

**ENHANCED CREDIT GUARANTEE FUND  
(COVID-19 SUPPORT) LOAN No. 5205/OC-BA**

Financial Statements  
**December 31, 2021**  
(expressed in Barbados dollars)

**ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) LOAN No. 5205/OC-BA**

Index to the Financial Statements

**December 31, 2021**

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(expressed in Barbados dollars)

	<b>Page</b>
Auditor's Report on the Financial Statements	1 - 3
Statement of Cash Received and Disbursements Made	4
Statement of Cumulative Investments	5
Notes to the Financial Statements	6 - 11
 <b>Appendix</b>	
Management's Representation Letter	

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## Independent auditor's report

To the Central Bank of Barbados

### Our opinion

In our opinion, the financial statements of Enhanced Credit Guarantee Fund (COVID-19 Support) Loan No. 5205/OC-BA (the Fund) are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

#### *What we have audited*

The Fund's financial statements comprise:

- the statement of cash received and disbursements made for the period from 20 April 2021 to 31 December 2021;
- the statement of cumulative investments for the period from 20 April 2021 to 31 December 2021;
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### 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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

### *Independence*

We are independent of the Central Bank of Barbados in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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### Emphasis of matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund to comply with the financial reporting provisions of Loan Contract 5205/OC-BA ("the loan agreement") between the Government of Barbados and the Inter-American Development Bank dated 20 April 2021. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the Central Bank of Barbados, as the executing agency and the Inter-American Development Bank as funding agency and should not be distributed to or used by parties other than the Central Bank of Barbados and the Inter-American Development Bank. Our opinion is not qualified in respect of this matter.



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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements in accordance with the accounting policies described in Note 2 to the financial statements as required by the financial reporting provisions of the loan agreement, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's 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 auditor's 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 scepticism 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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.

A handwritten signature in dark ink that reads "PricewaterhouseCoopers SA".

Bridgetown, Barbados  
17 May 2022

**ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) Loan No. 5205/OC-BA**  
**Statement of Cash Received and Disbursements Made**  
**For the period from 20 April 2021 to 31 December 2021**

*(Expressed in Barbados dollars)*

	31 December 2021		
	IDB	OTHER	TOTAL
	\$	\$	\$
<b>CASH RECEIVED</b>			
Beginning balance	-	-	-
<b>Activity during the period</b>			
Disbursements (advances)	19,581,978	-	19,581,978
Guarantee premiums	-	20,234	20,234
<b>Total Cash Received</b>	<b>19,581,978</b>	<b>20,234</b>	<b>19,602,212</b>
<b>DISBURSEMENTS MADE</b>			
Beginning balance	-	-	-
Activity during the period	-	-	-
<b>Total Cash Disbursements Made</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>AVAILABLE CASH AT YEAR END</b>	<b>19,581,978</b>	<b>20,234</b>	<b>19,602,212</b>

*The accompanying notes are an integral part of this statement.*

Approved by:

Signature

Cleviston Haynes

Name and Title Governor

Date May 16, 2022

Signature

Ian Collymore

Name and Title Director, Foreign Exchange & Export Credits

Date May 16, 2022


**ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) Loan No. 5205/OC-BA**  
Statement of Cumulative Investments  
For the period from 20 April 2021 to 31 December 2021

(Expressed in Barbados dollars)

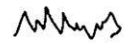
	Balance beginning of period IDB \$	Movement during the period IDB \$	Balance end of period IDB \$
Single Component: Support for MSME Credit Guarantees	-	19,581,978	19,581,978
Total single component costs	-	19,581,978	19,581,978
Sub-component 1.1 Support for MSME Credit Guarantees	-	1,082,400	1,082,400
Total sub-component 1.1 costs	-	1,082,400	1,082,400
Sub-component 1.2 Support for Access to Production-Oriented Guarantees	-	18,499,578	18,499,578
Total sub-component 1.2 costs	-	18,499,578	18,499,578
Grand Total	-	19,581,978	19,581,978

*The accompanying notes are an integral part of this statement.*

Approved by:

Signature   
Name and Title Cleviston Haynes  
Governor

Date May 16, 2022

Signature   
Name and Title Ian Collymore  
Director, Foreign Exchange & Export Credits

Date May 16, 2022

## **ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) Loan No. 5205/OC-BA**

Notes to the Financial Statements

For the period from 20 April 2021 to 31 December 2021

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*(Expressed in Barbados dollars)*

### **1. Fund description**

The Enhanced Credit Guarantee Fund (COVID-19 Support) Loan No. 5205/OC-BA (the “Fund”) is a partial credit guarantee fund managed by the Central Bank of Barbados (the “Bank”). The Fund was developed as part of the Inter-American Development Bank’s (IDB) Global Credit Program for Safeguarding the Productive Sectors and Employment with the Government of Barbados.

The purpose of the Fund is to provide financing to support the establishment and capitalization of a partial credit guarantee scheme, managed by the Central Bank of Barbados to facilitate access to medium- and long-term financing for SMEs through eligible Intermediary Financial Institutions (IFIs).

The amounts guaranteed are up to USD\$1M for an individual guarantee per sub-loan. The terms range from 8 months to 10 years and the coverage provided is up to 80% of the sub-loan initial principal amount.

The Loan Agreement between the Government of Barbados and the Inter-American Development Bank was signed on 20 April 2021. This new Fund resulted from the need to assist micro, small and medium-sized enterprises (MSMEs) as a result of the COVID-19 pandemic.

The Governor of the Central Bank of Barbados approved the financial statements on May 16, 2022.

### **2. Significant accounting policies**

#### **(a) Basis of preparation**

These financial statements have been prepared using the cash basis of accounting recognizing revenue when the cash is received and recognizing expense when the cash has been disbursed.

#### **(b) Functional currency**

These financial statements are presented in Barbados dollars which is the Fund’s functional currency.

#### **(c) Cash**

The Fund considers all cash in bank including interest exchange rate gains, deposits with financial institutions that can be withdrawn without prior notice or penalty, and short-term deposits with an original maturity date of ninety days or less as equivalent to cash.

#### **(d) Premium income**

All guarantees are subject to an annual premium of 0.75% payable quarterly on the highest loan balance reported for the quarter.

### **3. Available cash balance**

The available cash balance for the period relates to funds disbursed by the IDB. The funds are being held by the Government of Barbados in an account at the Central Bank of Barbados. During the year guarantee premiums of \$20,234 were received and are being held by the Central Bank of Barbados.

### **4. Claims**

There were no claims submitted by any Intermediary Financial Institutions to the Fund for the period under review.



**ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) Loan No. 5205/OC-BA**

Notes to the Financial Statements

For the period from 20 April 2021 to 31 December 2021

*(Expressed in Barbados dollars)***5. Subsequent events**

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the financial statements or in the notes thereto.

**6. Guarantees**

As at 31 December 2021, thirty (30) guarantees were approved and issued to Intermediary Financial Institutions amounting to \$12,888,816.

<b>Intermediary Financial Institution</b>	<b>Name of Business</b>	<b>Sector</b>	<b>Maximum amount guaranteed</b>
	Walkes Spring Group Inc.	Distribution - Retail	120,000
Capita Financial Services Inc	Clejo's Enterprises Ltd.	Manufacturing - Food	1,500,000
	Antilles Economics Inc.	Services - Research and	172,000
	Lumisol Technology	Consultancy	352,000
	Consultancy Inc.	Computer and IT Services	<u>352,000</u>
			<b>2,144,000</b>
First Citizens Bank (Barbados) Limited	Dunga Business Supplies (Barbados) Ltd.	Distribution - Retail	682,400
	Diagnostic Medical Inc.	Health and Medical Services	1,440,000
	The Dream Centre	Retail	<u>64,000</u>
			<b>2,186,400</b>
Republic Bank (Barbados) Limited	GCC Enterprises Ltd.	Restaurant	192,000
	Pavana Energy Ltd.	Energy	<u>811,200</u>
			<b>1,003,200</b>

**ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) Loan No. 5205/OC-BA**

Notes to the Financial Statements

For the period from 20 April 2021 to 31 December 2021

*(Expressed in Barbados dollars)***6. Guarantees (continued)**

<b>Intermediary Financial Institution</b>	<b>Name of Business</b>	<b>Sector</b>	<b>Maximum amount guaranteed</b>
RBC Royal Bank (Barbados) Limited	The Emergency Room Inc.	Health and Medical Services	1,680,000
	Amat Trading Inc.	Distribution - Retail	32,000
	Good Time Snack Limited	Manufacturing - Food	57,912
	Bradco Limited	Real Estate	637,680
	Guinea Estates Ltd.	Agriculture	780,000
	La Baguette Inc.	Manufacturing - Food	160,000
	Crane & Equipment Ltd	Construction	950,904
	Kool Air Auto Clinic Inc.	Services	75,200
	Coverley Diagnostic Radiology Services Inc	Health and Medical Services	222,400
	Diagnostic MRI Services Inc.	Health and Medical Services	80,000
SigniaGlobe Financial Group Inc.	Ten Habitat Inc.	Educational Services	144,000
			<b>4,820,096</b>
	Bennu Inc.	Supermarket	518,400
	Central Small Works Inc.	Services - Freight, Shipping and Logistics	60,000
	Cooke's Finest Inc.	Services	144,000
	Naniki Organic Farms Inc.	Agriculture	120,160
	Naniki Organic Farms Inc.	Agriculture	121,600
	Colour XL Inc.	Printing and Publishing Services	132,160
	Leafy Organics Inc.	Energy	1,280,000
	Royal Vega Inc.	Energy	208,000
	Coco De Mer Inc.	Distribution - Retail	120,000
	Masskin Food Limited	Food Business	30,800
			<b>2,735,120</b>
<b>Total Guarantees approved and issued</b>			<b>12,888,816</b>

**ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) Loan No. 5205/OC-BA**

Notes to the Financial Statements

For the period from 20 April 2021 to 31 December 2021

*(Expressed in Barbados dollars)***6. Guarantees (continued)**

Included in the guarantees above are guarantees that were approved and issued prior to the creation of the Fund. These guarantees, listed below, totalling \$6,646,152 were transferred into the Fund on 20 April 2021.

<b>Intermediary Financial Institution</b>	<b>Name of Business</b>	<b>Sector</b>	<b>Maximum amount guaranteed</b>
Capita Financial Services Inc.	Walkes Spring Group Inc.	Distribution - Retail	120,000
	Clejo's Enterprises Ltd.	Manufacturing - Food	1,500,000
			<b>1,620,000</b>
First Citizens Bank (Barbados) Limited	Dunga Business Supplies (Barbados) Ltd.	Distribution - Retail	682,400
			<b>682,400</b>
	The Emergency Room Inc.	Health and Medical Services	1,680,000
RBC Royal Bank (Barbados) Limited	Amat Trading Inc.	Distribution - Retail	32,000
	Good Time Snacks Limited	Manufacturing - Food	57,912
	Bradco Limited	Real estate	637,680
	Guinea Estates Ltd.	Agriculture	780,000
			<b>3,187,592</b>
Republic Bank (Barbados) Limited	GCC Enterprises Ltd.	Restaurant	192,000
			<b>192,000</b>
SigniaGlobe Financial Group Inc.	Bennu Inc.	Supermarket Services - Freight, Shipping and Logistics	518,400
	Central Small Works Inc.		60,000
	Cooke's Finest Inc.	Services	144,000
	Naniki Organic Farms Inc.	Agriculture	120,160
	Naniki Organic Farms Inc.	Agriculture	121,600
			<b>964,160</b>
<b>Total Guarantees approved prior to Fund start date</b>			<b>6,646,152</b>

**ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) Loan No. 5205/OC-BA**

Notes to the Financial Statements

For the period from 20 April 2021 to 31 December 2021

*(Expressed in Barbados dollars)***6. Guarantees (continued)**

During the period twelve (12) guarantees totalling \$9,592,336 were approved but not issued as at 31 December 2021.

<b>Intermediary Financial Institution</b>	<b>Name of Business</b>	<b>Sector</b>	<b>Maximum amount guaranteed</b>
Enterprise Growth Fund Limited	Clarke's Farm	Agriculture	280,000
			<b>280,000</b>
First Citizens Bank (Barbados) Limited	Elleden Solar Inc.	Energy	1,256,800
	Green Light Energy Inc.	Energy	1,256,800
	Atlantis Submarines (Barbados) Inc.	Tourism	400,000
			<b>2,913,600</b>
	BioConnect Medical Centre Inc.	Health and Medical Services	1,040,000
	The Emergency Room Inc.	Health and Medical Services	494,400
	Western Holdings Inc.	Real Estate	1,840,000
			<b>3,374,400</b>
Republic Bank (Barbados) Limited	Baia Restaurant Ltd	Restaurant and Bar	320,000
			<b>320,000</b>
SigniaGlobe Financial Group Inc.	Morgan Lewis Company Limited	Agriculture	1,072,000
	Milk and Honey Solar Farms Inc.	Energy	219,120
	Royal Vega Inc.	Energy	706,608
	Royal Vega Inc.	Energy	706,608
			<b>2,704,336</b>
<b>Total Guarantees approved and not issued</b>			<b>9,592,336</b>

**ENHANCED CREDIT GUARANTEE FUND (COVID-19 SUPPORT) Loan No. 5205/OC-BA**

Notes to the Financial Statements

For the period from 20 April 2021 to 31 December 2021

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*(Expressed in Barbados dollars)***7. Reconciliation between “Statement of Cash Received and Disbursements Made” and the “Statement of Cumulative Investments”**

As at 31 December the funds disbursed by IDB were as follows:

	\$
Balance at beginning of period	-
Disbursements (advances)	<u>19,581,978</u>
<b>Balance at the end of the period per statement of cash received and disbursements made for the period from 20 April 2021 to 31 December 2021</b>	<b><u>19,581,978</u></b>
Reconciliation of disbursements to statement of cumulative investments	\$
Total guarantees issued during the period	22,481,152
Less: Approved guarantees awaiting disbursement	<u>(2,899,174)</u>
<b>Amount as per statement of cumulative investments for the period from 20 April 2021 to 31 December 2021</b>	<b><u>19,581,978</u></b>