


BARBADOS[®]
TOURISM MARKETING INC.



ANNUAL REPORT

2018-2019



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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

2018-2019



ROSEANNE MYERS

Chairman, BTMI

As At November 2021

OVERVIEW

The 2018-19 financial year concluded with a modest increase of 1.6% in long stay-stay visitors and a decline of 2.6% in cruise arrivals.

During the period there was positive performance from the United States (6.3%) , driven by new airlift. The UK and other Caribbean experienced increases of 4 and 2.2 percent respectively.

We also saw negative performances in Central & South America which experienced the highest decline of 13.3 percent.

On the behalf of the Board, I congratulate the management and staff of the BTMI for the positive results seen in the level of arrivals driven by the initiatives implemented. Of particular note is that the 2018-19 audited financial statement demonstrated an adherence to, and strengthening of the policies and systems, started in 2016/17. This has lead to an unqualified audit opinion which was finalized September 2021.

FINANCIAL PERFORMANCE 2018-2019

Total assets of BDS \$9,054,388 were recorded and the largest component of this was BDS \$(...) which comprised grant subvention receivable from the Government of Barbados. At the year ended 2012, an entry for grant receivable was....(....).

Liabilities of BDS \$9,054,388 were recorded and this comprised account payables to local and overseas vendors. The Loan payable consists of the current amount (within twelve months) due to Carnival Corporation for the Bank of Nova Scotia 2008 US \$10.5 million Loan and the National Insurance

Department for the 2011 BDS \$17 million Loan. The non-current amount for the loan payable was BDS \$18.3 million.

Revenue recorded was BDS \$(...) which was mainly subvention and hotel registration fees of BDS \$(...) and expenditure of BDS \$54,599,698 caused a deficit of BDS \$(24,014,128).

The deficit by the close of 2015 was (BDS \$59,830,970).

VISITOR ARRIVAL PERFORMANCE 2018-2019

The **United Kingdom** once again prevailed as the top producing market and contributed 34 percent to the overall tourist count with 233,524 arrivals. This represented an increase of 4 percent when compared with the previous reporting period. The three major carriers carrying the bulk of visitors for this market were namely British Airways, Virgin Atlantic and Thomas Cook. Airline seat capacity out of the United Kingdom increased by 2.3 percent or 6,629 more seats during 2018/2019 when compared to 2017/2018. The BA service from Gatwick had 268 less seats or a decrease of 0.2 percent, whereas, there were increases of 3.1 percent and 8.9 percent in Virgin's service out of Gatwick and Manchester respectively. The service from Heathrow remained unchanged with 5,852 seats.

The **United States** maintained second position with 30 percent of business, showing growth of 3.6 percent over 2017/2018. Overall seat capacity from the United States increased by 7.4 percent

or 24,374 seats during the reporting period. There were a number of factors for this increase namely:

- Introduction of the 3rd service from Miami which contributed 15,137 additional seats
- An additional 11,714 seats out of Charlotte
- A 26.3 percent increase in seat capacity from JetBlue Fort Lauderdale
- JetBlue Newark had 600 more seats or an increase of 20 percent

The **Caribbean** market was the third highest producer for the reporting period, resulting in 16 percent of overall business, however, registered a decline of -2.1 percent. Trinidad & Tobago accounted for 29.6 percent of the arrivals from this market with 32,007 arrivals. Arrivals from the **Other Caribbean** countries increased by 1,635 arrivals. This market

saw a gain of 4,846 more seats when compared to the corresponding period.

The **Canadian** market contributed 12 percent of traffic for the reporting period, with 84,145 arrivals. This market also saw a decline of -3.8 percent when compared to 2017-18. Seat capacity for this market had an increase of 3,844 seats during the reporting period. Air Canada's Montreal service seat capacity increased by 22.3 percent while the service from Toronto experienced an increase of 0.5 percent in seat capacity. West Jet also experienced an increase of 4.8 percent.

The **European** region assisted in sustaining the overall tourist count by infusing 5 percent of business into the sector. The destination saw a total of 34,678 visitors from this market; however, a decrease of -6.7 percent was recorded. There were 11,027 arrivals from **Germany**, which represented a slight decline of 2.9 percent. The other **European**

territories also recorded a decline in visitors, with a -8.4 percent decrease compared to the previous reporting period.

The Bridgetown Port welcomed 707,721 cruise arrivals in 2018/2019, down from the 726,441 cruise arrivals recorded during the corresponding period of 2017/2018; a decrease of -2.6 percent. There were declines during the months of April (29 percent), October (13.8 percent), January (12.6 percent), June (12.4 percent) and December (0.4 percent), while the remaining months experienced growths ranging from 1.1 to 32.8 percent.

There was a decrease in the number of cruise ship calls to Barbados when compared with the corresponding period of 2017/2018. Cruise calls decreased from 499 calls during 2017/2018 to 439 calls during 2018/2019.

VISITOR REVENUE PERFORMANCE 2018-2019

For 2018, the estimated average daily expenditure was US\$182.88, compared to US\$170.70 for the previous year. There was a 7.1 percent increase in average daily expenditure between the two periods. Visitor spending in Barbados ranged from US\$135.86 ("**Other**") to \$US214.07 (**United Kingdom**) per day. All markets registered growth with the exception of the **Caribbean** market which experienced a -4.4% decline. The **United States** recorded the highest increase with +13% or \$21.58 more when compared to

2018. This was achieved by increases in both visitor arrivals and the average daily spend. Visitors from the **UK** contributed 45.5 percent of the overall total expenditure followed by visitors from the **USA** (25.4 percent) and **Canada** (12.7 percent).

These top three generating markets accounted for 84 percent of the overall expenditure, and subsequently recorded increases of +7.9 percent (**United Kingdom**), +19.1 percent (**United States**) and +8.6 percent (**Canada**).

Total visitor expenditure on island grew from US\$ 1,022.8 million during 2017 to US\$ 1,122.2 million in



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

Neville Boxill
Snr. Director Support Services - Jan 31, 2018

SECTION TWO

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OVERVIEW

For the reporting period of April 1st 2018 to March 31st 2019, there was an increase of 1.6% in stay-over visitor arrivals when compared to the corresponding period of 2017/2018. There were a number of negative performances, Central & South America experienced the highest decline with -13.3%. Trinidad & Tobago, Other and Other Europe

followed with decreases of -11.1%, -9.2% and -8.4% respectively.

However, during this period there were positive performances from the United States, the United Kingdom and Other Caribbean; these markets experienced increases of 6.3%, 4% and 2.2%.

STAY-OVER ARRIVALS BY MAJOR MARKETS				
MAJOR MARKETS	2017/2018	2018/2019	AB CHG	% CHG
United States	195,036	207,394	12,358	6.3
Canada	87,459	84,145	-3,314	-3.8
United Kingdom	224,589	233,524	8,935	4.0
Germany	11,353	11,027	-326	-2.9
Other Europe	25,810	23,651	-2,159	-8.4
Trinidad & Tobago	36,021	32,007	-4,014	-11.1
Other Caribbean	74,651	76,286	1,635	2.2
Central & South America	9,416	8,159	-1,257	-13.3
Other	11,102	10,085	-1,017	-9.2
Total	675,437	686,278	10,841	1.6

MARKET PERFORMANCE

The **United Kingdom** once again prevailed as the top producing market and accounted for 34% of traffic to Barbados with 233,524 arrivals. This market recorded an increase of 4% or 8,935 visitors when compared to the corresponding period in 2017-18.

The **United States** followed as the second highest producer of business (30%) contributed 207,394 arrivals; resulting in an increase of 6.3%.

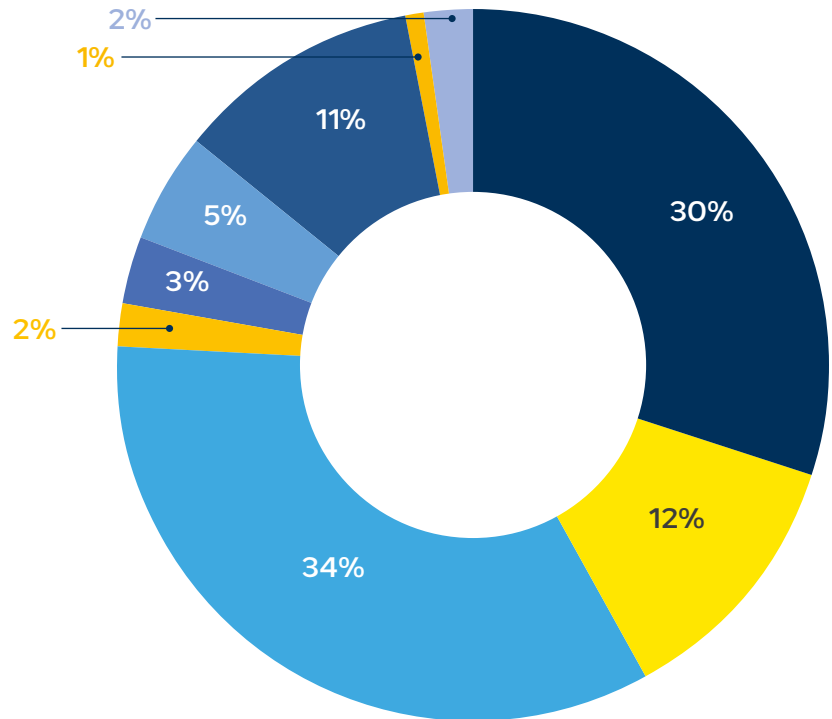
The **Caribbean** market was the third highest producer for the reporting period, resulting in 16%

of overall business, however it registered a decline of -2.1%. **Trinidad & Tobago** accounted for 29.6% of the arrivals from this market with 32,007 arrivals. Arrivals from the **Other Caribbean** countries increased by 1,635 arrivals.

Canada contributed 12% of traffic for the reporting period, with 84,145 arrivals. This market experienced a -3.8% decrease.

Market Share - 2018/2019

- United States: **30%**
- Canada: **12%**
- United Kingdom: **34%**
- Germany: **2%**
- Other Europe: **3%**
- Trinidad & Tobago: **5%**
- Other Caribbean: **11%**
- Central & South America: **1%**
- Other: **2%**



Europe provided 3% of the arrivals to Barbados which resulted in 34,678 visitors from this market; however, a decrease of -6.7% was recorded. **Germany** recorded 11,027 arrivals, a -2.9% decrease or 326 fewer visitors. **Other Europe**, also experienced a decline in visitors with -8.4% or 2,159 fewer visitors.

Central & South America accounted for just 1% of the arrivals to Barbados and experienced a decline of -13.3%.

VISITOR EXPENDITURE

ESTIMATED VISITOR EXPENDITURE JANUARY TO DECEMBER 2018 VS 2017

REGION	ARRIVALS		LOS		AVG SPEND		TOTAL (000)		AB CHG	%CH
	2017	2018	2017	2018	2017	2018	2017	2018		
United States	188.5	204.4	7.6	7.4	\$166.32	\$187.90	\$239,198	\$284,912	\$45,714	19.1
Canada	85.0	86.6	10.7	10.7	\$143.21	\$154.02	\$130,920	\$142,185	\$11,265	8.6
United Kingdom	217.4	221.9	10.8	10.8	\$202.45	\$214.07	\$473,472	\$511,020	\$37,548	7.9
Other Europe	40.2	38.2	9.3	9.4	\$152.97	\$157.96	\$57,107	\$56,910	\$(197)	-0.3
Caribbean	103.0	103.8	5.9	6.6	\$154.90	\$148.04	\$94,842	\$101,155	\$6,313	6.7
Other	27.0	25.1	8.2	7.6	\$123.48	\$135.86	\$27,260	\$26,003	\$(1,257)	-4.6
Total	661.2	680.0	9.1	9.0	\$170.70	\$182.88	\$1,022,798	\$1,122,185	\$99,387	9.7

AVERAGE DAILY SPEND

The average daily spend for 2018 was an estimated US\$182.88, an increase of 7.1% or US\$12.18 more when compared to the estimated total of US\$170.70 for 2017.

Visitor spending in Barbados ranged from US\$135.86 (“Other”) to \$US214.07 (**United Kingdom**) per day. All markets registered growth with the exception of the **Caribbean** market which experienced a -4.4% decline. The **United States** recorded the highest increase with +13% or \$21.58 more when compared to 2017.

TOTAL VISITOR EXPENDITURE

Total visitor expenditure on island grew from US\$ 1,022.8 million during 2017 to US\$ 1,122.2 million in

2018. This was achieved by increases in both visitor arrivals and the average daily spend.

Visitors from the **UK** contributed 45.5 percent of the overall total expenditure followed by visitors from the **USA** (25.4%) and **Canada** (12.7%). These top three generating markets accounted for 84 percent of the overall expenditure, and subsequently recorded increases of +7.9% (**United Kingdom**), +19.1% (**United States**) and +8.6% (**Canada**).

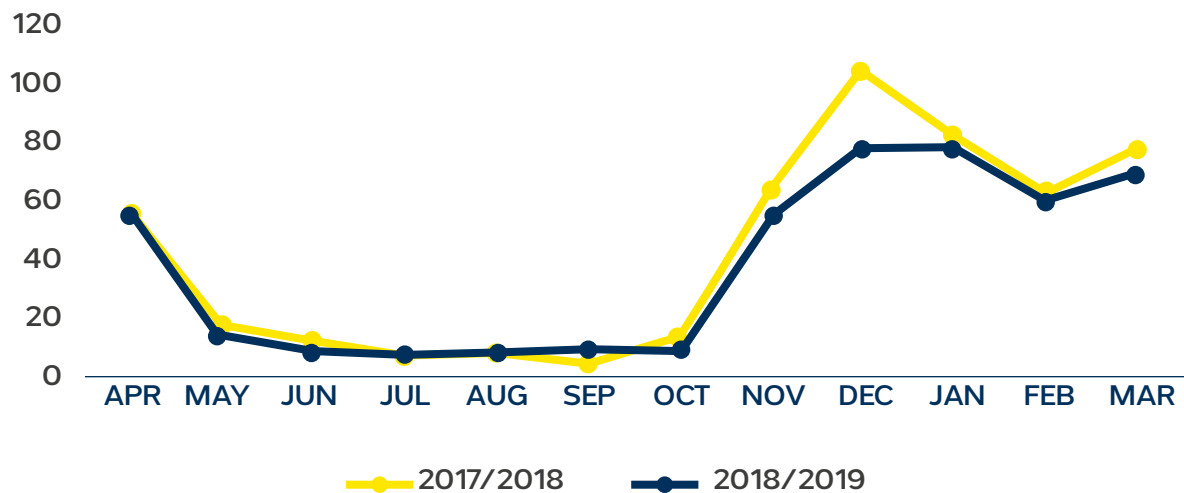
CRUISE ARRIVALS

The Bridgetown Port welcomed 707,721 cruise arrivals in 2018/2019, down from the 726,441 cruise arrivals recorded during the corresponding period of 2017/2018; a decrease of -2.6%.

CRUISE ARRIVALS				
	2017/2018	2018/2019	AB CHG	% CHG
April	76,899	54,633	-22,266	-29.0
May	48,650	50,261	1,611	3.3
June	21,683	19,000	-2,683	-12.4
July	13,760	18,280	4,520	32.8
August	19,558	21,026	1,468	7.5
September	34,416	35,766	1,350	3.9
October	21,120	18,208	-2,912	-13.8
November	75,592	87,042	11,450	15.1
December	121,898	121,350	-548	-0.4
January	123,114	107,587	-15,527	-12.6
February	78,433	82,247	3,814	4.9
March	91,318	92,321	1,003	1.1
Total	726,441	707,721	-18,720	-2.6

There were declines during the months of April (29%), October (13.8%), January (12.6%), June (12.4%) and December (0.4%), while the remaining months experienced growths ranging from 1.1% to 32.8%.

There was a decrease in the number of cruise ship calls to Barbados when compared with the corresponding period of 2017/2018. Cruise calls decreased from 499 calls during 2017/2018 to 439 calls during 2018/2019.



AIRLIFT

UNITED KINGDOM

The three (3) major carriers carrying the bulk of visitors for this market, namely British Airways, Virgin Atlantic and Thomas Cook.

Airline seat capacity out of the United Kingdom increased by 2.3% or 6,629 more seats during 2018/2019 when compared to 2017/2018.

British Airways

The BA service from Gatwick had 268 less seats or a decrease of 0.2%.

Virgin Atlantic

There were increases of 3.1% and 8.9% in Virgin's service out of Gatwick and Manchester respectively. The service from Heathrow remained unchanged with 5,852 seats.

UNITED STATES

Overall seat capacity from the United States increased by 7.4% or 24,374 seats during the reporting period. There were a number of factors for this increase namely:

- Introduction of the 3rd service from Miami which contributed 15,137 additional seats
- An additional 11,714 seats out of Charlotte
- A 26.3% increase in seat capacity from JetBlue Fort Lauderdale
- JetBlue Newark had 600 more seats or an increase of 20%

CANADA

Seat capacity for this market had an increase of 3,844 seats during the reporting period.

Air Canada's Montreal service seat capacity increased by 22.3% while the service from Toronto experienced an increase of 0.5% in seat capacity. West Jet also experienced an increase of 4.8%.

EUROPE

Seat capacity from this market had a decrease of 18.4% or a loss of 2,385 seats.

CENTRAL & SOUTH AMERICA

This market saw a gain of 4,846 more seats when compared to the corresponding period.



SECTION THREE

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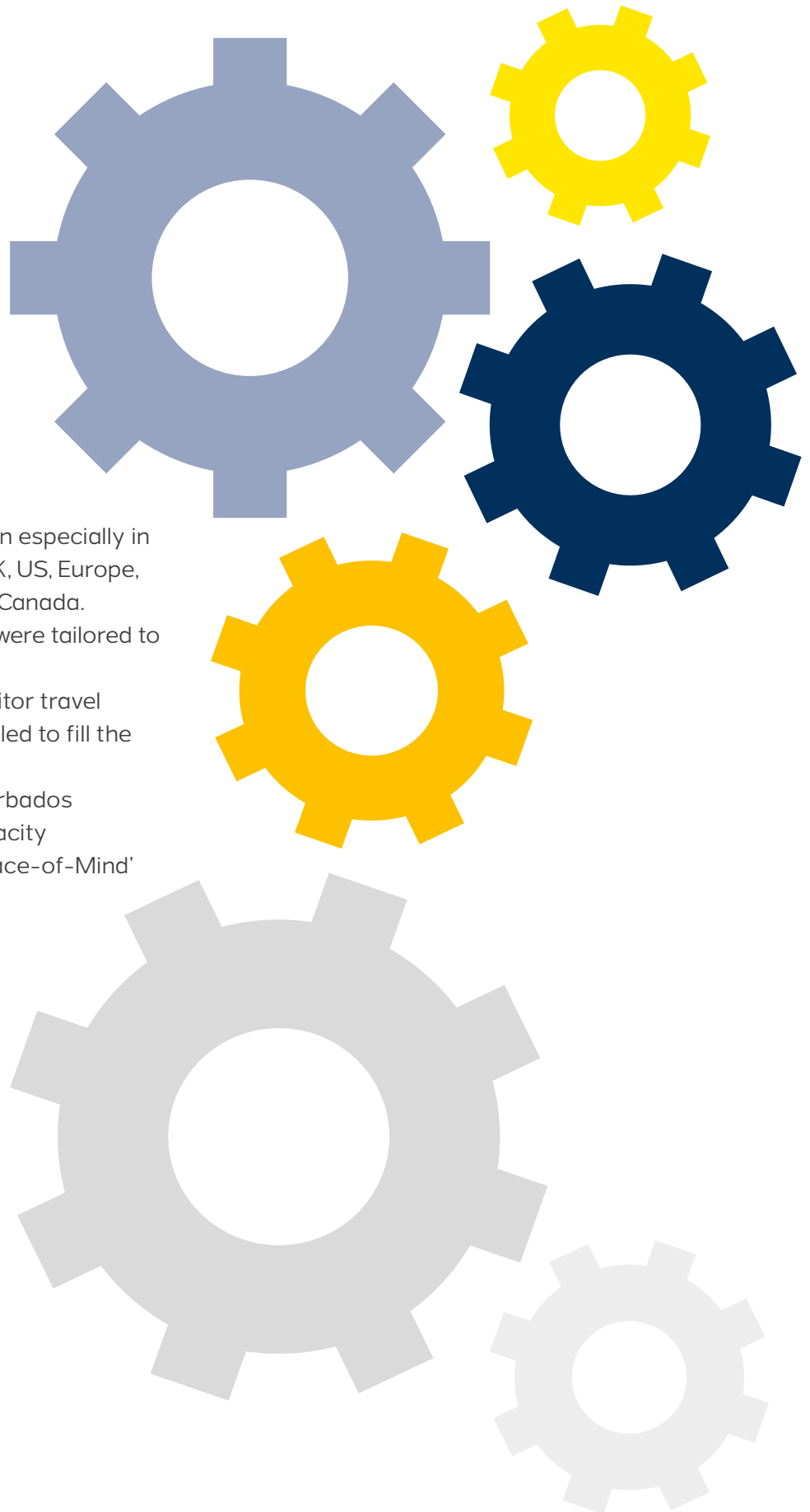
MARKETING OVERVIEW

During 2018, the Barbados brand was marketed as the “Year of Culinary”. Various strategies were deployed to ensure the brand message was tailored to all markets thus creating a destination which was top of mind in a saturated tourism market.

Visitor arrivals steadily increased year on year in daily visits, however some decrease was seen in on-island spend. With this in mind careful consideration was made by the marketing team to ensure marketing strategies didn't only focus on increasing arrivals but also daily visitor spend.

MARKETING OBJECTIVES:

- To increase the brand perception especially in the major source markets i.e. UK, US, Europe, Caribbean & Latin America and Canada.
- To ensure campaign strategies were tailored to all markets.
- To reduce the seasonality of visitor travel by ensuring events were scheduled to fill the calendar year.
- To increase visitor growth to Barbados
- To maintain and grow airlift capacity
- To give visitors an 'Engaging Peace-of-Mind'



MARKETING GOALS:

- To implement a destination booking engine with a commission generating model through the website.
- To provide a global perspective to synergies. To collaborate between the Barbados office and Market office for In-Market conditions and insights.
- To centralize messaging, assets and digital development.
- To ensure the brand research, digital conversion assessments and other ROI evaluations are reviewed by the Barbados office.
- To fully integrate all social media channels on all listing pages.
- To add 4 more languages to the website.



KEY OPPORTUNITIES:

- Creation of a bespoke events around the theme of the year.
- To diversify the calendar of events and variety of activities that can appeal to a wide range of demographics from different markets.
- Increased airlift.
- Use sports tourism to diversify the product and drive additional footfall to the island.

MARKETING INITIATIVES

Specific campaigns utilizing non-core market opportunities in the Niche areas of culinary travel, romance travel, and sports travel bolstered our opportunities for growth through encouraging group travel.

New innovative marketing strategies geared to the Professional Single, Couples, Golden Adventurer, Easy Street, Empty Nesters and No Hassle Families through the use of tactical activities in key departure points as well as behind the gateway with Out Of House, Radio and TV.

FOCUS AREAS & SWOT INITIATIVES:

Airlift

Maintaining and increasing airlift remained a critical aspect of marketing efforts. Many relationships and partnerships were created and sustained during the year which resulted in increases across source markets.

Niche Marketing

Throughout all markets content-led activities and high impact formats on print and digital channels were deployed to strategically increase brand awareness, and perception. Trip Advisor exclusive access to Jet Blue and United Airlines as well as over 8 weeks of engagement during sold-out holiday concerts in the US Market. Pre-Show at Cineplex VIP Cinemas to reach a highly targeted, affluent adult audience as well as promotional airtime campaigns on major stations like 104.5 Chum FM

in the Canadian Market. Print supplements and advertorials in major print publications and channel sponsorship capturing a trendy audience as well as High impact 4-page gatefold advertorials and adverts in hi-end travel magazine in the UK Markets. Barbados was continually featured prominently across the globe.

Cruise

A huge focus was placed on rejuvenating the Cruise Product by bringing more volume and variety to market. To support this goal, development of the Homeporting segment through stimulating interest and demand for the pre and post sub segment as well as adding more customized onshore capacity was undertaken simultaneously. These two major undertakings yielded major successes which also supported one of the overall destination goals of increased tourist arrivals. Homeporting provided many opportunities for local stakeholders to create strategic alliances and partnerships. Whilst providing cruise lines with a more diverse range of quality destination products to offer to their customers which resulted in several new entrants to cruise.

Sports

In 2015, the BTMI embarked on a three (3) Year Sports Tourism Plan which culminated in 2017 with a themed year of sports. This extensive work laid a solid foundation which resulted in many outputs with one being the birth of an extensive sporting calendar. The sporting calendar was further developed to ensure the objective of eliminating seasonality as well as ensure diversification of the product was achieved.



Public Relations

With a major goal of effectively carrying-out BTMI's mandate of managing brand Barbados and executing effective strategies, the public relations team received major success stories throughout the year.

With 6 major strategies employed by the department, they saw destination Barbados being highlighted in prime spots in the major source markets. Noteworthy were the 21 groups which came to our shores as a part of the visiting journalist and influencer programs, which played a massive role in the aforementioned successes. In an effort to ensure these gains were not derailed, the department was simultaneously actively involved in crisis communications management to ensure the rapidly evolving changes didn't have a lasting negative impact on the brand.



RALPH LAUREN

what's
brewing
at
LANE
BREEZE

FINANCIAL STATEMENTS

BARBADOS TOURISM MARKETING INC. | MARCH 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Government and Members 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, 2018, 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, 2018, 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.

Emphasis of Matter – Comparative Information

We draw attention to note 3 to the financial statements which describes that the Company elected to transition to the IFRS for SMEs on April 1, 2018. The standard was applied retrospectively by management, however there was no impact on the amounts previously reported. Consequently, the comparative information in the accompanying financial statements has not been restated.

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 the International Financial Reporting Standard for Small and Medium-sized Entities, 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.

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 (continued)

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.

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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, as a body, 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 government and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's government and members as a body, for our audit work, for this report, or for the opinion we have formed.

Chartered Accountants
Bridgetown, Barbados
XXXXXX, 2021

STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

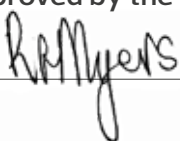
With comparative figures for 2018

(EXPRESSED IN BARBADOS DOLLARS)

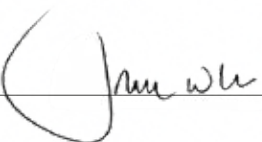
	Notes	2019	2018
Assets			
Current assets			
Cash and cash equivalents	6	\$ 17,342,952	2,352,591
Cash and cash equivalents - restricted	6	1,324,957	1,323,358
Accounts receivable	7	605,638	608,353
Intercompany receivable	8	-	2,009,398
Prepaid expenses	9	429,523	249,052
Total current assets		19,703,070	6,542,752
Staff loans	10	156,983	171,062
Property and equipment	13	697,168	411,201
Total Assets		\$ 20,557,221	7,125,015
Liabilities and Deficiency			
Current liabilities			
Accounts payable and accrued liabilities		\$ 27,130,504	31,135,576
Loans payable	17	-	5,072,866
Total current liabilities		27,130,504	36,208,442
Long term liabilities			
Loans payable	17	-	10,437,524
Other liability	19	4,500,000	4,500,000
Total Liabilities		31,630,504	51,145,966
Shareholder's Deficiency			
Share capital	12	1,000	1,000
Capital contributions	18	12,249,053	-
Deficit		(23,323,336)	(44,021,951)
Total Shareholder's Deficiency		(11,073,283)	(44,020,951)
Total Liabilities and Deficiency		\$ 20,557,221	7,125,015

See accompanying notes to the financial statements.

Approved by the Board of Directors:



 _____ Director



 _____ Director

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2019

With comparative figures for 2018

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	Share Capital	Capital Contribution By Government of Barbados	Retained Earnings (Deficit)	Total
Balance at March 31, 2017		\$ 1,000	-	(43,732,378)	(43,731,378)
Excess of revenue over expenditure		-	-	(289,573)	(289,573)
Balance at March 31, 2018		1,000	-	(44,021,951)	(44,020,951)
Excess of revenue over expenditure		-	-	20,698,615	20,698,615
Capital contributions	18	-	12,249,053	-	12,249,053
Balance at March 31, 2019		\$ 1,000	12,249,053	(23,323,336)	(11,073,283)

See accompanying notes to the financial statements.

STATEMENT OF REVENUE AND EXPENDITURE

For the year ended March 31, 2019

With comparative figures for 2018

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2019	2018
Revenue			
Government grant	11	\$ 92,061,152	62,274,577
Other income		112,284	704,820
Foreign exchange gain		-	-
Gain on disposal of fixed asset		373	231
		92,173,809	62,979,628
Expenditure			
Marketing		27,887,560	20,461,768
Promotions		10,766,413	11,667,006
Salaries and allowances		8,143,122	12,749,749
Airline revenue guarantee		7,996,113	4,458,660
Operational expenses		4,935,743	39,592
Contribution and sponsorship		4,848,973	6,928,593
Public relations		2,987,808	3,183,282
Exchange adjustments and bank charges		1,406,082	1,028,931
Travel		1,361,589	1,366,676
Interest		764,872	1,079,069
Special projects		219,390	148,753
Depreciation	13	157,529	157,122
		71,475,194	63,269,201
Excess of revenue over expenditure/ (Excess of expenditure over revenue)		\$ 20,698,615	(289,573)

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

With comparative figures for 2018

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2019	2018
Cash Flows from Operating Activities			
Excess of revenue over expenditure		\$ 20,698,615	(289,573)
Items not affecting working capital:			
Depreciation	13	157,529	157,122
Gain on disposal of assets		(373)	(231)
Interest expense		764,872	1,079,069
Pension expense		-	4,500,000
Operating loss before working capital changes		21,620,643	5,446,387
Decrease (increase) in accounts receivable		2,715	(403,251)
Decrease in intercompany receivable		2,009,398	83,767
(Increase) decrease in prepaid expenses		(180,471)	326,781
Decrease (increase) in staff loans		14,079	(6,049)
(Decrease) in accounts payable and accrued liabilities		(4,005,073)	419,642
Net cash from operating activities		19,461,291	5,867,277
Cash Flows used in Investing Activities			
Additions to plant and equipment	13	(443,122)	(112,684)
Proceeds from sale of plant and equipment		-	625
Interest paid		(764,872)	(1,079,069)
Net cash used in investing activities		(1,207,994)	(1,191,128)
Cash Flows from Financing Activities			
Loan repayments	17	(2,554,730)	(2,133,105)
Capital contributions	18	(706,607)	-
Net cash from (used in) financing activities		(3,261,337)	(2,133,105)
Net increase in cash		14,991,960	2,543,044
Cash and cash equivalents - beginning of year		3,675,949	1,132,905
Cash and cash equivalents - end of year		\$ 18,667,909	3,675,949
Non- cash transactions:			
Loans transferred to Government Equity		(12,955,660)	-

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

1. Reporting Entity

The Barbados Tourism Marketing Inc. (the "Company" or "BTMI") was incorporated in July 18, 2014 and 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 was previously known as the Barbados Tourism Authority (BTA) which was dissolved by the Government of Barbados on August 24, 2014. The dissolution resulted in 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, was 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 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. The Company has an accumulated deficit of \$23,323,336 (2018 - \$44,021,951) and as at that date, current liabilities exceeded current assets by \$7,427,434 (2018: \$29,665,690).

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 year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

3. Basis of Presentation

- (a) These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs). The Company elected to transition to the IFRS for SMEs on April 1, 2018. The standard was applied retrospectively by management, however there was no impact on the amounts previously reported. Consequently, the comparative information in the accompanying financial statements has not been restated.
- (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 for SMEs 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
The Company has elected to apply the recognition and measurement requirements of IAS 39 Financial Instruments: Recognition and Measurement and disclosure requirements of IFRS for SMEs Section 11.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, accounts receivable, 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.

(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 year ended March 31, 2019

(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 year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(e) Employee benefits

The permanent and appointed employees of the company are eligible for a pension plan. The Board of Directors are currently finalizing the establishment of the proposed Pension Plan, guided by the consultancy of Eckler Consultants and Actuaries.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)**5. Financial Risk Management (continued)****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

		2019	2018
Cash with banks	\$	17,336,109	2,346,748
Cash with banks - restricted		1,324,957	1,323,358
Cash on hand		6,343	5,843
Cash less overdraft	\$	18,667,909	3,675,949

Cash with bank is non-interest bearing. Restricted Cash of \$1,324,957 (2018-1,323,358) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

7. Accounts Receivable

		2019	2018
General receivables	\$	539,237	468,840
VAT receivable		66,401	139,513
Less: allowance for doubtful accounts		-	-
	\$	<u>605,638</u>	<u>608,353</u>

As at March 31, 2019, the aging analysis of general receivables from due date is as follows:

		Total	Current	30 to 60 days	60 to 90 days	>90 days
2019	\$	539,237	89,462	82,955	294,678	72,142
2018	\$	468,840	77,926	16,425	350	374,139

As at March 31, 2019, based on Management's assessment, no trade receivables (2018 – Nil) were impaired and fully provided for.

8. Intercompany Receivables

		2019	2018
Due from Barbados Tourism Product Authority (BPTA)	\$	-	<u>2,009,398</u>

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

During the year ended March 31, 2019, the balance due from the BPTA was written off.

9. Prepaid Expenses

		2019	2018
Prepaid expenses - local	\$	253,619	56,522
Prepaid expenses – foreign (overseas)		175,904	192,530
	\$	<u>429,523</u>	<u>249,052</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)**10. Staff Loans**

		2016	2015
Staff loans	\$	156,983	171,062
Less: allowances for doubtful debt		-	-
	\$	<u>156,983</u>	<u>171,062</u>

Staff loans are interest free with no fixed repayment terms. As at March 31, 2019, based on Management's assessment, no staff loans (2016 – Nil) were impaired and fully provided for.

11. Government Grants

		2016	2015
Grant income per statement of revenue and expenditure	\$	92,061,152	62,274,577

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 2019, a Government Grant was approved in the estimates and the Company received \$92,061,152 (2018 - \$62,274,577).

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 2019.

		2016	2015
Issued and fully paid 1,000 common shares (2018 - 1,000 common shares)			
Stated capital	\$	<u>1,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)**13. Plant and Equipment**

		Equipment	Furniture & Fittings	Motor Vehicles	Total
Costs					
Balance at March 31, 2017	\$	5,056,804	1,940,327	332,327	7,329,161
Additions		108,711	3,973	-	112,684
Disposals		(2,217)	-	-	(2,217)
Balance at March 31, 2018		5,163,298	1,908,915	332,029	7,439,627
Additions		334,660	108,462	-	443,122
Balance at March 31, 2019	\$	5,497,958	2,052,762	332,029	7,882,749
Accumulated Depreciation					
Balance at March 31, 2017	\$	4,916,951	1,707,776	248,400	6,873,127
Charge for the year		73,806	38,021	45,295	157,122
Disposals		(1,823)	-	-	(1,823)
Balance at March 31, 2018		4,988,934	1,745,797	293,695	7,028,426
Charge for the year		96,435	38,417	22,677	157,529
Disposals		(373)	-	-	(373)
Balance at March 31, 2019	\$	5,084,996	1,784,214	316,372	7,185,581
Net Book Value - 2019	\$	412,962	268,548	15,657	697,168
Net Book Value - 2018	\$	174,364	198,503	38,334	411,201

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

14. Related Party Transactions

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

		2019	2018
Board of Directors	\$	68,140	58,214
Senior Management	\$	1,548,474	507,587

15. 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.

16. Financial Instruments

Financial assets of the Company include cash and bank balances, 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:

		2019	2018
Cash and cash equivalents	\$	18,667,909	3,675,949
Accounts receivable, net		605,638	608,353
Intercompany receivable		-	2,009,398
Staff loans, net		156,983	171,062
	\$	19,430,530	6,464,762

There was no movement in the allowance for impairment in respect of staff loans.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

16. Related Party Transactions (continued)

(d) 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.

(c) Fair value

The fair values of cash and cash equivalents, accounts receivable, intercompany 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:

		2019		2018	
		Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Cash and cash equivalents	\$	18,667,909	18,667,909	3,675,949	3,675,949
Accounts receivable		605,638	605,638	608,353	608,353
Intercompany receivable		-	-	2,009,398	2,009,398
Staff loans net		156,983	156,983	171,062	171,062
Accounts payable and accrued liabilities		27,130,504	27,130,504	31,135,576	31,135,576
Loan payable		-	-	15,510,390	15,510,390

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

16. Financial Instruments (continued)

(d) Liquidity risks

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities

March 31, 2019

	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	27,130,504	(27,130,504)	((27,130,504)	-	-	-	-

March 31, 2018

	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	31,135,576	(31,135,576)	(31,135,576)	-	-	-	-
Loans payable	15,510,390	(20,452,278)	(1,022,614)	(2,045,228)	(3,067,842)	(4,090,456)	(10,226,138)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

17. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

17. Loans Payable (continued)

The transactions related to the loans obtained are as follows:

	Notes	2019	2018
Carnival loan		\$ 104,692	1,076,491
National insurance loan		11,508,498	12,669,804
Barbados Tourism Investment Inc. (BTII) loan		3,897,200	3,897,200
Repayment during the period		(2,554,730)	(2,133,105)
		12,955,660	15,510,390
Transferred to Government Entity	18	(12,955,660)	-
Current portion		-	(5,072,866)
		\$ -	10,437,524

(a) Carnival Loan

Interest on the Bank of Nova Scotia loan is charged at a rate of 2.24125%.

(b) NIS Loan

The proceeds of the loan was 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 \$764,872 (2018 – nil) was charged on the NIS loan during the year

(c) BTII Loan

This amount represents a payment made on our behalf to GOL Airlines. Official support for the amount was requested on many occasions and never received. As per the instruction referenced in Note 18 re intragovernmental write-offs, this debt with Barbados Tourism Investment Inc. was written off.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

18. Capital Contributions

Capital contributions by the Government of Barbados comprises write off of the following amounts:

Barbados Tourism Investment Inc. (BTII) Loan	\$ 3,897,201
Write off of government and intercompany balances	<u>887,333</u>
	4,784,534
NIS loan settlement	<u>7,464,519</u>
	\$ <u>12,249,053</u>

By Memo Ref 5741/00 Vol.1, dated January 31, 2019, 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). The amount of \$12,955,660 represents the net write-off of these balances.

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.

On March 7, 2019, the Barbados Tourism Marketing Inc. was informed that as a consequence of the acceptance of the Government of Barbados' domestic debt exchange offer, the facility previously held with the NIS has been exchanged for new Government of Barbados securities which will be serviced by the Government. The amount of \$7,464,519 will be treated as a capital injection removing the obligation from a loan that is payable to equity.

19. Other liability

BTMI has established the Barbados Tourism Marketing Inc. Pension Plan ("the Plan") effective April 1, 2018. The Plan became operational in September 2020 when contributions were first remitted to the Plan in respect of its defined contribution members (contributions commenced by both the BTMI and these members from that date). The Plan's Trust Deed was executed effective December 31, 2020. The Plan was submitted to the Financial Services Commission for registration under the Occupational Pension Benefits Act Cap 350B in 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2019

(EXPRESSED IN BARBADOS DOLLARS)

19. Other liability (continued)

BTMI has booked a constructive liability of \$4.571M for the Plan. This constructive liability is the present value of the Plan's defined benefit obligations on a going concern basis as at April 1, 2018 as determined by the Plan's actuary – Eckler Ltd. This initial valuation was carried out by Eckler Ltd. as it is a requirement under the Occupational Pension Benefits Act Cap 350B ("the Act") for the registration of the Plan by the Financial Services Commission. The next actuarial valuation is due, under the Act, as at April 1, 2021.

20. Change in operations

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.

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.

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

ANNUAL REPORT 2018-2019

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TOURISM MARKETING INC.

