

**THE BVI TOURIST BOARD**  
Financial Statements  
For the year ended 31 December 2011

# THE BVI TOURIST BOARD

## Financial Statements For the year ended 31 December 2011

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## THE BVI TOURIST BOARD

The BVI Tourist Board Directory  
At 31 December 2011

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### Members of the Board

Mr. Neil Blyden

*(Chairman)*

Ms. Rosalie Adams

Mr. Melvin Clifton

Ms. Bellencita Creque

Ms. Julia Dawson

Ms. Grace Flax-Walters

Mr. Julio Henry

Ms. Luce Hodge-Smith

Mr. Vincent O'Neal

Mr. Allan Rhymer

Ms. Jennie Wheatley

Mr. Mike Rowe



**BAKER TILLY  
(BVI) LIMITED**

Chartered Accountants

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**THE BVI TOURIST BOARD**

**INDEPENDENT AUDITOR'S REPORT TO THE AUDITOR GENERAL,**

**GOVERNMENT OF THE BRITISH VIRGIN ISLANDS**

We have audited the accompanying financial statements of The BVI Tourist Board (the "Board"), which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, net surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 16.

This report is made solely to the Auditor General, Government of the British Virgin Islands (the "Auditor General"), in accordance with the Tourist Board Act, 1969 (Chapter 280). Our audit work has been undertaken so that we might state to the Auditor General those matters we are required to state to her 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 Auditor General, for our audit work, for this report, or for the opinion we have formed.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Bases for qualified opinion**

For the year ended 31 December 2011, the Board reported personnel costs of \$3,171,446 which represents 20.0% of the Board's expenses. We have not been able to obtain sufficient financial information we consider necessary for the purpose of ascertaining whether this expense is reasonable or whether additional amounts should have been accrued as at 31 December 2011.

As at 31 December 2011, the Board held cash and a term deposit amounting to \$346,181 and \$100,000, respectively. We were unable to obtain third party audit evidence to satisfy ourselves as to the accuracy of \$245,096 and \$100,000, or 70.8% and 100.0%, respectively, of the balances as at 31 December 2011.

**Qualified opinion**

In our opinion, except for the possible effects of the matters discussed in the bases for qualified opinion paragraphs, the financial statements referred to above present fairly, in all material respects the financial position of the Board as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Other matters**

In our report dated 22 October 2015, we expressed a disclaimer of opinion on the financial statements of the Board as at and for the year ended 31 December 2010. Adequate evidential matter supporting recorded transactions was not available in all cases due to the significant length of time that had lapsed from the statement of financial position date to the audit report date, as well as several changes in employees and key management personnel.

*Baker Tilly (BVI) Limited*

**Chartered Accountants**

**10 February 2016**

**Tortola, British Virgin Islands**

# THE BVI TOURIST BOARD

## Statement of Financial Position

At 31 December 2011

Expressed in U.S. Dollars

	Note	2011	2010
<b>Current assets</b>			
Cash and cash equivalents		346,181	1,643,061
Financial asset held-to-maturity	3	100,000	—
Government grants receivable		3,750,000	—
Prepaid expenses		15,515	—
Other receivables		200	—
<b>Total current assets</b>		<b>4,211,896</b>	<b>1,643,061</b>
<b>Non-current assets</b>			
Property and equipment	4	414,789	263,728
Security deposits		87,810	87,810
<b>Total non-current assets</b>		<b>502,599</b>	<b>351,538</b>
<b>Total assets</b>		<b>\$ 4,714,495</b>	<b>\$ 1,994,599</b>
<b>Current liabilities</b>			
Bank overdraft		215,774	21
Accounts payable	6	3,961,418	624,603
<b>Total liabilities</b>		<b>4,177,192</b>	<b>624,624</b>
<b>Net surplus</b>		<b>537,303</b>	<b>1,369,975</b>
<b>Total liabilities and net surplus</b>		<b>\$ 4,714,495</b>	<b>\$ 1,994,599</b>

## THE BVI TOURIST BOARD

### Statement of Comprehensive Income For the year ended 31 December 2011 *Expressed in U.S. Dollars*

	Note	2011	2010
<b>Income</b>			
Government grants		15,000,000	11,183,330
Other income		10,342	35,286
Net foreign exchange loss		—	(64,180)
		<u>15,010,342</u>	<u>11,154,436</u>
<b>Expenses</b>			
Advertising and promotion	7	4,291,711	2,691,721
Bank charges		33,990	29,192
Board members' compensation	5	32,839	8,115
Capital projects		—	253,831
Depreciation	4	60,121	32,532
Insurance	8	249,050	171,682
Marketing	9	3,872,047	701,537
Miscellaneous		354,343	370,977
Office expenses		220,331	101,762
Professional fees	10	351,575	349,192
Postage and freight		216,990	28,408
Programme fees	11	538,812	—
Rent		338,599	296,359
Repairs and maintenance		193,297	55,918
Personnel costs	12	3,171,446	3,263,382
Service contracts	13	238,018	—
Telephone		391,462	142,055
Training		1,075	33,824
Travel and entertainment	14	1,199,912	233,767
Utilities		87,396	43,221
		<u>15,843,014</u>	<u>8,807,475</u>
<b>Total comprehensive (loss)/income</b>		<u>\$ (832,672)</u>	<u>\$ 2,346,961</u>

**THE BVI TOURIST BOARD**

**Statement of Net Surplus**  
**For the year ended 31 December 2011**  
*Expressed in U.S. Dollars*

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	2011	2010
Balances at beginning of year	1,369,975	(976,986)
Total comprehensive (loss)/income	<u>(832,672)</u>	<u>2,346,961</u>
Balances at end of year	<u>\$ 537,303</u>	<u>\$ 1,369,975</u>



## THE BVI TOURIST BOARD

### Statement of Cash Flows For the year ended 31 December 2011 *Expressed in U.S. Dollars*

	2011	2010
<b>Operating activities</b>		
Fees received	11,260,142	11,216,916
Advertising and marketing fees paid	(4,826,943)	(3,393,258)
Office expenses paid	(1,270,293)	(611,805)
Professional fees paid	(351,575)	(349,192)
Personnel costs paid	(3,171,446)	(3,263,382)
Other expenses paid	<u>(2,941,336)</u>	<u>(1,734,951)</u>
<i>Cash flows from operating activities</i>	<u>(1,301,451)</u>	<u>1,864,328</u>
<b>Investing activities</b>		
Purchase of fixed assets	<u>(211,182)</u>	<u>(156,523)</u>
<i>Cash flows from investing activities</i>	<u>(211,182)</u>	<u>(156,523)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,512,633)	1,707,805
Effect of exchange rate fluctuations on cash and cash equivalents	—	(64,180)
<b>Cash and cash equivalents at beginning of year</b>	<u>1,643,040</u>	<u>(585)</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 130,407</u>	<u>\$ 1,643,040</u>
Cash and cash equivalents comprise cash at banks.		
Cash at banks	346,181	1,643,061
Bank overdraft	<u>(215,774)</u>	<u>(21)</u>
	<u>\$ 130,407</u>	<u>\$ 1,643,040</u>

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2011

*Expressed in U.S. Dollars*

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#### 1. ORGANISATION AND ACTIVITIES

The BVI Tourist Board (the “Board”), which changed its name from the British Virgin Islands Tourist Board on 10 September 1990, was constituted as a body corporate in the British Virgin Islands under the Tourist Board Act, 1969 (Chapter 280)(the “Act”).

The duties of the Board as stated under Section 8 of the Act are as follows:

- a) to promote, foster and develop the tourist trade of the Virgin Islands and to promote its efficiency; and
- b) to promote, foster and encourage tourist investments within the Virgin Islands by such measures as the Board may deem fit and especially the development of such amenities as may be calculated to enhance the Virgin Islands as a holiday, pleasure or health resort.

The financial records and statements of the Board are maintained and presented in U.S. Dollars, rounded to the nearest dollar. The financial statements were authorised for issue on 10 February 2016.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Board’s financial statements are set out below.

##### (a) Statement of compliance

The financial statements of the Board have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

##### (b) Basis of preparation

The financial statements are prepared on the basis of historical costs and do not take into account increases in the market value of assets. The accounting policies have been consistently applied by the Board and are consistent with those used in the previous year.

There are no new, revised, or amended IFRSs or International Financial Reporting Interpretations Committee (“IFRIC”) interpretations that are effective for the first time for the financial period beginning on 1 January 2011 that would be expected to have a material impact on the Board’s financial statements.

##### (c) Use of estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements

For the year ended 31 December 2011

*Expressed in U.S. Dollars*

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#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (c) Use of estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### (d) Financial instruments

###### i) Classification

The Company classifies its investments as held-to-maturity.

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the intent and ability to hold to maturity. Refer to note 3 for further details of the Company's held-to-maturity investments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the reporting date. These are classified as non-current assets.

Financial assets that are classified as loans and receivables comprise Government grants receivable and other receivables.

Financial liabilities, other than those at fair value through profit or loss, are non-derivative contractual obligations to deliver cash or another financial asset to another entity. These comprise accounts payable.

###### ii) Recognition

The Board recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of an instrument.

###### iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or the Board has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

###### iv) Measurement

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest method.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements

For the year ended 31 December 2011

*Expressed in U.S. Dollars*

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### (e) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Negative cash balances at banks that are repayable on demand and form an integral part of the Board's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

##### (f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful economic lives of the fixed assets.

The annual rates of depreciation in use are as follows:

Motor vehicles	25%
Computer equipment	25%
Furniture and fixtures	10%
Office equipment	15%

Subsequent expenditure incurred to replace a component of a fixed asset is capitalised only when it increases the future economic benefits embodied in that fixed asset. All other expenditure is recognised in the statement of comprehensive income when it is incurred.

##### (g) Income and expense recognition

Government grants are recognised as income when the Board's right to receive is established.

All expenses are recognised in the statement of comprehensive income on the accrual basis.

##### (h) Foreign currency transactions

Transactions in foreign currencies are converted at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to U.S. Dollars at the foreign currency exchange rate ruling at the reporting date. Foreign currency exchange differences arising on conversion or translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost are translated at the foreign currency exchange rate ruling at the date of the transaction, or if impaired, at the date of the impairment recognition. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the foreign currency exchange rates ruling at the dates that the values were determined.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements

For the year ended 31 December 2011

*Expressed in U.S. Dollars*

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) **Lease payments**

Payments under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease.

(j) **Contingent liabilities**

Certain conditions may exist as at the reporting date, which may result in a loss to the Board but which will only be resolved when one or more future events occur or fail to occur. The Board members assess such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment of a contingency indicates that there is a present obligation as a result of a past event, that it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated, then the estimated liability is accrued in the Board's financial statements. If the assessment indicates that there is a possible obligation, or it is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, is disclosed.

Loss contingencies considered remote are generally not disclosed.

(k) **Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Board has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

(l) **Pension and other post-retirement benefits**

The Board established a defined contribution pension scheme effective 1 June 2005 to provide a lump sum retirement benefit to its officers and employees. The pension fund is currently being funded at 5% of gross salaries per annum and contributions payable during the year are charged to the statement of comprehensive income.

(m) **Amended and newly issued accounting standards not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011 and have not yet been adopted in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Board.

#### 3. FINANCIAL ASSET HELD-TO-MATURITY

The investment consists of a 450-day time deposit with a contract rate of interest of 0.675% per annum.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements

For the year ended 31 December 2011

Expressed in U.S. Dollars

#### 4. PROPERTY AND EQUIPMENT

	Motor Vehicles	Computer equipment	Furniture and fixtures	Office equipment	Total
<b>Cost:</b>					
At 31 December 2010	147,704	216,101	590,676	291,464	1,245,945
Additions	21,161	181,461	769	7,791	211,182
At 31 December 2011	168,865	397,562	591,445	299,255	1,457,127
<b>Depreciation:</b>					
At 31 December 2010	128,583	208,675	486,209	158,750	982,217
Charge for the year	20,883	25,608	7,600	6,030	60,121
At 31 December 2011	149,466	234,283	493,809	164,780	1,042,338
<b>Net book value:</b>					
At 31 December 2011	\$ 19,399	\$ 163,279	\$ 97,636	\$ 134,475	\$ 414,789
At 31 December 2010	\$ 19,121	\$ 7,426	\$ 104,467	\$ 132,714	\$ 263,728

#### 5. RELATED PARTY TRANSACTIONS

The Chairman and board members receive a stipend during the year which totalled \$32,839 (2010: \$8,115). In addition, during the year expenses totalling \$48,783 (2010: \$9,153) were paid to board members relating to marketing, travel and entertainment and programme fees.

#### 6. ACCOUNTS PAYABLE

	2011	2010
Trade payables	3,237,277	443,933
Payroll accruals	724,141	180,670
	<u>\$3,961,418</u>	<u>\$624,603</u>

#### 7. ADVERTISING AND PROMOTION

	2011	2010
Magazine and newspaper	3,122,451	1,717,362
Radio and television	268,413	103,006
Design and printing	208,938	4,265
Public relations	1,138	240,837
General expenses	690,771	626,251
	<u>\$4,291,711</u>	<u>\$2,691,721</u>

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements

For the year ended 31 December 2011

Expressed in U.S. Dollars

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<b>8. INSURANCE</b>	<b>2011</b>	<b>2010</b>
Life	34,717	7,076
Auto	5,880	1,838
Office	1,953	—
Medical	<u>206,500</u>	<u>162,768</u>
	<u>\$249,050</u>	<u>\$171,682</u>
<b>9. MARKETING</b>	<b>2011</b>	<b>2010</b>
General expenses	1,916,661	499,470
Publicity and promotions	759,695	58,596
Sponsorship	652,367	24,350
Trade shows	281,550	89,345
Website and product development	59,525	20,939
FAM and press trips	<u>202,249</u>	<u>8,837</u>
	<u>\$3,872,047</u>	<u>\$701,537</u>
<b>10. PROFESSIONAL FEES</b>	<b>2011</b>	<b>2010</b>
Consultancy fees	1,091	74,702
Accounting fees	13,167	969
IT system fees	98,647	23,677
Legal fees	<u>238,670</u>	<u>249,844</u>
	<u>\$351,575</u>	<u>\$349,192</u>
<b>11. PROGRAMME FEES</b>		
Programme fees consist of incidental expenses associated with specific product programs.		
<b>12. PERSONNEL COSTS</b>	<b>2011</b>	<b>2010</b>
Wages and salaries	2,793,313	3,059,648
Pension contributions	211,017	66,003
Employer's payroll tax	167,116	83,483
Employer's social security contributions	<u>—</u>	<u>54,248</u>
	<u>\$3,171,446</u>	<u>\$3,263,382</u>

The average number of employees during the year was 47 (2010: 57).

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements

For the year ended 31 December 2011

Expressed in U.S. Dollars

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#### 13. SERVICE CONTRACTS

Service contracts consist of agreements with vendors for recurring contracted charges for office maintenance, environmental and/or physical product enhancements and visitor intervention services.

#### 14. TRAVEL AND ENTERTAINMENT

	2011	2010
Meals and entertainment	226,698	4,934
Transportation, travel and accommodations	<u>973,214</u>	<u>228,833</u>
	<u>\$1,199,912</u>	<u>\$233,767</u>

#### 15. TAXATION

There is no mainstream taxation of income or profits in the British Virgin Islands. The Board pays payroll tax equating to 6% on all salaries, wages and benefits paid to employees.

#### 16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Board comprise cash and cash equivalents, financial asset held-to-maturity, Government grants receivable and other receivables. Financial liabilities comprise accounts payable. Accounting policies for financial assets and financial liabilities are set out in note 2.

The Board has exposure to a variety of financial risks from its use of financial instruments. The most important types of financial risk to which the Board is exposed are market risk, credit risk and liquidity risk.

##### (a) Market risk

Market risk embodies the potential for both losses and gains and includes foreign currency risk and interest rate risk.

Market risk is managed on an ongoing basis by the Board in accordance with policies and procedures in place.

##### *Currency risk*

The Board invests in financial instruments and enters into transactions denominated in currencies other than its reporting currency. Consequently, the Board is exposed to risks that the exchange rate of its presentation currency relative to other foreign currencies may change in a manner which has an adverse effect on the reported value of that portion of the Board's assets or liabilities which are denominated in currencies other than the reporting currency.

There has been no change in the methods and assumptions used in the preparation of the sensitivity analysis. Management noted that there would be no material effect to the net surplus and total comprehensive loss.



## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2011

*Expressed in U.S. Dollars*

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#### 16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

##### (a) Market risk

###### *Interest rate risk*

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The financial instruments exposed to interest rate risk comprise the financial asset held-to-maturity. The Board is exposed to interest rate risk to the extent that market interest rates may fluctuate.

A sensitivity analysis was performed in respect to the interest-bearing financial instrument and management noted that there would be no material effect to the net surplus/(deficit) and total comprehensive loss.

##### (b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Board.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

At 31 December 2011, the Board's financial assets exposed to credit risk amounted to the following:

	2011	2010
Cash and cash equivalents	<u>\$346,181</u>	<u>\$1,643,061</u>

The Board invests available cash and cash equivalents with various banks. The Board is exposed to credit-related losses in the event of non-performance by these counterparties to financial instruments. However, management does not expect any counterparty to fail to meet its obligations.

##### (c) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Board's reputation.

#### 17. FAIR VALUE INFORMATION

The carrying values of the Board's financial instruments at the reporting date approximate their fair values due to the relatively short periods to maturity of these instruments.

#### 18. CAPITAL RISK MANAGEMENT

The Board's primary objective of capital management is to continue as a going concern whilst performing the duties as set out in note 1.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2011

*Expressed in U.S. Dollars*

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#### 18. CAPITAL RISK MANAGEMENT (Cont'd)

The main consideration is the adequacy of cash such that:

- working capital is available for the purpose of the operations of the Board; and
- capital is available for the development and sustainability of the Board.

The Board is not subject to regulatory imposed capital requirements.