>9,596,787</u>

See accompanying notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 1. Principal activity and principal place of business

The Corporation was established under the Barbados Investment and Development Corporation Act 1992-30 for the purpose of developing Barbados' industrial, off-shore financial, export and other related activities. The consolidated financial statements for the year ended March 31, 2013 comprise the corporation and its subsidiaries.

The Corporation's subsidiary, Islandcrafts (Barbados) Inc. was incorporated under the Companies Act of Barbados on September 03, 1998, and commenced operations on April 19, 1999. The principal activity of the subsidiary is the sale and marketing of indigenous handicraft items. The Corporation's subsidiary, Newton Business Park Project Company Limited, was incorporated on June 12, 2001 as the Special Purpose Vehicle Company established under a Build Own Transfer (BOT) arrangement set up to carry out construction works at the Newton Business Park Project – Phase 1.

The Corporation's principal place of business is located at Princess Alice Highway, St. Michael.

## 2. Significant accounting policies

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). These consolidated financial statements were approved by the Board of Directors on February 12, 2014.

The accounting policies adopted by the Corporation are consistent with those of the previous financial year and have been applied consistently by the Group entities. These are as follows:

### (a) Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis.

### (b) Functional and presentation currency

These consolidated financial statements are prepared in Barbados dollars which is the Corporation's functional currency. All financial information presented in Barbados dollars has been rounded to the nearest dollar.

### (c) Use of estimates and adjustments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditure during the year. Actual results could differ significantly from those reported.

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.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 2. Significant accounting policies, continued

### (d) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### (ii) Transactions eliminated on consolidation

Intragroup (corporation and subsidiary) balances and transactions, and any unrealised losses on income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

### (e) Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held at call with other banks with original maturities of ninety days or less.

### (f) Revenue recognition

Revenue from factory space rental and related interest charges is recognised on an accrual basis. Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer.

Other revenue is recognised at the point of delivery of the service.

### (g) Property and equipment and development projects

Property and equipment and development projects are stated at cost less accumulated depreciation and impairment losses. Depreciation on property and equipment and development projects is provided on the straight line method at rates which are calculated to write the assets off over their expected useful lives as follows:

Buildings	2.5% per annum
Furniture and fittings	10% per annum
Computer hardware	33.3% per annum
Computer software	100% per annum
Machinery and equipment	10% per annum
Vehicles	20% per annum

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

Assets taken over from the former BIDC and the former BEPC are being depreciated over their remaining useful lives.

Building repair and maintenance costs are charged to current operations and the cost of improvements capitalised.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 2. Significant accounting policies, continued

### (h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the first-in-first-out method.

### (i) 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 for capital expenditure are treated as deferred grants and amortised over the useful life of the assets purchased with grant funds. (See note 12)

### (j) Capitalisation of interest

Interest on loans obtained for the construction of development projects is capitalised during the period of construction.

### (k) Pension scheme

The Corporation operates a fully insured purchased annuity pension scheme for certain of its employees. The scheme takes the form of a defined contribution pension scheme. Pension costs are accounted for on the basis of contributions payable in the year. (See note 20)

### (l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income (loss).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

### (m) Accounts receivable

Tenants' rent receivables are carried at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts at the year end. The provision for doubtful receivables is based on the specific identification of doubtful receivables. Additions to the provision are charged to current operations. As receivables become uncollectible they are written off against the provision.

### (n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. They are subsequently stated at amortised cost with any difference between cost and redemption value recognised in the statement of comprehensive income over the period of the borrowing on an effective interest basis.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 2. Significant accounting policies, continued

### (o) Investments

The Corporation's investments in equity are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

### (p) Employee benefits

Employee entitlements to annual leave, gratuities and sick pay are recognised when they accrue to employees. A provision is made for the estimated liability for these entitlements as a result of services rendered by employees up to the reporting date. Other entitlements such as salaries and national insurance scheme contributions are recognised as a liability when earned by employees, net of payments made, and charged as an expense.

### (q) 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 are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Leases are further disclosed in note 24.

### (r) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

#### (i) Financial assets

The Corporation classifies its financial assets in the following categories: cash and cash equivalents, accounts receivable, investments and staff loans. 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.

#### (ii) Financial liabilities

The Corporation's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: accounts payable and accrued liabilities and long term debt.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 2. Significant accounting policies, continued

### (s) Related parties

A party is related to the Corporation, if:

(i) directly, or indirectly through one or more intermediaries, the party:

- is controlled by, or is under common control with, the Corporation (this includes parents, subsidiaries and fellow subsidiaries);
- has a direct or indirect interest in the Corporation that gives it significant influence; or
- has joint control over the Corporation;

(ii) the party is an associate of the Corporation;

(iii) the party is a joint venture or a partnership in which the Corporation is a venturer or a partner;

(iv) the party is a member of the key management personnel of the Corporation or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Corporation, or entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Corporation has a related party relationship with its directors, related companies, other group companies and affiliated parties controlled by its directors, senior officers, executives and significant shareholders of the parent Corporation. "Key management personnel" represents certain senior officers of the Corporation.

### (t) New standards and interpretations not yet adopted

None of the new IFRS, and interpretations of amendments to existing standards which were in issue and came into effect for the current financial year were considered relevant to the Corporation.

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended March 31, 2013, and have not been applied in preparing these consolidated financial statements. None of these will have any effect on the consolidated financial statements of the Corporation.



# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 3. Determination of fair values

A number of the corporation's accounting policies and disclosures require the determination of fair value, for its financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables:

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Non-derivative financial liabilities:

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

## 4. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise:

	<b>2013</b>	<b>2012</b>
Cash and bank balances	\$ 10,890,811	8,613,859
Bank term deposits	<u>1,010,983</u>	<u>982,928</u>
	<u>\$ 11,901,794</u>	<u>9,596,787</u>

The following restrictions have been placed on certain bank and term deposit accounts:

- a) two of the current accounts amounting to \$5,482,207 (2012: \$4,881,595) have been restricted to provide special technical assistance to the manufacturing sector.
- b) one of the current accounts amounting to \$217,915 (2012: \$186,982) has been restricted to capital projects.
- c) the car loan revolving account amounting to \$287,177 (2012: \$269,068) has been restricted to car loans.

The short term deposits earn interest at rates varying from 2.50% - 5.00% (2012: 2.50% - 5.00%) per annum.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 5. Accounts receivable

	2013	2012
Tenants rent receivable	\$ 9,729,261	7,843,511
Other	5,266,668	2,771,186
	<u>14,995,929</u>	<u>10,614,697</u>
Less: Allowance for doubtful accounts	<u>(9,243,820)</u>	<u>(7,666,328)</u>
	<u>\$ 5,752,109</u>	<u>2,948,369</u>

## 6. Investments

The investment held by the Corporation is classified as available-for-sale and is stated at fair value, with any resultant gain or loss being recognised directly in equity. The investment is represented by shares held in a publicly listed entity.

When the investment classified as available-for-sale is sold, collected or otherwise disposed of, or when the carrying amount of the investment is impaired, the cumulative gain or loss recognised in equity is transferred to the statement of comprehensive income.

Investments available-for-sale are recognised/derecognised by the Corporation on the date it commits to purchase/sell the investments.

## 7. Asset held for sale

In the prior year this represented the carrying value of property located at Wildey Industrial Estate. Cabinet approved the sale of the property for \$2.3 million on October 30, 2008. The property was valued at open market value on July 20, 2007 at \$2.3 million.

On April 5, 2011, the Corporation entered into a Sale and Purchase Agreement with Bakers Choice Holdings Ltd for the disposal of Building #5, Wildey Industrial Estate for a consideration of \$2.3 million; 10% of the disposal price was received as at March 31, 2012. The balance of \$2,070,000 was received on May 11, 2012.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 8. Sinking fund investments

In April 2008, the Corporation set up a sinking fund by monthly appropriations from its resources to provide for the repayment of the principal on the RBTT \$38 million loan (US\$19 million) in the year 2022.

The balance in the sinking fund account is made up as follows:

	<b>2013</b>	<b>2012</b>
Balance at beginning of year	\$ 10,564,262	8,072,200
Appropriation to Sinking Fund	2,277,150	2,277,150
Interest earned on amounts invested	<u>209,248</u>	<u>214,912</u>
Balance at end of year	\$ <u>13,050,660</u>	<u>10,564,262</u>
<b>Represented by:</b>		
(a) Investment in Term Deposits	\$ 2,050,660	10,564,262
(b) Central Bank Treasury Note	<u>11,000,000</u>	<u>-</u>
	\$ <u>13,050,660</u>	<u>10,564,262</u>

(a) The term deposits earned interest at rates varying from 2.50% - 5.00% per annum (2012: 2.50% - 5.00%) during the year.

(b) The treasury note bears interest of six and three-eighth dollars per centum per annum and is paid in half yearly installments on February 28 and August 31 of each year. The note is redeemable on August 31, 2019.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 9. Development projects

		Buildings	Land and Development Cost	Construction in Progress	Total
<b>Cost</b>					
Balance at April 1, 2011	\$	136,203,639	8,771,360	10,902,372	155,877,371
Additions		106,913	28,823	277,657	413,393
Transfers from construction in progress		28,794	-	(28,794)	-
Transfer to asset held for sale		(808,052)	-	-	(808,052)
Other costs		-	-	2,677,938	2,677,938
Balance at March 31, 2012	\$	<u>135,531,294</u>	<u>8,800,183</u>	<u>13,829,173</u>	<u>158,160,650</u>
Balance at April 1, 2012	\$	135,531,294	8,800,183	13,829,173	158,160,650
Additions		660,588	-	595,709	1,256,297
Transfers		(15,393)	15,393	-	-
Disposal		(1,053,229)	-	-	(1,053,229)
Other costs		-	-	2,677,937	2,667,937
Balance at March 31, 2013	\$	<u>135,123,260</u>	<u>8,815,576</u>	<u>17,102,819</u>	<u>161,041,655</u>
<b>Accumulated Depreciation</b>					
Balance at April 1, 2011	\$	49,804,646	-	-	49,804,646
Charge for the year		3,820,808	-	-	3,820,808
Transfer to asset held for sale		(321,823)	-	-	(321,823)
Balance at March 31, 2012	\$	<u>53,303,631</u>	<u>-</u>	<u>-</u>	<u>53,303,631</u>
Balance at April 1, 2012	\$	53,303,631	-	-	53,303,631
Charge for the year		3,784,494	-	-	3,784,494
Disposals		(586,088)	-	-	(586,088)
Balance at March 31, 2013	\$	<u>56,502,037</u>	<u>-</u>	<u>-</u>	<u>56,502,037</u>
<b>Net Book Value</b>					
At March 31, 2011	\$	<u>86,398,993</u>	<u>8,771,360</u>	<u>10,902,372</u>	<u>106,072,725</u>
At March 31, 2012	\$	<u>82,227,663</u>	<u>8,800,183</u>	<u>13,829,173</u>	<u>104,857,019</u>
At March 31, 2013	\$	<u>78,621,223</u>	<u>8,815,576</u>	<u>17,102,819</u>	<u>104,539,618</u>

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 10. Property and equipment

	Computer Software	Buildings	Furniture, Equipment and Vehicles	Total
<b>Cost</b>				
Balance at April 1, 2011	\$ 6,155	2,584,879	2,723,534	5,314,568
Additions	-	15,866	157,674	173,540
Disposals	-	-	(16,455)	(16,455)
Balance at March 31, 2012	<u>\$ 6,155</u>	<u>2,600,745</u>	<u>2,864,753</u>	<u>5,471,653</u>
Balance at April 1, 2012	\$ 6,155	2,600,745	2,864,753	5,471,653
Additions	-	82,573	280,434	363,007
Disposals	-	-	(122,276)	(122,276)
Balance at March 31, 2013	<u>\$ 6,155</u>	<u>2,683,318</u>	<u>3,022,911</u>	<u>5,712,384</u>
<b>Accumulated Depreciation</b>				
Balance at April 1, 2011	\$ 6,155	1,088,068	2,366,162	3,460,385
Charge for the year	-	64,628	122,753	187,381
Disposals	-	-	(16,177)	(16,177)
Balance at March 31, 2012	<u>\$ 6,155</u>	<u>1,152,696</u>	<u>2,472,738</u>	<u>3,631,589</u>
Balance at April 1, 2011	\$ 6,155	1,152,696	2,472,738	3,631,589
Charge for the year	-	37,194	137,648	174,842
Disposals	-	-	(122,276)	(122,276)
Balance at March 31, 2012	<u>\$ 6,155</u>	<u>1,189,890</u>	<u>2,488,110</u>	<u>3,684,155</u>
<b>Net Book Value</b>				
At March 31, 2011	\$ -	1,496,811	357,372	1,854,183
At March 31, 2012	<u>\$ -</u>	<u>1,448,049</u>	<u>392,015</u>	<u>1,840,064</u>
At March 31, 2013	<u>\$ -</u>	<u>1,493,428</u>	<u>534,801</u>	<u>2,028,229</u>



# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 11. Long-term debt

	<b>2013</b>	<b>2012</b>
RBTT \$38M Bond	\$ 37,952,500	37,952,500

### **RBTT \$38M Bond**

On March 29, 2007 the Corporation entered into a US\$19,000,000 non-callable fixed rate bond to assist with its capital works programme. This bond matures on March 29, 2022, and bears an interest rate of 6.85% per annum. Semi-annual payments of US\$660,345 are made in September and March and there is a moratorium on the principal until year 2022; a sinking fund has been set up from April 16, 2007 to facilitate full repayment in 2022. This bond is guaranteed by the Government of Barbados.

## 12. Deferred capital grants

### **Grants received**

	<b>2013</b>	<b>2012</b>
Balance beginning and end of year	\$ 96,374,059	96,374,059

### **Amortisation**

Balance - beginning of year	\$ 43,447,410	41,059,200
Amortisation for the year	2,388,210	2,388,210
Balance - end of year	\$ 45,835,620	43,447,410
Net balance deferred - end of year	\$ 50,538,439	52,926,649
Net balance deferred - beginning of year	\$ 52,926,649	55,314,859

Deferred capital grants are amounts received from Government for capital expenditure. The grants are amortised over the useful life of the assets purchased with grant funds. (See note 2(i))

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 13. Special Technical Assistance Fund (STA)

	<b>2013</b>	<b>2012</b>
Balance at beginning of year	\$ 7,808,474	6,190,786
Received from Government during the year for STA (note 17)	2,450,000	3,425,000
Disbursements from STA	<u>(1,937,394)</u>	<u>(1,807,312)</u>
Balance at end of year	\$ <u>8,321,080</u>	<u>7,808,474</u>
Represented by:		
Cash at bank (note 4)	\$ 5,482,207	4,881,515
STA Subvention accrued but not received	1,100,000	1,100,000
Other – Timing differences	<u>1,738,873</u>	<u>1,826,959</u>
	\$ <u>8,321,080</u>	<u>7,808,474</u>

## 14. Capital contributed by Government of Barbados

	<b>2013</b>	<b>2012</b>
Balance at beginning and end of year	\$ <u>7,504,087</u>	<u>7,504,087</u>

The balance represents capital appropriations from Government for the purchase of land vested in the Corporation by the Government.

## 15. Retail gross profit

The amount represents the gross profit earned by the subsidiary on the sale of handicraft items.

	<b>2013</b>	<b>2012</b>
Sales	\$ 252,311	291,983
Cost of sales	<u>(150,015)</u>	<u>(150,182)</u>
Retail gross profit	\$ <u>102,296</u>	<u>141,801</u>

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 16. Other revenue

	2013	2012
Documentation fees	\$ 75,826	79,292
Interest on term deposits	242,345	26,831
Sale of craft supplies	(57,477)	(28,902)
Rental income - Training Room	23,404	26,053
Miscellaneous	201,915	732,511
	<u>\$ 486,013</u>	<u>835,785</u>

## 17. Revenue grant

	2013	2012
Revenue grant received from Government during the year	\$ 14,893,022	11,642,831
Amount received from Government for STA (note 13)	<u>2,450,000</u>	<u>3,425,000</u>
	<u>\$ 17,343,022</u>	<u>15,067,831</u>

## 18. Gain on disposal of development projects and asset held for sale

Building #1 Spring Garden was destroyed by fire on April 9, 2012. The fire claim form has been submitted and all reports have been forwarded to the insurance company and loss adjusters have been appointed.

The independent Quantity Surveyor report has estimated that 77% of the building was destroyed and the remaining 23% of the building, with a book value of \$359,340 as at March 31, 2013, is intact.

Interim proceeds of \$500,000 were received from the insurers as at year end. Included in accounts receivable is \$2.1M which represents expected insurance proceeds based on the Loss Adjuster's report.

Gain on disposal of development projects is broken down as follows:

	Carrying Value	Proceeds	Gain on Disposal
Building #1 Spring Garden	\$ 467,122	(2,586,357)	(2,119,235)
Building # 5 Wildey Industrial Estate (note 7)	486,248	(2,300,000)	(1,813,752)
	<u>\$ 953,370</u>	<u>(4,886,357)</u>	<u>(3,932,987)</u>

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 19. Administration expenditure

	2013	2012
Staff	\$ 7,682,901	7,172,608
Premises	786,021	796,534
Office	672,574	628,522
Operational	483,982	540,251
Promotional	471,262	431,660
Miscellaneous	8,892	5,465
	<u>\$ 10,105,632</u>	<u>9,575,040</u>

## 20. Pension scheme

The Corporation has established a non-contributory pension scheme for certain employees with Sagicor Life Inc. (formerly Life of Barbados Limited). It is a fully insured purchased annuity pension scheme. The annual premiums paid to the insurance company are charged to operations and amounted to \$443,530 (2012 - \$644,108), net of anniversary credits.

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

## 21. Approved capital expenditure

Capital works expenditure for the year ending March 31, 2013, has not been determined because of uncertainty surrounding the source of funding. At the reporting date, no contracts had been entered into in respect of this expenditure.

## 22. Related party balances and transactions

Key management personnel compensation paid during the year was as follows:

	2013	2012
Directors	\$ 45,600	35,600
Senior Management	960,559	858,073

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 23. Contingent liabilities and commitments

- (a) A personal injury claim has been filed against the organization by a third party. The outcome of this claim is uncertain.
- (b) An endorsement of writ of summons was filed on June 25, 2009 by a third party. The B IDC is awaiting the plaintiff's statement of claim.

During 2004 the B IDC entered into an implementation agreement with Newton Business Park Project Company Limited and Hafeez Karamath Construction Limited (the contractor) to develop 6.5 acres of B IDC lands at Newton, Christ Church for the purposes of a business park. Under the terms of the Agreement, B IDC leased the land to Newton Business Park Project Company Limited for a term of 20 years. Newton Business Park Project Company Limited shall construct the business park and sub-lease it back to the B IDC for a term of 20 years less one day.

## 24. Operating leases

The Corporation leased out its property held under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	<b>2013</b>	<b>2012</b>
Less than one year	\$ 10,256,673	10,780,726
Between one and five years	32,653,421	34,321,812
More than five years	<u>-</u>	<u>-</u>
	<u>\$ 42,910,094</u>	<u>45,102,538</u>



# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 25. Financial risk management

### Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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

The Corporation's risk management policies are established to identify and analyse the risks faced by the Corporation, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and structured environment in which all employees understand their roles and obligations.

### Credit risk

Credit risk is the risk of financial loss to the Corporation if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers. Credit risk on cash is limited as cash is comprised of current account balances held with reputable banks and cash floats held for cashiers.

### Accounts receivable

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Corporation's revenue is generated from the rental of leasehold properties and from government subvention.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 25. Financial risk management, continued

Accounts receivable, continued

The aging of tenants' rent receivables as at the reporting date was as follows:

		2013	2012
Current	\$	396,303	722,617
1 - 180 days		1,201,063	1,805,002
181 - 360 days		1,415,539	1,233,019
> 360 days		6,716,356	4,082,873
		<u>9,729,261</u>	<u>7,843,511</u>
	\$		7,843,511

The allowance for doubtful debts in respect of tenants' rent receivables during the year was \$8,641,944 (2012 - \$6,777,916).

Liquidity risk

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

The liquidity position is monitored daily; management seeks to maintain levels of cash deposits which are sufficient to meet reasonable expectation of its short term obligations.

### March 31, 2013

		Carrying Amount	Contractual Cash Flows	Up to 1 Year	1 to 5 Years	Over 5 Years
Long term debt	\$	37,952,500	61,350,216	2,599,746	10,398,985	48,351,485
Accounts payable and accrued liabilities		11,096,868	11,096,868	11,096,868	-	-

### March 31, 2012

		Carrying Amount	Contractual Cash Flows	Up to 1 Year	1 to 5 Years	Over 5 Years
Long term debt	\$	37,952,500	63,949,963	2,599,746	10,398,985	50,951,232
Accounts payable and accrued liabilities		8,577,409	8,577,409	8,577,409	-	-

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 25. Financial risk management, continued

### Market risk

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

(i) Currency risk

The Corporation is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Corporation.

(ii) Interest rate risk

The Corporation faces some risks associated with the effects of fluctuations in the levels of interest rates on certain financial assets and liabilities. The interest rates and terms of repayment of long-term debt are disclosed in note 11 to consolidated financial statements, and are fixed for the most part.

(iii) Capital management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

There were no changes to the Corporation's approach to capital management during the year.

(iv) Fair values

The fair value of cash and cash equivalents, accounts receivables, investments, staff loans, accounts payable and accrued liabilities and long term debt are determined not to be materially different from their carrying value due to their short term nature. Long-term debt is not materially different from its carrying amounts.

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

The basis for determining fair values is disclosed in note 3.

# Notes to Consolidated Financial Statements

As at March 31, 2013

(Expressed in Barbados dollars)

## 25. Financial risk management, continued

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		2013		2012	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$	11,901,794	11,901,794	9,596,787	9,596,787
Accounts receivable		5,752,109	5,752,109	2,948,369	2,948,369
Investments		13,050,660	13,050,660	10,564,262	10,564,262
Staff loans		345,842	345,842	384,197	384,197
Accounts payable and accrued liabilities		(11,096,868)	(11,096,868)	(8,577,409)	(8,577,409)
Long term debt		<u>(37,952,500)</u>	<u>(37,952,500)</u>	<u>(37,952,500)</u>	<u>(37,952,500)</u>
	\$	<u>(17,998,963)</u>	<u>(17,998,963)</u>	<u>(23,036,294)</u>	<u>(23,036,294)</u>

## 26. Taxation

Under the Barbados Investment and Development Corporation Act, the Corporation is exempt from payment of all taxes on income.

The Corporation's subsidiary (Islandcrafts (Barbados) Inc.) is subject to corporation tax at a rate of 25%. Cumulative tax losses at March 31, 2013 were estimated at \$235,154 (2012 - \$217,377). These losses have to date neither been agreed or disputed by the Department of Inland Revenue.

A deferred tax asset arising from tax losses has not been recognised in these financial statements. As the subsidiary does not have a history of taxable profits, it has not been deemed probable that future taxable profits will be available against which any tax assets can be utilised.







Barbados Investment and Development Corporation  
Website: [www.bidc.org](http://www.bidc.org) • Email: [bidc@bidc.org](mailto:bidc@bidc.org)