

BARBADOS
TOURISM MARKETING INC.

ANNUAL REPORT

September 2014 - March 2015







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VISION

Our vision sees Barbados elevated to the top of its capacity as a globally competitive, warm weather destination, with tourism sustainably enhancing the quality of life of visitors and Barbadians together.

MISSION

Our mission is to develop and apply exceptional marketing capabilities in the process of telling the authentic brand story of Destination Barbados. It further calls for us to galvanize all partners to elevate Barbados' tourism to new heights; while doing so in a fiscally prudent and sustainable manner.

Our focus in carrying out our mission will be on highly targeted marketing efforts guided by sound market intelligence and research. This will enable us to deploy effective and efficient marketing initiatives with a concentration on the utilization of digital marketing.

We will achieve our mission by employing and developing the talents of our staff while ensuring that they are all fully cognizant and compliant with our policies and practices so as to empower them to operate freely, expeditiously, and in the best interest of destination Barbados; our Government shareholder; our visitors and the wider community. Emphasis will also be placed on the importance of professionalism; a customer-focused approach to business; innovation; passion; and continuous improvement.

VALUES

Flexibility

Speed

Results Orientation

Process Driven



SECTION
ONE



Chairman's Message

Roseanne Myers
Chairman, BTMI

As At November 2021

SEPTEMBER 2014-MARCH 2015

Overview

The current Board of September 2021 has faced the challenge that from 2013/14 to 2016/17 required financial statements and audits of Barbados Tourism Marketing Inc (BTMI), Barbados Tourism Product Authority (BTPA), and their predecessor the Barbados Tourism Authority (BTA) had not been completed and presented on a timely basis. I am pleased to report that we have made tremendous progress in this regard and now present the annual report, financial statements for the year ended 31 March 2015.

The retrospective review of management's report show growth in tourism air and cruise arrivals. Marketing strategies and tactics across source markets seemed to have borne fruit during the period. The team at the BTA is to be commended for their execution of plans to drive revenue to the economy and with that, jobs and opportunities.

However, the accompanying financial statements, for the year ended 31 March 2015, have a qualified opinion from our auditors KPMG for the reasons set out in their report. Great effort was made to try to achieve unqualified audit opinions but regrettably the underlying supporting information which the

auditors requested for the year under review could not be located by the organisation's finance team. It is important to note that if adequate supporting information cannot be supplied to the auditors for the samples that they have selected for audit testing, they are required to indicate in their report that the total amount of that particular Balance Sheet or Income Statement item is noted in their report as unsubstantiated.

Given that several years have elapsed since the period covered in the accompanying financial statements, and given the lack of an unqualified opinion by the auditors, we are not in a position to comment or give any assurance on the financial statements beyond what the auditors have stated in their report.

On behalf of the 2021 board, I confirm that significant changes to policies, systems, technology and organisational structure have been made to rectify the shortcomings highlighted in the auditors report for 2016/17 and prior, and to improve the financial management and internal controls. I am pleased to advise that for the financial statements for the most recent years, 2017/18, 2018/19 and 2019/20 we have achieved unqualified reports from the auditors.

BOARD OF DIRECTORS

Alvin Jemmott - Chairman
Nicholas Branker - Deputy Chairman
Kevin Yearwood
Cecil Miller
Anthony Arthur
Cranston Browne - Representative NCF
Kashka Haynes
Shelly Carrington - PS Ministry of Tourism

SENIOR MANAGEMENT

William Griffith - Chief Executive Officer (Contract)
Neville Boxill - Senior Director Support Service (Contract)
Cheryl Carter - Director (UK)
Vicky Chandler - Director (C'bean and Latin America)
Robert Chase - Director Marketing
Carol-Ann Jordan - Director Human Resources & Corporate Services
Peter Mayer - Director (Canada)
Michelle Moore - Director Finance
Anita Nightingale - Director Europe (Contract)
Petra Roach - Director (USA) (Contract)

EMPLOYEE DEPARTURES

Marvellos Beckles
Office Attendant (Temp) - Jun 18, 2015

Tricia Williams
Business Development Officer (CLA) - Dec 31, 2015

Deborah Thompson
Personal Assistant (UK) - Feb 29, 2016

SECTION **TWO**

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Overview

For the reporting period August 25th, 2014, through to March 31st, 2015, the destination experienced steady growth, with arrivals increasing by 11.4% when compared with the corresponding period for

2013/2014. The only source markets with declining performances were Trinidad and Tobago and the other European countries.

STAY-OVER ARRIVALS BY MAJOR MARKETS					
AUGUST 25 - MARCH 31					
MAJOR MARKETS	2013	2014	AB CHG	% CHG	% SHARE
United States	66,344	76,015	9,671	14.6	21.9
Canada	4,4181	53,003	8,822	20.0	15.2
United Kingdom	115,054	131,813	16,759	14.6	37.9
Germany	8,297	10,204	1,907	23.0	2.9
Other Europe	21,096	18,037	-3,059	-14.5	5.2
Trinidad & Tobago	14,588	13,638	-950	-6.5	3.9
Other Caribbean	31,623	32,290	667	2.1	9.3
Brazil	2,801	3,913	1112	39.7	1.1
Other Central & South America	3,215	3,657	442	13.7	1.1
Other	4,728	5,030	302	6.4	1.4
Total	311,927	347,600	35,673	11.4	100.0

Market Performance

The **United Kingdom** was the top producer for the period under review. Approximately 38% of the overall tourist count originated from this source market, and an increase of 14.6% was registered.

The second highest performer was the **United States**, recording 76,015 visitors which represented 21.9% of business. This market also showed a modest increase of 14.6% when compared with the corresponding period for 2013/2014.

The **Canadian** market contributed 15.2% to the total with a 20% upturn when compared with the previous year.

The **Caribbean** region continued to make a significant impact on the overall performance, accounting for 13.2% of business. **Trinidad and Tobago** were the top

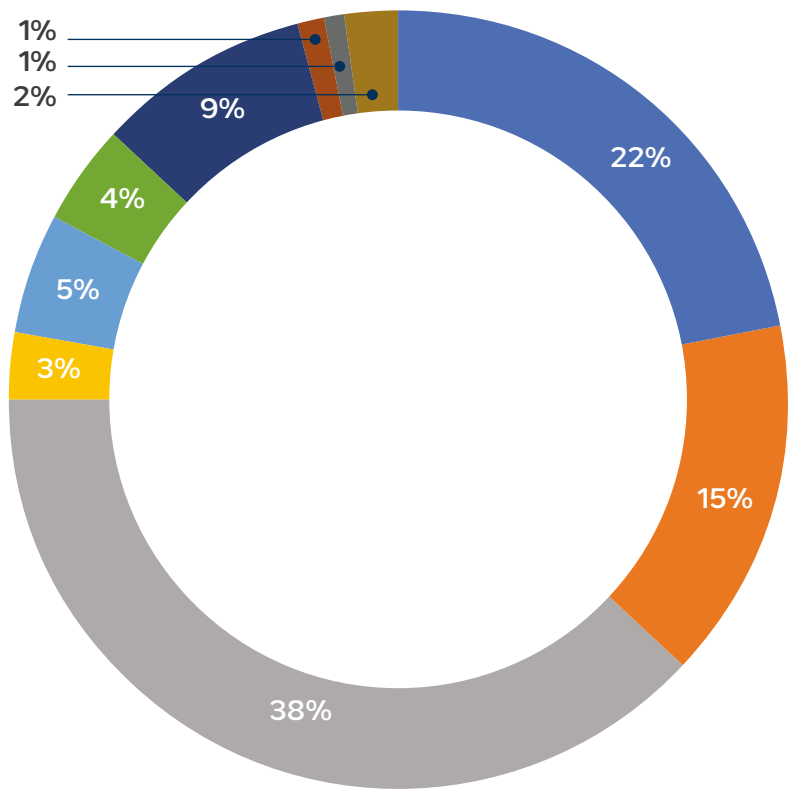
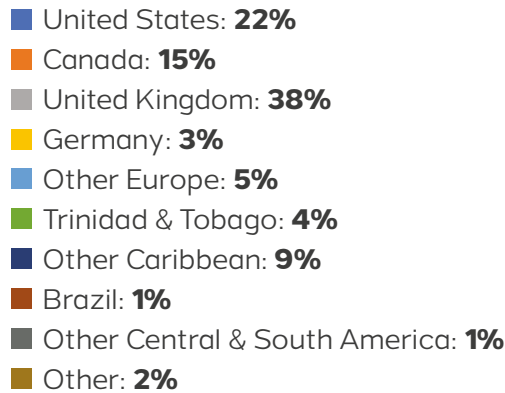
producer from this region, recording a 3.9% share, whilst Other Caribbean logged 9.3%. During this period, Trinidad and Tobago recorded a 6.5% decline, however, Other Caribbean (2.1%) registered a slight increase.

Europe provided 8.1% of the overall arrivals to the destination, which saw **Germany** recording 23% of growth, when compared with the same period for last year. The **Other European** territories on the other hand experienced a 14.5% decline when comparing the reporting months of 2014/2015.

Central and South America contributed 2.2% of business, with its top performing country Brazil recording an increase of 39.7% and all the other territories increased by 13.7%.

Market Share

25th August, 2014 - March 2015



Cruise Arrivals

Cruise arrivals totalled 426,381 passengers for the period August 25th, 2014, through to March 31st, 2015. This was a slight decrease of 2.4% when compared with the corresponding period of 2013/2014. Declines were recorded for the months of August and

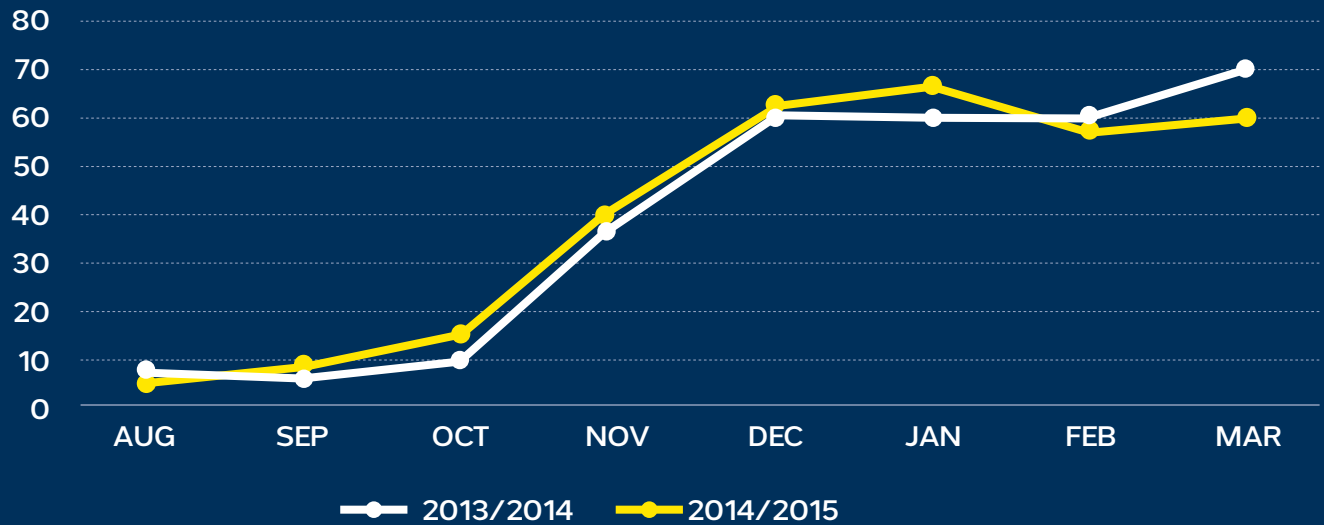
November of 2014, and January and February of 2015. The months of September and October saw a steady performance, registering increases of 10.8% and 17.3% respectively. December 2014 also showed growth of 11.2% during this period.

CRUISE ARRIVALS				
	2013/2014	2014/2015	AB CHG	% CHG
August	21,170	18,269	-2,901	-13.7
September	19,182	21,258	2,076	10.8
October	26,433	30,996	4,563	17.3
November	63,997	55,348	-8,649	-13.5
December	74,990	83,371	8,381	11.2
January	83,944	78,239	-5,707	-6.8
February	77,867	68,281	-9,586	-12.3
March	69,333	70,619	1,286	1.9
Total	436,916	426,381	-10,535	-2.4

Cruise calls for the period under review mirrored those of the previous period with both registering 317 calls to the Bridgetown port. During the reporting period, the

months of August (14.3%), February (3.4%) and March (15.7%) experienced declines over the corresponding period of 2013/2014.

Cruise Calls



Airlift

UNITED KINGDOM

Total capacity from this market during the reporting period totalled 196,550, an 8.3% increase over the period 2013/2014. The key carriers servicing this source market were Virgin Atlantic, British Airways and Thomas Cook; with allocations of 50.9%, 39.4% and 9.7% of seats respectively.

UNITED STATES

The major carriers operating direct services from this market were American Airlines (53.7%), Jet Blue (38.4%), Delta (6.1%) and US Airways (1.8%). The total seats recorded for this market during the review period were 172,624 which represented a 12.8% growth when compared with the previous period for 2013/2014.

CANADA

This market's total capacity during the review period was 73,326 seats, registering gains of 15.5% when compared with the previous period. Air Canada and WestJet were the two (2) carriers offering scheduled services during this period. Air Canada accounted for 74.2% of the seats, whilst WestJet, 25.8%.

EUROPE

Air capacity from this market fell off by 31.8% when compared with the corresponding period for 2013/2014. This shift could be attributed to the discontinuation of the TUI Nordic service after April 2014. Condor is credited with servicing the destination with most of the seats from this region.

CENTRAL & SOUTH AMERICA

GOL continued its direct service out of Brazil, registering 6,230 seats for the reporting period; with no change in seat allocation when compared with 2013/2014.

FINANCIAL STATEMENTS

BARBADOS TOURISM MARKETING INC.

Seven-month period ended March 31, 2015

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KPMG

Hastings
Christ Church, BB 15154
Barbados West Indies
Telephone (246) 434-3900
Fax (246) 427-7123

P. O Box 690C
Bridgetown, Barbados

INDEPENDENT AUDITORS' REPORT

To the Government and Members of Barbados Tourism Marketing Inc.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Barbados Tourism Marketing Inc. ("the Company"), which comprise the statement of financial position as March 31, 2015, the statements of revenue and expenditure, deficit and cash flows for the seven-month period then ended, and notes, comprising significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We were unable to satisfy ourselves with the completeness and accuracy of prepaid expenses. At the time of our report the prepaid expenses had not been verified. We were unable to confirm or verify by alternative means prepaid expenses included in the statement of financial position at a total amount of \$645,929 as at March 31, 2015.

We were unable to satisfy ourselves with the completeness and accuracy of selected expenses. At the time of our report management had not located the support for selected balances. We were unable to confirm or verify by alternative means expenses included in the statement of revenue and expenditure amounting to \$7,026,296 for the seven-month period ended March 31, 2015.

We were unable to satisfy ourselves with the completeness and accuracy of accounts payable and accrued liabilities. At the time of our report, management had not provided an accounts payable subledger and the accompanying reconciliation of the accounts payable sub-ledger to the general ledger. We were unable to confirm or verify by alternative means accounts payable and accrued liabilities included in the statement of financial position at a total amount of \$48,393,417 as at March 31, 2015.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of prepaid expenses, accounts payable and accrued liabilities, selected expenses, and the elements making up the statements of revenue and expenditure, changes in accumulated deficit and cash flows.

KPMG

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Bridgetown, Barbados

INDEPENDENT AUDITORS' REPORT

To the Government and Members of Barbados Tourism Marketing Inc. (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The purpose of this report and restrictions on its use by persons other than the Authority's members, as a body

This report is made solely to the Company's shareholder, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder 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, for our audit work, for this report, or for the opinion we have formed.

Chartered Accountants
Bridgetown, Barbados
September 30, 2021

Statement of Financial Position

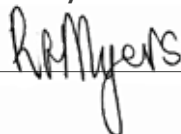
As at March 31, 2015
With figures for 2014

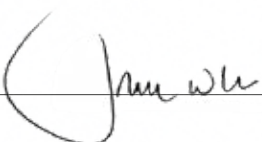
(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2015	Unaudited 2014
Current assets			
Cash and cash equivalents		\$ 6,556,126	8,040,618
Intercompany receivable	6	1,302,792	-
Prepaid expenses	7	645,929	-
Total current assets		8,504,847	8,040,618
Staff loans		112,324	181,040
Property and equipment	10	438,217	401,141
Total Assets		\$ 9,055,388	8,622,799
Liabilities and Shareholder's Deficiency			
Current liabilities			
Accounts payable and accrued liabilities		\$ 48,393,417	22,465,390
Loans payable	14	2,111,668	3,192,836
Total current liabilities		50,505,085	25,658,226
Long term liabilities			
Loans payable	14	18,380,273	18,380,274
Deferred capital grants		-	401,141
Total liabilities		68,885,358	44,439,641
Shareholder's Deficiency			
Share Capital	17	1,000	
Deficiency		(59,830,970)	(35,816,842)
Total Shareholder's Deficiency		(59,829,970)	(35,816,842)
Total Liabilities and Shareholder's Deficiency		\$ 9,055,388	8,622,799

See accompanying notes to the financial statements.

Approved by the Board of Directors:

 Director

 Director

Statement of Deficit

For the Seven-month period ended March 31, 2015

With figures for 2014

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2015	Unaudited 2014
Deficit beginning of period	1	\$ (35,816,842)	(32,054,900)
Excess of expenditure over revenue		(24,014,128)	(3,761,942)
Deficit, end of period		\$ (59,830,970)	(35,816,842)

See accompanying notes to the financial statements.

Statement of Revenue and Expenditure

For the Seven-month period ended March 31, 2015

With figures for 2014

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2015	Unaudited 2014
Revenue			
Government grant	8	\$ 30,585,111	123,728,687
Hotel registration fees		-	81,996
Interest income		459	28,970
		<u>30,585,570</u>	<u>123,839,653</u>
Expenditure			
Marketing	9	20,554,297	26,425,747
Airline revenue guarantee		8,768,160	11,892,654
Contribution and sponsorship		7,581,236	12,146,073
Promotions		6,675,445	27,636,454
Salaries and allowances		5,447,961	17,671,213
Public relations		3,723,057	6,046,040
Operational expenses		1,644,671	4,964,534
Exchange adjustments and bank charges		64,311	(26,258)
Interest expense		78,906	3,142,740
Depreciation	10	61,654	201,393
Intragovernmental write off		-	17,953,621
Bad debt		-	151,038
Loss on disposal of fixed assets		-	8,318
		<u>54,599,698</u>	<u>128,213,569</u>
Amortisation of capital grants		-	(611,974)
		<u>54,599,698</u>	<u>127,601,595</u>
Excess of expenditure over revenue		<u>\$ (24,014,128)</u>	<u>(3,761,942)</u>

See accompanying notes to the financial statements.

Statement of Cash Flows

For the Seven-month period ended March 31, 2015
With figures for 2014

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2015	Unaudited 2014
Cash Flows from Operating Activities			
Excess of expenditure over revenue		\$ (24,014,128)	(3,761,942)
Items not affecting working capital:			
Release of deferred grant		(835,141)	-
Depreciation	10	61,654	201,393
Intragovernmental write off		-	17,953,621
Bad debt		-	151,038
Loss on disposal of fixed assets		-	8,318
Interest income		(459)	(28,970)
Interest expense		78,906	3,142,740
Cash generated before working capital changes		(24,709,168)	17,054,224
Increase in intercompany receivable		(1,302,792)	-
Decrease in accounts receivable		-	421,563
(Increase) decrease in prepaid expenses		(644,929)	324,985
Decrease in staff loans		68,716	221,117
Increase (decrease) in accounts payable and accrued liabilities		25,494,027	(9,668,612)
Net cash used in operating activities		(226,146)	8,353,279
Cash Flows from Investing Activities			
Additions to plant and equipment	10	(102,700)	(247,072)
Interest received		459	28,970
Net cash used in investing activities		(102,241)	(218,102)
Cash Flows from Financing Activities			
Loans repayments		(1,081,168)	(6,502,785)
Interest paid		(78,906)	(3,142,740)
Net cash used in financing activities		(1,160,074)	(9,645,525)
Net decrease in cash		(1,484,492)	(1,510,349)
Cash, net – beginning of period		-	9,550,967
Cash, net – acquired on transfers		8,040,618	-
Cash, net - at end of period		\$ 6,556,126	8,040,618

See accompanying notes to the financial statements.

Notes to the Financial Statements

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

1. Reporting Entity

The Barbados Tourism Marketing Inc. (the "Company") is an organization domiciled in Barbados. The registered office of the Company is located at 2nd Floor One Barbados Place, St. Michael, Barbados. The Barbados Tourism Authority was first established as the Barbados Board of Tourism under the Barbados Board of Tourism Act 1933-1 which provided for the establishment of a Board of Tourism. Further to this, the Barbados Tourism Marketing Inc. Act 1955-15 came into operation on November 1, 1995 and replaced the prior Act. Under the terms of the Act, the duties of the Company are to promote, assist and facilitate the efficient development of tourism and to design and implement suitable marketing strategies for the effective promotion of the tourism industry.

During 2014, the Government of Barbados took the decision to dissolve the Barbados Tourism Authority and create two new business entities being the Barbados Tourism Marketing Inc. (BTMI) and the Barbados Tourism Product Authority (BTPA).

The BTMI was established as a wholly government owned limited liability company operating under the Companies Act, Cap 308 with the sole responsibility for the marketing of Barbados' tourism.

Further to the legal formation of the Company, the net deficit of the dissolved entity, BTA, were duly transferred as at September 1, 2014 under the terms and conditions of the Barbados Tourism Marketing Inc. Transfer of Management and Vesting of Assets Act., 2014 ("The Vesting Act").

The financial statements were approved by the Board of Directors on September 30, 2021.

2. Going Concern

The financial statements are prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the normal course of business. As at March 31, 2015, the Company has a cumulative deficit of \$59,830,970. Its current liabilities exceeded its current assets by \$42,000,238.

Due to the economic dependence of the Company on an annual grant from Government to finance its operations, the going concern assumption is contingent on the continued financial support of Government.

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

3. Basis of Presentation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Barbados dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4. Significant Accounting Policies

The financial statements have been prepared in accordance with the accounting policies described below.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company using average exchange rates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the average exchange rate at that date. Foreign currency differences arising on retranslation are recognized in the statement of revenue and expenditure.

(b) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, intercompany receivable, , staff loans, accounts payable and accrued liabilities and loans payable.

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

Non-derivative financial instruments are recognized initially at fair value.

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(c) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of revenue and expenditure. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date, to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of revenue and expenditure.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognized.

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(d) Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of plant and equipment have different useful lives they are accounted for as separate items (major) components of plant and equipment.

Gains or losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net in the statement of revenue and expenditure.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment is recognized in the statement of revenue and expenditure as incurred.

Depreciation

Depreciation is recognized in the statement of revenue and expenditure on a straight-line basis over the estimated useful lives of each item in property and equipment. The annual rates are:-

Equipment	10%, 12.5%, 20%
Furniture, fixtures and fittings	5%, 10%, 12.5%, 20%
Motor vehicles	20%
Improvements to buildings	100%

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

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(e) Employee benefits

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed without realistic possibility of withdrawal, to a formal plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(f) Government grants

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

Grants relating to plant and equipment are deferred and amortized at the same rate as the depreciation on the plant and equipment to which they relate.

(g) Revenue recognition

Revenue is recognized on an accrual basis.

(h) Brochures

The cost of brochures and other promotional literature are expensed in the year of purchase.

(i) New and amended standards and interpretations

The following new and amended IFRS and IFRIC interpretations became effective as at 1 January 2014:

- IFRS 10, IFRS 12 and IAS 27 - Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27
- IAS 32 - Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- IAS 19 - Defined Benefit Plans: Employee Contributions - Amendments to IAS 19
- IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36
- IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39
- IFRIC 21 - Levies
- Annual Improvements 2010 - 2012 cycle
- Annual Improvements 2011 - 2013 cycle

Adoption of these revised standards and interpretations did not have an effect on the financial performance and position of the Company.

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

- i) New and amended standards and interpretations (continued)

Standards issued but not yet effective

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company are as follows.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IAS 1 Disclosure Initiative - Amendments to IAS 1
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38
- IFRS 11 Accounting for Acquisitions of Interest in Joint Operations
- IFRS 10, IFRS 12 and IAS 28 Investments Entities - Applying the Consolidation Exception - Amendments to IFRS 10, 12 and IAS 27
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
- Improvements to IFRSs - 2012 - 2014 cycle

The Company will evaluate the impact that these standards and interpretations will have on the financial statements.

5. Financial Risk Management

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

- credit risk
- liquidity risk
- market 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.

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

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

5. Financial Risk Management, continued

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to 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.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from employees and other Government institutions.

Liquidity risk

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

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 optimizing the return on risk

6. Cash and Cash Equivalents

	2015	2014
Cash with banks	\$ 6,527,477	8,012,669
Petty cash fund	28,649	27,949
Cash and cash equivalents	\$ 6,556,126	8,040,618

7. Intercompany Receivables

	2015	2014
Due from Barbados Tourism Product Authority	\$ 1,302,792	-

The amounts due from related party are interest free and have no fixed dates of repayment.

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

8. Prepaid Expenses

	2015	2014
Prepaid expenses - local	\$ 580,658	-
Prepaid expenses - foreign (overseas)	65,271	-
	<u>\$ 645,929</u>	<u>-</u>

9. Government Grants

	2015	2014
Total grant for the period	\$ 30,585,111	123,728,687

Barbados Tourism Marketing Inc. is a Government owned company and is allocated a yearly government subvention to support its operational and promotional activities to market Destination Barbados. There are no conditions that the entity must meet to receive this subvention. The tranches are received in increments throughout the financial year and is recorded as they are received in the government grant line in the statement of comprehensive income. For 2015, a Government Grant was approved in the estimates and the Company received \$30,585,111. (2014: \$123,728,687).

10. Marketing Expenditure

Marketing expenditure consisted of spend for advertising initiatives through Digital, Out of Home, Radio and Print mediums. These expenses also capture contributions and sponsorships, public relations and promotional expenses for the destination.

Advertising	\$ 17,171,544
Promotion	2,697,987
Other	<u>684,766</u>
	<u>\$ 20,554,297</u>

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

11. Plant and Equipment

		Equipment	Furniture & Fittings	Motor Vehicles	Improvements to Buildings	Total
Cost						
Balance at April 1, 2013	\$	4,760,627	1,836,062	105,555	3,552,694	10,254,938
Additions		72,498	18,760	155,814	-	247,072
Disposals		-	-	-	(3,552,694)	(3,552,694)
Balance at August 31, 2014	\$	4,833,125	1,854,822	261,369	-	6,949,316
Acquired on transfer -						
September 1, 2014	\$	4,833,125	1,854,822	261,369	-	6,949,316
Additions		1,895	30,145	70,660	-	102,700
Balance at March 31, 2015	\$	4,835,020	1,884,967	332,029	-	7,052,106
Accumulated Depreciation						
Balance at April 1, 2013	\$	4,665,858	1,580,656	105,497	3,543,117	9,895,128
Charge for the period		121,456	40,919	37,759	1,259	201,393
Disposals		-	-	-	(3,544,376)	(3,544,376)
Balance at August 31, 2014	\$	4,787,314	1,621,575	143,256	-	6,552,145
Acquired on transfer -						
September 1, 2014	\$	4,787,314	1,621,575	143,256	-	6,552,145
Adjustments		-	-	3,970	-	3,970
Charge for the period		30,924	17,505	13,225	-	61,654
Balance at March 31, 2015	\$	4,818,238	1,639,080	156,481	-	6,613,799
Net Book Value						
August 31, 2014	\$	45,811	233,247	118,113	-	397,171
March 31, 2015	\$	16,782	245,887	175,548	-	438,217

12. Related Party Transactions

The following related party transactions occurred during the period: Key management personnel compensation is as follows:

		2015	2014
Board of Directors	\$	58,214	78,228
Senior Management	\$	507,587	1,919,869

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

13. Taxation

Under the terms of the Barbados Tourism Marketing Inc. Act, the Company is not liable for the payment of any income tax or other tax in respect of its income, revenue or receipts, or any part thereof under any law in force in Barbados.

14. Financial Instruments

Financial assets of the Company include cash and cash equivalents, intercompany receivable, and staff loans. Financial liabilities include accounts payable and accrued liabilities and loans payable.

Exposure to credit, market and liquidity risks arises in the normal course of the Company's business.

(a) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Company. The amount of the Company's maximum exposure to credit risk is indicated in the carrying amounts of its financial assets. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset at the reporting date.

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

	2015	2014
Cash and cash equivalents	\$ 6,556,126	8,040,618
Intercompany receivable	1,302,792	-
Staff loans, net	112,324	181,040
	<u>\$ 7,971,242</u>	<u>8,221,658</u>

(b) Foreign currency risk

The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency. The currencies giving rise to this risk are primarily Pounds Sterling (GBP) and Canadian Dollars (CAD). The Company does not take any specific measures to mitigate against this risk. At the reporting date, there were no significant concentrations of foreign currency risk.

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

14. Financial Instruments (continued)

(c) Fair value

The fair values of cash and bank balances, intercompany receivable, staff loans, accounts payable and accrued liabilities and loans payable are not materially different from their carrying amounts

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

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities

March 31, 2015

	Carrying Amount	Contractual Cash flows	6 months or Less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Accounts payable and accrued liabilities	48,393,417	(48,393,417)	(48,393,417)	-	-	-	-
Loans payable	20,491,941	(31,399,967)	(1,650,398)	(1,626,670)	(2,650,562)	(8,946,688)	16,523,649

August 31, 2014

	Carrying Amount	Contractual Cash flows	6 months or Less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Accounts payable and accrued liabilities	22,465,390	(22,465,390)	(22,465,390)	-	-	-	-
Loans payable	21,573,109	(33,329,672)	(2,173,561)	(2,162,798)	(4,293,198)	(8,338,293)	(16,361,822)

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

15. Loans Payable

On March 9, 2006 the Cabinet of Barbados authorized the following:

- i. The Barbados Tourism Authority (the Authority) to act on behalf of the Government of Barbados to conclude negotiations with a cruise line company to ensure that the most effective option was chosen to secure cruise ship accommodation for the matches of the International Cricket Council Cricket World Cup 2007.
- ii. The Ministry of Finance to issue a form of guarantee and/or payment acceptable to the cruise line company to secure the vessel for Barbados; and
- iii. The procurement of the use of cruise ship facilities and services under Rule 137A of the Financial Administration and Audit Act Cap 5.

As a result of the Cabinet's decision, the Authority entered into an agreement with the Carnival Cruise Lines, owners of the Carnival Destiny, to lease the Carnival Destiny for an amount of US\$14,068,000 in order to supplement on-land accommodation for International Cricket Council World Cup 2007.

Under the terms of the lease agreement, the Authority was required to issue two irrevocable bank standby letters of credit in the amount of US\$14,068,000, for the cruise hire and US\$804,000 for onboard target revenue.

In order to comply with the terms of the lease agreement, on May 19, 2006, the Authority entered into an agreement with the Bank of Nova Scotia to provide standby letters of credit in the amount of \$14,772,000 to Carnival Cruise Lines. The financial guarantees covered the charter hire cost of US\$13,968,000 (the lease amount of US\$14,068,000 less initial deposit of US\$100,000) and the potential loss of on-board revenue calculated at US\$804,000. The letters of credit were secured by a letter of comfort from the Government of Barbados.

The Carnival Cruise Lines made drawdowns of US\$4,589,384 on January 11, 2007, US\$4,689,383 on February 9, 2007, and on May 2, 2007 on the standby letter of credit, to meet the contractual obligations due to Carnival Cruise lines for the lease of the vessel.

The Authority collected money from the tour operations with respect to the lease of their vessel to their customers. The majority of the money collected from the tour operators was then used to repay the outstanding loan.

The transactions related to the loans obtained are as follows:

	2015	2014
Carnival loan	\$ 6,528,119	9,771,783
National insurance loan	15,044,990	18,355,014
Repayment during the period	<u>(1,081,168)</u>	<u>(6,553,687)</u>
	20,491,941	21,573,110
Current portion	<u>(2,111,668)</u>	<u>(3,192,836)</u>
	<u>\$ 18,380,273</u>	<u>18,380,274</u>

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

16. Loans Payable (continued)

(a) Carnival Loan

Interest on the Bank of Nova Scotia loan is charged at a rate of 2.24125%. This loan is not expected to be settled within 12 months after the date of the statement of financial position.

Interest expense of \$78,906 was charged on the BNS loan during the period.

(b) NIS Loan

The proceeds of the loan were BDS\$17 million and was issued by the National Insurance Board in August 2011. This loan was to assist in the provision of working capital and is guaranteed by a letter of comfort from the Government of Barbados. The interest rate of the loan is 7.75% fixed with semi-annual payments every February and August 1st over the life of the loan. The maturity date of the loan is August 1, 2031.

Interest expense of \$0 was charged on the NIS loan during the period.

19. Vested Assets

On 1 September 2014, pursuant to the Barbados Tourism Marketing Inc (Transfer of Management and Vesting of Assets), Act 2014, 100% of the assets and liabilities were vested to BTMI as follows: -

Current Assets

Cash and cash equivalents	\$ 8,040,618
Staff loans, net	<u>181,040</u>

8,221,658

Current Liabilities

Accounts payable and accrued liabilities	(22,465,390)
Loan payable	<u>(3,192,836)</u>

Working capital deficiency	(17,436,568)
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Plant and equipment	404,141
Loan payable	(18,380,274)
Deferred capital grants	<u>(401,141)</u>

Total net deficit	\$ <u>(35,816,842)</u>
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Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

17. Subsequent Event

(a) Formation of New Entities

Following the Government of Barbados' decision to dissolve the Barbados Tourism Authority and create two new business entities, effective September 1st 2014, the BTMI was established as a wholly government owned limited liability company operating under the Companies Act, Cap 308 with the sole responsibility for the marketing of Barbados' tourism. The BTPA was also created and charged with the responsibility to maintain Barbados' competitiveness in the global tourism market by planning and coordinating continuous improvement in the quality of Barbados' tourism products and services.

During 2019, the Cabinet of Barbados mandated the Board of the Barbados Tourism Marketing Inc. (BTMI) to execute the process of transfer of the operations and functions of the Barbados Tourism Product Authority (BTPA) to the BTMI. The transfer of functions of the BTPA into BTMI became effective March 25, 2019.

The transfer included all functions except the regulatory and licensing function conferred by the BTPA Act upon the BTPA, which therefore could not be executed by BTMI as a private Company under the Companies Act Cap. 308.

(b) NIS Loan

During 2019, as a consequence of the acceptance of the Government of Barbados' Domestic Debt Exchange Offer, the facility previously held by Barbados Tourism Marketing Inc. at the National Insurance Board has been exchanged for new Government of Barbados securities which will be serviced by the government. These securities are valued at \$7,464,519.

(c) Intragovernmental Debt Write-off

By Memo Ref 5741/00 Vol.1, the Ministry of Finance, Economic Affairs and Investment (MOFEI) instructed State Owned Enterprises and other public bodies to ensure that all claims on other state owned enterprises and other public sector bodies prior to September 1, 2018 be written off (including tax refunds and budgetary transfers which have not been made).

In addition, any amounts owed to other public sector bodies (including the Barbados Revenue Authority) incurred prior to September 1, 2018 should be written off. These write-offs should have taken place with effect as of December 31, 2018 for bookkeeping purposes.

The purpose of these write-offs, which are part of the Barbados Economic Recovery and Transformation program, is to:

- rationalise intragovernmental relationships;
- ensure that the public sector's accounting for assets and liabilities is true and fair;
- place Barbados's public debt firmly on a sustainable footing.

Notes to the Financial Statements (continued)

For the Seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

21. Share Capital

The Government of Barbados is the registered holder of 1,000 common shares in Barbados Tourism Marketing Inc. which were issued on July 18, 2014.

22. COVID 19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic, in recognition of its rapid spread across the globe. Management continues to consider the impact of the pandemic.

The full extent of the impact of the COVID-19 outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions and its impact on the overall economy, all of which are highly uncertain and cannot be predicted. There will be a rapid fall in the visitor arrivals that BTMI aims to bolster through its marketing initiatives. The virtual collapse in tourism—which accounts for 40 percent of economic activity—will significantly depress Barbados' economic activity in 2021.



ANNUAL REPORT

September 2014 - March 2015

Barbados Tourism Marketing Inc.
One Barbados Place, Warrens, St. Michael