

BARBADOS[®]
TOURISM MARKETING INC.

ANNUAL REPORT

2019-2020





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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

2019-2020

ROSEANNE MYERS
Chairman, BTMI
As At November 2021

OVERVIEW

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 2019/20 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 finalised September 2021.

FINANCIAL PERFORMANCE 2019 - 2020

As at March 31, 2020, Total assets stand at \$20,557,221 compared to \$11,999,377 in 2019. Total Liabilities were \$31,630,504 compared to 2019's \$23,516,844. Revenue for the period was [figure to be included] and [figure to be included] represented Total Expenditure, giving an Excess of (expenditure over revenue) OR revenue over expenditure of [figure to be included].

VISITOR ARRIVAL PERFORMANCE 2019 - 2020

Stayover Overview

For the period Barbados recorded a total of 663,284 visitors. This was a 3.3% decline when compared with the corresponding period, 2018/2019.

Market Performance

Market share for the period saw the **United Kingdom** (33%) as the top generating market, but this was a 7.4% decrease when compared to 2018/2019. The **United States** (30.9%) was the second highest performer, however the 205,306 visitors recorded was a decline of 1% compared to the previous period. The **Canadian** market rounded out the Top 3 with 11.9%, but this was a 6.4% fall off of business in comparison to 2018/2019.

Cruise Arrivals

The Bridgetown port saw the arrival of 704,563 cruise passengers, a 2.2% decline when compared with the 2018/2019 period. October and August 2019 were the best producing months with both recording increases of 56.7% and 18.6% respectively. Cruise calls saw a decline of 1.2% with the 2019/2020 period registering 414 calls compared to the 419 calls of 2018/2019. However, the months of April (18.2%), July (16.7%), August (14.3%), October (50%) and February (11.9%) experienced growth over the corresponding period of 2018/2019.

Airlift

For the period, Barbados saw a 2.6% increase in airlift from the United Kingdom compared to 2018/2019. The key carriers servicing this source market were Virgin Atlantic and British Airways with allocations of 38%, 62% of seats respectively. The United States major carriers were American Airlines (50.6%) and Jet Blue (49.4%), but the 336,367 total seats for this period was a 4.4% decline compared to 2018/2019. Canada registered a fall-off of 1.6% in comparison to the previous period, with the two major carriers Air Canada and WestJet recording 72.6% and 27.4% of seats respectively.

MARKETING OVERVIEW 2019 - 2020

For the reporting period, the BTMI capitalized on mindful tourism by inviting travellers within its major source markets to make Barbados their priority destination under its "Year of Wellness" theme. Strategies developed for heritage and community tourism also helped in increasing day to day tourist arrivals.

Marketing Objectives

Some of the BTMI's objectives for the period included maintaining and increasing brand perception in major source markets, amongst locals and the diaspora; capitalizing on Barbados' expanding its reach to Germany through the new Lufthansa service; and leveraging the designation of UNESCO World Heritage Sites to bring life to Bridgetown and generate income earning opportunities for local cultural entrepreneurs.

Key Opportunities

Opportunities presented to the BTMI included supporting British holiday makers impacted by the Thomas Cook collapse; capitalizing on the new thrice-weekly direct flights from Frankfurt; taking advantage of the increasing popularity of mindful and wellness travel; and the celebrations surrounding the 10th anniversary of the Food and Rum Festival and We Gatherin'.



Marketing Initiatives

Inviting travellers to “book their perfect escape” to Barbados, the BTMI supported this messaging through various executions. This included showing heartfelt support to visitors impacted by the Thomas Cook collapse by partnering with the Barbados Hotel & Tourism Association (BHTA) to offer £100 on-resort credit (or equivalent in BBDS\$ or USD\$). Other initiatives launched were developing a digital

campaign to promote the UNESCO World Heritage site of Historic Bridgetown and its Garrison; creating the Festive Fridays Night Market; targeted visiting and local gastronomes with the Food and Rum Festival’s 10th Anniversary; and introducing a We Gatherin’ loyalty card program for the diaspora and strong repeat visitors for the Food and Rum Festival.

BOARD OF DIRECTORS

Sunil Chatrani - Chairman

Wayne Capaldi - Deputy Chairman

Wayne Webster - Representative NCF

Stephen Austin

John Williams

Claire Jordan

Kevyn Yearwood

Kashka Haynes

Donna Cadogan - PS Ministry of Tourism

SENIOR MANAGEMENT

William Griffith - Chief Executive Officer
Craig Hinds - Chief Finance Officer
Neville Boxill - Senior Director Support Service
Cheryl Carter - Director (UK)
Robert Chase - Director Marketing
Cheryl Franklin - Director Cruise
Corey Garrett - Director (C'bean and Latin America)
Carolene Hinkson - Director Human Resources
& Corporate Services
Peter Mayers - Director (Canada)
Michelle Moore - Director Finance
Anita Nightingale - Director (Europe)
Petra Roach - Director (USA)





SECTION TWO

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OVERVIEW

For the reporting period April 2019, through to March 2020, Barbados' visitor arrivals saw a 3.3% decline over the corresponding period for 2018/2019, recording 663,824 visitors to the destination. During

this reporting period, most of the major markets experienced declines, except for Trinidad and Tobago and European.

| STAYOVER ARRIVALS BY MAJOR MARKETS | | | | | |
|------------------------------------|---------------|---------------|---------------|-------------|--------------|
| APRIL 2019 - MARCH 2020 | | | | | |
| MAJOR MARKETS | 2018/2019 | 2019/2020 | AB CHG | % CHG | % SHARE |
| UNITED STATES | 207394 | 205306 | -2088 | -1.0 | 30.9 |
| CANADA | 84145 | 78753 | -5392 | -6.4 | 11.9 |
| UNITED KINGDOM | 233524 | 216274 | -17250 | -7.4 | 32.6 |
| GERMANY | 11027 | 12486 | 1459 | 13.2 | 1.9 |
| OTHER EUROPE | 23651 | 23675 | 24 | 0.1 | 3.6 |
| TRINIDAD & TOBAGO | 32007 | 32885 | 878 | 2.7 | 5.0 |
| OTHER CARIBBEAN | 76286 | 75185 | -1101 | -1.4 | 11.3 |
| CENTRAL & SOUTH AMERICA | 8159 | 6176 | -1983 | -24.3 | 0.9 |
| OTHER | 10085 | 13084 | 2999 | 29.7 | 2.0 |
| TOTAL ARRIVALS | 686278 | 663824 | -22454 | -3.3 | 100.0 |

MARKET PERFORMANCE

For the period under review, the **United Kingdom** was the top generating market. Approximately 33% of the overall tourist count originated from this source market but, there was a 7.4% decrease when compared with the corresponding period 2018/2019.

The second highest performer was the **United States**, recording 205,306 visitors which represented 30.9% of business. This market also showed a slight decline of 1% compared with the previous year.

The **Canadian** market contributed 11.9% to the total, with a 6.4% fall off in business.

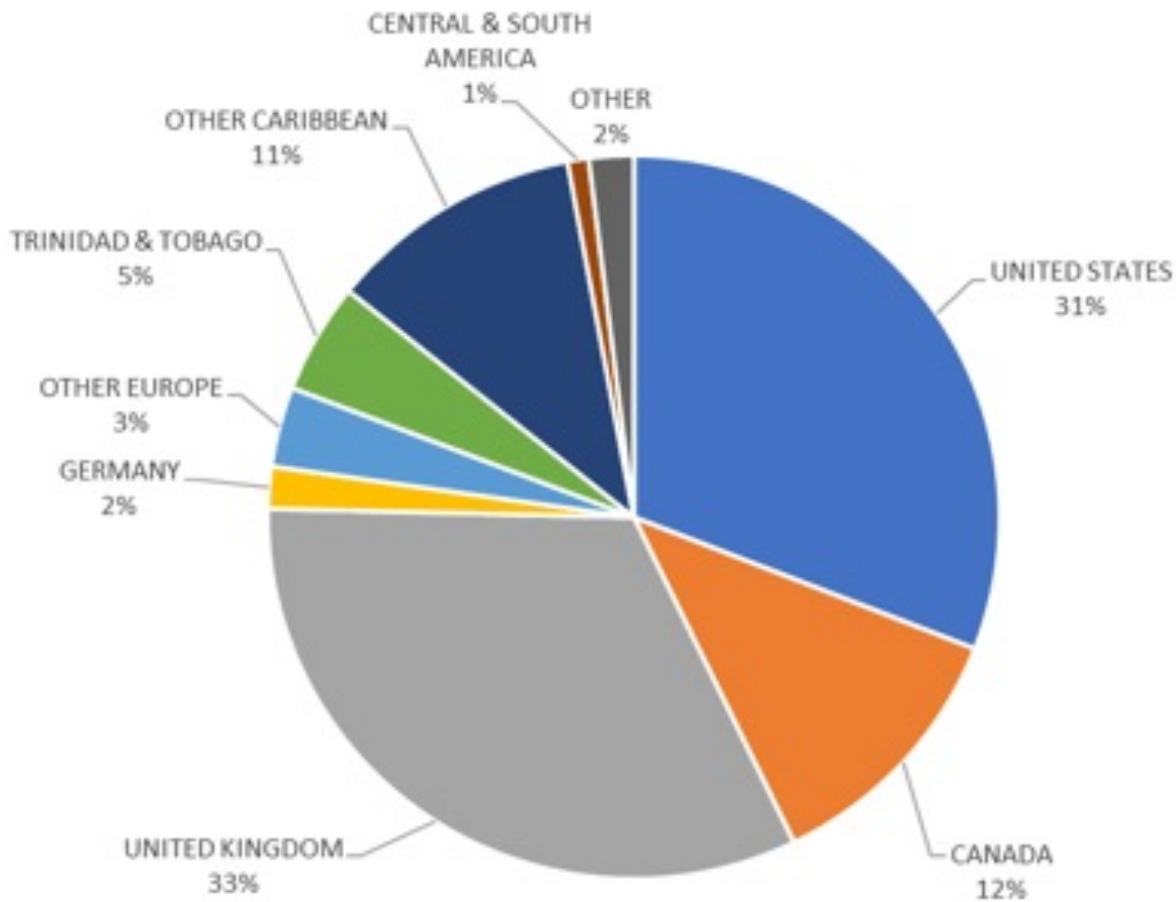
The **Caribbean** region sustained its position as the fourth producer of visitor traffic to the destination, contributing 16.3%. Trinidad and Tobago were

the top producer from this region, recording a 5% share, whilst Other Caribbean registered 11.3%. During this period, **Trinidad and Tobago** recorded a 2.7% increase, however, **Other Caribbean** (1.4%) registered a slight decline.

Europe supplied 5.5% of the overall arrivals to the destination, which saw **Germany** recording 13.2% of growth, when compared with the same period for last year. The **Other European** territories experienced a marginal increase of 0.1% when comparing the reporting months of 2018/2019.

Central and South America contributed 0.9% of business and recorded a 24.3% reduction in visitor arrivals, compared with the corresponding period for last year.

Market Share April 2019 - March 2020



CRUISE ARRIVALS

For the reporting period, there were 704,563 cruise passengers arriving at the Bridgetown Port. These arrivals registered a 2.2% decline when compared with the previous period 2018/2019. Declines were recorded for the months of May, June, and September of 2019, and March of 2020.

The best producing months of the reporting period were October and August 2019, both recording increases of 56.7% and 18.6% respectively.

Cruise calls for the period under review were registered at 414 calls, whilst the corresponding period recorded 419 calls, representing a 1.2% decline. During the reporting period, the months of April (18.2%), July (16.7%), August (14.3%), October (50%) and February (11.9%) experienced growth over the corresponding period of 2018/2019.

CRUISE ARRIVALS

| | 2018/2019 | 2019/2020 | AB CHG | % CHG |
|--------------|---------------|---------------|---------------|-------------|
| APRIL | 54633 | 58512 | 3879 | 7.1 |
| MAY | 21137 | 20507 | -630 | -3.0 |
| JUNE | 19000 | 18950 | -50 | -0.3 |
| JULY | 18280 | 18896 | 616 | 3.4 |
| AUGUST | 21026 | 24931 | 3905 | 18.6 |
| SEPTEMBER | 22248 | 19182 | -3066 | -13.8 |
| OCTOBER | 18208 | 28529 | 10321 | 56.7 |
| NOVEMBER | 87042 | 89377 | 2335 | 2.7 |
| DECEMBER | 121350 | 125774 | 4424 | 3.6 |
| JANUARY | 107587 | 109172 | 1585 | 1.5 |
| FEBRUARY | 111346 | 115862 | 4516 | 4.1 |
| MARCH | 118300 | 74871 | -43429 | -36.7 |
| TOTAL | 720157 | 704563 | -15594 | -2.2 |

AIRLIFT

United Kingdom

Total capacity from this market during the reporting period totalled 300,842 a 2.6% increase over the period 2018/2019. The key carriers servicing this source market were Virgin Atlantic and British Airways with allocations of 38%, 62% of seats respectively. Thomas Cook the other major carrier, ceased operations during the 2019/2020 period of reporting.

United States

The major carriers operating direct services from this market were American Airlines (50.6%) and Jet Blue (49.4%). The total seats recorded for this market during the review period were 336,367 which represented a 4.4% decline when compared with the previous period for 2018/2019.

Canada

The total seats from this market were 121,484, registering a fall-off of 1.6% when compared with the previous period. Air Canada and WestJet were the two (2) major carriers from this market, accounting for 72.6% and 27.4% of seats respectively.

Europe

Capacity from this market increased by 37,547 seats when compared with the corresponding period for 2018/2019. This growth could be attributed to the introduction of a new Lufthansa service out of Frankfurt. Condor accounted for 61.8% of this market's seat allocation.

Caribbean

This market registered a total of 523,588 seats for the period under review, a 1% increase when compared with the previous period 2018/2019. LIAT was the major carrier from this region, accounting for 65.6% of seat allocated, followed by Caribbean Airlines with 32.7%.

Central & South America

During the reporting period 2019/2020, this market's seat allocation was 19,998. This was an increase of 11,264 seats when compared with the previous year 2018/2019. This increase is a result of COPA airlines' new direct service to Barbados from Panama, started July 2018.



SECTION THREE

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MARKETING OVERVIEW

In the year of 2019, the Barbados brand was marketed under the “Year of Wellness” theme. The campaign’s message was an invitation to travellers within its major source markets to make the island their destination of choice for rest and rejuvenation.

Marketing efforts focused on developing innovative strategies through mindfulness, heritage and community tourism helped in increasing day to day tourist arrivals. The promotion of the historic We Gatherin’ campaign helped bolster arrivals as those throughout the diaspora, and our repeat visitor families, came home to celebrate the land they love.

MARKETING OBJECTIVES

- To maintain and increase brand perception in major source markets - i.e. UK & the USA - and amongst locals and the diaspora.
- To increase winter arrivals from the UK & USA.
- To increase goodwill with travellers through strategic Public Relations campaigns.
- To capitalize on Barbados expanding its reach to Germany through the new Lufthansa service.
- To leverage the designation of UNESCO World Heritage Sites.
- To bring life throughout the island with exciting attractions that creating spaces for entrepreneurs and cultural practitioners to showcase their talents to tourists and locals

KEY OPPORTUNITIES

- Supporting British holiday makers impacted by the Thomas Cook collapse.
- Capitalizing on the new thrice-weekly direct flights from Frankfurt.
- Designation of Historic Bridgetown and its Garrison as a UNESCO World Heritage Site.
- Increasing popularity of mindful and wellness travel
- Celebrations surrounding the 10th anniversary of the Food and Rum Festival and We Gatherin’

MARKETING INITIATIVES

The BTMI's main campaign invited travelers to “book their perfect escape” through its messaging which utilized its “Year of Wellness” theme. This communication was supported by events and public relations exercises that covered mindfulness, heritage, and community; as well as additional tactical digital and social campaigns to increase its reach to repeat and first-time travelers and the diaspora.

Thomas Cook Public Relations Campaign

When British tourists were impacted by the collapse of Thomas Cook, the Barbados Tourism Marketing Inc. (BTMI) partnered with the Barbados Hotel & Tourism Association (BHTA) to offer £100 on-resort credit (or equivalent in BBDS\$ or USD\$) for affected passengers.

This strategic PR move helped the island receive goodwill for its tourism product, and showed heartfelt support to those affected to ensure they receive the holiday experience they had previously planned.

UNESCO

To further develop Barbados' heritage-based tourism product, the BTMI developed a campaign to promote the UNESCO World Heritage site of Historic Bridgetown and its Garrison.

The rich history of the site was showcased through the creation of nine (9) video vignettes and a new brochure. These assets led the roll out of a digital marketing campaign that featured heavily on all of BTMI's social media touchpoints, and led users to a newly developed landing page in VisitBarbados for the World Heritage site, inclusive of site map.

Festive Fridays Night Market

Another initiative of the BTMI's heritage-based project was the launch of Festive Fridays - which was positively received from the public and cruise association due to the tremendous attendance each night.

The strategic location of the Night Market meant that tourists and locals alike could mingle together and enjoy the tangible and intangible cultural products on display. While the main aim was to leverage the aforementioned designation of the World Heritage Site, the event also sought to rejuvenate, revitalize and bring life to Bridgetown during the evening and create a space for entrepreneurs, artists and musicians to showcase their diverse talents.

The National Tourism Programme

To maintain our competitiveness, and support any softness in target markets, a budget was allotted to be spent for the Digital campaign which will form part of the National Tourism Programme. Similarly, a project based on the use of these funds in support of the Private Public Partnership mandate is being investigated for a programmatic digital advertising and a data management platform.

10th Anniversary Food and Rum Festival

In celebration of a decade of the Food and Rum Festival, the BTMI crafted special events targeted towards visiting and local gastronomes. As per the CEO's guidance, community-focused pop-up events were executed leading up to the Festival (during the period August to October) and after its completion (the period of October to December).

Marquee events during the festival included the official event launch in Oistins; an island wide Gourmet Safari Dine Around; A Food Truck MashUp at the Pelican venue on Saturday; and an elegant dinner affair at Illaro Court. Celebrity international chefs for the Festival were London's Tom Aiken and Craig Hardin from Canada, both of whom were past participants.



New Lufthansa Service

New market opportunities presented itself with Barbados expanding its reach in Germany through Lufthansa airlines. The new thrice-weekly direct flight from Frankfurt to the Grantley Adams International Airport. Flight LH 5432, was scheduled to commence on Monday, October 28, 2019, and will run on Mondays, Wednesdays and Fridays using an A330 aircraft which seats up to 330 passengers.

Year of Wellness and Soft Adventure 2019 Theme

To capitalize on the increasing popularity of mindful tourism, the Year of Wellness – Mindful Living Event was developed. The Festival - which spanned a three formal day period and one informal week - saw practitioners and speakers providing guidance on yoga, mindful eating, and a host of other wellness activities at Sweet Field Manor while highlighting other established events at venues such as Gun Hill.

We Gatherin'

BTMI's We Gatherin' promotion strategy gained steam with the completion of its first phase of the Barbados Family and Friends redevelopment at the end of August 2019. The second phase aimed to introduce a loyalty program with a card - heavily branded with We Gatherin' assets, with points for the diaspora and strong repeat visitors to Barbados - to be used as part of an incentive to encourage visitation during 2020.

In addition, preliminary meetings with the BHTA gained agreement in principle for a 20% discount for the diaspora throughout 2020 in support of We Gatherin'; the redevelopment of the Barbados Family and Friends website that was scheduled for completion by end of Aug 2019.

A nighttime photograph of an outdoor patio. The scene is illuminated by warm string lights hanging from the ceiling. In the background, there are palm trees and a view of the ocean under a dark blue sky. The foreground shows a tiled floor and several wicker chairs around a table.

FINANCIAL STATEMENTS OF

BARBADOS TOURISM MARKETING INC.
March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Government of Barbados

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, 2020, the statements of revenue and expenditure, changes in 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, 2020, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

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.

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 IFRS for SMEs, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Government of Barbados (continued)

Report on the Audit of the Financial Statements (continued)

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

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Government of Barbados (continued)

Report on the Audit of the Financial Statements (continued)

Other Matter

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 auditors' 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.

The logo for KPMG, consisting of the letters 'KPMG' in a stylized, handwritten font.

Chartered Accountants
Bridgetown, Barbados
September 30, 2021

Barbados Tourism Marketing Inc.

Statement of Financial Position

As at March 31, 2020

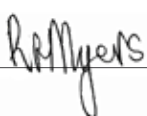
With comparative figures for 2019

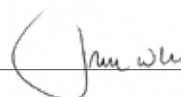
(Expressed in Barbados dollars)

| | Notes | 2020 | 2019 |
|--|-------|----------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | \$ 8,867,638 | 17,342,952 |
| Cash and cash equivalents - restricted | 6 | 1,324,708 | 1,324,957 |
| Accounts receivable | 7 | 278,225 | 605,638 |
| Prepaid expenses | 8 | 627,103 | 429,523 |
| Total current assets | | <u>11,097,674</u> | <u>19,703,070</u> |
| Staff loans | 9 | 178,056 | 156,983 |
| Property and equipment | 12 | 723,647 | 697,168 |
| Total Assets | | <u>\$ 11,999,377</u> | <u>20,557,221</u> |
| Liabilities and Deficiency | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 18,998,477 | 27,130,504 |
| Total current liabilities | | <u>18,998,477</u> | <u>27,130,504</u> |
| Long term liabilities | | | |
| Other liability | 17 | 4,518,367 | 4,500,000 |
| Total Liabilities | | <u>23,516,844</u> | <u>31,630,504</u> |
| Shareholder's Deficiency | | | |
| Share capital | 11 | 1,000 | 1,000 |
| Capital contributions | 16 | 12,421,524 | 12,249,053 |
| Deficit | | (23,939,991) | (23,323,336) |
| Total Shareholder's Deficiency | | <u>(11,517,467)</u> | <u>(11,073,283)</u> |
| Total Liabilities and Deficiency | | <u>\$ 11,999,377</u> | <u>20,557,221</u> |

See accompanying notes to the financial statements.

Approved by the Board of Directors:

 Director

 Director

Barbados Tourism Marketing Inc.

Statement of Changes in Deficit

For the year ended March 31, 2020
With comparative figures for 2019

(Expressed in Barbados dollars)

| | Notes | Share Capital | Capital Contribution by Government of Barbados | Deficit | Total |
|------------------------------------|-------|---------------|--|--------------|--------------|
| 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 | 16 | - | 12,249,053 | - | 12,249,053 |
| Balance at March 31, 2019 | | 1,000 | 12,249,053 | (23,323,336) | (11,073,283) |
| Excess of expenditure over revenue | | - | - | (616,655) | (616,655) |
| Capital contributions | 16 | - | 172,471 | - | 172,471 |
| Balance at March 31, 2020 | | \$ 1,000 | 12,421,524 | (23,939,991) | (11,517,467) |

See accompanying notes to the financial statements.

Barbados Tourism Marketing Inc.

Statement of Revenue and Expenditure

For the year ended March 31, 2020
With comparative figures for 2019

(Expressed in Barbados dollars)

| | Notes | 2020 | 2019 |
|--|-------|---------------------|-------------------|
| Revenue | | | |
| GAIA Airport Service Charge Transfers | 10 | \$ 75,000,000 | - |
| Government grant | 10 | - | 92,061,152 |
| Other income | | 68,212 | 112,284 |
| Gain on disposal of fixed asset | | - | 373 |
| | | <u>75,068,212</u> | <u>92,173,809</u> |
| Expenditure | | | |
| Marketing | | 22,681,952 | 27,887,560 |
| Airline revenue guarantee | | 14,393,715 | 7,996,113 |
| Promotions | | 11,723,004 | 10,766,413 |
| Salaries and allowances | | 10,885,677 | 8,143,122 |
| Contribution and sponsorship | | 5,432,588 | 4,848,973 |
| Operational expenses | | 5,302,573 | 4,935,743 |
| Public relations | | 3,226,726 | 2,987,808 |
| Travel | | 1,233,114 | 1,361,589 |
| Exchange adjustments and bank charges | | - | 1,406,082 |
| Special projects | | 606,243 | 219,390 |
| Depreciation | 12 | 199,275 | 157,529 |
| Interest | | - | 764,872 |
| | | <u>75,684,867</u> | <u>71,475,194</u> |
| Excess of (expenditure over revenue) revenue over expenditure | | \$ <u>(616,655)</u> | <u>20,698,615</u> |

See accompanying notes to the financial statements.

Barbados Tourism Marketing Inc.

Statement of Cash Flows

For the year ended March 31, 2019
With comparative figures for 2018

(Expressed in Barbados dollars)

| | Notes | 2020 | 2019 |
|---|-------|---------------|-------------|
| Cash Flows from Operating Activities | | | |
| Excess of (expenditure over revenue) revenue over expenditure | | \$ (616,655) | 20,698,615 |
| Items not affecting working capital: | | | |
| Depreciation | 12 | 199,275 | 157,529 |
| Gain on disposal of fixed asset | | - | (373) |
| Interest expense | | - | 764,872 |
| | | | |
| Operating (loss) profit before working capital changes | | (417,380) | 21,620,643 |
| Decrease in accounts receivable | | 327,413 | 2,715 |
| Decrease in intercompany receivable | | - | 2,009,398 |
| Increase in prepaid expenses | | (197,580) | (180,471) |
| (Increase) decrease in staff loans | | (21,073) | 14,079 |
| Decrease in accounts payable and accrued liabilities | | (7,959,556) | (4,711,680) |
| Increase in pension liability | | 18,367 | - |
| | | | |
| Net cash (used in) from operating activities | | (8,249,809) | 18,754,684 |
| Cash Flows from Investing Activities | | | |
| Additions to plant and equipment | 12 | (225,754) | (443,122) |
| Interest paid | | - | (764,872) |
| | | | |
| Net cash used in investing activities | | (225,754) | (1,207,994) |
| Cash Flows from Financing Activities | | | |
| Loan repayments, net | | - | (2,554,730) |
| | | | |
| Net cash used in financing activities | | - | (2,554,730) |
| Net (decrease) increase in cash and cash equivalents | | (8,475,563) | 14,991,960 |
| Cash and cash equivalents - beginning of year | | 18,667,909 | 3,675,949 |
| Cash and cash equivalents - end of year | 6 | \$ 10,192,346 | 18,667,909 |
| Non-cash transactions: | | | |
| Loans transferred to Government Equity | 16 | 172,471 | 12,249,053 |

See accompanying notes to the financial statements.

Barbados Tourism Marketing Inc.

Notes to the Financial Statements

For the year ended March 31, 2020

(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, on 1 September 2014, pursuant to the Vesting Act, 100% of the assets and liabilities were vested to BTMI.

The financial statements were approved by the Board of Directors on November 3, 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 \$23,939,991 (2019: \$23,323,336) and as at that date, current liabilities exceeded current assets by \$7,900,803 (2019: \$7,427,434).

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.

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

3. Basis of Presentation

(a) *Statement of compliance*

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

(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.

Non-derivative financial instruments

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

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.

Barbados Tourism Marketing Inc.
Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

4. Significant Accounting Policies (continued)

(c) *Impairment*

Financial assets

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

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

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

Non-financial assets

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

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

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

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

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(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

Barbados Tourism Marketing Inc.
Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(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.

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(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, 2020

(Expressed in Barbados dollars)

6. Cash and Cash Equivalents

| | 2020 | 2019 |
|------------------------------|----------------------|-------------------|
| Cash with banks | \$ 8,864,930 | 17,336,109 |
| Cash with banks - restricted | 1,324,708 | 1,324,957 |
| Cash on hand | <u>2,708</u> | <u>6,843</u> |
| Cash and cash equivalents | \$ <u>10,192,346</u> | <u>18,667,909</u> |

Cash with bank is non-interest bearing. Restricted cash of \$1,324,708 (2019: \$1,324,957) 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.

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

7. Accounts receivable

| | 2020 | 2019 |
|---------------------------------------|------------|---------|
| General receivables | \$ 206,355 | 539,237 |
| VAT receivable | 71,870 | 66,401 |
| Less: allowance for doubtful accounts | - | - |
| | \$ 278,225 | 605,638 |

As at March 31, 2020, the aging analysis of general receivables from due date is as follows:

| | | Total | Current | 30 to 60 days | 60 to 90 days | >90 days |
|------|----|---------|---------|---------------|---------------|----------|
| 2020 | \$ | 206,355 | 11,573 | 7,010 | - | 187,772 |
| 2019 | \$ | 539,237 | 89,462 | 82,955 | 294,678 | 72,142 |

As at March 31, 2020, based on management's assessment, no trade receivables (2019: Nil) were impaired and fully provided for.

8. Prepaid Expenses

| | 2020 | 2019 |
|---------------------------------------|------------|---------|
| Prepaid expenses - local | \$ 453,152 | 253,619 |
| Prepaid expenses - foreign (overseas) | 173,951 | 175,904 |
| | \$ 627,103 | 429,523 |

9. Staff Loans

| | 2020 | 2019 |
|-----------------------------------|------------|---------|
| Staff loans | \$ 178,056 | 156,983 |
| Less: allowance for doubtful debt | - | - |
| | \$ 178,056 | 156,983 |

Staff loans are interest free with no fixed repayment terms. As at March 31, 2020, based on management's assessment, no staff loans (2019: Nil) were impaired and fully provided for.

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

10. GAIA Airport Service Charge Transfers

| | 2020 | 2019 |
|---|---------------|------------|
| Grant income per statement of revenue and expenditure | \$ 75,000,000 | 92,061,152 |

As at April 1, 2019, BTMI no longer received a government subvention. All revenue is sourced from receipts of taxes at GAIA Inc. For the year ended March 31, 2020, GAIA Airport Service Charge Transfers totaled \$75,000,000 (2019 Subvention: \$92,061,152).

Previously, the grant was used to support BTMI's operational and promotional activities to market Destination Barbados. There were no conditions that the entity had to meet to receive this revenue.

11. Share Capital

The Company is authorized to issue an unlimited number of shares of no par value. The Company has issued 1,000 shares (2019: 1,000) at BBD \$1 each.

| | 2020 | 2019 |
|----------------|----------|-------|
| Stated capital | \$ 1,000 | 1,000 |

Barbados Tourism Marketing Inc.
Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

12. Plant and Equipment

| | Equipment | Furniture & Fittings | Motor Vehicles | Total |
|----------------------------------|---------------------|----------------------|----------------|------------------|
| Cost | | | | |
| Balance at March 31, 2018 | \$ 5,163,299 | 1,944,300 | 332,029 | 7,439,628 |
| Additions | 334,660 | 108,462 | - | 443,122 |
| Balance at March 31, 2019 | \$ 5,497,959 | 2,052,762 | 332,029 | 7,882,750 |
| Additions | 202,989 | 22,765 | - | 225,754 |
| Balance at March 31, 2020 | \$ 5,700,948 | 2,075,527 | 332,029 | 8,108,504 |
| Accumulated Depreciation | | | | |
| 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 | 7,185,582 |
| Charge for the year | 139,307 | 47,392 | 12,576 | 199,275 |
| Balance at March 31, 2020 | \$ 5,224,303 | 1,831,606 | 328,948 | 7,384,857 |
| Net Book Value - 2020 | \$ 476,645 | 243,921 | 3,081 | 723,647 |
| Net Book Value - 2019 | \$ 412,963 | 268,548 | 15,657 | 697,168 |

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

13. Related Party Transactions

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

| | | 2020 | 2019 |
|--------------------|----|-----------|-----------|
| Board of Directors | \$ | 57,600 | 81,087 |
| Senior Management | \$ | 1,714,419 | 1,840,885 |

14. 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

15. Financial Instruments

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

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:

| | | 2020 | 2019 |
|---------------------------|----|------------|------------|
| Cash and cash equivalents | \$ | 10,192,346 | 18,667,909 |
| Accounts receivable, net | | 278,225 | 605,638 |
| Staff loans, net | | 178,056 | 156,983 |
| | \$ | 10,648,627 | 19,430,530 |

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

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

15. Financial Instruments (continued)

(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.

(c) *Fair value*

The fair values of cash and cash equivalents, accounts receivable, staff loans and accounts payable and accrued liabilities 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:

| | 2020 | | 2019 | |
|--|------------------|------------|------------------|------------|
| | Carrying Amounts | Fair Value | Carrying Amounts | Fair Value |
| Cash and cash equivalents | \$ 10,192,346 | 10,192,346 | 18,667,909 | 18,667,909 |
| Accounts receivable | 278,225 | 278,225 | 605,638 | 605,638 |
| Staff loans, net | 178,056 | 178,056 | 156,983 | 156,983 |
| Accounts payable and accrued liabilities | 18,998,477 | 18,998,477 | 27,130,504 | 27,130,504 |

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, 2020

(Expressed in Barbados dollars)

15. Financial Instruments (continued)

(d) *Liquidity risks*

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities

| March 31, 2020 | | | | | | | |
|--|------------------|------------------------|------------------|----------------|--------------|--------------|-------------------|
| | Carrying Amounts | 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 | 18,998,477 | (18,998,477) | (18,998,477) | - | - | - | - |
| March 31, 2019 | | | | | | | |
| | Carrying Amounts | 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) | - | - | - | - |

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

16. Capital Contributions

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

| | 2020 | 2019 |
|---|----------------------|-------------------|
| Barbados Tourism Investment Inc. (BTII) Loan | \$ 3,897,201 | 3,897,201 |
| Write off of government and intercompany balances | 1,059,804 | 887,333 |
| | <u>4,957,005</u> | <u>4,784,534</u> |
| NIS loan settlement | 7,464,519 | 7,464,519 |
| | <u>\$ 12,421,524</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 \$12,421,524 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. At March 31, 2020, write off of government and intercompany balances totalled \$1,059,804 (2019: \$887,333).

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 was treated as a capital injection removing the obligation from a loan that is payable to equity.

17. 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 by its defined contribution members. 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.

Barbados Tourism Marketing Inc.

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

17. Other Liability (continued)

BTMI has booked a constructive liability of \$4.518M 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 constructive liability does not take into consideration the outstanding contributions that are payable by BTMI with respect to the Plan's defined contribution obligations at April 1, 2018. The going concern basis used by the Plan's actuary is suitable for disclosing the Plan's liabilities under local legislation but is not the basis that would usually be used for reporting under generally accepted accounting standards.

This constructive liability takes into consideration the outstanding contributions of \$18,367 that is payable by BTMI with respect to the Plan's defined contribution obligations at April 1, 2018.

18. 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.

19. COVID-19 Assessment

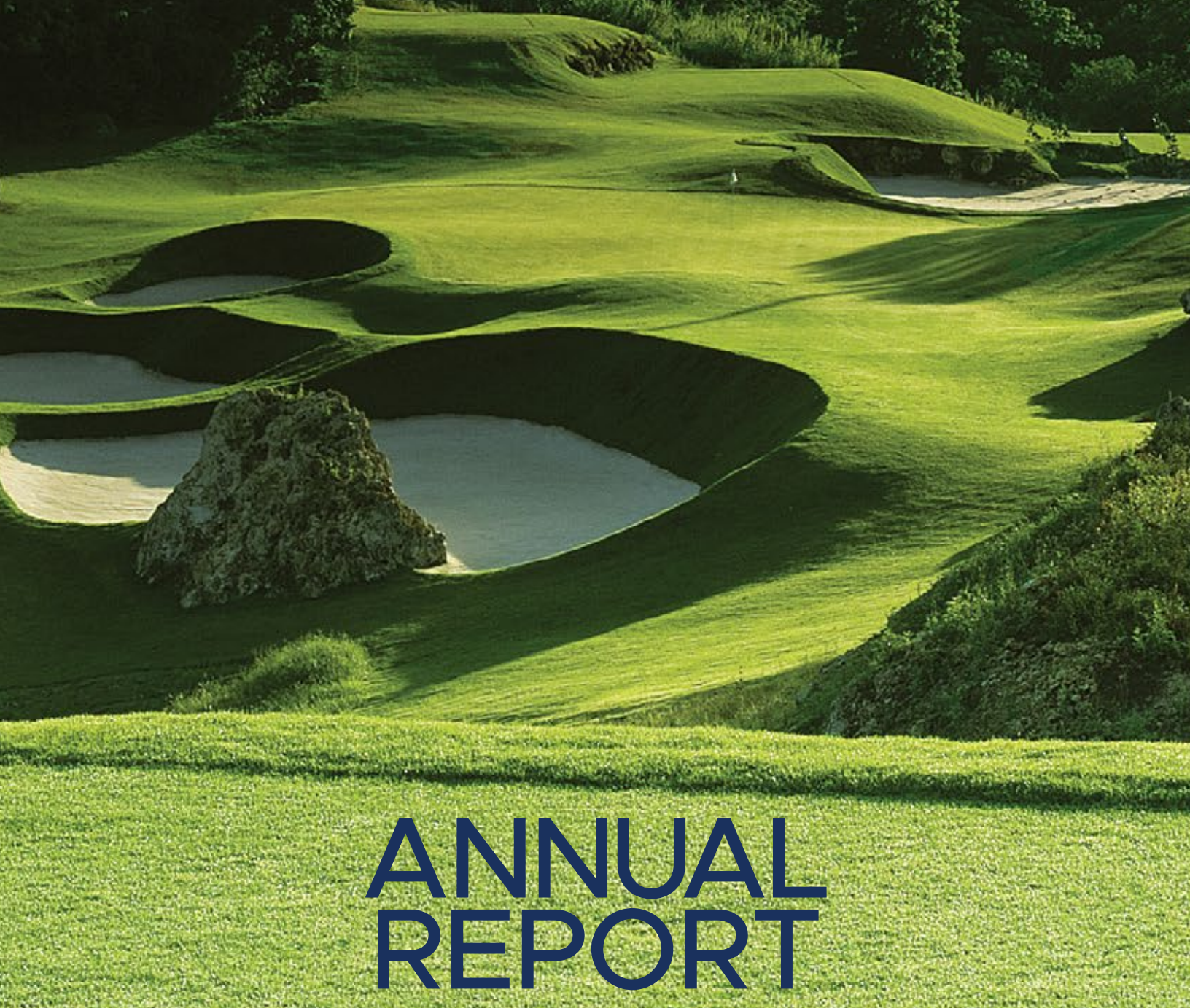
On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic, in recognition of its rapid spread across the globe. Management continues to consider the impact of the pandemic.

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.

20. Contingent liability

Various actions and legal proceedings may arise against the Company during the normal course of business. The Company is currently involved in certain employee-related legal matters for which the outcome had not been determined at the balance sheet date. The amount of the liability, if any, will be contingent on the eventual outcome of court proceedings and will be recognised at that time.



ANNUAL REPORT

2019-2020

BARBADOS®
TOURISM MARKETING INC.

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