

BARBADOS[®]
TOURISM MARKETING INC.



ANNUAL REPORT

2016-2017

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BARBADOS[®]

TOURISM MARKETING INC.

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

2016-2017



ROSEANNE MYERS | CHAIRMAN, BTMI
AS AT NOVEMBER 2021

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 2017. 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 2017, 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.

PERFORMANCE REVIEW 2016-2017

For the reporting period April 2016 through to March 2017, Barbados registered growth of 5.8 percent when compared with the corresponding period of 2015/2016. This represented 35,281 more visitors to the destination.

The largest producer of business to Barbados continues to be the **United Kingdom**, contributing 35 percent to the overall tourist count. This represented a decrease of 1.4 percent when compared with the previous reporting period. The **United States** maintained second position with 27 percent of business, showing growth of 15 percent over 2015/2016.

The **Canadian** (13 percent) and the **Other Caribbean** (11 percent) markets were both in a comparable position recording increases of 11 percent and 9.7 percent, respectively, when compared with the previous financial year. Of note are the two other major markets **Trinidad & Tobago** (5 percent) and **Germany** (2 percent), registering a 4.8 percent increase and 11.2 percent decrease respectively.

The **United Kingdom** continues to dominate and has maintained its position as the number one source market for Barbados. This market accounted for 35 percent of business with 221,355 arrivals, and recorded a slight 1.4 percent decline when compared with the previous recording period. This fall-off came on the heels of Brexit. Feedback from key partners suggests that some travellers have shifted to alternative European destinations.

The **United States** was the second highest producer, contributing 27 percent of business with 175,960 arrivals. This represented a 15 percent increase when compared with the same period for 2015/2016. The rise in arrivals from this market is a result of an increase in direct consumer and trade engagement, accompanying a more targeted marketing approach.

The **Canadian** market contributed 13 percent of business for the period under review, recording an 11 percent increase when compared with the previous period. Arrivals from Canada totalled 82,419. This market's performance is credited in part to intensified marketing initiatives, co-op advertising and increased capacity.

The **European** region assisted in sustaining the overall tourist count by infusing 6 percent of business into the sector. The destination saw a total of 36,136 visitors from this market. This was a marginal fall of 0.8 percent when compared with the same reporting period for the previous year. There were 10,683 arrivals from **Germany**, which represented a substantial decline of 11.2 percent. This market is steadily improving with a National Tourist Office now in Germany, and some increase in capacity from Condor's Munich service. The other **European** territories recorded 25,453 visitors, with a modest 4.4 percent increase over the previous reporting period.

The **Caribbean** market has maintained its position as the third largest producer, accounting for 16 percent of business with 104,642 visitors. Thus, recording an 8.1% increase when compared with the same period for 2015/2016.

Both **Trinidad & Tobago** and the **Other Caribbean** territories shared moderate increases during this period. Trinidad & Tobago recorded 33,020 visitors, whilst the Other Caribbean territories registered 71,622. When compared to the previous reporting period, this represented growth of 4.8 percent and 9.7 percent respectively.

South and Central American markets contributed 2.0 percent of business for the period in review, a visitor count of 11,063 visitors from this market.

This represented a slight increase of 1.8 percent when compared to the corresponding period for 2015/2016.

The slight shift in performance can be attributed to the special discounted fares offered by Avianca during the latter months of 2016.

For the period under review, 641,087 cruise passengers were recorded entering the Bridgetown Port. This total represented 16,599 more passengers, or an increase of 2.7 percent when compared with the corresponding period of 2015/2016.

During the reporting period, four (4) months - namely December (41.5 percent), January (4.3 percent), February (22.9 percent), and March (37.2 percent) - showed growth; receiving more passengers compared with the previous period.

There were 453 cruise ship calls to Barbados during the financial year 2016/2017, with 41 more ships calling when compared with the period of 2015/2016. This represented a 10 percent increase. The number of calls during this period peaked in December with 85 ships, superseding the month of January which recorded 81 calls.

For 2016, the estimated average daily expenditure was US\$167.33, compared to US\$164.40 for the previous year. There was a 1.8 percent increase in average daily expenditure between the two periods. During this period some markets recorded a positive performance. The United States, United Kingdom and the Caribbean region registered increases of 1.9 percent, 4 percent, and 3.6 percent respectively. At the close of 2016, visitors had spent an estimated total expenditure of US\$984 million; an increase of 9.1 percent when compared to 2015.

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



Vicky Chandler

Director (CLA) - Aug 11, 2016

Cynthia Yearwood

Personal Assistant (NY) - Jan 16, 2017

Neville Boxill

Snr. Director Support Services - Jan 31, 2018



- 
- STAY-OVER ARRIVALS
 - MARKET PERFORMANCE
 - VISITOR EXPENDITURE
 - CRUISE ARRIVALS
 - CRUISE CALLS
 - AIRLIFT

SECTION TWO

STAY-OVER ARRIVALS

For the reporting period April 2016 through to March 2017, Barbados registered growth of 5.8% when compared with the corresponding period of 2015/2016. This represented 35,281 more visitors to the destination.

The largest producer of business to Barbados continues to be the United Kingdom, contributing 35% to the overall tourist count. This represented a decrease of 1.4% when compared with the previous

reporting period. The United States maintained second position with 27% of business, showing growth of 15% over 2015/2016. The Canadian (13%) and the Other Caribbean (11%) markets were both in a comparable position recording increases of 11% and 9.7%, respectively, when compared with the previous financial year. Of note are the two other major markets, Trinidad & Tobago (5%) and Germany (2%), registering a 4.8% increase and 11.2% decrease respectively.

STAY-OVER ARRIVALS BY MAJOR MARKETS

MAJOR MARKETS	2015/2016	2016/2017	AB CHG	%CHG
United Kingdom	224,553	221,355	-3,198	-1.4
United States	153,061	175,960	22,899	15.0
Canada	74,251	82,419	8,168	11.0
Other Caribbean	65,309	71,622	6,313	9.7
Trinidad & Tobago	31,496	33,020	1,524	4.8
Other Europe	24,389	25,453	1,064	4.4
Germany	12,025	10,683	-1,342	-11.2
Central & South America	10,867	11,063	196	1.8
Other	9,115	8,772	-343	3.8
Total	605,066	640,347	35,281	5.8

MARKET PERFORMANCE

The **United Kingdom** continues to dominate and has maintained its position as the number one source market for Barbados. This market accounted for 35% of business with 221,355 arrivals, and recorded a slight 1.4% decline when compared with the previous recording period.

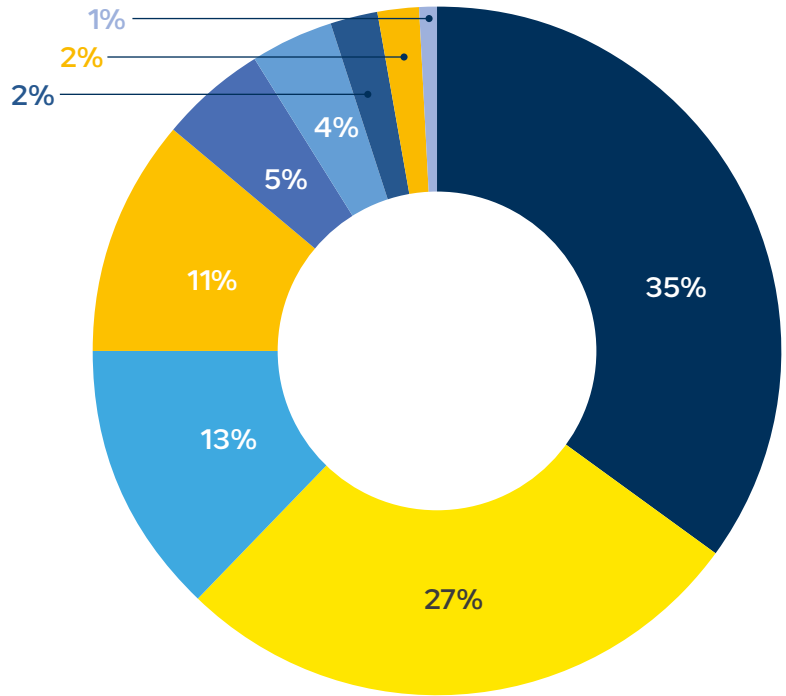
This fall-off came on the heels of Brexit. Feedback from key partners suggests that some travellers have shifted to alternative European destinations.

The **United States** was the second highest producer, contributing 27% of business with 175,960 arrivals. This represented a 15% increase when compared with the same period for 2015/2016.

The rise in arrivals from this market is a result of an increase in direct consumer and trade engagement, accompanying a more targeted marketing approach.

Market Share - 2016/2017

- United Kingdom
- United States
- Canada
- Other Caribbean
- Trinidad & Tobago
- Other Europe
- Germany
- Central & South America
- Other



The **Canadian** market contributed 13% of business for the period under review, recording an 11% increase when compared with the previous period. Arrivals from Canada totalled 82,419.

This market's performance is credited in part to intensified marketing initiatives, co-op advertising and increase capacity.

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South and Central American markets contributed 2% of business for the period in review, a visitor count of 11,063 visitors from this market. This represented a slight increase of 1.8% when compared to the corresponding period for 2015/2016.

The slight shift in performance can be attributed to the special discounted fares offered by Avianca during the latter months of 2016.

VISITOR EXPENDITURE

ESTIMATED VISITOR EXPENDITURE JANUARY TO DECEMBER 2015 VS 2016										
REGION	ARRIVALS		LOS		AVG SPEND (US\$)		TOTAL EXPENDITURE			
	2015	2016	2015	2016	2015	2016	2015	2016	AB CHG	%CH
United States	148,067	168,945	7.8	8.0	164.81	167.90	191,357	226,719	35,362	18.5
Canada	74,494	78,903	10.8	11.3	141.48	137.82	113,955	122,047	8,092	7.1
United Kingdom	214,175	218,638	10.5	11.1	177.50	184.68	399,453	444,368	47,915	12.0
Other Europe	40,852	39,770	9.1	9.9	187.87	161.87	69,808	63,445	-6,363	-9.1
Caribbean	87,980	99,679	7.2	6.2	149.31	154.73	94,637	95,106	469	0.5
Other	26,304	25,578	7.1	8.3	171.11	135.52	32,085	28,665	-3,420	-10.7
Total	591,872	631,513	9.3	9.3	164.40	167.33	901,294	983,710	82,416	9.1

AVERAGE DAILY EXPENDITURE

For 2016, the estimated average daily expenditure was US\$167.33, compared to US\$164.40 for the previous year. There was a 1.8% increase in average daily expenditure between the two periods. During this period some markets recorded a positive performance. The United States, United Kingdom

and the Caribbean region registered increases of 1.9%, 4%, and 3.6% respectively.

ESTIMATED TOTAL EXPENDITURE

At the close of 2016, visitors had spent an estimated total expenditure of US\$984 million; an increase of 9.1% when compared to 2015.

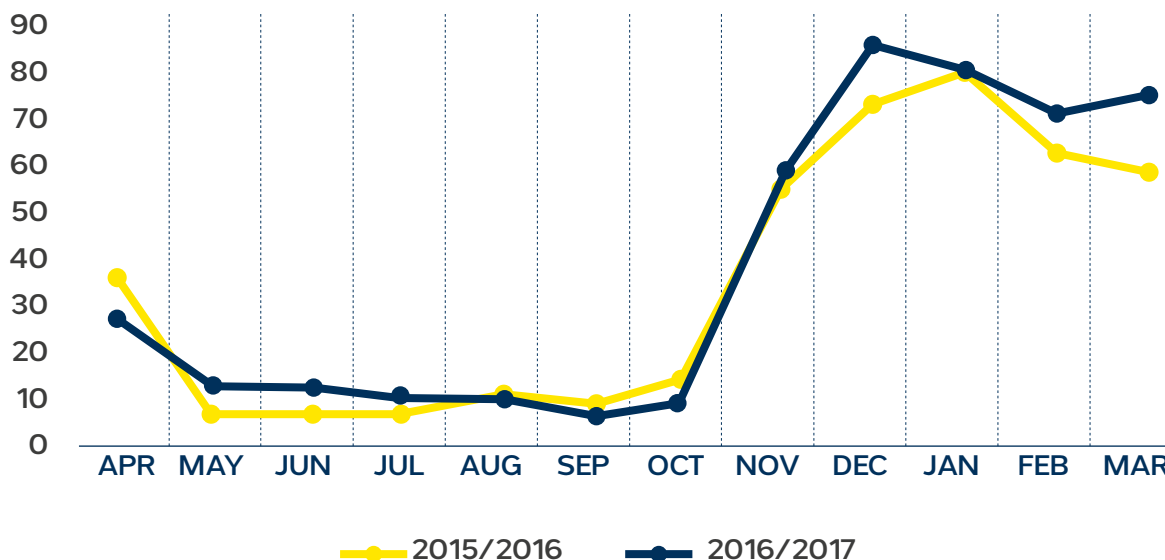
CRUISE ARRIVALS

CRUISE ARRIVALS				
	2015/2016	2016/2017	AB CHG	%CHG
April	63,625	45,531	-18,094	-28.4
May	22,923	19,912	-3,011	-13.1
June	23,939	19,588	-4,351	-18.2
July	24,585	17,580	-7,005	-28.5
August	21,000	20,653	-347	-1.7
September	22,937	16,134	-6,803	-29.7
October	35,626	14,936	-20,690	-58.1
November	72,438	69,010	-3,428	-4.7
December	82,403	116,629	34,226	41.5
January	114,225	119,148	4,923	4.3
February	78,037	95,874	17,837	22.9
March	62,750	86,092	23,342	37.2
Total	624,488	641,087	16,599	2.7

For the period under review, 641,087 cruise passengers were recorded entering the Bridgetown Port. This total represented 16,599 more passengers, or an increase of 2.7% when compared with the corresponding period of 2015/2016.

During the reporting period, four (4) months – namely December (41.5%), January (4.3%), February (22.9%), and March (37.2%) – showed growth; receiving more passengers compared with the previous period.

CRUISE CALLS



There were 453 cruise ship calls to Barbados during the financial year 2016/2017, with 41 more ships calling when compared with the period of 2015/2016. This represented a 10% increase.

The number of calls during this period peaked in December with 85 ships, superseding the month of January which recorded 81 calls.

AIRLIFT

UNITED KINGDOM

There were 269,533 seats from the United Kingdom for the financial year 2016/2017. Capacity from this market increased by 1.7% or 4,540 seats during the reporting period compared with the corresponding period of 2015/2016.

British Airways

The principal British Airways service out of Gatwick, combined with their additional service, contributed

a total of 110,706 seats, recording an 8% increase for the period under review.

Virgin Atlantic

Virgin Atlantic's Gatwick and Manchester services contributed a total of 139,818 seats. The Gatwick service saw a fall-off in capacity with 1,191 fewer seats. However, the Manchester service injected an additional 10.9% of capacity into Barbados from this market.

Thomas Cook

During the winter months for the period under review, the Thomas Cook service originating from Manchester experienced a fall-off in capacity. There were 2,766 fewer seats when compared with the previous period. Its Glasgow service commenced in November 2015 and ceased operations in January 2017, resulting in a reduction of 2,925 fewer seats for the reporting period.

UNITED STATES

Airline capacity out of the United States totalled 348,202, increasing by 20.6% or 59,444 seats when compared to the same period for the last financial period. This positive performance can be attributed to increased capacity from JetBlue Airways originating from varying gateways.

American Airlines

For this reporting period, American Airlines operated two (2) services out of Miami and one from Charlotte. The Miami services contributed a combined total of 101,896, recording a 2.2% loss in capacity. Its Charlotte service registered 2,100 fewer seats when compared with the corresponding period for 2015/2016.

JetBlue Airways

This airline showed significant growth during this financial period, with a coalesced total of 193,030 seats, which represented a 70.6% increase over the previous reporting period. JetBlue's Fort Lauderdale service commenced in April 2016 contributing 50,250 seats during this period; whilst its Boston service started in November 2015 adding 6,300 more seats to the pool. The additional service from New York operated sporadically during 2015 but was more frequent in 2016 and 2017, contributing 17,310 more seats when compared with the previous reporting period. This financial period was a very productive one for JetBlue, with a third flight introduced from Newark's gateway in November 2016, contributing 1,200 seats.

Delta Airlines

Delta Airlines discontinued its service from New York in April 2016. This saw a loss of 14,240 seats. Its Atlanta service experienced a few soft months during the period 2016/2017 and recorded a fall-off of 2,400 fewer seats.

CANADA

Seat capacity out of the Canadian market grew by 15.3% compared with the same period for the previous reporting year.

Air Canada continues to service Barbados with its Toronto service contributing 75,870 seats and the Montreal service, 8,280 seats. West Jet is the supplementary service operating Barbados' route, adding 30,868 seats during the financial period 2016/2017, recording an 8.6% increase.

EUROPE

Airline seat capacity from this market decreased by 3.8% or 369 seats.

Condor

The Condor service from Frankfurt continues to be the major airline operating a direct service out of Europe, contributing 9,225 seats. For the period under review, Condor's capacity decreased by 3.8% over the previous year.

CARIBBEAN

LIAT and Caribbean Airlines continue to be the two major carriers servicing Barbados during this reporting period.

SOUTH AMERICA

There was an 11.3% growth in capacity from this market during this reporting period. GOL discontinued its service in September 2016, and as a result recorded 5,162 fewer seats. Avianca commenced a service from Colombia in December 2015. This scheduled service contributed an additional 6,600 more seats from this region.

MARKETING OVERVIEW

2016-2017

With global tourism arrivals at approximately 600,000, the Marketing and Public Relations initiatives executed defended current market share while introducing new niche campaigns to attract new segments. As arrivals grew primarily from the USA, Canada and UK markets, the marketing strategies remained focused on emerging market segments that displayed potential for sustainable and continued growth.

BTMI continued to capitalize on all opportunities for growth, familiarizing itself with new trends and

developments in the travel and tourism industry, while using fiscally responsible means to achieve the goal of “delivering an unmatched experience that is truly Barbadian, created by warm, welcoming, friendly people, ensuring benefits to the entire nation.”

The activities of each source market, as well as the Barbados based team, fully focused on achieving the increased visitor arrivals and expenditure objectives.

OBJECTIVES

- ✔ To increase the visibility and brand recognition of Barbados as an aspirational and unique culturally immersive island experience.
- ✔ To build brand loyalty across key markets. To achieve full integration in the sales and marketing efforts across the entire organization.
- ✔ To pursue aggressive marketing programs to defend our airlift capacity.
- ✔ To reduce seasonality in visitor travel patterns.

KEY OPPORTUNITIES

-  Innovative new digital marketing strategy across all markets
-  Increased air service
- New and refurbished hotel accommodation
-  The diverse calendar of events and variety of activities that can appeal to a wide range of demographics from different markets
-  Key secondary markets of Europe and Latin American market



MARKETING INITIATIVES

The marketing mix utilised throughout the year integrated advertising across digital, print, radio and out of home activations. This activity was further segmented by tactical activities (23%) and general branding activities (77%).

UK MARKET

Cultural Campaign

- TVCs
- Print
- Digital
- Festival Sponsorship

Sports Campaign

- Print & Digital

Luxury/Winter Campaign

- TVCs
- Print
- Digital
- Trade
- Out of Home

UK Co-Op Campaigns

- Print
- Trade
- Out of Home

USA MARKET

Family Campaign

- Digital
- Out of Home
- Print
- Sponsorship

USA Co-Op Campaigns

- Print
- Trade
- Out of Home

CANADA MARKET

Family Campaign

- Digital
- Out of Home

Culture & Luxury Campaign

- Digital
- Out of Home
- Print
- Radio

Canada Co-Op Campaigns

- Radio
- Digital
- Out of Home
- Social Media
- In-Flight
- Familiarization Trip

FOCUS AREAS & SWOT INITIATIVES

AIRLIFT

The global trend of large tourist arrival numbers held consistent locally as well. Barbados recorded increases in all three major source markets, i.e. UK, USA and Canada. During 2016/2017, the successful marketing campaigns resulted in over 50,000 more visitors coming to our shores than the previous year. With the consistent visitor arrival numbers, it allowed airlift to the island to be maintained and increased to accommodate the incoming visitors.

NICHE MARKETING

A very diverse niche marketing campaign was undertaken in the 2016/2017 year. There were many success stories which can be clearly seen in the increase in visitor arrivals for the above-mentioned years. However, if we delve in a bit more, there were some highlights in each of the three major source markets. In the UK market for the four-week TravelZoo cultural campaign, Barbados emerged as the most searched Caribbean island with the highest engagement. Moreover, the Edinburgh Festival in-show sponsorship reached over 800,000 adults. In the USA market, the four-week ADARA family campaign, which afforded exclusive access to the Delta, United Airlines and JetBlue databases, yielded 4,802,193 impressions. Additionally, in the Canadian market for the Brilliant Barbados kids' campaign, there was a 1 Day Takeover of CBC.ca Point of Entry, which resulted in 1,427,086 impressions.

This campaign ran simultaneously with a six-week display audience which targeted affluent travellers as well as family holiday goers and gave rise to 3,416,118 impressions. These outcomes highlight that visitors are interested in niche marketing of the Barbados brand.

SPORTS

2017 was themed the year of sports boasting year-round sports events and activities. In 2015 the BTMI commenced a Three (3) Year Sports Tourism Plan which supported the sports centred marketing initiatives undertaken throughout the year. During 2016/2017 the sports campaign was pushed in the UK Market through Escapism for eight months and the Scuba Official Magazine for one month. The festivals advertised through these media were the Run Barbados Marathon, Cycling, Open Water as well as Barbados Beach and Wellness.

PUBLIC RELATIONS

The public relations team worked hard to ensure winter campaigns were pushed in all major source markets to guarantee the goal of defending current market share. They also conducted extensive research to determine new market trends and developments in the travel and tourism industry.





FINANCIAL REPORT

- INDEPENDENT AUDITORS' REPORT
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF DEFICIT
- STATEMENT OF REVENUE AND EXPENDITURE
- STATEMENT OF CASH FLOWS
- NOTES TO THE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE GOVERNMENT OF BARBADOS AND DIRECTORS OF BARBADOS TOURISM MARKETING INC.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Barbados Tourism Marketing Inc ("the Company"), which comprise the statement of financial position as at March 31, 2017, the statements of revenue and expenditure, deficit and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We did not express an opinion on the March 31, 2016 financial statements dated XXXXXX, 2021 because of the matters noted regarding the completeness and accuracy of accounts receivable, prepaid expenses, accounts payable and accrued liabilities and selected expenses.

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The purpose of this report and restrictions on its use by persons other than the Company'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
XXXXX XX, 2021

BARBADOS TOURISM MARKETING INC.

Statement of Financial Position

As at for the year ended March 31, 2017

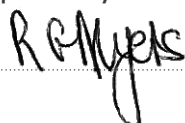
With comparative figures for 2016

(Expressed in Barbados dollars)

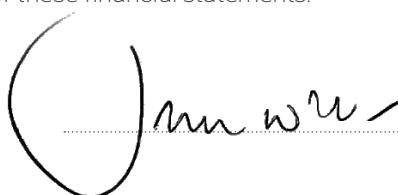
	Notes	2017	2016
Assets			
Current assets			
Cash and cash equivalents	6	\$ 1,526,867	8,634,400
Cash and cash equivalents - restricted	6	1,334,274	1,323,838
Accounts receivable	7	205,102	491,337
Intercompany receivable	8	2,093,165	2,069,486
Prepaid expenses	9	575,833	687,146
Total current assets		5,735,242	13,206,207
Staff loans, net	10	165,013	70,173
Plant and equipment	14	456,033	429,963
Total Assets		\$ 6,356,288	13,706,343
Liabilities and Surplus			
Current liabilities			
Bank overdraft	6	\$ 1,728,237	24,131
Accounts payable and accrued liabilities		30,715,934	49,034,163
Loan payable	18	3,126,414	4,264,634
Total current liabilities		35,570,585	53,322,928
Long term liabilities			
Loan payable	18	14,517,081	11,564,275
Total liabilities		50,087,666	64,887,203
Shareholder's Deficiency			
Share capital	12	1,000	1,000
Deficiency		(43,732,378)	(51,181,860)
Total Shareholder's Deficiency		(43,731,378)	(51,180,860)
Total Liabilities and Shareholder's Deficiency		\$ 6,356,288	13,706,343

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

Approved by the Board:



Chairman



Chief Executive Officer

BARBADOS TOURISM MARKETING INC.

Statement of Changes in Equity

For the year ended March 31, 2017

With comparative figures for 2016

(Expressed in Barbados dollars)

	Notes	2017	Unaudited 2016
Deficit beginning of year	\$	(51,181,860)	(59,830,970)
Excess of revenue over expenditure		7,449,482	8,649,110
Deficit end of year	\$	(43,732,378)	(51,181,860)

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

BARBADOS TOURISM MARKETING INC.

Statement of Revenue and Expenditure

For the year ended March 31, 2017

With comparative figures for 2016

(Expressed in Barbados dollars)

	Notes	2017	Unaudited 2016
Revenue			
Government grant	11	\$ 75,000,000	82,487,656
Other income		462,131	301,637
Foreign exchange gain		508,062	-
		75,970,193	82,789,293
Expenditure			
Marketing	13	20,328,319	19,341,706
Airline revenue guarantee	13	13,744,001	26,730,556
Promotions	13	10,427,632	9,254,150
Contribution and sponsorship		8,260,430	4,062,614
Salaries and allowances		5,506,519	5,090,015
Operational expenses		5,053,139	5,043,214
Travel		1,602,864	1,056,286
Public relations		2,105,363	1,075,370
Interest expense		1,088,018	1,224,586
Special projects		166,125	-
Depreciation	14	133,469	125,859
Exchange adjustments and bank charges		54,001	1,135,827
Bad debt expense		50,830	-
		68,520,711	74,140,183
Excess of revenue over expenditure		\$ 7,449,482	8,649,110

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

BARBADOS TOURISM MARKETING INC.

Statement of Cash Flows

For the year ended March 31, 2017

With comparative figures for 2016

(Expressed in Barbados dollars)

	Notes	2017	Unaudited 2016
Cash Flows from Operating Activities			
Excess of revenue over expenditure		\$ 7,449,482	8,649,110
Items not affecting working capital:			
Depreciation	14	133,469	125,859
Interest expense		1,088,018	1,224,586
		8,670,969	9,999,555
Operating loss before working capital changes			
Decrease (increase) in accounts receivable		286,237	(491,339)
Increase in intercompany receivable		(23,679)	(766,694)
Decrease (increase) in prepaid expenses		111,313	(42,214)
Increase (decrease) in staff loans		(94,842)	42,151
(Decrease) increase in accounts payable and accrued liabilities		(18,318,229)	640,746
		(9,368,230)	9,382,205
Cash flows used in investing activities			
Additions to plant and equipment	14	(159,540)	(117,605)
Interest paid		(1,088,018)	(1,224,586)
		1,247,558	(1,342,191)
Cash Flows Used in Financing Activities			
Issuance of share capital	12	-	1,000
Loan proceeds		3,897,200	-
Loan advances (repayments)		(2,082,614)	(4,663,033)
		(1,814,586)	(4,662,033)
Net (decrease) increase in cash		(8,801,202)	3,377,981
Cash and cash equivalents - beginning of year		9,934,107	6,556,126
Cash and cash equivalents - end of year		\$ 1,132,905	9,934,107
Cash and cash equivalents comprise:			
Cash		2,861,142	9,958,238
Bank overdraft		(1,728,237)	(24,131)
		\$ 1,132,905	9,934,107

See accompanying notes to the financial statements.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

For the year ended March 31, 2017

(Expressed in Barbados dollars)

1. Incorporation and Parent Company

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, Warrens, St. Michael, Barbados. The Company, previously known as the Barbados Tourism Authority (BTA), was dissolved by the Government of Barbados on 2014. The dissolution resulted to the formation of the Company and another entity, the Barbados Tourism Product Authority (BTPA).

The Company 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 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.

Further to the legal formation of the Company, the net deficit of the dissolved entity, BTA, were duly transferred as at 1 September 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 XXXXXX, 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, 2017, the Company has a cumulative deficit of \$ 43,732,378 (2016-\$51,181,860). Its current liabilities exceeded its current assets by \$29,835,343 (2016-\$40,116,721).

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

3. Basis of Preparation**(a) Statement of Compliance**

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

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

3. Basis of Preparation, continued

(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 judgments

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 bank balances, accounts receivable, intercompany receivable, staff loans, accounts payable and accrued liabilities and loans payable.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

4. Significant Accounting Policies, continued

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.

(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.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

4. Significant Accounting Policies, continued**(c) Impairment (continued)**

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.

(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.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

4. Significant Accounting Policies, (continued)**(d) Plant and equipment (continued)****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%

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

(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.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

4. Significant Accounting Policies, continued**(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 Company has consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

During the year, certain new standards, interpretations and amendments to the existing standards became effective. Management has assessed that these new standards, interpretations and amendments to the existing standards where relevant did not have any significant impact on the preparation of these financial statements.

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:

- IAS 7 (Amendments) – Disclosure Initiative (effective January 1, 2017)
- IAS 12 (Amendments) – Recognition of Deferred Tax Assets for Unrealised Losses (effective January 1, 2017)
- Annual Improvements to IFRS 2014-2016 Cycle – (Amendments to IFRS 12 Disclosure of Interests in Other Entities (effective January 1, 2017)
- Annual Improvements to IFRS 2014-2016 Cycle – (Amendments to IFRS 1 First time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures (effective date January 1, 2018)
- IAS 40 (Amendments) – Transfer of Investment Property (effective January 1, 2018)
- IFRS 2 (Amendments) – Classification and Measurement of Share-based Payment Transactions (effective date January 1, 2018)
- IFRS 4 (Amendments) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date January 1, 2018)
- IFRS 9 – Financial Instruments (effective January 1, 2018)
- IFRS 15 – Revenue from Contracts with Customers (effective January 1, 2018)
- IFRS 16 – Leases (effective January 1, 2019)

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

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

5. Financial Risk Management

The Company has minimal 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.

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.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

6. Cash and cash equivalents

	2017	2016
Cash with banks	\$ 1,522,270	8,631,524
Restricted Cash	1,334,274	1,323,838
Petty cash fund	4,598	2,876
Cash and cash equivalents	<u>2,861,142</u>	<u>9,958,238</u>
Bank overdraft	<u>(1,728,237)</u>	<u>(24,131)</u>
Cash less overdraft	\$ <u>1,132,905</u>	<u>9,934,107</u>

Cash with bank is non-interest bearing. There is no bank overdraft facility in place at the Bank of Nova Scotia. Restricted cash of \$1,334,274 (2016-\$1,323,838) refers to cash held by Bank of Nova Scotia, Canada, for a line of credit arrangement with West Jet Airlines. This was done in accordance with the terms of the airline agreement with West Jet.

7. Accounts receivable

	2017	2016
General receivables	\$ 57,410	422,148
VAT receivables	147,692	69,189
	\$ <u>1,132,905</u>	<u>9,934,107</u>

As at March 31, 2017, the aging analysis of trade receivables from due date is as follows:

	Total	Current	30 to 60 days	60 to 90 days	>90 days
2017	\$ 57,410	\$ 21,802	\$ 1,654	\$ 1,930	\$ 32,024
2016	\$ 422,148	\$ 21,432	\$ 6,249	\$ -	\$ 394,467

As at March 31, 2017, based on Management's assessment, no trade receivables (2016 – Nil) were impaired and fully provided for.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

8. Intercompany receivable

	2017	2016
Due from Barbados Tourism Product Authority	\$ 2,093,165	2,069,486

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

9. Prepaid expenses

	2017	2016
Prepaid expenses – local	\$ 277,200	26,786
Prepaid expenses – foreign/overseas	296,633	660,360
	\$ 575,833	687,146

10. Staff loans

	2017	2016
Staff loans	\$ 165,013	70,173

11. Government Grant

	2017	2016
Grant income per statement of revenue and expenditure	\$ 75,000,000	82,487,656

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 2017, a Government Grant was approved in the estimates and the Company received \$75,000,000 (2016 - \$82,487,656).

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

12. Share Capital

The Company is authorized to issue an unlimited number of shares of no par value.

No shares were issued or redeemed in 2017.

	2017	2016
Issued and fully paid 1,000 common shares (2017 - 1,000 common shares)		
Stated capital	\$ 1,000	1,000

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

13. Marketing Expenditure

	2017	2016
Advertising	\$ 20,328,319	19,341,706
Promotion	10,427,632	9,254,150
Airline revenue guarantee	13,744,001	26,730,556
	\$ 44,499,952	55,326,412

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

14. Property, Plant and Equipment

March 31, 2017

		Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost					
Balance at March 31, 2016	\$	4,928,676	1,908,915	332,029	7,169,620
Additions		128,128	31,412	-	159,540
Balance at March 31, 2017		5,056,804	1,940,327	332,029	7,329,160
Accumulated Depreciation					
Balance at March 31, 2016	\$	4,865,315	1,671,842	202,501	6,739,658
Charge for the year		51,636	35,934	45,899	133,469
Balance at March 31, 2017		4,916,951	1,707,776	248,400	6,873,127
Net Book Value	\$	139,853	232,551	83,629	456,033

March 31, 2016

		Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost					
Balance at March 31, 2015	\$	4,835,019	1,884,967	332,029	7,052,016
Additions		93,657	23,948	-	117,605
Balance at March 31, 2016		4,928,676	1,908,915	332,029	7,169,621
Accumulated Depreciation					
Balance at March 31, 2015	\$	4,818,238	1,639,080	156,481	6,613,799
Charge for the year		47,077	32,762	46,020	125,859
Balance at March 31, 2016		4,865,315	1,671,842	202,501	6,739,658
Net Book Value	\$	63,362	237,073	129,528	429,963

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

15. Related Party Transactions

The following related party transactions occurred during the year:

Key management personnel compensation is as follows:

	2017	2016
Board of Directors	\$ 65,130	68,140
Senior Management	\$ 1,548,474	1,584,474

Related Party Transactions

	2017	2016
Barbados Tourism Product Authority – BTPA Intercompany Receivable	\$ 2,093,165	2,069,486

The amounts due from related party were non-interest bearing.

16. 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.

17. Financial Instruments

Financial assets of the Company include cash and bank balances, term deposits, accounts receivable, amounts due from related party 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.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

17. Financial Instruments (continued)**(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:

		2017	2016
Advertising	\$	20,328,319	19,341,706
Promotion		10,427,632	9,254,150
Airline revenue guarantee		13,744,001	26,730,556
	\$	44,499,952	55,326,412

(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.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

17. Financial Instruments (continued)

(c) Fair value

The fair values of cash and bank balances, accounts receivable, staff loans, accounts payable and accrued liabilities and loan payable are not materially different from their carrying amounts. The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	2017		2016	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Cash and bank balances	\$ 2,861,142	2,861,142	9,958,238	9,958,238
Accounts receivable	205,102	205,102	491,377	491,377
Intercompany receivable	2,093,165	2,093,165	2,069,486	2,069,486
Staff loans, net	165,013	165,013	70,173	70,173
Bank overdraft	1,728,237	1,728,237	24,131	24,131
Accounts payable and accrued liabilities	30,715,934	30,715,934	49,034,163	49,034,163
Loan payable	17,643,495	17,643,495	15,828,909	15,828,909

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 are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

17. Financial Instruments (continued)

(d) Liquidity risk

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities

March 31, 2017

	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	\$ 30,715,934	(30,715,934)	(30,715,934)	-	-	-	-
Loan payable	\$ 17,643,495	(22,565,198)	(2,113,420)	(2,045,228)	(4,090,456)	(6,135,684)	(8,180,410)

Non-derivative financial liabilities

March 31, 2016

	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	\$ 49,034,163	(49,034,163)	(49,034,163)	-	-	-	-
Loan payable	\$ 15,828,909	(37,534,466)	(2,163,129)	(4,320,609)	(6,633,302)	(7,529,545)	(16,887,881)

18. Loan 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

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

18. Loan Payable (continued)

- (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.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

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For the year ended March 31, 2017

(Expressed in Barbados dollars)

18. Loan Payable (continued)

The transactions related to the loans obtained are as follows:

	2017	2016
Carnival loan	\$ 2,154,547	5,406,016
National insurance loan	13,674,362	15,085,926
Barbados Tourism Investment Inc. (BTII) loan issued during the year	3,897,200	-
Repayments during the year	(2,082,614)	(4,663,033)
	17,643,495	15,828,909
Current portion	(3,126,414)	(4,264,634)
	\$ 14,517,081	11,564,275

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 \$47,348 was charged on the BNS loan during the year.

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 \$1,040,670 was charged on the NIS loan during the year

c) BTII Loan

This amount represents a payment made on our behalf to GOL Airlines.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

19. Vested Assets

On 1 September 2014, pursuant to the Vesting Act, 100% of the assets and liabilities were vested to BTMI as follows:

Current Assets

Cash and cash equivalents	\$	8,040,618
Staff loans, net		181,040
		<hr/> 8,221,658

Current Liabilities

Accounts payable and accrued liabilities		(22,465,390)
Loan payable		(3,192,836)
		<hr/> (17,436,568)
Working capital deficiency		(17,436,568)
Plant and equipment		404,141
Loan payable		(18,380,274)
Deferred capital grants		(401,141)
		<hr/> (35,816,842)
Total net deficit	\$	(35,816,842)

20. Subsequent Events**(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 1, 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

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

20. Subsequent Events, continued

(a) Formation of New Entities, continued

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 been 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.

BARBADOS TOURISM MARKETING INC.

Notes to the Financial Statements

CONTINUED

For the year ended March 31, 2017

(Expressed in Barbados dollars)

21. COVID 19 Assessment

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.

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TOURISM MARKETING INC.