



“Continuous improvement.”



BARBADOS PORT INC.

Annual Report 2016

(April 1, 2015 – March 31, 2016)



OUR VISION

“To be consistently the best of all Caribbean ports by providing quality services and facilities for cargo and cruise operations, and to use this regional leadership as a basis for enhancing international reputation.”

MISSION STATEMENT

“To be the most customer focused, cost effective and highly efficient provider of value driven cruise, cargo services and related property development services while providing satisfactory benefits to stakeholders, including customers and employees.”

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BOARD OF DIRECTORS

Mr. David L. Harding	Chairman
Capt. George N. M. Fergusson	Deputy Chairman
Mr. David Jean-Marie.....	Managing Director
Mr. Everton G. Walters	Director
Mr. Neville S. Rowe.....	Director
Mr. David Douglas	Director
Mr. Michael J. Weetch.....	Director
Mr. Keith E. Wilson.....	Director
Mr. Irvine M. Best.....	Director
Mr. Calvin N. Alkins.....	Director
Mrs. Donna S. Cadogan	Director

Corporate Secretary

David Jean-Marie

Auditor

PricewaterhouseCoopers SRL

Attorney-at-Law

Lystra Kodilinye

Bankers

Republic Bank (Barbados) Limited

RBC Royal Bank (Barbados) Limited

First Citizens Bank (Barbados) Limited

BOARD OF DIRECTORS



Mr. David L. Harding
Chairman



Capt. George N. M. Fergusson
Deputy Chairman



David Jean-Marie
Managing Director



Mrs. Donna S. Cadogan
Permanent Secretary



Everton G. Walters
Director



Michael J. Weetch
Director



Irvine M. Best
Director



Calvin N. Alkins
Director



Neville S. Rowe
Director



Keith E. Wilson
Director



David Douglas
Director

MANAGEMENT TEAM



David Jean-Marie
Chief Executive Officer



Kenneth Atherley
Divisional Manager,
Corporate Development & Strategy



Curtis Smith
Divisional Manager,
Human Resources
& Industrial Relations



Carol-Lyn Edghill
Manager, Audit Department



Ian Stewart
Manager,
Terminal Operations



Anthony Benn
Manager, Security Services



Richard Alleyne
Manager, Marine Services
& Harbour Master



Freida Nicholls
Manager, Market Dev.
& Public Relations

(Retired 2015)



Anderson Leacock
Manager, Engineering



Peter Carrington
Manager, Human
Resources/Administration



Albert Soudatt
Accountant



Karl Branch
Manager, Management
Information Systems



Glenn Roach
Manager, Quality
Assurance

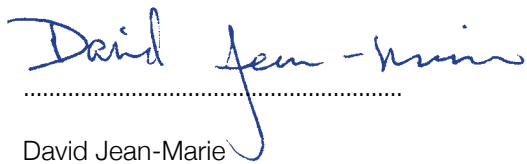
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING of the Shareholder of Barbados Port Inc. (hereinafter called “the Company”) will be held at the Board Room, Barbados Port Inc., University Row, Bridgetown, St. Michael on March 28, 2017 at 10:00 a.m. for the following purposes:

1. To receive and consider the financial statements of the Company for the year ended March 31, 2016 together with the reports of the Directors and Auditor thereon.
2. To elect Directors of the Company.
3. To appoint the Auditor for the ensuring year.
4. To authorise the Directors to fix the remuneration of the Auditor.
5. To transact any other business which may properly come before the meeting.

Dated the 28th day of February 2017.

BY ORDER OF THE BOARD OF DIRECTORS



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David Jean-Marie

Corporate Secretary



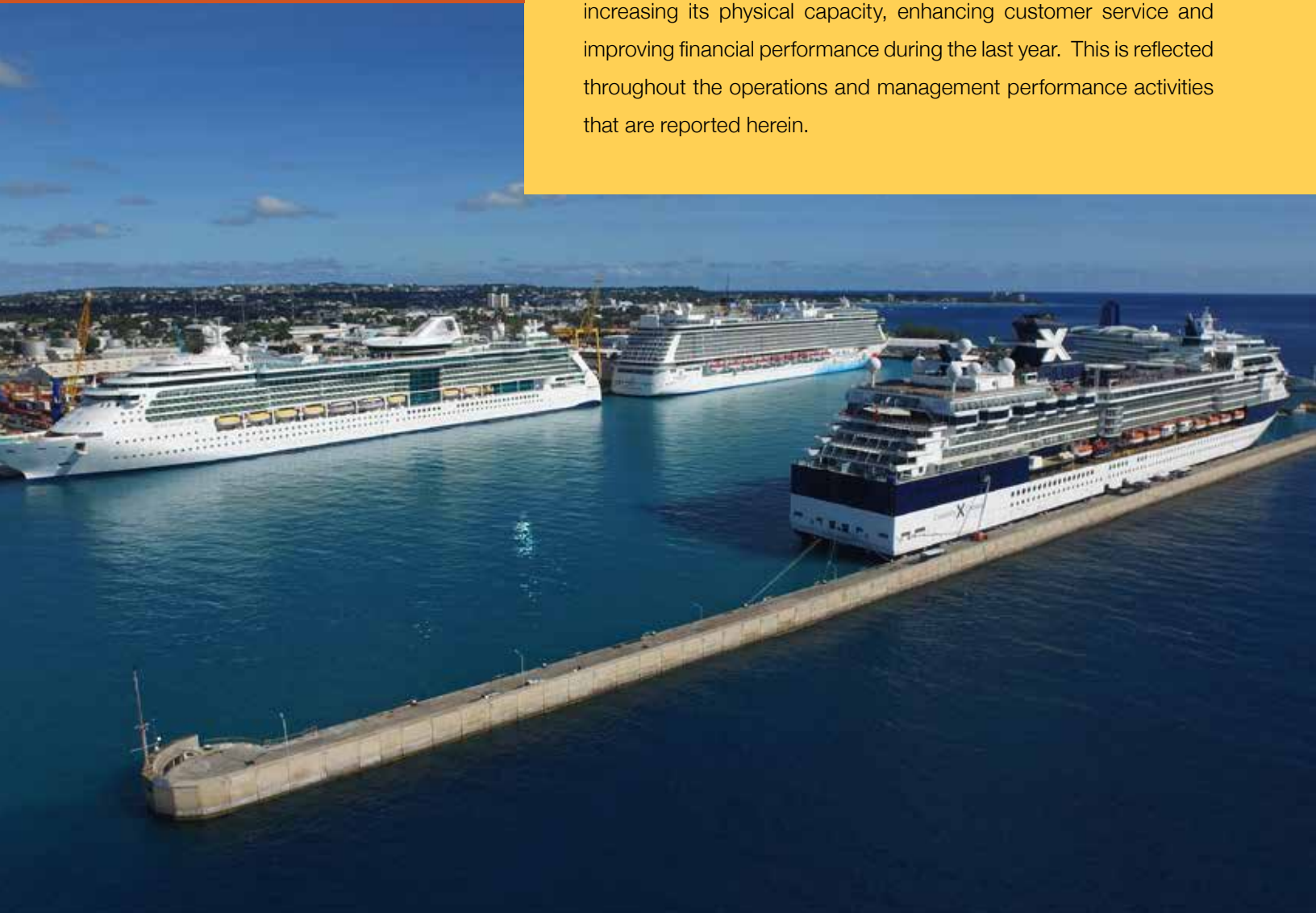
David Harding, Chairman

CHAIRMAN'S REPORT

ANNUAL REPORT 2015-2016

It gives me great pleasure, on behalf of the Board of Directors and Management of Barbados Port Inc., to present this report on the financial and operational performance of the Port during the period April 1, 2015 to March 31, 2016.

The Port made substantial progress in reforming its operations, increasing its physical capacity, enhancing customer service and improving financial performance during the last year. This is reflected throughout the operations and management performance activities that are reported herein.



VESSEL CALLS

Barbados received some 1,654 vessel calls during the captioned period, an increase of 8% from 1,538 vessel calls during the previous period (Table 1).

There were 862 cargo vessels calls (52% of the total calls), comprising Container, Break Bulk, Dry Bulk, Oil, Sugar, Molasses, Cement and Tankers, along with inter-island vessels. In addition, there were 412 cruise vessel calls which represented 25% of the total calls during the captioned period.

The activity with respect to vessels in the Shallow Draught, typically carrying inter-island cargo, has increased over the previous year, moving from 105 for the 2014-2015 period to 125 for the 2015-2016 period, representing a 19% increase.

TONNAGE HANDLED

Total cargo handled in Barbados during the captioned period was 1,197,568 tonnes compared to 1,086,223 tonnes in the previous period, a 10% increase (see Figure 1). The following are noted:

- Imports of 887,966 tonnes represented 74% of the total tonnage arriving at Barbados.
- Imports expressed in tonnage increased by 10% over the previous period.
- Exports comprised 135,234 tonnes representing 11% of the total tonnage handled by the Port of Bridgetown.
- Exported tonnage decreased by 18% over the previous period.
- Transshipment levels increased by 55%, from 106,295 tonnes in the previous period to 164,811 tonnes in the captioned period. This was mainly due to transshipment cargo from King Ocean shipping line.
- The total containerized tonnage handled across the categories (imports, exports, transshipment and shifted) was 1,073,532 tonnes, or 90% of the total tonnage.

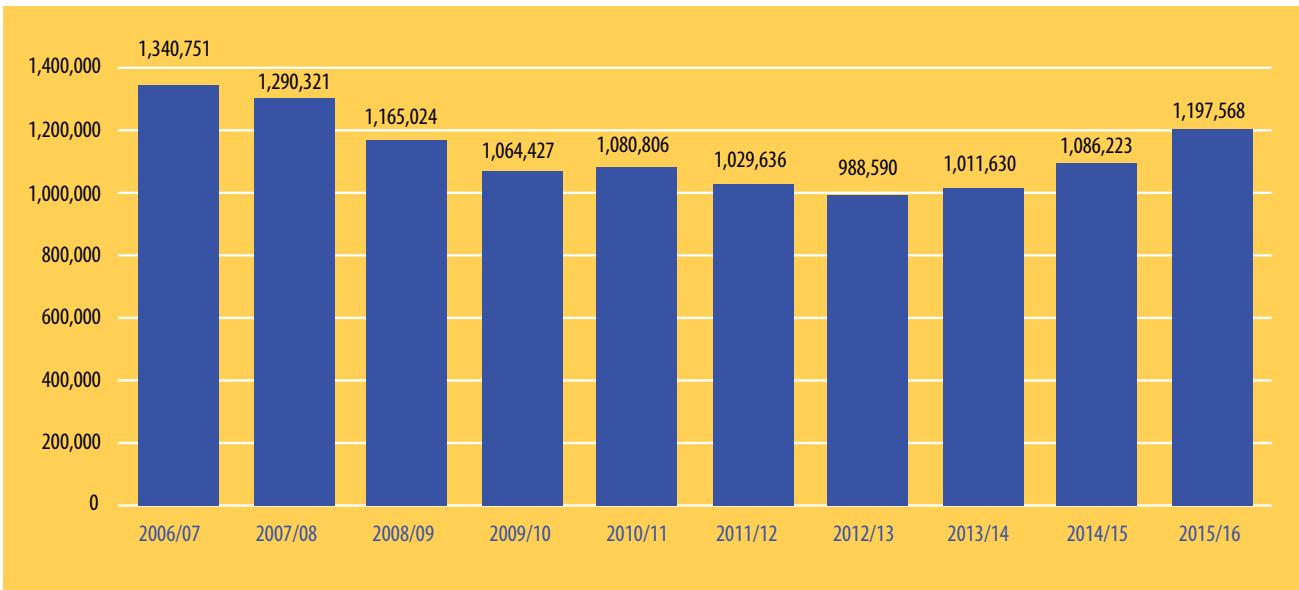
Table 1: BREAKDOWN OF VESSEL CALLS BY MAJOR CATEGORY (2006/07 - 2015/16)

Vessel Calls	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
CRUISE	431	506	434	438	403	399	357	374	382	412
GENERAL CARGO - DEEP WATER HARBOUR	611	621	581	550	486	437	403	422	454	499
GENERAL CARGO - SHALLOW DRAUGHT	230	192	166	157	120	114	105	99	105	125
CARGO - BULK HANDLING FACILITY (INC PF)	32	25	12	12	30	17	14	15	7	19
BULK SUGAR	2	2	2	2	3	2	2	1	2	2
MOLASSES	11	10	11	10	15	11	10	7	7	13
CARGO - CEMENT PLANT	113	99	86	98	84	96	83	124	79	71
TAN KERS	154	148	141	132	142	135	148	139	138	135
OTHER VESSELS	171	318	412	400	449	396	430	403	364	378
TOTAL CALLS	1,755	1,921	1,845	1,799	1,732	1,607	1,552	1,584	1,538	1,654
% INCREASE / DECREASE	-9%	9%	-4%	-2%	-4%	-7%	-3%	2%	-3%	8%



View of Container Park from Gantry Crane

FIGURE 1: TOTAL CARGO (DWH & SD) (2006/07 - 2015/16)



- Only 9,557 tonnes of cargo fell in the shifted category, less than 1% of the total tonnage. These relate to cargo in containers that were shifted from one position on board vessels

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to another, invariably to gain access to Barbados cargo, or to manage the balance of the vessel before sailing. These moves are also included for statistical and accounting purposes.



BULK CARGO HANDLING

Bulk cargo increased from 853,431 tonnes to 972,335 tonnes, an increase of 14%. Following the usual trend, petroleum products (653,502 tonnes) accounted for the main category of bulk cargo handled (67%), followed by cement (138,318 tonnes), representing 14% of the total bulk handled (Table 2 and Table 3).

CONTAINER TRAFFIC

(Inclusive of transshipment in and out, and empties)

The Port handled 90,708 TEUs of containers in the period, representing a 13% increase when

compared to the 80,322 TEUs which were handled during the previous period (Table 4).

Of the total TEUs handled during the period, 41% (37,310 TEUs) were full imports while 7% (6,040 TEUs) were full exports comprising mainly manufactured and other cargo, including recycled product. Some 33,224 TEUs (37%) were outbound empty containers.

PERSONAL EFFECTS

The Port handled 47,456 pieces of personal effects during the captioned period, a decline

Table 2: BREAKDOWN OF BULK CARGO HANDLED BY TYPE (2006/07-2015/16)

BULK CARGO HANDLED	2006/07	2009/10	2007/08	2008/09	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
COMMODITY										
SUGAR	31,056	30,302	30,845	27,481	24,218	21,637	20,751	14,454	12,593	8,783
MOLASSES	33,097	26,523	40,134	60,311	55,997	44,867	45,254	37,620	41,741	38,151
FISH OIL/MARGARINE/FAT	1,500	800	1,701	3,550	0	0	1,498	0	0	0
GRAIN/AGRIBULK	87,867	91,389	94,580	80,708	76,511	74,836	82,568	74,708	72,210	84,212
FERTILIZER	3,862	1,385	3,983	2,454	2,415	1,290	700	1,900	500	701
PETROLEUM PRODUCTS	751,049	659,535	728,437	685,431	656,570	638,381	602,866	613,695	582,246	653,502
LIMESTONE	7,000	0	153	204	0	0	3,700	10,500	1,000	0
CEMENT	119,825	125,528	119,277	123,919	113,331	115,118	94,767	167,572	130,575	138,318
HYDRATED LIME	9,362	3,097	9,384	7,710	637	0	0	0	0	0
GYPSUM/POZZOLAN GRAVEL	45,412	34,965	34,244	39,520	30,955	22,434	16,990	36,527	8,210	4,092
CEMENT PLANT OTHER	10,460	0	18,086	3	3,715	1,020	11,819	9,344	0	3,130
IRON ORE	0	3,000	2,221	6,500	70	1,424	997	2,864	993	2,501
DWH OTHER*	49,867	9,577	15,535	4,000	25,455	22,825	3,079	9,846	3,363	38,945
Total	1,150,357	986,101	1,098,580	1,041,791	990,504	943,832	884,989	979,030	853,431	972,335
% Increase / Decrease	-1%	-5%	-5%	-5%	0%	-5%	-6%	11%	-13%	14%

Table 3 :BREAKDOWN OF BULK CARGO HANDLED (2006/07-2015/16)

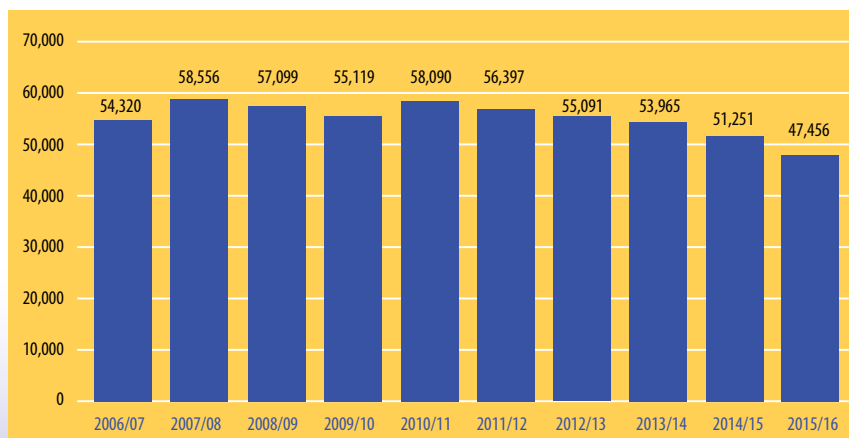
CARGO HANDLED	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
DOMESTIC										
CONTAINERISED DISCHARGED	853,643	821,494	787,946	732,523	761,133	741,290	723,245	724,810	730,009	784,920
BREAKBULK DISCHARGED	149,426	143,015	113,920	77,291	89,051	86,832	70,934	70,543	76,548	103,046
TOTAL DISCHARGED (IMPORTS)	1,003,069	964,509	901,866	809,814	850,184	828,122	794,179	795,353	806,557	887,966
% INCREASE / DECREASE	2%	-4%	-6%	-10%	5%	-3%	-4%	0%	1%	10%
CONTAINERISED LOADED	138,158	155,708	146,657	132,599	137,355	143,113	148,412	159,844	157,641	130,684
BREAKBULK LOADED	12,340	12,399	11,563	8,437	7,643	7,245	11,235	5,229	7,810	4,550
TOTAL LOADED (EXPORTS)	150,498	168,107	158,220	141,036	144,998	150,358	159,647	165,073	165,451	135,234
% INCREASE / DECREASE	27%	12%	-6%	-11%	3%	4%	6%	3%	0%	-18%
TRANSHIPMENT CONTAINERISED	169,360	139,700	85,025	96,779	66,857	35,858	23,057	39,165	93,895	148,371
TRANSHIPMENT BREAKBULK	9,095	9,219	10,480	9,281	8,022	8,014	5,954	7,736	12,400	16,440
TOTAL TRANSHIPMENT	178,455	148,919	95,505	106,060	74,879	43,872	29,011	46,901	106,295	164,811
% INCREASE / DECREASE	75%	-17%	-36%	11%	-29%	-41%	-34%	62%	127%	55%
SHIFTED - CONTAINERISED	8,729	8,786	9,433	7,517	10,745	7,284	5,753	4,303	7,920	9,557
% INCREASE / DECREASE	-18%	1%	7%	-20%	43%	-32%	-21%	-25%	84%	21%
TOTAL TONNAGE HANDLED	1,340,751	1,290,321	1,165,024	1,064,427	1,080,806	1,029,636	988,590	1,011,630	1,086,223	1,197,568
% INCREASE / DECREASE	10%	-4%	-10%	-9%	2%	-5%	-4%	2%	7%	10%

Table 4: BREAKDOWN OF CONTAINERS (TEUs) HANDLED BY STATUS AND DIRECTION (2006/07 - 2015/16)

TEUs Handled	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Inbound Laden	40,161	38,743	37,169	34,643	35,815	35,109	34,345	34,426	34,713	37,310
Inbound Empty	3,691	2,540	2,134	874	1,446	716	783	833	1,264	1,812
Outbound Laden	6,322	7,147	6,724	6,077	6,302	6,578	6,822	7,341	7,208	6,040
Outbound Empty	37,283	34,862	34,427	30,818	32,524	30,867	28,101	30,697	29,769	33,224
Transshipment	15,506	12,530	7,108	7,997	5,017	2,150	1,384	2,511	7,368	12,323
Total TEUs	102,963	95,821	87,562	80,409	81,103	75,419	71,435	75,807	80,322	90,708
% Increase / Decrease	15.0%	-6.9%	-8.6%	-8.27%	0.9%	-7.0%	-5.38%	6.1%	6.0%	12.9%

of 7% over the previous period of 51,251 pieces (see Figure 2). Despite the decline, it should be noted that there was increased level of productivity which was facilitated through the improvements that were made on the information systems supporting critical components including registration of customers on arrivals, the use of a new queuing system, the use of handhelds at all levels and activity tracking. Customers have recognized the improvements and have commented on the associated efficiencies observed.

FIGURE 2: PERSONAL EFFECTS DELIVERED (2006/07 - 2015/16)



Two cruise ships along Berths 2, 3, 4 and 5.

CRUISE OPERATIONS

Total cruise vessel calls for the year were four hundred and twelve (412) as compared to three hundred and eighty-two (382) for the same period in 2014-2015; an increase of 8%.

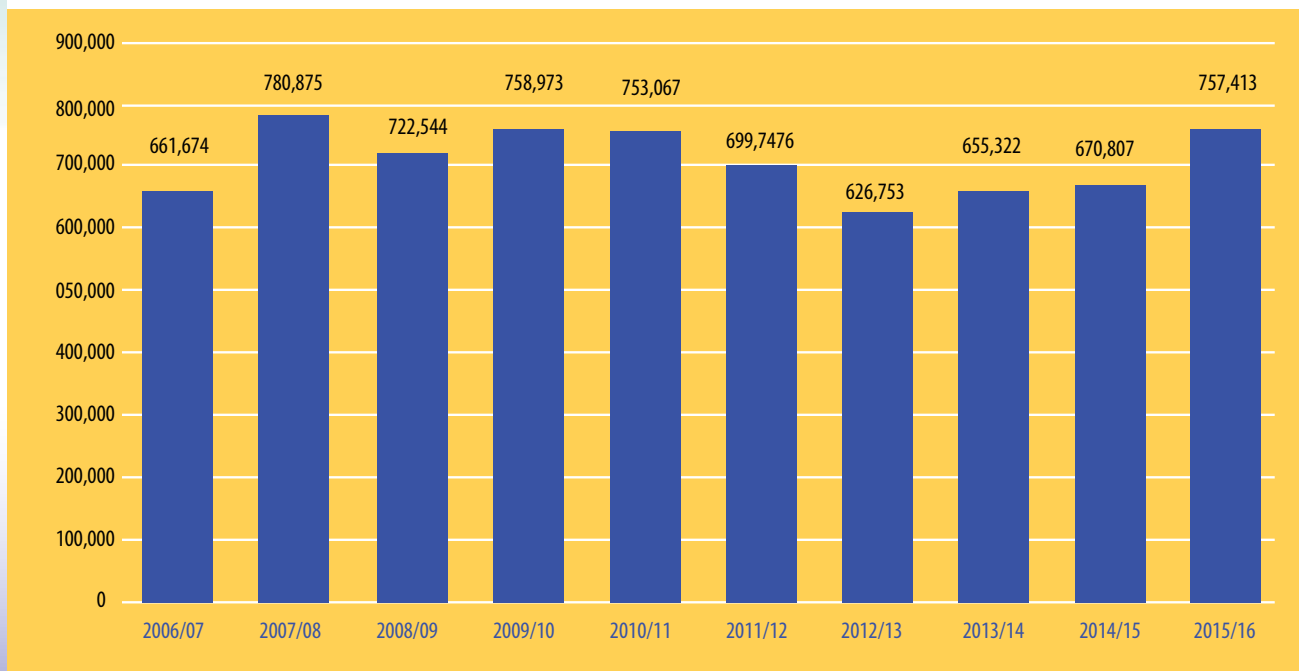
Barbados also recorded an increase in cruise passenger arrivals during the period, moving from 670,807 at the end of the previous period to 757,413 an increase of 13% (Figure 3).

Of these amounts, 166,278 passengers on 20 ships representing 13 lines used Barbados as a homeport

during the period under review. This compared favourably with 150,413 passengers on 23 ships representing 11 lines in 2014-2015.

Some fourteen (14) new vessels called at the Bridgetown Port as inaugurals during the winter of 2015 – 16, including Holland America's Oosterdam, P&O's Britannia, Carnival Glory, Carnival Sunshine and Carnival Elation, Norwegian Cruise Line's Getaway, Mein Schiff 3 from TUI, the Anthem of the Seas, Aida Diva, and Aida Mar, Costa's Favolosa, MSC's Orchestra, the Star Legend and Star Pride.

FIGURE 3: CRUISE PASSENGER ARRIVALS (2006/07 - 2015/16)



Despite the growth in cruise ship arrivals, the country is adversely impacted by the seasonality factor, whereby cruise activity significantly slows down during the summer period. In this context, the Port, along with the Barbados Tourism Marketing Inc., has refocused its efforts towards the Southern Cruise Caribbean Alliance, whereby destinations in this market area can pool marketing resources to encourage lines to introduce or extend their activity in the Caribbean during the period April through September. This remains a work in progress.

EXPANSION OF PORT FACILITIES AND EQUIPMENT FLEET

Sugar Point

Despite the projected demand and importance of tourism in general, the Port cannot report significant progress towards the construction of the new Sugar Point cruise facilities. The main stumbling block relates to the cost of financing the project. Nevertheless, the Board continued discussions with potential investors with a view towards re-energizing efforts to bring this project to fruition at the earliest possible time.

Cargo Berths

On the cargo operations side, however, we are pleased to report that the project for expansion of the cargo facilities was successfully completed with the commissioning of berth 5 in the month of April 2016.

The infrastructural work comprised the extension of berth 5 northward by 75 metres. This extension had to be done for two main reasons.

- Barbados was able to secure business from two major cruise Lines to homeport in Barbados on the same day. The TUI's Mein Schiff and P&O's Britannia. Barbados could have taken the position that the Port cannot accommodate two major homeport vessels and associated operations on the same day. We know from experience, however, once we lose an opportunity to secure a cruise line, it will be difficult to secure that vessel anytime soon in the future. Our competitors are very anxious to secure business from us. This extension allowed us to accommodate those two vessels this season, and our homeport business is therefore poised to continue to expand as a result.
- The second reason relates to the fact that Barbados needed to update its crane capacity.



Government officials, board members, management and Staff of the Barbados Port Inc. at the commissioning ceremony.

The current crane is a 1980 vintage. New cranes have a longer reach and require deeper drafts to effectively work the larger container vessels. If Barbados wants to be serious about pursuing transshipment, in the wake of the completion of the Panama Canal, where there are feeder vessel service opportunities, then this Berth and associated new equipment, namely a Panamax size gantry crane, higher capacity straddle carriers, and deeper draught at the operating berth, are absolutely necessary.

The Port secured bridging finance from Ansa McCal and Barbados Tourism Investment Inc. for the Project, and ultimately, long -term funding from the Corporacion Andina de Fomento (CAF) – Banco de Desarrollo de América Latina.

The work on Berth 5 started on March 27, 2015 and was completed on schedule at the end of October 2015. The local project contractors included: C.O. Williams Construction Ltd., Marengo Ltd. and Preconco Ltd. The work involved the manufacturing of piles, slabs and beams for the quay by Preconco Ltd., piling activities, creation of stone armour revetments, and installation of additional crane rails by Marengo Ltd., as well as the provision of concrete and paving by C.O. Williams Construction Ltd.

New Liebherr Gantry Crane

The Panamax ship-to-shore was assembled in December 2015. The crane's main features can be described as follows:

- High speed ship-to-shore container crane designed for continuous heavy-duty operation for 13 container wide operation.
- The boom outreach approximately 37 metres.
- Lift height 30 metres
- Working loads:
 - 50 tonnes single lift spreader
 - 60 tonnes twin lift spreader
 - 70 tonnes under hook beam
- Hoisting speed 120 metres/minute
- Trolley speed 180 metres/minute
- Travel speed 45 metres/minute

In addition, the crane is fitted with a twin-lift telescopic spreader, capable of lifting two (2) 20'



Construction and completion of Berth 5.



containers at a time, an elevator for easier operator access, anti-collision systems, emergency drives for hoist, trolley and boom.

Straddle Carriers

To support the main Gantry Crane, the Port also invested in five Liebherr Straddle Carriers to add to the current fleet of eight units. These Diesel-Electric units are designed for the handling of all standardized ISO containers with lengths 20, 40 & 45ft (with 40ft twist locks). The Straddle Carrier has the ability to stack up to four 9 ½ ft containers.

The main features include:

- A welded super-structure manufactured from high tensile steel

- Powered by a diesel engine driving an AC generator
- Single lift capacity of 40 tonnes
- Stacking capacity of four high (1 over 3)
- Hoist speed (full) 18 m/min
- Travel speed 25 km/h

The diesel-electric system of these new straddle carriers is in keeping with our environmental focus to reduce the use of fossil fuels and hence the associated carbon emissions and costs.

Other Equipment

In addition to the above, the Port also acquired two (2) 30 tonne Taylor lift trucks, two (2) Taylor Empty Container Handlers, a pallet scanner, a Container scanner, twelve (12) 6,000 lbs CAT Diesel lift trucks and three (3) Yale 7,000 lbs electric lift trucks.

New Gantry Crane, Valmets and Forklifts parked at Berth 5



Yacht Berthing Facility

Again, in keeping with its Master Plan, the Port completed construction of a stern-to-berth (600 ft long, 8 ft wide) jetty for thirty yachts. The facility will provide needed berthing space to support residential and commercial pleasure craft. In addition, the facility will form a major part of Barbados' tourism marketing in the yacht racing segment.

In fact, in honour of the island's 50th Anniversary of Independence, the Barbados 50 race was conceptualized through a partnership involving Barbados Tourism Marketing Inc., Cornell Sailing and Barbados Port Inc. The race which started in Tenerife ended in Barbados towards the end of 2016. The vessels were processed at the new Marina facility, which also contains facilities for the regulatory agencies as well as bathroom facilities for yachtsmen (as after crossing the Atlantic, a warm or cold bath with potable water would be priceless).

The total capital expenditure invested in expanding the Port's operating capacity and acquisition of necessary state-of-the-art equipment amounted to \$115 million, including a \$50 million equity injection by the shareholder, the Government of Barbados.

PORT RATIONALISATION

Barbados Port Inc., in conjunction with the Barbados Workers' Union, completed negotiations for rationalisation of aspects of port operations with a view towards improving the efficiencies in several areas while reducing the cost of operation. The main area was the Operations Division comprising Marine Services, Terminal Operations and Engineering Services Departments. These revisions involved significant changes in working arrangements as they impacted manning levels, working hours, overtime arrangements, reduction and changes in work processes due to technological changes and improvements in the quality and delivery of customer service.

A major factor in the settlement of the negotiations was the tireless consultative work of several joint working committees which were set up at the local level to review and discuss the proposed changes in the Marine, Engineering, Terminal Operations and Clerical Divisions. These were followed up by further discussions, negotiations and ratification at the plenary level.



New Marina in the Shallow Draught



Remedial measures were taken to counteract the buildup of sand in the Careenage.



The parties then agreed to introduce a process of voluntary separation for those persons close to retirement and other staff who wished to be separated. The latter received enhanced separation packages, while the former were able to retire early without the loss of benefits.

The above process lessened the impact of the forced separation of staff, since the Company was able to re-assimilate a number of persons who would have been forced to separate into other areas of employment.

The above led to a significant though smaller overall loss in the number of jobs and created a new regime of work especially in the engineering workshop and marine department. These changes were able

to be put into effect without any disruption to port operations due to labour unrest.

MAJOR MAINTENANCE

With a physical asset portfolio of almost \$200 million, it is not surprising that major maintenance situations will arise. During the year, the Company had to utilise significant resources to address the build-up of sand in the Careenage, repairs to the Wickham Lewis Boardwalk, exploring options for repairs to the Speightstown Jetty, as well as the lighthouses.

The Board took a decision to explore joint private sector participation in the repair and maintenance of some of these assets.

TRAINING AND QUALITY ASSURANCE

The training of the staff in several areas remained also a key area of priority for management. The training programs included but were not limited to:

- Customer Relations Management (supervisors)
- Consumer Protection Act
- Safety & Health at Work Act 2005
- Stevedore Operations Foundation Skills CVQ level 1
- Stevedore Operations Foundation Skills CVQ level 2
- Fire Safety & Fire Fighting
- Robbery Prevention & Awareness
- Fundamentals of Warehouse Management
- Hazardous Materials (HAZMAT) Training
- Basic First Aid
- Shed 2 Cargo Management Console

Of the above list of training programmes, the NVQ/CVQ training should be highlighted:

N/CVQ Stevedoring Foundations Level 1

In order to sustain the cost effective delivery of relevant training and certification of port employees to established quality standards, Barbados Port Inc. sought and was awarded funding by the Competency-Based Training Fund (CBTF), in the amount of BDS 501,800.00 to be disbursed in three tranches.

The CBTF programme, a Government of Barbados/Inter-American Development Bank (IADB) initiative which awards competency-based training grants of up to two years that lead to N/CVQ certification, commenced October 6,

2014 with the objective of training, assessment and certification of ninety (90) employees (50 Equipment Operators, 20 Cargo Supervisors, 20 Dockers) scheduled for completion by the end of October 2016.

During the reporting period, the IADB consultant and CBTF personnel expressed satisfaction during the seven (7) site visits conducted, and the programme is generally on schedule and well within budget.

During the reporting period, sixteen (16) Dockers of Cohorts 1 and 2 successfully completed assessments and were awarded full certification in Stevedoring Foundation Skills Level 1, in accordance with established quality standards, and fourteen (14) trained candidates are scheduled for assessment during the April – June 2016 quarter.

NVQ Stevedoring Operations Level 2 – Equipment Operator

The amended structure of the Stevedoring Operations Level 2 standard was ratified by the TVET Council as proposed by the review committee consisting of representatives of Barbados Port Inc., Shipping Association of Barbados and the Barbados Workers' Union. The standard is currently designated an NVQ, with CVQ status, subject to ratification by the Caribbean Association of National Training Agencies (CANTA).

Consequently, trained candidates consisting of Cargo Supervisors and Equipment Operators, were assessed and certified up to the level of heavy forklift operation, which constitutes the first level (Equipment Operator) of the two-tiered certification. Assessment of selected Equipment Operators for the second level of certification (Heavy Duty Operator), which incorporates all

container handling equipment, will be conducted during the October – December 2016 quarter.

During the reporting period, twenty-nine (29) candidates of cohorts 1 and 2 successfully completed assessments and were awarded full certification in Stevedoring Operations Level 2 – Equipment Operator, in accordance with established quality standards and eleven (11) trained candidates are scheduled for assessment during the April – June 2016 quarter.

N/CVQ Internal Verification

The internal verification process is the quality assurance aspect of the N/CVQ certification

system, and is specified by the Technical and Vocational Education and Training (TVET) Council which is the awarding body.

Accordingly, quality assurance of the competency-based training and assessment of Dockers, Cargo Supervisors, and Equipment Operators in Stevedoring Foundation Skills Level 1, and Stevedoring Operations Level 2 – Equipment Operator, is ongoing.

Currently, the assessments sampled have generally met the quality standard requirements of the TVET Council, and were endorsed by the External Verifier appointed by the Council.



Candidates who successfully completed assessments in Stevedoring Operations Level 2 – Equipment Operation at awards ceremony.

Management Information Systems

The year under review saw the introduction of automated dwell time and productivity dashboards which provide salient information for Senior Management using the key indicators by which port performance is measured. Improvements to the computerised billing process made for a more efficient billing operation.

The year saw the establishment of the online presence of the Bridgetown Port with regard to an online automated identification system (www.marinetraffic.com). While the Port operated an AIS for several years, this particular version is free, and allows for several simultaneous users and uses common smart phone applications. Marine Traffic displays real time AIS vessels' information and ships' movements throughout the seas and ports. It provides accurate online visual representation of all vessels in and around the Port for both maritime operators and the general public.

The Port established a functional Electronic Single Window (ESW) environment and received and tested all information generated by the Barbados Revenue Authority (B.R.A.). The Port is now ready to receive electronic manifests generated by the B.R.A. operated ESW. Note though that the B.R.A. has not yet tested other relevant information such as distribution lists, disposition lists or amendments.

Our website has become our main business enabler. In addition to the provision of business information to our customers and the general public, the website also acts as a portal for online tracking of personal effects and commercial

cargo. It engages customers such that it allows the interactive processing of information before the arrival of the customer, so as to expedite the customer processing when they arrive at the Port. In the event that inquiry of the website should show that cargo is not yet ready for collection, the website allows the customer to exercise the option to be informed by automated email or text message, at the moment that the cargo becomes available in the system. This service is free to customers and ensures that there is no need for them to repeat the inquiry process. The number of calls received at the telephone helpdesk has decreased significantly as customers embraced the online facilities.

A biometric time and attendance system was deployed. This facilitates the automatic and accurate documentation of the reporting of employees to work. The biometric operation ensures that the system is not as susceptible to acts of fraud as is possible with swipe systems, and it combats the inherent security flaws where the use of manuscript to record times may be manipulated by social engineering.

The most impactful deployment for the year was that of the revised personal effects administration system. This integrated the computerised information from several aspects of the operation to provide a comprehensive system aimed at improving customer experience by expediting processing with respect to the collection of barrels and personal effects.

It utilizes a Wi-Fi mesh that supports the use of wireless handheld tablets which integrate with our computer databases to allow the entry and review of dynamic information pertaining to

cargo management. The use of these devices also enforces accountability and ultimately decision making responsibility at all levels. It has improved the turnaround time by documenting chronological and all other transactional information thus providing mathematical efficiency indicators of both speed and accuracy of all employees involved. It enforces impartiality and customers are processed in the order of arrival but it supports systemically generated flexibility for returning customers or those flagged for 'fast tracking' due to age or physical condition. It provides real time indicators of turnaround time thus removing speculation. Average total processing time (including Customs inspection) has decreased from 3:30 hours to 1:45 hours (in the slow months). The average turnaround time has decreased from an entire day to 3:55 hours during the December peak.

The updated "Awaiting Customs Examination" screen which is shown in the Customer Lounge, gives customers the ability to note the time they entered the Cargo Gate, their Customer Lounge arrival time, as well as, the time that their cargo was retrieved for Customs inspection. It also displays procedural and general information for customers. This level of computerised customer engagement is unprecedented. The staff have become quite adept with the use of the handhelds, often retrieving the cargo by the time the customer departs Customs Booth A, headed to the Waiting Lounge.

As a consequence of the above, there were no complaints about the Port published in the media especially during the peak period of December 2015.

MARKET DEVELOPMENT AND PUBLIC RELATIONS

During the period of review, the Manager in the Market Development and Public Relations Department demitted office due to retirement. Nevertheless, the Company was still able to continue its schools education/tour programme for several educational institutions across Barbados, and participated in a number of career showcases.

One of the highlights in this area was the successful hosting of Port Day in November 2015 where we opened the Port to the public and conducted several tours of port operations, showcasing the use of the heavy duty equipment and the operation of marine craft. A number of stakeholders, including police and the fire service, were also able to showcase the work that they do in offering the total service to customers in the Port.

The Company has continued to support a number of community activities as part of our ongoing corporate social responsibility.

FINANCIAL REVIEW

Operating Performance

Overview

Barbados Port Inc.'s performance for the year ended March 31, 2016 was a commendable one, realizing total comprehensive income of \$18.92 million, an improvement of \$4.52 million over last year's position. Revenue in all major areas increased over the comparative period, generating a total operating income of \$89.12

million, \$13.46 million greater than the 2015 period. This overall income is the highest that it has been over the last 5 years, with 2014 being an exception, as the higher income in 2014 resulted from a 15-month period as compared to 12-month in 2016 (see Figure 4).

A review of the 5-year performance indicates that all major revenue areas are trending upwards and this contributed to the overall performance of Barbados Port Inc. Significant improvement is seen in Cargo Handling, with increases realized in tonnages handled in all areas. The performance for cargo handling in 2016 was noteworthy as it surpassed the performance of 2014 which captured an unusual 15-month period.

Operating Expenses remained relatively flat when compared to 2015 as the Company continued to manage discretionary expenditure (see Figure 5).

Despite significant increases in operating revenues and relatively flat expenses, the profit from operations was not as substantial as would be expected with \$3.35 million realised in 2016 when compared to \$16.44 million in 2015. This was due to the \$25.74 million write-off of capital works in progress directly attributable to the Sugar Point Cruise Pier project.

Barbados Port Inc. was however able to realise an overall total comprehensive income position of \$18.92 million (2015: \$14.40 million) due to a non-cash taxation amount of \$24.01 million (see Figure 6).

FIGURE 4: BREAKDOWN OF REVENUE FROM OPERATIONS (2011-2016)

Quoted in Millions of Dollars

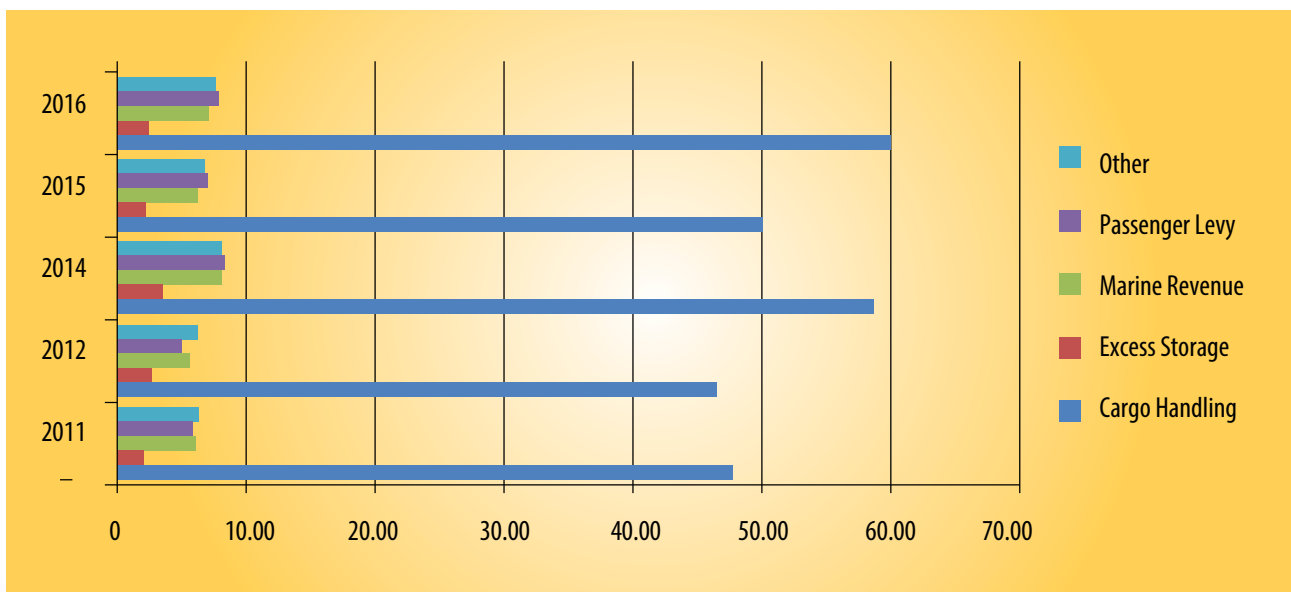


FIGURE 5: OPERATING EXPENSES (2011 - 2016)

Quoted in Millions of Dollars

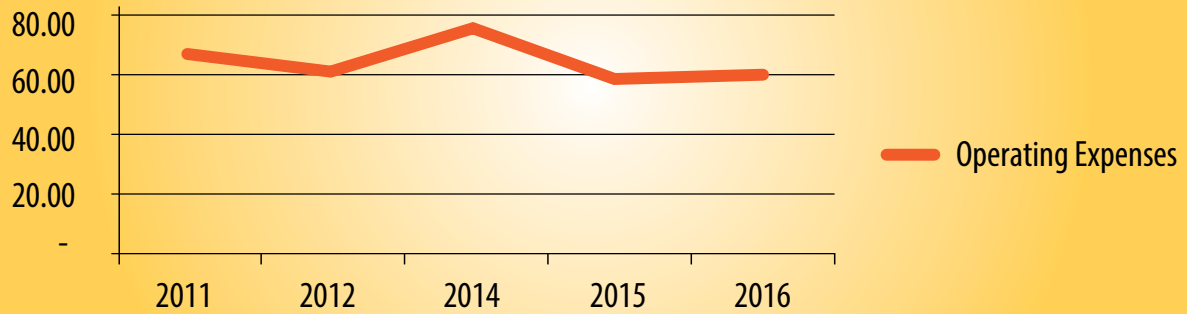
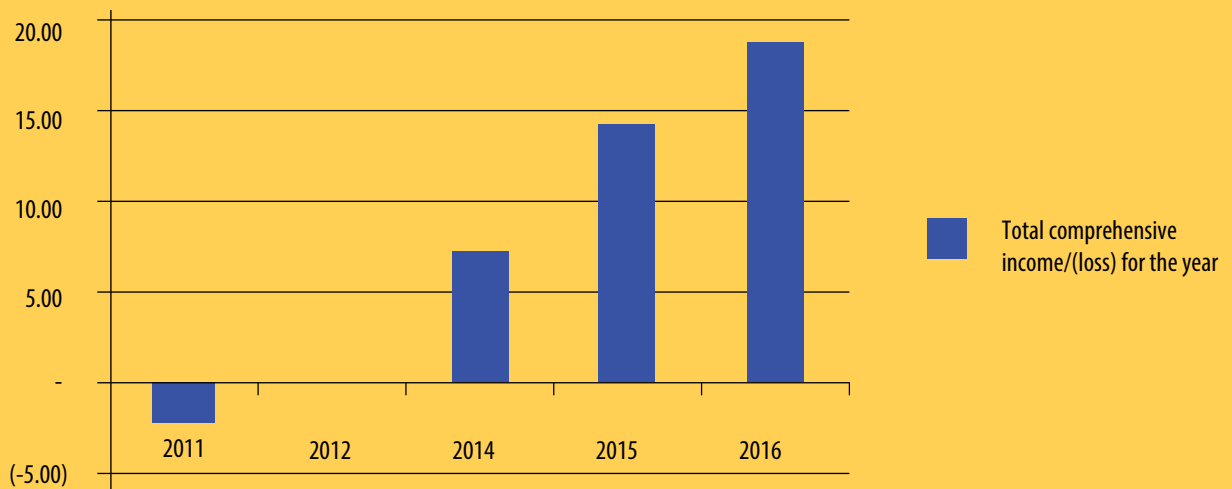


FIGURE 6: TOTAL COMPREHENSIVE INCOME/LOSS (2011-2016)

Quoted in Millions of Dollars



Statement of Financial Position

Overview

An overview of the financial position of Barbados Port Inc. as at March 31, 2016 shows relatively flat current assets whilst there are significant increases in non-current assets, non-current liabilities and total equity. There was a decrease in the current liabilities.

The significant increase in non-current assets (\$92.33 million) can be attributed primarily to an increase in financial investments (\$7.0 million) as funds were utilized to build the Debt Service Reserve Account as per contractual agreement. There was also a \$63.19 million increase in property, plant and equipment resulting from completion of Berth 5 and purchase of additional cargo handling equipment.

Non-current liabilities increased by \$56.69 million and this is as a result of increased subscriptions to the \$70 million bond issue. The bond issue stood at \$57.86 million at year-end still shy of the \$70 million target.

The additional funds from the bond issue enabled the Bridgetown Port to refinance the long-term loans and to service current liabilities. Therefore, we saw reductions in the bank overdraft (\$5.02 million), accounts payable (\$4.26 million) and current portion of long term debt (\$23.43 million).

Finally, the shareholder made an additional capital contribution of \$49.54 million to facilitate the construction of Berth 5 and yachting facilities and this resulted in the reported increase in the total equity.

Liquidity

A negative working capital has been plaguing the Port over the last four years and whilst it

is still negative \$(18.35 million), the deficit has significantly reduced from the 2015 position when it was \$(51.17 million). As indicated previously, proceeds from the bond issue were identified to help alleviate the situation.

The quick ratio is 0.32:1, and whilst improvement is ideal, the current position is considerably better than 2015 when it was 0.17:1. 2016 has seen the best results since 1:1 in 2010.

Activity

The key ratio in this category relates to collection of receivables. Barbados Port Inc. has been working assiduously to reduce this ratio through improvement of processes and other methods. During 2016, it took 43 days to collect outstanding receivables which is significantly less than the 55 days in 2015. The Bridgetown Port is continuing its work to lower this ratio to 35 days as documented in our Strategic Plan.

Leverage

Barbados Port Inc. remains highly leveraged as it is a very capital intensive entity. The debt to equity ratio stood at 0.95:1 in the current year as compared to 1.38:1 in the prior year 2015. This improvement is as a result of two main factors: the refinancing of the debt portfolio and the injection of capital by the shareholder. As a highly leveraged entity, debt service costs become a major issue as much needed cash is required to facilitate significant interest payments. Finance costs were \$11.70 million in 2016 when compared to \$12.18 in the previous year.

Key financial position balances and ratios are reported below in Table 5:

STATEMENT OF POSITION HIGHLIGHTS

2011 to 2016

Quoted in Millions of Dollars

	2011	2012	2014	2015	2016
Current Assets	14.00	13.40	14.30	13.72	13.84
Accounts receivables	8.90	7.90	7.40	7.54	6.49
Non-current assets	193.50	208.30	206.60	216.96	309.29
Total Assets	207.50	221.70	220.90	230.68	323.13
Current Liabilities	23.70	44.20	55.10	64.89	32.19
Long-term Liabilities	110.00	103.60	83.40	68.87	125.56
Total Equity	73.80	73.90	82.50	96.92	165.38
Total Liabilities & Equity	207.50	221.70	220.90	230.68	323.13
Working Capital	(9.70)	(30.80)	(40.80)	(51.17)	(18.35)
Average Receivables	9.25	8.40	7.65	7.47	7.02
Total Debt	133.70	147.80	138.50	133.76	157.75
Debt/Equity	1.81	2.00	1.68	1.38	0.95
Current Ratio	0.59	0.30	0.26	0.21	0.43
Days to Collect Receivables	49.22	46.24	31.95	54.75	42.67

Conclusion

The year under review has seen significant improvements and the Board and management are working to ensure that the improvement continues into 2017 and beyond. We intend to continue to work with all stakeholders to ensure that Barbados Port Inc. is a financially viable entity, as well as being an effective and efficient provider of port services to all users.

Acknowledgements

The Board of Directors takes this opportunity to offer sincere appreciation to those who have contributed to the effective operation of the Bridgetown Port during the period under review, particularly:

- The Right Honourable Freundel J. Stuart, Q.C. M.P., Prime Minister of Barbados
- The Government and People of Barbados
- The Honourable Richard Sealy, M.P, Minister of Tourism and International Transport
- Permanent Secretary, International Transport, Ministry of Tourism and International Transport
- Management and Staff of Barbados Port Inc.
- Shipping Association of Barbados
- The Barbados Workers' Union
- Barbados Tourism Investment Inc.

- Barbados Tourism Marketing Inc.
- Barbados Tourism Product Authority
- Barbados Customs Brokers and Clerks Association
- Town Planning Department
- Coastal Zone Management Unit
- Customs and Excise Department
- Royal Barbados Police Force
- Immigration Department
- Ministry of Tourism and International Transport
- Ministry of Foreign Affairs and Foreign Trade
- Ministry of Commerce and Trade
- Ministry of Finance and Economic Affairs
- Ministry of Health
- Ministry of Agriculture
- Ministry of Transport and Works



David Harding

Chairman



Container crane handling cargo.

BARBADOS PORT INC.
APPENDICES

APPENDIX 1: CRUISE PASSENGER ACTIVITY 2013/14 – 2015/16 (BY OPERATOR)

	CALLS			ARRIVALS		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
AIDA CRUISES	10	11	12	20,974	23,000	25,549
ALL LEISURE GROUP	0	0	3	0	0	1,144
ARTICA ADVENTURES & CRUISES	2	0	1	581	0	192
ASTOR SHIPPING CO	0	0	1	0	0	506
ATLANTAGENT	0	1	2	0	80	162
AZAMARA CRUISES	0	1	0	0	536	0
CARNIVAL CRUISE LINES	52	50	50	176,899	162,736	167,930
CELEBRITY CRUISES	30	30	31	76,807	77,005	78,705
CLASSIC INTERNATIONAL CRUISES	0	1	0	0	461	0
CLIPPER CRUISE LINE	0	0	0	0	0	0
CLUB MED CRUISES	3	5	7	643	1,178	2,094
COMPAGNIE DES ILES DU PONANT	0	0	0	0	0	0
COSTA CRUISES	8	8	9	16,795	22,890	22,925
CRISTAL TRADING	2	2	1	648	86	3
CROISIÈRES DE FRANCE	19	3	0	21,607	3,834	0
CRYSTAL CRUISES	0	1	1	0	1,013	929
CUNARD LINE LTD	0	1	2	0	2,578	4,268
DELPHIN MARITIME	2	1	0	783	256	0
DISNEY CRUISE LINES	0	4	4	0	9,126	9,478
EPIC CRUISE LTD	0	0	2	0	0	2,012
FRED OLSEN CRUISES	4	8	7	3,424	6,821	4,926
GLOBAL CRUISE LINE	2	1	1	1,438	733	735
HAPAG LLOYD	1	2	0	346	705	0
HOLLAND AMERICA LINE	13	15	13	17,517	20,863	19,164
KRISTINA CRUISES	0	0	0	0	0	0
MAJESTIC CRUISE LINE	0	5	10	0	660	1,272
MSC CRUISES	1	3	11	2,274	9,649	31,666
NORWEGIAN CRUISE LINE	14	6	5	31,713	18,427	18,388
OCEANIA CRUISE LINE	8	10	7	8,539	7,561	4,841
OPTIMUM SHIP MANAGEMENT	0	0	1	0	0	89
P & O CRUISES	28	30	37	72,431	73,327	89,430
PHOENIX REISEN BONN	1	0	0	955	0	0
PRINCESS CRUISES	10	11	13	30,638	34,485	39,831
RADISSON SEVEN SEAS CRUISES	3	1	1	1,595	455	433
RESIDENSEA	0	0	1	0	0	106
ROYAL CARIBBEAN CRUISE LINE	43	49	54	106,630	126,831	161,175
SAGA HOLIDAYS	1	2	3	627	997	1,531
SALEN MANAGEMENT	1	0	0	94	0	0
SEA CLOUD CRUISES	14	11	15	761	712	981
SEABOURN CRUISE LINE	11	12	2	2,613	2,823	869
SEADREAM YACHT CLUB	8	9	13	656	872	1,288
SILVERSEA CRUISES	16	12	12	4,516	3,281	3,679
STAR CLIPPERS INC.	22	22	22	4,148	3,920	3,732
THOMSON CRUISES	18	21	22	27,262	26,722	27,362
TUI CRUISES	10	12	11	19,007	22,608	27,359
V SHIPS	1	3	0	335	1,392	0
WEST INDIES CRUISE LINE	0	0	7	0	0	550
WINDSTAR SAIL CRUISES	16	18	18	2,066	2,184	2,109
TOTAL	374	382	412	655,322	670,807	757,413

APPENDIX 2 : CRUISE PASSENGER ACTIVITY 2013/14-2015/16 (BY MONTH)

MONTH	NUMBER OF CALLS		ARRIVING PASSENGERS				EMBARKING PASSENGERS				DISEMBARKING PASSENGERS				
	2013/14	2014/15	% +/-	2015/16	% +/-	2013/14	2014/15	% +/-	2015/16	% +/-	2013/14	2014/15	% +/-	2015/16	% +/-
APRIL	34	37	8.82%	35	-5.41%	49,769	58,711	17.97%	66,879	13.91%	3,428	5,027	46.65%	3,057	-39.19%
MAY	8	13	62.50%	7	-46.15%	22,590	25,450	12.66%	23,550	-7.47%	681	813	19.38%	629	-22.63%
JUNE	6	7	16.67%	7	0.00%	19,216	18,318	-4.67%	24,518	33.85%	588	651	14.61%	592	-9.06%
JULY	8	9	12.50%	7	-22.22%	25,617	27,953	9.12%	25,314	-9.44%	762	681	-10.63%	619	-9.10%
AUGUST	7	6	-14.29%	10	66.67%	21,815	18,305	-16.09%	21,548	17.72%	643	675	4.98%	694	2.81%
SEPTEMBER	7	8	14.29%	8	0.00%	19,796	21,285	7.52%	23,322	9.57%	598	629	5.18%	649	3.18%
OCTOBER	11	14	27.27%	14	0.00%	27,207	31,821	16.96%	36,086	13.40%	776	792	2.06%	545	-31.19%
NOVEMBER	40	44	10.00%	52	18.18%	63,991	73,671	15.13%	93,499	26.91%	15,010	18,815	25.35%	21,402	13.75%
DECEMBER	64	63	-1.56%	73	15.87%	102,648	105,159	2.45%	107,916	2.62%	22,705	21,860	-3.72%	26,032	19.09%
JANUARY	61	66	8.20%	81	22.73%	110,997	109,911	-0.98%	146,828	33.59%	27,237	27,756	1.91%	32,796	18.16%
FEBRUARY	59	57	-3.39%	61	7.02%	100,709	92,203	-8.45%	103,732	12.50%	22,981	24,613	7.10%	25,598	4.00%
MARCH	69	58	-15.94%	57	-1.72%	90,967	88,020	-3.24%	84,221	-4.32%	21,220	19,916	-6.15%	21,393	7.42%
TOTAL	374	382	2.14%	412	7.85%	655,322	670,807	2.36%	757,413	12.91%	116,609	122,228	4.82%	134,006	9.64%

APPENDIX 3 : HOME PORT CRUISE PASSENGER ACTIVITY 2013/14 - 2015/16 (BY VESSEL)

OPERATOR	VESSELL	2013/14				2014/15				2015/16			
		CALLS	ARRIVED	DISSEMBARKED	EMBARKED	CALLS	ARRIVED	DISSEMBARKED	EMBARKED	CALLS	ARRIVED	DISSEMBARKED	EMBARKED
AIDA CRUISES	AIDALUNA	10	20,974	9,110	9,095	10	20,842	8,635	8,634	0	0	0	0
AIDA CRUISES	AIDADIVA	0	0	0	0	0	0	0	0	10	21,319	8,709	8,498
ALL LEISURE GROUP	VOYAGER	0	0	0	0	0	0	0	0	3	1,144	1,061	1,074
ARTICA ADVENTURES & CRUISES	MINERVA	3	916	845	764	0	0	0	0	1	192	178	279
ATLANTAGENT	SERENISSIMA	0	0	0	0	1	80	78	76	2	162	159	158
CELEBRITY CRUISES	AZAMARA JOURNEY	0	0	0	0	1	536	7	18	0	0	0	0
FRED OLSEN CRUISES	BRAEMAR	0	0	0	0	4	3,202	2,943	3,055	5	3,726	2,483	2,627
KRISTINA CRUISES	KRISTINA KATARINA	0	0	0	0	0	0	0	0	0	0	0	0
NOBLE CALEDONIAN	ISLAND SKY	1	94	94	0	0	0	0	0	0	0	0	0
P & O CRUISES	AZURA	10	29,893	29,421	29,428	10	30,353	29,816	30,312	10	30,683	30,133	30,336
P & O CRUISES	VENTURA	10	28,512	28,254	28,517	10	30,274	29,959	30,042	0	0	0	0
P & O CRUISES	ADONIA	0	0	0	0	0	0	0	0	9	6,097	5,676	5,497
P & O CRUISES	BRITANNIA	0	0	0	0	0	0	0	0	10	36,464	35,965	36,088
SEA CLOUD CRUISES	SEA CLOUD II	3	197	161	174	5	360	349	311	5	424	399	300
SEA CLOUD CRUISES	SEA CLOUD"	11	564	540	508	6	352	333	328	10	557	524	430
SEABOURN CRUISES	SEABOURN SPIRIT	9	1,774	1,499	1,418	10	1,939	1,637	1,616	0	0	0	0
SEADREAM YACHT CO	SEADREAM I	5	450	301	318	6	566	512	542	11	1,111	1,047	1,015
SEADREAM YACHT CO	SEADREAM II	3	206	164	134	3	306	268	268	2	177	173	129
SILVERSEA CRUISES	SILVER CLOUD	8	1,977	1,206	1,052	5	1,226	390	389	0	0	0	0
SILVERSEA CRUISES	SILVER EXPLORER	1	76	52	58	1	62	62	8	0	0	0	0
SILVERSEA CRUISES	SILVER SPIRIT	2	981	373	344	1	495	78	77	1	491	323	209
SILVERSEA CRUISES	SILVER WHISPER	5	1,482	1,048	1,065	3	800	737	805	6	1,821	1,561	1,433
STAR CLIPPERS	ROYAL CLIPPER	21	4,002	3,791	3,690	21	3,824	3,591	3,558	21	3,620	3,336	3,282
STAR CLIPPERS	STAR FLYER	1	146	146	154	1	96	88	145	1	112	112	160
THOMSON	THOMSON DREAM	18	27,262	17,780	17,623	3	4,462	2,361	2,212	1	1,421	9	6
THOMSON	THOMSON CELEBRATION	0	0	0	0	18	22,260	14,668	14,702	21	25,941	17,572	17,583
TUI CRUISES	MEIN SCHIFF	0	0	0	0	11	20,637	9,433	9,557	0	0	0	0
TUI CRUISES	MEIN SCHIFF 2	10	19,007	11,113	11,165	1	1,971	1,268	1,280	0	0	0	0
TUI CRUISES	MEIN SCHIFF 3	0	0	0	0	0	0	0	0	11	27,359	12,066	12,371
WINDSTAR SAIL CRUISES	WIND SPIRIT	0	0	0	0	0	0	0	0	0	0	0	0
WINDSTAR SAIL CRUISES	WIND STAR	16	2,066	2,051	2,048	18	2,184	2,178	2,140	15	1,785	1,777	1,728
		147	140,579	107,949	107,555	149	146,827	109,391	110,075	155	164,606	123,263	123,203

BARBADOS PORT INC.

Financial Statements

March 31, 2016

(expressed in Barbados dollars)

Barbados Port Inc.

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(expressed in Barbados dollars)

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Barbados Port Inc.

Board of Directors, Officers and Advisors

March 31, 2016

(expressed in Barbados dollars)

Board of Directors

David Harding	-	Chairman
Captain George Fergusson	-	Deputy Chairman
David Jean-Marie	-	Managing Director
Calvin Alkins	-	Director
David Douglas	-	Director
Everton Walters	-	Director
Irvine Best	-	Director
Keith Wilson	-	Director
Michael Weetch	-	Director
Neville Rowe	-	Director
Donna Cadogan	-	Director

Secretary

David Jean-Marie

Attorney-at-law

Lystra Kodilinye

Bankers

Republic Bank (Barbados) Limited
First Citizens Bank (Barbados) Limited
RBC Royal Bank (Barbados) Limited

Auditor

PricewaterhouseCoopers SRL



INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Barbados Port Inc.

We have audited the accompanying financial statements of **Barbados Port Inc.** ("the Company"), which comprise the statement of financial position as of March 31, 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
T: +246-626-6700, F: +246-436-1275, www.pwc.com/bb



Opinion

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

Other Matter

This report is made solely to the company's shareholder, as a body corporate, in accordance with Barbados Port Inc. (Transfer of Management and Vesting of Assets), Cap. 285B section 7(1). Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body corporate, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRH

December 15, 2016
Bridgetown, Barbados

Barbados Port Inc.
Statement of Financial Position
As of March 31, 2016

(expressed in Barbados dollars)

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents (note 5)	2,979,937	2,357,612
Accounts receivable (note 6)	6,490,640	7,535,693
Other receivables and prepaid expenses (note 7)	936,213	1,111,373
Inventories (note 8)	3,432,613	2,719,541
	<u>13,839,403</u>	<u>13,724,219</u>
Non-current assets		
Financial investments (note 9)	14,434,790	7,898,003
Investment in associated company (note 10)	779,618	676,213
Property, plant and equipment (note 11)	219,605,134	156,416,704
Capital works in progress (note 12)	41,440,314	42,952,842
Deferred tax asset (note 13)	33,026,178	9,014,321
	<u>309,286,034</u>	<u>216,958,083</u>
Total assets	<u>323,125,437</u>	<u>230,682,302</u>
Liabilities and equity		
Current liabilities		
Bank overdraft (note 5)	6,925,220	11,947,638
Accounts payable and accrued liabilities (note 14)	6,273,960	10,525,358
Current portion of long-term loans (note 15)	18,991,518	42,421,283
	<u>32,190,698</u>	<u>64,894,279</u>
Non-current liabilities		
Deferred capital grant (note 16)	211,298	493,030
Long-term loans (note 15)	115,589,129	55,197,622
Retirement benefit obligations (note 17)	9,756,822	13,181,113
	<u>125,557,249</u>	<u>68,871,765</u>
Total liabilities	<u>157,747,947</u>	<u>133,766,044</u>
Equity		
Share capital (note 18)	100	100
Capital contributions (note 19)	78,683,280	29,145,080
Port Fund	100,000	100,000
Fair value reserve	-	213,461
Retained earnings	86,594,110	67,457,617
	<u>165,377,490</u>	<u>96,916,258</u>
Total equity	<u>165,377,490</u>	<u>96,916,258</u>
Total liabilities and equity	<u>323,125,437</u>	<u>230,682,302</u>

Approved by the Board of Directors on November 22, 2016

Director

Director

Barbados Port Inc.

Statement of Changes in Equity For the year ended March 31, 2016

(expressed in Barbados dollars)

	Share capital \$	Capital contributions \$	Port Fund \$	Fair value reserve \$	Retained earnings \$	Total \$
Balance at March 31, 2014	100	29,145,080	100,000	249,999	53,017,812	82,512,991
Net income for the year	–	–	–	–	13,657,292	13,657,292
Other comprehensive income for the year	–	–	–	(36,538)	782,513	745,975
Total comprehensive income for the year	–	–	–	(36,538)	14,439,805	14,403,267
Balance at March 31, 2015	100	29,145,080	100,000	213,461	67,457,617	96,916,258
Net income for the year	–	–	–	–	16,064,039	16,064,039
Other comprehensive income for the year	–	–	–	(213,461)	3,072,454	2,858,993
Total comprehensive income for the year	–	–	–	(213,461)	19,136,493	18,923,032
Capital injection (note 19)	–	49,538,200	–	–	–	49,538,200
Balance at March 31, 2016	100	78,683,280	100,000	–	86,594,110	165,377,490

Barbados Port Inc.
Statement of Comprehensive Income
For the year ended March 31, 2016

(expressed in Barbados dollars)

	2016	2015
	\$	\$
Revenue		
Cargo handling	59,999,870	49,798,558
Excess storage	2,547,940	2,326,662
Marine revenue	7,284,410	6,316,572
Passenger levy	7,960,524	7,030,862
Other (note 20)	7,740,953	6,859,171
	<u>85,533,697</u>	<u>72,331,825</u>
Other operating (loss)/income		
Rent	1,664,025	1,398,113
Gain on disposal of plant and equipment	34,000	19,597
Miscellaneous	1,870,429	1,454,123
Interest income	240	412,658
Dividend income	13,462	34,615
	<u>3,582,156</u>	<u>3,319,106</u>
Total operating income	<u>89,115,853</u>	<u>75,650,931</u>
Expenses		
Administration	9,860,541	11,449,730
Staff costs (note 22)	36,515,413	35,416,142
Other expenses	13,646,996	12,345,284
	<u>60,022,950</u>	<u>59,211,156</u>
Other expenses		
Write-off of capital works in progress (note 12)	<u>25,741,283</u>	–
	<u>85,764,233</u>	<u>59,211,156</u>
Profit from operations	<u>3,351,620</u>	<u>16,439,775</u>

Barbados Port Inc.

Statement of Comprehensive Income ...continued

For the year ended March 31, 2016

(expressed in Barbados dollars)

	2016	2015
	\$	\$
Profit from operations	3,351,620	16,439,775
Finance costs	(11,702,843)	(12,177,856)
(Loss)/profit before taxation and share of net income of associated company	(8,351,223)	4,261,919
Share of net income of associated company (note 10)	403,405	381,052
(Loss)/income before taxation	(7,947,818)	4,642,971
Taxation (note 23)	24,011,857	9,014,321
Net income for the year	16,064,039	13,657,292
Other comprehensive income:		
<i>Items that will not be reclassified to income:</i>		
Remeasurement of retirement benefit obligations (note 17)	3,072,454	782,513
<i>Items that may be subsequently reclassified to income:</i>		
Gains transferred to income on disposal of available-for-sale financial investments	(340,382)	–
Unrealised gain/(loss) on available-for-sale financial investments	126,921	(36,538)
Other comprehensive income for the year	2,858,993	745,975
Total comprehensive income for the year	18,923,032	14,403,267

Barbados Port Inc.
Statement of Cash Flows
For the year ended March 31, 2016

(expressed in Barbados dollars)

	2016	2015
	\$	\$
Cash flows from operating activities		
(Loss)/income before taxation	(7,947,818)	4,642,971
Adjustments for:		
Depreciation	8,219,019	6,569,158
Gain on disposal of property, plant and equipment	(34,000)	(19,597)
Write-off of capital works in progress	25,741,283	–
Gain on disposal of financial investments	(340,382)	–
Interest and dividend income	(13,702)	(447,273)
Finance costs	11,702,843	12,177,856
Share of net income of associated company	(403,405)	(381,052)
Pension and other post-retirement benefits	2,920,643	2,898,142
Amortisation of deferred grant	(281,732)	(281,732)
Operating profit before working capital changes	39,562,749	25,158,473
Decrease/(increase) in accounts receivable	1,045,053	(149,651)
Decrease in other receivables and prepaid expenses	175,160	496,889
Increase in inventories	(713,072)	(441,512)
(Decrease)/increase in accounts payable and accrued liabilities	(4,251,398)	3,491,720
Cash generated from operations	35,818,492	28,555,919
Finance costs paid	(6,110,615)	(8,915,339)
Pension and other post-retirement benefits' contributions	(3,272,480)	(3,485,258)
Net cash generated from operating activities	26,435,397	16,155,322
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,042,648)	(4,239,267)
Expenditure on capital works in progress	(90,593,556)	(21,879,239)
Proceeds from disposal of property, plant and equipment	34,000	7,960,000
Interest and dividend income received	34,615	592,742
Purchase of financial investments	(7,000,008)	(15,785,045)
Proceeds on disposal of financial investments	590,382	25,445,235
Dividend received from associated company	300,000	330,000
Capital reduction payment received from associated company	–	450,000
Net cash used in investing activities	(101,677,215)	(7,125,574)
Cash flows from financing activities		
Loan received	71,841,644	41,671,087
Repayment of long-term loans	(40,493,283)	(44,842,328)
Capital injection	49,538,200	–
Net cash from/(used) in financing activities	80,886,561	(3,171,241)
Net increase in cash and cash equivalents	5,644,743	5,858,507
Cash and cash equivalents - beginning of year	(9,590,026)	(15,448,533)
Cash and cash equivalents - end of year (note 5)	(3,945,283)	(9,590,026)

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

1 Establishment of the Barbados Port Inc.

The Barbados Port Authority was established by the Barbados Port Authority Act, Cap 285B, as amended by the Barbados Port Authority (Amendment) Acts 1978-33 and 1987-37. The Act as initially amended was proclaimed on January 1, 1979.

Upon the commencement of the Act on January 1, 1979 all property (other than land and buildings) belonging to the Crown and used exclusively for the purpose of the Port Department and Port Contractors (Barbados) Limited was transferred to and vested in the Authority, and all liabilities of the Port Department and Port Contractors (Barbados) Limited existing at the commencement of the Act were assumed and assured by the Authority.

The Act was repealed on December 19, 2003 and a new Act, the Barbados Port Inc. (Transfer of Management and Vesting of Assets) Act 2003, was proclaimed.

The Act was passed:

- a) To provide for the Port of Bridgetown to be managed by the Barbados Port Inc., a Company incorporated under the Companies Act, for the purpose of enabling the Port to operate as a commercial entity.
- b) To transfer the assets and liabilities of the Government of Barbados in relation to the operation of the Port of Bridgetown to the Barbados Port Inc.
- c) To repeal the Barbados Port Authority Act.

The main provisions of the Act are disclosed below.

Commencement of Operations

The Port shall be operated by the Company from the date of the commencement of this Act.

Transfer of Assets, Liabilities, Rights, etc

For the purposes of the Act:

1. The lands of the Port shall be leased to the Company by the Crown for such period as the Crown determines.
2. All:
 - a) Assets in relation to the operation of the Port that were vested in the Authority immediately before the commencement of this Act;
 - b) Liabilities that were incurred by or on behalf of the Authority in relation to the operation of the Port and subsisting immediately before the commencement of this Act; and
 - c) Rights to set, collect and retain port dues and charges for the provision and use of port facilities and services

are transferred and vested in the Company, and by virtue of this Act and without further assurance, transfer or other formality are to be held with effect from the date of the commencement of this Act, by the Company to the same extent and interest and in the same manner as they were vested in or held by the Authority.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

1 Establishment of the Barbados Port Inc. ...continued

Transfer of Assets, Liabilities, Rights, etc ...continued

All contracts entered into by or on behalf of the Authority in relation to the operation of the Port before the commencement of this Act, shall be deemed to have been entered into by or on behalf of the Company from the date of the commencement of this Act.

In respect of the operation of the Port:

- a) All rights, privileges, duties or obligations conferred or imposed upon the Authority; and
- b) All powers and remedies as to the taking and resisting of legal proceedings for the ascertaining, perfecting or enforcing of all rights or liabilities vested in the Authority immediately before the commencement of this Act, shall be deemed to be conferred or imposed on the Company.

The Company's principal place of business is at University Row, St. Michael, Barbados.

Financial statement presentation

Consistent with the provisions of Section 355.7 of the Companies Act Cap 308, which addressed the preservation of a Statutory Company incorporated under the Companies Act, and in accordance with the substance of the corporatisation plan of the Port, these financial statements were presented from the year to December 31, 2003 as if the Barbados Port Authority had been "continued" as Barbados Port Inc.

During 2013, the Company changed its year end from December 31 to March 31, the year end of the Government of Barbados.

2 Going concern

These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the normal course of business and assumes that the Company will continue in operation for the foreseeable future. However, at the year end the Company's current liabilities exceeded its current assets by \$18,351,295 (2015 - \$51,170,060). Included in current liabilities are amounts due in respect of the Company's long-term loans of \$18,991,518 (2015 - \$42,421,283) of which \$18,991,518 (2015 - \$38,421,283) are guaranteed by the Government of Barbados.

The Company entered into a Letter of Undertaking with Republic Bank (Barbados) Limited dated April 25, 2014 for the issuance of up to \$107.5 million bonds in two tranches. As at the date of these financial statements \$58.9 million (2015 - \$36.9 million) bonds were subscribed and received (note 15 (iv)). Subsequent to year end, \$16.9 million subscriptions were received.

Based on the initiative described above, the Board of Directors is confident that the Company will be able to meet its liquidity and cash flow requirements in the short and medium term.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies

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

a) Basis of preparation

i) New standards, amendments and interpretations to existing standards effective in the 2016 financial year

The following amendment to published standards is applicable to the financial year. The amendment below did not have a significant impact on the financial statements:

Amendment to IAS 19, ‘Employee benefits’, effective July 1, 2014. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

ii) New standards, amendments and interpretations to existing standards effective in the 2016 financial year, but not relevant

There are no new standards, amendments and interpretations to existing standards effective in the 2016 financial year that are not relevant.

iii) New standards, amendments and interpretations to existing standards issued but not yet effective and not early adopted

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and has determined that the following are relevant to the Company’s operations. The Company has not early adopted the new standards, amendments and interpretations nor has the Company assessed their full impact.

IAS 1 (Amendment)	‘Presentation of financial statements on the disclosure initiative. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports (effective January 1, 2016).
IAS 7 (Amendment)	‘Statement of cash flows’ on disclosure initiative. These amendments introduce additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. (effective January 1, 2017).

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

a) Basis of preparation ...continued

iii) *New standards, amendments and interpretations to existing standards issued but not yet effective and not early adopted ...continued*

IFRS 9	'Financial instruments' simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value where the basis of classification depends on the Company's business model and the contractual cash flow characteristics of the financial asset (effective January 1, 2018).
IFRS 15	'Revenue from contracts with customers'. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers (effective January 1, 2017).
IFRS 16	'Leases'. This new standard now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts (effective January 1, 2019).

b) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete, slow-moving and defective items.

c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. Assets acquired under lease arrangements are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

c) Property, plant and equipment ...continued

Depreciation of property, plant and equipment is provided on a straight-line basis at rates which are expected to write off the assets over their estimated useful lives. The annual rates used for this purpose are as follows:

Leased assets

Wharves, breakwater and crossberths	-	2%
Administration building	-	2%
Transit sheds and workshops	-	4%
Other buildings	-	5%

Other assets

Watercraft	-	3% and 5%
Cargo handling equipment	-	10% and 6 $\frac{2}{3}$ %
Marine equipment and navigational aids	-	10%
Motor vehicles	-	20%
Pallets	-	33 $\frac{1}{3}$ %
Other equipment and furniture	-	10%
Port expansion asset	-	2%

The assets' useful lives are reviewed, and adjusted if appropriate, at the date of each statement of financial position.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

d) Foreign currency translation

i) *Functional and presentation currency*

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

ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

e) Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the corporation tax rates expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when it is probable that taxable income will be available against which the assets may be utilised.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

f) Investment in associated company

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associated company includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Company's share of its associates' post-acquisition profits or losses and post-acquisition movements is recognised in the statement of comprehensive income. The cumulative post-acquisition movements in reserves are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in share of income of associated company, in the statement of comprehensive income.

g) Financial investments

The Company classifies its financial assets in the following categories:

- i) *Available-for-sale*
- ii) *Loans and receivables*
- iii) *Held-to-maturity*

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

i) *Available-for-sale*

Available for sale financial assets are intended to be held for an indefinite period of time and hence are included in non-current assets unless management intends to dispose of the investment within twelve months of the statement of financial position date. They may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. They are measured initially at fair value and are subsequently remeasured at their fair value based on quoted bid prices. Investments without quoted prices are carried at management's valuation based on the net assets of the entity net of any provisions made where there is an indication of impairment. Unrealised gains and losses are recorded in other comprehensive income. Either on the disposal of the asset or if the asset is determined to be impaired, the previously recorded gain or loss is transferred to the statement of comprehensive income.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

g) Financial investments...continued

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially measured at fair value which is the cash consideration to originate or purchase the loan plus transaction costs - and are subsequently measured at amortised cost using the effective interest method less provision for impairment. The Company's loans and receivables comprise government bonds and fixed deposits.

iii) Held-to-maturity

Held to maturity financial assets are non-derivative financial instruments with fixed or determinable payments and fixed maturities that management has both the intent and ability to hold to maturity. They are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method less provision for impairment if any.

Purchases and sales of investments are recognised on the trade date which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The impairment loss for assets carried at amortised cost is calculated as the difference between the carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The impairment loss for an available-for-sale equity security is recognised in income if there has been a significant or prolonged decline in its recoverable amount below cost. Significant or prolonged declines are assessed in relation to the period of time and extent to which the fair value of the equity security is less than its cost.

Except for equity securities, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, and the amount of the reversal is recognised in income. For equity securities, any subsequent increases in fair value after an impairment has occurred are recognised in other comprehensive income.

Financial liabilities

The Company'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 date of the statement of financial position, the following items were classified as financial liabilities: bank overdraft, accounts payable, due to associated company and long-term loans.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

h) Employee benefits

The Company operates both a defined benefit and a defined contribution pension plan.

i) *Defined contribution plan*

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. For defined contribution plans, the Company pays contributions to administered pension insurance plans. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii) *Defined benefit plan*

A defined benefit plan is any plan other than a defined contribution plan. The Company operates a defined benefit pension plan for its employees, the assets of which are held in a separate fund administered by a Trustee. The scheme is generally funded through payments from the employees and the Company, and contributions are determined by full independent actuarial calculations every three years and interim valuations in years where a full valuation has not been performed.

Employee benefits

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the statement of comprehensive income.

iii) *Other post-retirement benefit obligations*

The Company also provides post-retirement medical benefits to their retirees. Fifty percent to sixty percent of the premium is funded by the Company, dependent on the category of employee. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for the Company's defined benefit pension plan.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

i) Revenue recognition

i) Cargo handling

Revenue generated from inbound cargo handling is recognised on the delivery of cargo to the consignees or on delivery of auctioned cargo to the buyer.

Revenue generated from outbound cargo and other revenue is recognised on the basis of the usage of the facilities and services provided by the Company.

ii) Excess storage

Revenue generated from excess storage is recognised on the basis of the usage of the storage facilities, which ordinarily exceeds the free storage period at the Port.

iii) Marine revenue

Marine revenue is generated on vessels making a Port call in Barbados on the basis of the length or net registered tonnage of the vessel and is recognised as earned.

iv) Passenger levy

Passenger levy is applied to the greater of embarking and disembarking passengers per cruise vessel at the Bridgetown Port and is recognised as earned.

v) Interest income

Interest income is recognised in the statement of comprehensive income on the accrual basis, using the effective interest method.

vi) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

vii) Rental income

Rental income is recognised on an accrual basis.

viii) Other revenue

Other revenue is recognised on an accrual basis.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at the anticipated realisable value. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the anticipated realisable value. The carrying amount of the asset is reduced through the use of the provision for impairment of receivables and the amount of loss is recognised in the statement of comprehensive income within administration expenses. When a trade receivable is uncollectible, it is written off against the provision for impairment of receivables and any subsequent recoveries of amounts previously written off are credited against administration expenses.

l) Cash and cash equivalents

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

m) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less, if not, they are presented as non-current liabilities. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

n) Long-term loans

Long-term loans are recognised initially at fair value, net of transaction costs incurred. Long-term loans are subsequently stated at amortised cost and any difference between the net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the long-term loans using the effective interest method. Associated costs are classified as finance costs in the statement of comprehensive income. Long-term loans due within twelve months of the date of the statement of financial position are classified as current liabilities.

General and specific finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other finance costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

o) 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.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

p) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

q) Capital grants

Grants related to assets, including non-monetary grants at fair value, are capitalised and presented in the statement of financial position as deferred grants. These grants are amortised over the expected useful lives of the related assets.

Grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

4 Critical accounting estimates and judgements

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on reported assets, liabilities, revenues and expenses. The items which may have a significant effect on the Company's financial statements are set out below:

Pension benefits

The cost of the defined benefit pension plan and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future promotional and inflationary salary increases, proportion of employees opting for early retirement, future changes in the NIS ceiling and mortality. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in Note 17.

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

5 Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank	2,979,937	2,357,612
Bank overdraft	(6,925,220)	(11,947,638)
	<u>(3,945,283)</u>	<u>(9,590,026)</u>

Significant concentrations of cash and cash equivalents are as follows:

	2016	2015
	\$	\$
First Citizens Bank (Barbados) Limited (long term issue credit rating BBB+ by Standard & Poors)	2,909,737	2,230,423
Republic Bank (Barbados) Limited (unrated)	(6,857,337)	(11,821,828)

The following have been pledged as security as at March 31, 2016:

- i) First legal debenture over the fixed and floating assets of the Company stamped to cover the amount of \$14,400,000.
- ii) Hypothecation of term deposit #2051620 in the amount of \$8,000.
- iii) Hypothecation of term deposit in the amount of \$12,000.
- iv) Letter of comfort from the Government of Barbados to the extent of \$10,000,000.

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

6 Accounts receivable

	2016	2015
	\$	\$
Trade receivables	7,208,671	8,253,709
Less: Provision for impairment of receivables	<u>(718,031)</u>	<u>(718,016)</u>
	<u>6,490,640</u>	<u>7,535,693</u>

As at year end, trade receivables of \$5,243,511 (2015 - \$5,059,561) were fully performing.

Trade receivables that are less than three months past due are not considered impaired. As at year end trade receivables of \$1,247,129 (2015 - \$2,476,132) were past due but not considered impaired. The ageing analysis of these receivables is as follows:

	2016	2015
	\$	\$
Over 30 days	93,334	868,466
Over 60 days	291,775	541,526
Over 90 days	<u>862,020</u>	<u>1,066,140</u>
	<u>1,247,129</u>	<u>2,476,132</u>

As at year end, trade receivables of \$ 718,031 (2015 - \$718,016) were past due, impaired and provided for.

	2016	2015
	\$	\$
Over 90 days	<u>718,031</u>	<u>718,016</u>
Total trade receivables	<u>7,208,671</u>	<u>8,253,709</u>

The movement in the provision for impairment of receivables is as follows:

	2016	2015
	\$	\$
Balance - beginning of year	718,016	627,624
Increase in provision	<u>15</u>	<u>90,392</u>
Balance - end of year	<u>718,031</u>	<u>718,016</u>

The carrying value of accounts receivable is considered to approximate fair value because of their short term maturity.

The Company does not hold any collateral on its accounts receivable.

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

7 Other receivables and prepaid expenses

	2016	2015
	\$	\$
Staff receivables	328,451	411,235
Dividend receivable	–	21,154
Other	28,839	7,441
	<hr/>	<hr/>
Other receivables	357,290	439,830
Prepaid expenses	578,923	671,543
	<hr/>	<hr/>
	936,213	1,111,373
	<hr/>	<hr/>

No provision for impairment on these receivables was required in 2016 or 2015.

8 Inventories

	2016	2015
	\$	\$
Fuel	15,953	20,285
Equipment spares	3,814,225	3,074,435
Stationery	23,663	46,049
	<hr/>	<hr/>
	3,853,841	3,140,769
Less: provision for obsolescence	(421,228)	(421,228)
	<hr/>	<hr/>
	3,432,613	2,719,541
	<hr/>	<hr/>

The Company did not write off inventory in 2016 or 2015.

Barbados Port Inc.

Notes to Financial Statements March 31, 2016

(expressed in Barbados dollars)

9 Financial investments

	2016	2015
	\$	\$
Available-for-sale:		
Insurance Corporation of Barbados Limited (Equities) - at market value		
At beginning of the year	463,461	499,999
Proceeds received on sale of financial investment	(590,382)	-
Unrealised gain/(loss) included in other comprehensive income	126,921	(36,538)
	<u> </u>	<u> </u>
At March 31	-	463,461
Loans and receivables:		
Term deposits at Republic Bank (Barbados) Limited	23,111	22,871
Debt Service Reserve Account at Republic Finance & Trust (Barbados) Limited	13,416,679	6,416,671
Ansa Finance Lease Reserve Account at First Citizens Bank	995,000	995,000
	<u> </u>	<u> </u>
	14,434,790	7,434,542
	<u> </u>	<u> </u>
	14,434,790	7,898,003

The Debt Service Reserve at Republic Finance & Trust (Barbados) Limited is being held in connection with the \$70 million bond issue, whilst the Ansa Finance Lease Reserve Account is being held in connection with a financing lease from Ansa Merchant Bank.

The maturity dates of the Company's loans and receivables are tied to the long-term loans against which they are secured.

No provision for impairment of financial investments was required in 2016 and 2015.

The fair value of loans and receivables at year end was \$14,434,790 (2015 - \$7,434,542).

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

10 Investment in associated company

	2016 \$	2015 \$
Bridgetown Cruise Terminals, Inc.		
750,000 Class 'A' common shares (30% interest) - at cost	750,000	750,000
(Decrease)/increase in equity value over cost to end of previous year	<u>(73,787)</u>	325,161
	676,213	1,075,161
Share of net income for the year	403,405	381,052
Dividends received	(300,000)	(330,000)
Capital reduction payment received	<u>–</u>	(450,000)
Balance end of year	<u>779,618</u>	<u>676,213</u>

The results of the associated company as of March 31, 2016 and 2015 are as follows:

	Assets \$	Liabilities \$	Revenues \$	Net Income \$
2016	<u>3,744,102</u>	<u>1,145,376</u>	<u>3,976,727</u>	<u>1,344,684</u>
2015	<u>3,293,808</u>	<u>1,039,765</u>	<u>4,630,394</u>	<u>1,270,173</u>

Barbados Port Inc.

Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

11 Property, plant and equipment

	Land	Buildings, sheds, workshop and incinerator	Wharfs and breakwater	Watercraft, tugs, etc.	Cargo handling equipment, vehicles, other navigational aids	Port expansion asset	Total
	\$	\$	\$	\$	\$	\$	\$
At March 31, 2014							
Cost	54,392,048	27,749,079	23,503,167	29,694,492	97,395,727	78,068,622	310,803,135
Impairment	–	–	–	(5,005,722)	–	–	(5,005,722)
Accumulated depreciation	–	(20,793,079)	(14,367,677)	(14,387,379)	(85,031,580)	(9,755,798)	(144,335,513)
Net book amount	54,392,048	6,956,000	9,135,490	10,301,391	12,364,147	68,312,824	161,461,900
Year ended March 31, 2015							
Opening net book amount	54,392,048	6,956,000	9,135,490	10,301,391	12,364,147	68,312,824	161,461,900
Transferred from capital works in progress	4,272,213	331,123	–	–	621,762	–	5,225,098
Additions	45,000	113,685	–	–	4,080,582	–	4,239,267
Disposals	–	–	–	(7,984,124)	–	–	(7,984,124)
Accumulated depreciation on disposals	–	–	–	43,721	–	–	43,721
Impairment loss	–	–	–	(303,091)	(3,630,442)	(1,561,372)	(6,569,158)
Depreciation for year	–	(604,190)	(470,063)	(303,091)	(3,630,442)	(1,561,372)	(6,569,158)
Closing net book amount	58,709,261	6,796,618	8,665,427	2,057,897	13,436,049	66,751,452	156,416,704
At March 31, 2015							
Cost	58,709,261	28,193,886	23,503,167	4,956,680	102,443,116	78,068,622	295,874,732
Impairment	–	(21,397,268)	(14,837,740)	(2,898,783)	(89,007,067)	(11,317,170)	(139,458,028)
Net book amount	58,709,261	6,796,618	8,665,427	2,057,897	13,436,049	66,751,452	156,416,704

Barbados Port Inc.

Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

11 Property, plant and equipment ... continued

	Land	Buildings, sheds, workshop and incinerator	Wharfs and breakwater	Watercraft, tugs, etc.	Cargo handling equipment, vehicles, other equipment and navigational aids	Port expansion asset	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended March 31, 2016							
Opening net book amount	58,709,261	6,796,618	8,665,427	2,057,897	13,436,049	66,751,452	156,416,704
Transferred from capital works in progress	-	390,717	64,180,888	-	1,793,196	-	66,364,801
Additions	-	-	8,941	-	5,033,707	-	5,042,648
Disposals	-	-	-	-	(199,584)	-	(199,584)
Accumulated depreciation on disposals	-	-	-	-	199,584	-	199,584
Depreciation for year	-	(631,974)	(1,753,860)	(263,230)	(4,008,583)	(1,561,372)	(8,219,019)
Closing net book amount	58,709,261	6,555,361	71,101,396	1,794,667	16,254,369	65,190,080	219,605,134
At March 31, 2016							
Cost	58,709,261	28,584,603	87,692,996	4,956,680	109,070,435	78,068,622	367,082,597
Accumulated depreciation	-	(22,029,242)	(16,591,600)	(3,162,013)	(92,816,066)	(12,878,542)	(147,477,463)
Net book amount	58,709,261	6,555,361	71,101,396	1,794,667	16,254,369	65,190,080	219,605,134

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

12 Capital works in progress

	Cruise Pier project \$	Berth 5 project \$	Other \$	Total \$
At March 31, 2014				
Cost	22,530,405	–	3,768,296	26,298,701
Year ended March 31, 2015				
Opening net book amount	22,530,405	–	3,768,296	26,298,701
Additions	3,210,878	14,515,138	4,230,022	21,956,038
Transfers to property, plant and equipment	–	–	(5,225,098)	(5,225,098)
Expensed	–	–	(76,799)	(76,799)
Closing net book amount	25,741,283	14,515,138	2,696,421	42,952,842
At March 31, 2015				
Cost	25,741,283	14,515,138	2,696,421	42,952,842
Year ended March 31, 2016				
Opening net book amount	25,741,283	14,515,138	2,696,421	42,952,842
Additions	–	48,353,290	42,530,725	90,884,015
Transfers to property, plant and equipment	–	(62,868,428)	(3,496,373)	(66,364,801)
Expensed	(25,741,283)	–	(290,459)	(26,031,742)
Closing net book amount	–	–	41,440,314	41,440,314
At March 31, 2016				
Cost	–	–	41,440,314	41,440,314

During 2012 to the current year the Company incurred \$25,741,283 on the design phase of the Cruise Pier project in anticipation of negotiating financing arrangements for the US \$220 million project. As a result of the current uncertainty with respect to securing financing, the Company has expensed the related costs.

During the year, the Company completed construction of an extension to Berth 5 allowing the Port to receive larger cargo and cruise vessels.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

13 Deferred tax asset

	2016 \$	2015 \$
Deferred tax asset - beginning of year	9,014,321	–
Deferred tax credit (note 23)	<u>24,011,857</u>	9,014,321
Deferred tax asset - end of year	<u>33,026,178</u>	9,014,321

The Company has recognised \$33,026,178 (2015 - \$9,014,321) of its total deferred tax asset of \$33,026,178 (2015 - \$28,076,783).

The total deferred tax asset consists of the following components:

	2016		2015	
	Recognised \$	Recognised \$	Unrecognised \$	Total \$
Delayed tax depreciation	63,311,843	–	57,443,762	57,443,762
Retirement benefit obligations	9,756,822	–	13,181,113	13,181,113
Unutilised tax losses (note 24)	–	5,134,076	–	5,134,076
Qualifying capital expenditure (note 25)	<u>59,036,047</u>	<u>30,923,208</u>	<u>5,624,972</u>	<u>36,548,180</u>
	<u>132,104,712</u>	<u>36,057,284</u>	<u>76,249,847</u>	<u>112,307,131</u>
Deferred tax asset at corporation tax rate of 25% (2015 - 25%)	<u>33,026,178</u>	<u>9,014,321</u>	<u>19,062,462</u>	<u>28,076,783</u>

The expiry dates of tax losses are disclosed in Note 24 and the expiry dates of qualifying capital expenditure are disclosed in Note 25. The other temporary differences have no expiry dates.

14 Accounts payable and accrued liabilities

	2016 \$	2015 \$
Accounts payable	1,664,312	2,643,051
Accrued liabilities	3,568,937	7,251,752
Interest payable	174,509	393,071
VAT payable	<u>866,202</u>	<u>237,484</u>
	<u>6,273,960</u>	<u>10,525,358</u>

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

15 Long-term loans

	2016 \$	2015 \$
i) RBC Royal Bank Barbados - Port Rehabilitation Project	7,466,854	10,453,596
ii) Republic Bank (Barbados) Limited - \$50M	20,489,901	27,740,961
iii) First Citizens Bank (Barbados) Limited	–	14,000,000
iv) Republic Bank (Barbados) Limited - \$70M	57,856,922	23,853,598
v) Ansa Bridging Loan	–	14,925,000
vi) Ansa Finance Lease Liability	48,766,970	6,645,750
	134,580,647	97,618,905
Less: current portion	(18,991,518)	(42,421,283)
	115,589,129	55,197,622

- i) This loan was obtained from RBC Royal Bank (Barbados) Limited in order to assist in the funding of the Port Rehabilitation Project. It commenced on July 1, 2003 and bears interest fixed at the rate of 6.75%. The loan of \$34,000,000 is repayable by 26 semi-annual instalments of principal and interest from the period December 31, 2005 to July 1, 2018. Interest capitalised during the moratorium period of July 2003 to June 2005 amounted to \$4,827,641. Repayment of the loan commenced on December 31, 2005 and the outstanding amount owed to the Bank is \$7,466,854 (2015 - \$10,453,596). The loan is secured by a Government of Barbados guarantee.
- ii) This loan from Republic Bank (Barbados) Limited was obtained on October 31, 2008 to refinance a portion of existing debt, including pension liabilities and to fund ongoing capital works. The loan of \$50,000,000 is for a term of 10 years and bears interest at the rate of 7.0% fixed. Interest is to be paid quarterly during the term of the facility, with a moratorium on principal repayments during the first three years. Commencing December 31, 2011 and ending September 30, 2018, the loan is to be repaid by 28 blended quarterly payments of \$2,274,076. The amount owed to the Bank is \$20,489,901 (2015 - \$27,740,961). The loan is secured by a Government of Barbados guarantee.
- iii) The loan from First Citizens Bank (Barbados) Limited was obtained on February 15, 2012 to finance 70% of the cost of preparation of detailed planning documents in relation to a proposed project which involves the construction of a new cruise terminal. The loan of \$14,000,000 bore interest at the rate of 7.0%. Interest only was payable monthly in arrears. The loan was secured by an assignment of US \$750,000 from the Company's US dollar account held at First Citizens Bank (Barbados) Limited and a Letter of Comfort from the Ministry of Finance and Economic Affairs on behalf of the Government of Barbados for \$10,000,000. The principal was repayable in full in December 31, 2012. However, extensions were subsequently granted up to March 31, 2015. On April 1, 2015, the loan was rolled over by participation in the new \$70 million bond issue described below.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

15 Long-term loans ...continued

- iv) This bond was issued through Republic Bank (Barbados) Limited for the purposes of refinancing existing loans and working capital management. As at March 31, 2016, net subscriptions totalled \$53,649,000 (2015 - \$22,964,000) (Note 2) and capitalised interest to March 31, 2016 totalled \$4,207,922 (2015 - \$889,598). The loan bears interest fixed at 7.5%, with a moratorium on principal and interest payments for the first 3 years, during which interest is capitalised. In year 4, amortised quarterly payments of principal and interest will commence. This loan is secured by a mortgage over the fixed and floating assets of the Company stamped to cover \$87,500,000; a charge over the Debt Service Reserve Account funded at \$7,000,000 per annum; and a letter of comfort from the Government of Barbados to the extent of \$70,000,000.

- v) This loan from ANSA Merchant Bank was obtained on March 16, 2015 to assist with funding of the extension of Berth 5. The loan of US\$7.5 million was for a term of 1 year and bore interest at a rate of 6.5%. Interest was to be repaid on a quarterly basis in arrears commencing 3 months after the issue date. The principal was to be repaid at maturity via a single bullet payment. The loan was repaid in full in March 2016.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

15 Long-term loans ...continued

- vi) This finance lease, arranged and financed through ANSA Merchant Bank Limited was entered into for the purchase of operational equipment. The face value of the lease is US\$23,396,494 which represents 100% of the cost of the equipment being leased. The lease bears interest at the rate of 7.25%; with a moratorium on principal and interest payments for the first 18 months, during which interest is capitalised. As of March 31, 2016, equipment with a fair value of \$47,013,769 (2015- \$3,782,088) was received. Capitalised interest to date is \$5,011,681 (2015 - \$2,863,662).

Monthly lease payments of \$958,189 commenced on November 11, 2015. The lease is secured by a letter of comfort from the Government of Barbados, a charge over the Ansa Finance Lease Reserve Account, monthly assignment of US\$229,594 in revenues and a sale option agreement which will entitle the lessor to require the Government of Barbados to purchase the equipment at a fixed price in the event of default by the Company.

	2016 \$	2015 \$
Gross finance lease liabilities - minimum lease payments		
No later than 1 year	11,498,272	4,790,946
Later than 1 year and no later than 5 years	45,993,086	45,993,086
Later than 5 years	958,189	12,456,461
	<u>58,449,547</u>	<u>63,240,493</u>
Future finance charges on finance lease liabilities	(9,682,577)	(11,215,043)
Present value of finance lease liabilities:	<u>48,766,970</u>	<u>52,025,450</u>
The present value of finance lease liabilities is as follows:		
No later than 1 year	11,059,173	4,708,003
Later than 1 year and no later than 5 years	37,044,241	38,849,255
Later than 5 years	663,556	8,468,192
	<u>48,766,970</u>	<u>52,025,450</u>

The maturity of loan balances has been disclosed in note 26 (a)(iii).

The fair value of the Company's fixed rate borrowings was \$141,355,320 (2015 - \$99,952,315) at the end of the year.

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

16 Deferred capital grant

The Company has obtained capital grants from the Barbados Competitiveness Programme Implementation Unit to partly fund the acquisition of the Klein Port Management Systems, as follows:

	2016	2015
	\$	\$
Balance - beginning of year	493,030	774,762
Amortisation	(281,732)	(281,732)
	<hr/>	<hr/>
Balance - end of year	211,298	493,030
	<hr/>	<hr/>

The system is being amortised over its useful life of four years.

17 Retirement benefit obligations

The Company maintained a non-contributory defined benefit plan with the Insurance Corporation of Barbados Limited until November 30, 2005. Employees were eligible to join that plan on January 1 following one year's continuous service. The Company withdrew from this Statutory Corporation Pension Fund (SCPF) in order to establish a new plan in keeping with the requirements of the Barbados Port Inc. (Transfer of Management and Vesting of Assets) Act 2003. The Port created a new Defined Benefit (DB) Plan for employees who were previously part of the SCPF, as well as a Defined Contribution (DC) Plan for new employees.

The Company also offers post-retirement medical benefits to its employees, pensioners and their dependents. These medical benefits are offered under a scheme which is insured with an insurance provider. Period-end obligations are as follows:

	2016	2015
	\$	\$
Pension plan	5,051,344	8,481,955
Post-retirement medical benefits	4,705,478	4,699,158
	<hr/>	<hr/>
	9,756,822	13,181,113
	<hr/>	<hr/>

Pension plan

The amounts recognised in the statement of financial position for the pension plan liability are as follows:

	2016	2015
	\$	\$
Present value of funded obligations	58,679,357	61,007,142
Fair value of plan assets	(53,628,013)	(52,525,187)
	<hr/>	<hr/>
Pension plan liability	5,051,344	8,481,955
	<hr/>	<hr/>

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Pension plan ...continued

Changes in the present value of funded obligations are as follows:

	2016	2015
	\$	\$
Present value of funded obligations - beginning of year	61,007,142	60,949,174
Current service cost	1,542,450	1,619,345
Interest cost	4,528,442	4,632,365
Past service cost	332,259	-
Benefits paid	(6,693,706)	(3,972,787)
Actuarial gains on retirement benefit obligations	(2,037,230)	(2,220,955)
	<hr/>	<hr/>
Present value of funded obligations - end of year	58,679,357	61,007,142

Changes in the fair value of plan assets are as follows:

	2016	2015
	\$	\$
Plan assets - beginning of year	52,525,187	51,834,655
Expected return on plan assets	3,934,533	3,995,139
Contributions - total	3,179,690	3,403,846
Benefits paid	(6,693,706)	(3,972,787)
Actuarial gain/(loss) on plan assets	682,309	(2,735,666)
	<hr/>	<hr/>
Plan assets - end of year	53,628,013	52,525,187

Movements in the net liability recognised in the statement of financial position:

	2016	2015
	\$	\$
Net liability - beginning of year	8,481,955	9,114,519
Contributions paid	(3,179,690)	(3,403,846)
Expense recognised in the statement of comprehensive income	2,468,618	2,256,571
Actuarial (gain)/loss recognised in the statement of other comprehensive income	(2,719,539)	514,711
	<hr/>	<hr/>
Net liability - end of year	5,051,344	8,481,955

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Pension plan ...continued

Expense recognised in the statement of comprehensive income:

	2016	2015
	\$	\$
Current service cost	1,542,450	1,619,345
Interest cost	4,528,442	4,632,365
Past service cost	332,259	–
Expected return on plan assets	<u>(3,934,533)</u>	<u>(3,995,139)</u>
	2,468,618	2,256,571
Actual return on plan assets	<u>4,616,843</u>	<u>1,259,473</u>

Expense recognised in the statement of other comprehensive income:

	2016	2015
	\$	\$
Actuarial gains on retirement benefit obligations	2,037,230	2,220,955
Return on plan assets excluding amounts included in interest expense	<u>682,309</u>	<u>(2,735,666)</u>
	2,719,539	(514,711)

	2016	2015
	\$	\$
Plan assets are comprised as follows:		
Bonds	46.7	53.6
Equities	31.3	38.4
Deposits	12.0	0.9
Other assets	<u>10.0</u>	<u>7.1</u>
Net assets	100.0	100.0

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Pension plan ...continued

Retirement Benefit Obligations

Through its defined benefit pension plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Barbados bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The pension investment committee invests the funds for the defined benefits section of the plan and amends the asset allocation as necessary to meet the objectives. The bonds held by the plan represent primarily investments in Government of Barbados securities. There are limited (6%) (2015 – 6%) investments in corporate bonds.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company’s long term strategy to manage the plan efficiently.

Changes in bond yields

A decrease in Government of Barbados bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan’s bond holdings.

Life expectancy

The primary obligation of the plan is to provide benefits for the life of the member. As such increases in life expectancy will result in an increase in the plan’s liabilities. A sensitivity analysis of changes in life expectancy indicates this risk is not very material.

Expected contributions for the year ending March 31, 2017 are \$7,070,974.

The weighted average duration of the defined benefit plan is 12.69 (2015 – 13.10) years.

Expected maturity analysis of undiscounted pension benefits:

	Less than a year \$m	Between 1-2 years \$m	Between 2-5 years \$m	Over 5 years \$m	Total \$m
Pension benefits	3.63	4.04	14.47	26.36	48.50

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Principal actuarial assumptions used for accounting purposes were:

	2016 %	2015 %
Discount rate	7.75	7.75
Future promotional salary increases	2.00	2.00
Future inflationary salary increases	3.00	3.00
Proportion of employees opting for early retirement	10.00	10.00
Future changes in NIS ceiling	3.50	3.50
Mortality	AA	AA

The sensitivity of the present value of funded obligations to changes in the weighted principal assumptions is as follows:

	Impact on present value of funded obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(5,648,596)	6,797,721
Salary growth rate	0.5%	2,214,613	(1,954,574)
Life expectancy	1 year	2,887,830	n/a

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the obligations to significant actuarial assumptions, the same method (present value of the funded obligations calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension plan liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

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17 Retirement benefit obligations ...continued

Post-retirement medical benefits

The amounts recognised in the statement of financial position for the post retirement medical benefits are as follows:

	2016	2015
	\$	\$
Present value of funded obligations	<u>4,705,479</u>	<u>4,699,158</u>

The Company fully funds the post-retirement medical benefits as there are no plan assets.

Changes in the present value of funded obligations are as follows:

	2016	2015
	\$	\$
Present value of funded obligations - beginning of year	4,699,158	5,436,223
Current service cost	168,063	214,867
Interest cost	367,102	426,487
Past service cost - vested benefits	(83,138)	217
Benefits paid	(92,791)	(81,412)
Actuarial gains on obligations	<u>(352,915)</u>	<u>(1,297,224)</u>
Present value of funded obligations - end of year	<u>4,705,479</u>	<u>4,699,158</u>

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Post-retirement medical benefits ...continued

Movements in the net liability recognised in the statement of financial position:

	2016	2015
	\$	\$
Net liability - beginning of year	4,699,158	5,436,223
Contributions paid	(92,791)	(81,412)
Expense recognised in the statement of comprehensive income	452,027	641,571
Actuarial gains recognised in the statement of other comprehensive income	(352,915)	(1,297,224)
	<hr/>	<hr/>
Net liability - end of year	4,705,479	4,699,158

Expense recognised in the statement of comprehensive income:

	2016	2015
	\$	\$
Current service cost	168,063	214,867
Interest cost	367,102	426,487
Past service cost - vested benefits	(83,138)	217
	<hr/>	<hr/>
	452,027	641,571

The effect of a 1% movement in the assumed medical cost trend is as follows:

	Increase	Decrease
	\$	\$
Effect on the current service cost and interest cost	633,054	456,609
Effect on funded obligations	5,455,403	4,095,096

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Post-retirement medical benefits ...continued

Principal actuarial assumptions used for accounting purposes were:

	2016	2015
	%	%
Discount rate	7.75	7.75
Medical cost inflation	4.00	4.00
Proportion of employees opting for early retirement	10.00	10.00

The amounts recognised in the statement of financial position and the statement of comprehensive income for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised are disclosed above along with an analysis of the sensitivity of these assumptions.

The discount rate is determined based on the estimate of yield on long-term Government Bonds that have maturity dates approximating the terms of the Company's obligation. The estimate of expected rate of change in the National Insurance Scheme ceiling is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

18 Share capital

Authorised

The Company is authorised to issue an unlimited number of common shares without nominal or par value.

Issued

	2016	2015
	\$	\$
100 (2015 - 100) common shares, stated value	100	100

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

19 Capital contributions

Capital contributions made by the sole shareholder, the Government of Barbados, comprise the following:

	2016 \$	2015 \$
Value of leased assets of \$42,310,845 less long-term loan obligations of \$28,229,630 at January 1, 1979, under the lease agreement with the Crown.	14,081,215	14,081,215
Value of the other assets less other liabilities of the former Port Department and Port Contractors (Barbados) Limited at January 1, 1979, transferred to, or assumed by Barbados Port Inc, less the amount of \$100,000 allocated to the Port Fund as established under Section 7(I) of the Barbados Port Authority Act, Cap. 285B.	15,063,865	15,063,865
Capital transfer - Berth 5 Project	<u>49,538,200</u>	-
	<u>78,683,280</u>	<u>29,145,080</u>

Leased assets and long term obligations under lease agreement with the Crown.

- a) The freehold land and buildings and the static facilities at the Port of Bridgetown belonging to the Crown (other than the land and buildings and related wharf facilities of the bulk handling facility) which were valued at \$42,310,845 at January 1, 1979 are being leased for a period of 50 years from January 1, 1979 at a yearly rent of \$100.
- b) Under the terms of the lease agreement, the Port will have the option to renew the lease for a further term of 50 years from the expiration of the original lease period and will be responsible for the maintenance and insurance of the leased assets and for the payment of property taxes thereon, and will receive the income from the subletting of any part or parts of the properties.
- c) Under the terms of the lease agreement, the Port also undertook to reimburse the Crown for the debt servicing assumed by the Crown in connection with Loan Contract dated February 21, 1975 and made between the Government of Barbados and Inter-American Development Bank for a loan of US\$9,100,000 or the equivalent thereof in other currencies, to partially finance the Project for the Expansion and Improvement of the Port of Bridgetown; and to assume the liability to the Crown for long term loans made by the Crown for the construction of the Deep Water Harbour which amounted to \$3,320,236 and \$6,709,394 at January 1, 1979. This loan was fully repaid in 1994.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

19 Capital contributions ...continued

- d) Since the terms of the lease transactions are significantly affected by the relationship between the Port and the Crown, the economic substance rather than the legal form of the lease has been recognised by the Company in its accounting treatment of the capital lease, and the actual cost of, or values assigned to the leased assets and the actual related long-term obligations under the lease have been reflected in its financial statements with the excess of the cost of or values assigned to leased assets over the loan obligations being shown as a capital contribution by the Government of Barbados.
- e) In correspondence from the Director of Finance and Economic Affairs to the Accountant- General, it was detailed that funding received from CAF was to be appropriated as a capital transfer to Barbados Port Inc. The purpose for the funds was to construct an extension to Berth 5 and yachting facilities.

20 Revenue - other

	2016	2015
	\$	\$
Bulk handling terminal	661,953	712,564
Sugar levy	54,838	62,374
Auction sales	43,531	66,689
Garbage disposal	1,018,874	903,850
Security services	5,696,482	4,915,792
Taxi and tour buses registration	166,927	169,188
Photo identification	98,348	28,714
	7,740,953	6,859,171

21 Expenses by nature

	2016	2015
	\$	\$
Staff costs (note 22)	36,515,413	35,416,142
Repairs and maintenance	5,709,708	6,057,860
Utilities	2,217,154	2,816,282
Advertising and promotions	342,354	456,421
Depreciation	8,219,019	6,569,158
Amortisation of deferred grant	(281,732)	(281,732)
Insurance	835,791	893,040
Professional fees	323,074	404,301
Other	6,142,169	6,879,684
	60,022,950	59,211,156

Included within other expenses above is Tranche 1 of a training grant in the amount of \$501,800 from Competency-Based Training Fund to offset training expenses incurred under pre-identified training programmes.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

22 Staff costs

	2016 \$	2015 \$
Payroll costs and benefits	33,445,609	32,377,660
Pension expenses		
- defined benefit	2,468,618	2,256,571
- defined contribution	149,159	140,340
Post-retirement medical benefits	452,027	641,571
	<u>36,515,413</u>	<u>35,416,142</u>

23 Taxation

	2016 \$	2015 \$
Deferred tax credit (note 13)	<u>24,011,857</u>	<u>9,014,321</u>

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

	2016 \$	2015 \$
(Loss)/income before taxation	<u>(7,947,818)</u>	4,642,971
Taxation calculated at 25% (2015 - 25%)	(1,986,955)	1,160,743
Expenses not deductible for tax purposes	6,994,522	931,248
Income not subject to tax	(158,894)	(79,087)
Market development and other allowances	(157,680)	(278,517)
Qualifying capital expenditure incurred	(10,360,079)	(3,932,020)
Movement in deferred tax asset not recognised	-	(6,917,053)
Movement in deferred tax asset recognised	(18,241,920)	-
Associated company's results reported net of tax	(100,851)	(95,263)
Under provision of deferred tax	-	195,628
	<u>(24,011,857)</u>	<u>(9,014,321)</u>

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

24 Tax losses

Tax losses of the Company which are available for set off against future taxable income for corporation tax purposes are as follows:

Year of income	Losses b/fwd \$	Utilised \$	Losses c/fwd \$
2007	1,631,737	(1,631,737)	–
2008	1,855,292	(1,855,292)	–
2011	1,439,455	(1,439,455)	–
	<u>4,926,484</u>	<u>(4,926,484)</u>	<u>–</u>

These losses are as computed by the Company in its corporation tax returns and have as yet neither been confirmed nor disputed by the Barbados Revenue Authority.

25 Qualifying capital expenditure

In accordance with the Barbados Port Inc. (Exemption from Taxation) Act, 2011-21 the Company is granted income tax concessions in respect of expenditure of a capital nature on the expansion or development of the Port. The approved capital expenditure available for deduction is as follows:

Year of income	B/fwd \$	Utilised \$	Incurred \$	C/fwd \$	Expiry date
2011	258,792	(258,792)	–	–	
2012	12,686,611	(12,686,611)	–	–	
2014	7,874,699	(6,007,044)	–	1,867,655	2033
2015	15,728,078	–	–	15,728,078	2034
2016	–	–	41,440,314	41,440,314	2035
	<u>36,548,180</u>	<u>(18,952,447)</u>	<u>41,440,314</u>	<u>59,036,047</u>	

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

26 Financial risk management

a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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.

i) 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 Company'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.

1) Currency risk

The Company's exposure to currency risk arises from purchases that are denominated in a currency other than the functional currency of the Company mainly the US Dollar and from the US Dollar denominated long-term loan which it holds. This risk is however considered not to be significant as the US Dollar is fixed with the Barbados dollar.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

26 Financial risk management ...continued

a) Financial risk factors ...continued

i) Market risk

2) Interest rate risk

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

The Company is exposed to cash flow interest rate risk in respect of its term deposits and long term loans.

Management reviews the rates on a regular basis along with the cost of putting alternative financing in place to determine the most cost effective source of borrowings. Management has entered into long term loans which bear interest at fixed rates and hence limit the Company's exposure to cash flow interest rate risk.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

Fixed rate instruments

	2016	2015
	\$	\$
Financial assets	14,434,790	7,434,542
Financial liabilities	134,580,647	97,618,905

3) Price risk

The Company was exposed to price risk arising from changes in the equity price of its holding in the Insurance Corporation of Barbados Limited. This financial investment was disposed of during the year. As such as at the year end the Company was not impacted by price risk.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

26 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's credit risk arises principally from the Company's receivables from customers and loans and receivables.

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

	2016		2015	
	\$	%	\$	%
Cash and cash equivalents	2,979,937	12.28	2,357,612	13.27
Accounts receivable	6,490,640	26.75	7,535,693	42.41
Other receivables	357,290	1.47	439,830	2.48
Financial investments (loans and receivables)	14,434,790	59.50	7,434,542	41.84
	24,262,657	100.00	17,767,677	100.00

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's revenue is attributable to customers' credit sales and the demographics of the customers' geographical location, including default risk of the industry and the country in which customers operate. Credit is granted to authorised shipping agents only who are registered in a prescribed manner, and who are mandated to provide a bond through a financial institution as security to the Company. Additionally, shipping agents are normally required to pre-pay a deposit of ninety (90) percent of the anticipated revenue per ship visit. This has the effect of significantly reducing credit risk.

Management has instituted standard repayment periods for credit sales and monitors each receivable balance on a weekly basis with regard to credit sales granted and payments received.

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

26 Financial risk management ... continued

a) Financial risk factors ... continued

iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet reasonable expectations of short-term obligations. Where necessary, management seeks to renegotiate repayment terms on long term loans.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	\$	\$	\$	\$	\$	\$
2016						
Assets						
Cash	2,979,937	2,979,937	2,979,937	-	-	-
Accounts receivable	6,490,670	6,490,670	6,490,670	-	-	-
Other receivables	357,290	357,290	357,290	-	-	-
Financial investments	14,434,790	14,434,790	14,434,790	-	-	-
	24,262,687	24,262,687	24,262,687	-	-	-
Liabilities						
Long-term loans	134,580,647	167,240,036	23,967,964	64,432,485	58,618,851	20,220,736
Accounts payable	6,273,960	6,273,960	6,273,960	-	-	-
	140,854,607	173,513,996	30,241,924	64,432,485	58,618,851	20,220,736
Liquidity gap	(116,591,920)	(149,251,309)	(5,979,237)	(64,432,485)	(58,618,851)	(20,220,736)

Barbados Port Inc.
Notes to Financial Statements
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(expressed in Barbados dollars)

26 Financial risk management ... continued

a) Financial risk factors ... continued

iii) Liquidity risk ... continued

	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	\$	\$	\$	\$	\$	\$
2015						
Assets						
Cash	2,357,612	2,357,612	2,357,612	—	—	—
Accounts receivable	7,535,693	7,535,693	7,535,693	—	—	—
Other receivables	439,830	439,830	439,830	—	—	—
Financial investments	7,898,003	7,898,003	7,898,003	—	—	—
	18,231,138	18,231,138	18,231,138	—	—	—
Liabilities						
Long-term loans	97,618,905	172,635,321	46,710,619	23,967,964	68,540,887	33,415,851
Accounts payable	2,643,048	2,643,048	2,643,048	—	—	—
	100,261,953	175,278,369	49,353,667	23,967,964	68,540,887	33,415,851
Liquidity gap	(82,030,815)	(157,047,231)	(31,122,529)	(23,967,964)	(68,540,887)	(33,415,851)

Barbados Port Inc.

Notes to Financial Statements

March 31, 2016

(expressed in Barbados dollars)

26 Financial risk management ...continued

a) Financial risk factors ...continued

iv) Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are measured in accordance with a fair value hierarchy. This hierarchy is as follows:

- Level 1 - unadjusted quoted prices in active markets for identical instruments.
- Level 2 - inputs other than quoted prices in Level 1 that are observable for the instrument, either directly or indirectly.
- Level 3 - inputs for the instrument that are not based on observable market data.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the Company does not consider the instrument to be traded in an active market.

The Company's equity securities in the Insurance Corporation of Barbados Limited was designated a Level 1 financial asset.

b) Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The Company's financial assets and liabilities as disclosed in the statement of financial position are considered by management to approximate their fair value except for loans and receivables and long-term loans, the fair values of which are disclosed in notes 9 and 14.

c) Capital risk management

The Company manages equity and long-term loans as capital. 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 Company's approach to capital management during the year.

Barbados Port Inc.
Notes to Financial Statements
March 31, 2016

(expressed in Barbados dollars)

27 Contingent liabilities

As of March 31, 2016 and 2015, there exist a number of legal claims against the Company, the outcome of which could not be determined with reasonable certainty. No provision for any liability that may result has been made in these financial statements. Settlement, if any, concerning these claims, will be recorded in the period in which they are realised.

The Company has bonds in favour of the Comptroller of Customs in the amount of \$28,000.

28 Related party transactions

1) The following transactions were carried out with the associated company during the year/period:

	2016	2015
	\$	\$
i) Portion of passenger head tax paid	1,371,320	727,993
ii) Security service charge	111,744	110,592

2) Key management

	2016	2015
	\$	\$
Directors' fees	90,600	87,000
Salaries and other employee benefits	1,808,400	1,938,339

There were no loans to key management at March 31, 2016 and 2015.

Transactions with entities which have common directors of the Company are as follows:

	2016	2015
	\$	\$
Rental income	117,312	57,920
Miscellaneous services	392,685	193,785
Cargo handling	9,409,670	6,720,376
	9,919,667	6,972,081
Brokerage fee expenses	865,197	241,995

Barbados Port Inc.

Notes to Financial Statements

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29 Operating leases

The Company sublets parts of the property it leases from the Crown. The future minimum lease payments receivable under terms of the leases are as follows:

	2016	2015
	\$	\$
Less than one year	1,293,744	1,291,255
Between one and five years	639,850	641,465
More than 5 years	10,116,792	8,712,500

During the year \$1,664,025 (2015 - \$1,398,113) was recognised as rental income in the statement of comprehensive income.

In 2014, the Company entered into a fifteen year operating lease with Svitzer Barbados for the provision of tug charter services. The future minimum lease payments payable under the terms of the leases are as follows:

	2016	2015
	\$	\$
No later than one year	3,252,125	2,694,858
Later than 1 year and no later than 5 years	13,008,499	10,757,343
Later than 5 years	26,016,998	26,889,676



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