THE BRITISH VIRGIN ISLANDS
PORTS AUTHORITY

Audited Financial Statements

For The Year Ended December 31, 2012

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For The Year Ended December 31, 2012

THE BRITISH VIRGIN ISLANDS PORTS AUTHORITY

Authority Directory
For The Year Ended December 31, 2012

BOARD OF DIRECTORS

Past (Up to July 31, 2012)

Mr. Ronnie Lettsome	- Chairman
Mr. Gregory Adams	- Deputy Chairman
Mr. Franklin Walters	- Member
Mr. Leroy Moses	- Member
Ms. Naomi Turnbull	- Member
Mrs. Arlene Smith Thompson	- Ex-Officio Member
Mr. Neil Smith	- Ex-Officio Member
Ms. Hadassah Ward	- Ex-Officio Member
Mr. V. Victor O'Neal	- Ex-Officio Member Managing Director

Current

Mr. J Edward de Castro	– Chairman
Mr. Gregory Adams	- Deputy Chairman
Mr. Leroy Moses	- Member
Ms. Naomi Turnbull	- Member
Ms. Malcia Smith-Hamilton	- Member
Mr. Wendell Gaskin	- Member
Ms. Jennifer Potter-Questelles	- Member
Mrs. Arlene Smith Thompson	- Ex-Officio Member
Mr. Gene Creque	- Ex-Officio Member
Mr. Franklin Walters	- Ex-Officio Member
Mr. Claude Skelton-Cline	- Ex-Officio Member Managing Director

REGISTERED OFFICE

P.O. Box 4
Port Purcell
Road Town, Tortola
British Virgin Islands

INDEPENDENT AUDITOR

BDO Limited
P.O. Box 34
Sea Meadow House
Tobacco Wharf
Road Town, Tortola
British Virgin Islands

Tel: (284) 494 3783
Fax: (284) 494 2220
www.bdo.vg

PO Box 34
Sea Meadow House
Tobacco Wharf
Road Town
Tortola VG1110
British Virgin Islands

Independent Auditor's Report

To The Directors Of
The British Virgin Islands Ports Authority

We have audited the accompanying financial statements of The British Virgin Islands Ports Authority which comprise the statement of financial position as at December 31, 2012, and the related statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 have 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, but not absolute assurance about whether the financial statements are free of material misstatement, whether due to fraud or error.

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 these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The British Virgin Islands Ports Authority as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplementary information included in the schedule to the financial statements on pages 22 to 23 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subject to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

BDO Limited

Tortola, British Virgin Islands
April 7, 2015

THE BRITISH VIRGIN ISLANDS PORTS AUTHORITY

Statement of Financial Position
As at December 31, 2012
Expressed in United States Dollars

	Notes	2012	Restated 2011
ASSETS			
Non-current assets			
Fixed assets	3	74,965,465	77,042,158
Loan receivable	4	2,965,962	3,000,000
Total non-current assets		77,931,427	80,042,158
Current assets			
Cash and cash equivalents	5	6,213,591	8,651,541
Accounts receivable and prepayments	6	5,027,959	3,827,290
Held-to-maturity investments	7	4,076,671	2,375,660
Total current assets		15,318,221	14,854,491
TOTAL ASSETS		$ 93,249,648	$ 94,896,649
RESERVES AND LIABILITIES			
Capital reserves			
Contributed capital	8	12,558,347	12,558,347
Revaluation surplus	8	54,265,585	54,265,585
Fixed asset replacement reserve	8	5,130,897	5,130,897
Future capital expansion reserve	8	19,148,394	19,148,394
Revenue reserves			
Contingency reserve	8	1,030,000	1,030,000
Training reserve	8	520,000	520,000
Accumulated deficit	8	(3,610,674)	(1,873,255)
Total reserves		89,042,549	90,779,968
Non-current liabilities			
Pension fund liability	9	3,015,236	2,491,248
Total non-current liabilities		3,015,236	2,491,248
Current liabilities			
Payables and accrued liabilities	10	1,191,863	1,625,433
Total current liabilities		1,191,863	1,625,433
TOTAL RESERVES AND LIABILITIES		$ 93,249,648	$ 94,896,649

Signed on behalf of the Authority on December 2, 2014

Chairman

Managing Director

The accompanying notes on pages 8 to 22 form an integral part of these financial statements

THE BRITISH VIRGIN ISLANDS PORTS AUTHORITY

Statement of Comprehensive Income
For The Year Ended December 31, 2012
Expressed in United States Dollars

	Notes	2012	Restated 2011
OPERATING INCOME			
Cargo handling		4,534,995	4,553,009
Passenger tax		4,587,002	4,790,821
Other income		261,946	340,029
TOTAL INCOME		9,383,943	9,683,859
OPERATING EXPENSES			
Administrative expenses		1,449,565	3,852,106
Depreciation	3	2,410,751	2,600,863
Finance expenses	4	88,553	83,224
Personnel expenses	9,11	6,628,082	8,055,777
Repairs and maintenance		493,167	742,514
TOTAL EXPENSES		11,070,118	15,334,484
NET OPERATING LOSS		(1,686,175)	(5,650,625)
OTHER INCOME			
Interest income		72,990	93,539
Loss on disposal of fixed assets		(1,195)	(586)
DEFICIT FOR THE YEAR		$ (1,614,380)	$ (5,557,672)

There have been no other gains or (losses) other than those included in the operating results for the year.

The accompanying notes on pages 8 to 22 form an integral part of these financial statements

THE BRITISH VIRGIN ISLANDS PORTS AUTHORITY

Statement of Changes in Equity
For The Year Ended December 31, 2012
Expressed in United States Dollars

	Contributed Capital	Revaluation reserve	Contingency reserve	Fixed capital replacement reserve	Future capital expansion reserve	General reserve	Training reserve	Total
Year ended December 31, 2011								
(restated)								
Opening Balance	12,558,347	54,265,585	1,030,000	5,130,897	19,148,394	3,809,302	520,000	96,462,525
Deficit for the year (restated)	-	-	-	-	-	(5,557,672)	-	(5,557,672)
Distribution to government	-	-	-	-	-	(124,855)	-	(124,855)
Closing balance (restated)	$ 12,558,347	$ 54,265,585	$ 1,030,000	$ 5,130,897	$ 19,148,394	$ (1,873,255)	$ 520,000	$ 90,779,968
Year ended December 31, 2012:								
Opening Balance (restated)	12,558,347	54,265,585	1,030,000	5,130,897	19,148,394	(1,873,255)	520,000	90,779,968
Deficit for the year	-	-	-	-	-	(1,614,380)	-	(1,614,380)
Distribution to government	-	-	-	-	-	(123,069)	-	(123,069)
Closing balance	$ 12,558,347	$ 54,265,585	$ 1,003,000	$ 5,130,897	$ 19,148,394	$ (3,610,674)	$ 520,000	$ 89,042,550

The accompanying notes on pages 8 to 22 form an integral part of these financial statements

THE BRITISH VIRGIN ISLANDS PORTS AUTHORITY

Statement of Cash Flows
For The Year Ended December 31, 2012
Expressed in United States Dollars

	2012	Restated 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Deficit for the year	(1,614,380)	(5,557,672)
Adjustments to reconcile net deficit to net cash from operations before working capital changes		
Interest income	(72,990)	(93,539)
Loss on disposal of fixed assets	1,195	586
Increase in provision for bad debts	233,931	-
Depreciation	2,410,751	2,534,863
Cash from operations before working capital changes	958,507	(3,115,762)
Decrease in loan receivable	34,038	-
Increase in accounts receivable and prepayments	(1,430,334)	(1,910,394)
Increase in pension fund liability	523,988	2,491,248
(Decrease) increase in payables and accrued liabilities	(433,540)	58,383
Net cash used in operations	(347,341)	(189,741)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	68,724	166,180
Net movement in held-to-maturity investments	(1,701,011)	(27,608)
Acquisition of fixed assets	(335,253)	(1,184,707)
Net cash used in investing activities	(1,967,540)	(1,046,135)
CASH FLOW FROM FINANCING ACTIVITIES		
Distribution to shareholder	(123,069)	(119,655)
Net cash used in financing activities	(123,069)	(119,655)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,437,950)	(1,355,531)
CASH AND CASH EQUIVALENTS		
At beginning of year	8,651,541	10,007,072
At end of year	$ 6,213,591	$ 8,651,541

The accompanying notes on pages 8 to 22 form an integral part of these financial statements

1. Organization and Objectives

The British Virgin Islands Ports Authority (the "Authority") was established as a body corporate under the British Virgin Islands Ports Authority Act, 1990 (the "Act") on November 16, 1990 and is wholly owned by the Government of the British Virgin Islands (the "Government"). The registered office of the Authority is P. O. Box 4, Port Purcell, Road Town, Tortola, British Virgin Islands. The principal activities of the Authority are to provide, operate, and maintain all port and harbour services and facilities in the British Virgin Islands and to collect dues and charges levied on vessels, goods and persons departing from ports and harbours in the British Virgin Islands.

2. Significant Accounting Policies

2.1 Basis for preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards issued or adopted by the International Accounting Standards Board and interpretations issued by its Standing Interpretations Committee. They have been prepared under the historical costs convention and are expressed in United States ("US") dollars.

2.2 Standards, amendments and interpretations to existing standards effective and relevant to the Authority

- IFRS 7 (amendment), Financial Instruments: Disclosures. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period (effective for annual period beginning on or after July 1, 2011)

The application of the above mentioned amendments had no significant effect on the current period or any prior period. None of the other new standards, interpretations and amendments effective for the first time from January 1, 2012, have had a material effect on the financial statements.

2.3 Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Authority

The following new standards, interpretations and amendments, which have not been applied in these financial statements will or may have an effect of the Authority's future financial statements:

- IFRS 7 (amendment), Financial Instruments: Disclosures. The amendments will require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position (effective for annual periods beginning on or after January 1, 2015).

- IFRS 9, Financial Instruments. This new standard completes the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement. The classification of financial instruments will be based on how an entity manages its financial instruments and the contractual cash flows. IFRS 9 will also permit a single impairment method. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. As a result, this new standard will increase comparability, enhance the ability of the users to understand the accounting of financial instruments and reduce the complexity (effective for annual periods beginning on or after January 1, 2015).

Expressed in United States Dollars

2. Significant Accounting Policies (Continued)

2.3 Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Authority (continued)

- IFRS 13, Fair Value Measurement. This new standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs (effective for annual periods beginning on or after January 1, 2013).

None of the other new standards, interpretations and amendments, which are effective for periods beginning after January 1, 2012 and which have not been adopted early, are expected to have a material effect on the Authority's future financial statements.

2.4 Fixed assets

Freehold land, freehold buildings and wharves and jetties are shown at fair value, based on a valuation by an external independent valuator less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revaluation amount of the asset. The revaluation is not performed on a periodic basis but instead it is performed when the Board of Directors deem it necessary. All other fixed assets are recorded at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on the reducing balance method to write off the cost of each asset over their estimated useful life as follows:

Freehold land	Nil
Freehold buildings	10-20 years
Wharves and jetties	5-20 years
Access roads, parking and other infrastructure	5 years
Marine - boat and navigational aids	3-7 years
Motor vehicles and operating equipment	4 years
Computers and office equipment	4 years
Furniture and fittings	4 years

Work in progress is carried at cost and is not depreciated until the project to which it relates is completed and it is transferred to a category of fixed assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and losses on disposals are determined by comparing the proceeds with the carrying amounts of the assets and are recorded in the statement of comprehensive income.

2.5 Financial assets

The Authority classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

(i) *Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Authority will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Authority's loans and receivables comprise cash and cash equivalents, accounts receivable and loan receivable.

2. Significant Accounting Policies (Continued)

2.5 Financial assets (continued)

(i) *Loans and receivables (continued)*

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Accounts receivable - receivables are stated at cost less impairment losses. A provision for impairment of accounts receivable is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the accounts receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the accounts receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income in the operating expenses. When a receivable is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority has the positive intention and ability to hold to maturity. Time deposits with maturities of greater than three months from the date of acquisition have been classified as held-to-maturity investments.

2.6 Financial liabilities

The Authority classifies its financial liabilities into other financial liabilities.

Other financial liabilities include:

Payables and accrued liabilities – Accounts payable and accruals are stated at their cost. No interest is charged on accounts payable from the date of the invoice.

2.7 Revenue recognition

In relation to the rendering of services, income is recognised as amounts fall due and when no significant uncertainties remain concerning the derivation of consideration. Interest income is recorded as earned.

Expenses are recorded on the accrual basis as charged.

2.8 Taxation

In accordance with Section 18 of the Act, the Authority is exempt from the payment of taxes on its income and operations. However, payroll tax is payable at the rate of 14% (8% being recoverable from the employees).

2.9 Use of estimates

The preparation of these financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Significant Accounting Policies (Continued)

2.10 Foreign currency transaction

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 are translated into US dollars at the foreign currency exchange rate ruling at the balance sheet 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 into U.S dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

2.11 Pension and other post-retirement benefits

The Authority established a non-contributory defined benefit pension scheme effective January 1, 1996 to provide a lump sum retirement benefit to its officers and employees.

3. Fixed Assets

Upon the commencement of the Act, all property including freehold land and freehold buildings, and all interest therein of whatever nature, belonging to the Crown and used exclusively for the purpose of the former Ports and Marine Services Department was transferred to and vested in the Authority.

Major expenditure was undertaken by the BVI Government to improve the Authority's infrastructure. These assets are currently recorded in the financial statements (with effect from 1 January 1995) at a total cost of $12,107,398.

Expressed in United States Dollars

3. Fixed Assets (Continued)

	Freehold Land	Freehold Buildings	Wharves and Jetties	Other Infrastructure Development	Navigational Aids, Vehicles, Fixtures & Fittings Operating and Office Equipment	Work in progress	Total
At Cost/valuation							
January 1, 2012 (Restated)	37,000,000	6,235,243	32,044,425	5,843,178	4,002,650	14,545	85,140,041
Addition	-	-	55,666	17,546	79,566	182,475	335,253
Disposal	-	-	-	-	(37,336)	-	(37,336)
December 31, 2012	37,000,000	6,235,243	32,100,091	5,860,724	4,044,880	197,020	85,437,958
Accumulated Depreciation							
January 1, 2012	-	749,820	3,785,248	1,244,421	2,318,394	-	8,097,883
Charge for year	-	257,743	1,356,277	385,296	411,435	-	2,410,751
Disposal	-	-	-	-	(36,141)	-	(36,141)
December 31, 2012	-	1,007,563	5,141,525	1,629,717	2,693,688	-	10,472,493
Net Book Value							
December 31, 2012	37,000,000	5,227,680	26,958,566	4,231,007	1,351,192	197,020	74,965,465

Expressed in United States Dollars

3. Fixed Assets (Continued)

	Freehold Land	Freehold Building	Wharves and Jetties	Other Infrastructure Development	Navigational Aids, Vehicles, Fixtures & Fittings Operating and Office Equipment	Work in progress	Total
At Cost/valuation							
January 1, 2011 (Restated)	37,000,000	5,884,365	31,937,411	5,303,428	3,836,015	68,656	86,188,326
Addition	-	268,187	107,014	539,750	173,340	480,173	1,568,464
Transfer	-	82,691	-	-	-	(82,691)	-
Write Off	-	-	-	-	-	(451,593)	(451,593)
Disposal	-	-	-	-	(6,705)	-	(6,705)
December 31, 2011 (Restated)	37,000,000	6,235,243	32,044,425	5,843,178	4,002,650	14,545	85,140,041
Accumulated Depreciation							
January 1, 2011	-	491,999	2,359,372	820,320	1,831,448	-	5,503,139
Charge for year	-	257,821	1,425,876	424,101	493,065	-	2,600,863
Disposal	-	-	-	-	(6,119)	-	(6,119)
December 31, 2011	-	749,820	3,785,248	1,244,421	2,318,394	-	8,097,883
Net Book Value							
December 31, 2011 (Restated)	37,000,000	5,485,423	28,259,177	4,598,757	1,684,256	14,545	77,042,158

Expressed in United States Dollars

3. Fixed Assets (Continued)

The Authority's freehold land, freehold buildings, wharves and jetties were revalued at $71,370,000 on May 31, 2008 by SmithsGore, an independent valuer. Market value was estimated using recent market transactions on arm's length terms on a depreciated replacement cost basis. The revaluation surplus was credited to 'revaluation surplus' in reserves. The revaluation is not performed on a periodic basis but instead it is performed when the Board of Directors deem it necessary.

If freehold land, freehold building, wharves and jetties were stated on the historical cost basis, the amounts would be as follows:

	Freehold Land	Freehold Buildings	Wharves and Jetties	Other Infrastructural Development
Cost	6,781,834	6,017,959	22,275,040	5,516,625
Accumulated depreciation	-	3,662,356	9,796,326	4,638,359
Net Book Value - December 31, 2012	6,781,834	2,355,603	12,478,714	878,266
Cost	6,781,834	6,017,959	22,219,374	5,499,079
Accumulated depreciation	-	3,400,622	9,139,551	4,418,793
Net Book Value - December 31, 2011	6,781,834	2,617,337	13,079,823	1,080,286

The Work in Progress at December 31, 2012 of $14,545 (2011: $68,656) represent capital projects that are in progress and on completion will be transferred to the respective fixed asset category.

4. Related Party Transactions

4.1 Loan receivable and Interest income

The Authority advanced $3,000,000 to the Government during the year ended December 31, 2010. The advances have been formalised into a loan, with a one time interest of 3%. Repayment is being made at 50% of certain passenger taxes collected by the Government on behalf of the Authority, commencing August 14, 2010.

At December 31, 2012, the principal balance owing to the Authority is $2,965,962 (2011: $3,000,000). Interest earned during the year is $Nil (2011: $Nil) of which $Nil (2011: $18,792) was owed at the end of the year.

4.2 Accounts receivable

As disclosed in Note 6.1 the Authority is owed $3,825,087 (2011: $2,540,275) by the Government at the reporting date.

4.3 Distribution to Government

During the year the Authority paid a total distribution of $123,069 (2011: $119,655) to the Government. This distribution represents 50% of the passenger tax collected by the Government during the year.

4.4 Collection fees and Accounts payable

During the year the Authority paid a total collection fee of $82,849 (2011: $79,448) to the Government of which $91,387 (2011: $61,938) was included in accounts payable at year end. This fee represents 2.5% of all wharfage and other ports revenue collected by the Government on behalf of the Authority. The collection fee is included in finance expenses in the statement of comprehensive income.

4.5 Directors' remuneration

The total directors' remuneration and allowances for the year amounted to $56,814 (2011: $65,550).

Expressed in United States Dollars

5. Cash and Cash Equivalents

	2012	2011
Cash at bank and on hand	1,716,049	2,117,414
Short-term bank deposits	4,497,542	6,534,127
	$ 6,213,591	$ 8,651,541

6. Accounts Receivable and Prepayments

6.1 Accounts receivable and prepayments comprise of the following:

	2012	2011
Accounts receivable	1,231,170	976,476
Due from related party - BVI Government	3,825,087	2,540,275
Other receivables	4,367	107,019
Interest receivable	18,237	27,563
Gross accounts receivable	5,078,861	3,651,333
Less: Allowance for doubtful debts	(350,000)	(116,069)
Accounts receivable – net	4,728,861	3,535,264
Prepayments	299,098	292,026
	$ 5,027,959	$ 3,827,290

6.2 Allowance for Doubtful debts

Movement on the Authority's provision for impairment of accounts receivable are as follows:

	2012	2011
Balance at the beginning of the year	116,069	154,580
Movement for the year	233,931	(38,511)
Balance at the end of the year	$ 350,000	$ 116,069

Expressed in United States Dollars

7. Held-to-maturity investments

	2012	2011
National Bank of the Virgin Islands Ltd certificate of deposit bearing interest of 1.50% (2011: 1.75%) and maturing on January 26, 2013	620,114	610,269
National Bank of the Virgin Islands Ltd certificate of deposit bearing interest of 1.50% (2011: 1.75%) and maturing on June 24, 2013	1,061,428	1,045,812
First Caribbean International Bank certificate of deposit bearing interest of 0.15% (2011: 0.16%) and maturing on April 30, 2013	320,728	719,579
FirstBank of the Virgin Islands certificate of deposit bearing interest of 1.20% and maturing on January 23, 2013	2,074,401	-
	$ 4,076,671	$ 2,375,660

8. Reserves

8.1 Contributed Capital

	2012	2011
Balances at the beginning and end of year	$12,558,347	$ 12,558,347

Contributed capital is made up of the ascribed fair value $10,408,387 attributed to the property, plant and equipment which was transferred from the former Ports and Marine Services Department for nil consideration and vested in the Authority under the Act (see Note 3) in addition to the BVI Government's net capital contribution of $1,249,960 towards subsequent major capital works.

8.2 Revaluation Surplus

Revaluation surplus represents the excess of the fair value of freehold land and freehold building over its historical cost (Note 3).

8.3 Capital and Revenue Reserves

(i) Future capital expansion reserve to partly finance the expansion of buildings, wharves and jetties is determined based on the budgeted figures for the following year;
(ii) Training reserve for long term training and development of staff was determined to be $40,000 per year;
(iii) Fixed asset replacement reserve to finance the replacement of existing assets as they become fully amortised or out dated is determined based on the budgeted figures for the following year;
(iv) Contingency reserve to establish a fund in the event of unforeseen circumstances was determined to be $40,000 per year;
(v) General reserve (retained earnings or accumulated deficit) is the excess of deficit or earnings realised from trading operations, which have not been allocated for a specific purpose and can be used at the discretion of the Board of Directors.

8.4 Distribution to Government

As explained in Note 1, the British Virgin Islands Ports Authority is governed by the British Virgin Islands Ports Authority Act, 1990 (the "Act"). According to Section 7(3), the Minister of Finance has the power to give such directions as he thinks fit regarding the use of the passenger tax collected and also has the power to direct that such funds be paid over to the Government of the British Virgin Islands.

Expressed in United States Dollars

9. Pension Fund Liability

The Authority has established a defined benefit plan. The assets of the plan are held independently of the Authority's assets. The plan is valued by independent actuaries with the most recent valuation being carried out March 14, 2014:

	2012	2011
Present value of funded obligations	6,332,889	5,603,560
Fair value of plan assets	(3,317,654)	(3,112,312)
	$ 3,015,235	$ 2,491,248
Liability in the statement of financial position	$ 3,015,236	$ 2,491,248

	2012	2011
Current service cost	553,197	-
Interest cost	329,148	-
Amortised net loss	169,424	-
Expected return on plan assets	(186,798)	-
Past service costs	49,328	2,895,939
	$ 914,299	$2,895,939

The movement in the liability recognised in the balance sheet is as follows:

	2012	2011
Opening net liability	2,491,248	-
Net periodic pension cost	914,299	2,895,939
Contributions	(390,311)	(404,691)
	$ 3,015,236	$ 2,491,248

The principal actuarial assumptions used in calculating the pension fund liability are:

	2012	2011
Discount rate	6%	6%
Expected rate of return on plan assets	6%	6%
Rate of compensation increase	4%	4%

10. Payables and Accrued Liabilities

	2012	2011
Accounts payable	404,170	878,829
Due to related party - BVI Government	91,387	61,938
Accruals and other payables	696,336	684,666
	$ 1,191,893	$ 1,625,433

Expressed in United States Dollars

11. Personnel Expenses

	2012	Restated 2011
Salaries and wages	4,975,888	4,421,760
Employer's pension expense	914,299	2,895,939
Employer's payroll tax	204,646	185,199
Employer's social security contributions	175,298	166,566
Gratuities	34,832	42,435
Rent, medical insurance and training	323,119	343,878
	$ 6,628,082	$ 8,055,777

The number of employees at December 31, 2012 was 173 (2011:162).

As described in Note 2.11, the Authority has setup a defined benefit pension scheme (the "Plan") to provide retirement benefits for all established employees, which is administered by Trustees appointed by the Authority.

12. Financial Risk Management

A financial instrument is any contract that gives rise to a financial asset of one enterprise or a financial liability or equity instrument of another enterprise.

The Authority's activities expose it to a variety of risks: market risk (including foreign currency risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

12.1 Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Authority incurs foreign currency risk on transactions that are denominated in currencies other than the United States Dollar (US$).

At the reporting date, the Authority had no assets or liabilities denominated in foreign currencies and hence no exposure to foreign currency risk.

(ii) Cashflow and fair value interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Authority's income and operating cash flows are substantially independent of changes in market interest rates since the majority of interest bearing instruments are fixed rate instruments.

Expressed in United States Dollars

12. Financial Risk Management (Continued)

12.1 Market risk (continued)

(ii) Cashflow and fair value interest rate risk (continued)

At December 31, 2012, the Authority's financial assets and liabilities were classified as follows:

	Interest Bearing	Non Interest Bearing	Total
Financial assets			
Cash and cash equivalents	4,974,777	1,238,814	6,213,591
Loan receivable	2,965,962	-	2,965,962
Accounts receivable	-	5,078,861	5,078,861
Held-to-maturity investments	4,076,671	-	4,076,671
Total financial assets	12,017,410	6,317,675	18,335,085
Financial liabilities			
Trade and other payables	-	1,191,893	1,191,893
Total financial liabilities	-	1,191,893	1,191,893
Interest Sensitivity Gap	12,017,410	5,125,782	17,143,192

At December 31, 2011, the Authority's financial assets and liabilities were classified as follows:

	Interest Bearing	Non Interest Bearing	Total
Financial assets			
Cash and cash equivalents	7,922,781	728,760	8,651,541
Loan receivable	3,000,000	-	3,000,000
Accounts receivable	-	3,651,333	3,651,333
Held-to-maturity investments	2,375,660	-	2,375,660
Total financial assets	13,298,441	4,380,093	17,678,534
Financial liabilities			
Trade and other payables	-	2,647,526	2,647,526
Total financial liabilities	-	2,647,526	2,647,526
Interest Sensitivity Gap	$ 13,298,441		$ 13,298,441

The Authority is exposed to fair value interest rate risk on its cash and cash equivalents and held-to-maturity investments to the extent that prevailing interest rates may fluctuate from the fixed interest rates stated in Note 7. Movement in the interest rates will not have a significant impact on the carrying balances of these financial instruments.

12.2 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. Financial assets, which potentially expose the Authority to credit risk, consist of cash and cash equivalents, accounts receivable, loan receivable and held-to-maturity investments. The extent of the Authority's exposure to credit risk in respect of these financial assets approximate the carrying values as recorded in the Authority's statement of financial position.

To reduce exposure to credit risk, the Authority regularly reviews the credit performance of its customers. The Authority invests available cash with various local banks, and is exposed to credit- related losses in the event of non-performance by these counterparties to financial instruments but, given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

12. Financial Risk Management (Continued)

12.2 Credit risk (continued)

(i) Credit quality of financial assets

The following table summarises the credit quality of the Authority's financial assets as of December 31, 2012:

	High Grade '000	Standard Grade '000	Substandard Grade '000	Past due but not impaired '000	Past due and impaired '000	Total '000
Cash and cash equivalents	3,289	2,925	-	-	-	6,214
Loan receivable	2,966	-	-	-	-	2,966
Accounts receivable	3,825	673	-	465	116	5,079
Held-to-maturity investments	321	2,074	-	-	-	2,395
Total	$ 10,401	$5,672	$ -	$ 465	$ 116	$ 16,654

The following table summarises the credit quality of the Authority's financial assets as of December 31, 2011:

	High Grade '000	Standard Grade '000	Substandard Grade '000	Past due but not impaired '000	Past due and impaired '000	Total '000
Cash and cash equivalents	3,558	5,093	-	-	-	8,651
Loan receivable	3,000	-	-	-	-	3,000
Accounts receivable	2,540	549	-	446	116	3,651
Held-to-maturity investments	720	1,656	-	-	-	2,376
Total	$ 9,818	$ 7,298	$ -	$ 446	$ 116	$ 17,678

(ii) Aging summary of accounts receivable

The following table summarises the aging of the Authority's accounts receivable at December 31:

	2012	2011
Less than 30 days	1,012,543	901,070
Between 31 and 60 days	462,666	440,026
Between 61 and 90 days	224,730	273,012
Over 90 days	3,378,921	2,037,225
Total	$ 5,078,861	$ 3,651,333

Expressed in United States Dollars

12. Financial Risk Management (Continued)

12.2 Credit risk (continued)

(ii) Aging summary of accounts receivable (continued)

Of the balance over 90 days of $2,961,002 (2011: $2,037,255), $116,069 (2011: $116,069) is considered impaired and was fully provided for. This relates to the portion of the accounts receivable which the Authority is uncertain they will recover.

(iii) Credit ratings for cash and cash equivalents and held-to-maturity investments

The following table summarises the credit rating of the Authority's cash and cash equivalents and held-to-maturity investments, which have an investment grade as rated by a well-known rating agency. For unrated assets a rating is assigned using an approach that is consistent with rating agencies. Portfolio by rating category as at December 31 follows:

Ratings	Sources	2012	2011
Aa2	Moody's Investors Service	2,208,316	2,877,564
Aa1	Moody's Investors Service	1,401,358	1,163,395
Baa3	Moody's Investors Service	1,174,060	1,400,404
B2	Moody's Investors Service	3,823,511	-
Not rated	Not Applicable	1,683,018	5,585,839
Total		$ 6,213,592	$ 11,027,20

12.3 Liquidity risk

Liquidity risk also referred to as funding risk, is the risk that the Authority will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

At reporting date, the Authority's liabilities of $1,191,893 (2011: $1,625,433) are due within 12 months and are equal to their carrying balances as the impact of discounting is not significant. These are adequately covered by the financial assets. Thus, at December 31, 2012, the Authority has no significant exposure to liquidity risk.

12.4 Fair value

The fair value of cash and cash equivalents, held-to-maturity investments, loan receivable, accounts receivable, payables and accrued liabilities are not materially different from their carrying amounts due to the relatively short periods to maturity of these financial instruments.

Expressed in United States Dollars

13. Correction of Prior Period Errors

13.1 Write off of Work In Progress

For the years ended December 31, 2009 and 2010, the Authority charged an accumulated sum of $2,158,451 to work in progress under fixed assets for capital projects that were in progress at that time. Subsequently, the board of directors made the decision to change the scope of these projects and the amounts previously capitalised are now being written off. The errors have been corrected retrospectively and comparative figures have been appropriately restated.

13.2 Change in the pension plan scheme

On 25th August, 2011 the Board of Directors adopted the revised governance documents on the Pension Plan that supersede the documents of 1996 and established the Pension Plan as a Defined Benefit Plan and not a Define Contribution Plan and therefore creating an unfunded liability of $2,491,248 at the end of December 31, 2011.

The effect of the correction of these errors on the statements for the year ended December 31, 2011 is as follows:

	2011
Decrease in fixed assets	$ 2,158,451
Increase in pension fund liability	$ 2,491,248
Adjustment to retained earnings	$ (4,649,699)

14. Subsequent Events

In 2014, the Authority and the Government of the day entered into two contracts for the extension of the cruise pier:

a) On May 30, 2014 with Ports & Marina Services Ltd the sum of $4,963,405 for the work on the sea side.

b) On April 22, 2014 with IDL Projects Inc. and Meridian Construction Ltd (Joint Venture) Company Ltd for $30,742,240 for the work on the land side.

THE BRITISH VIRGIN ISLANDS PORTS AUTHORITY

Schedules to the Statement of Comprehensive Income
For The Year Ended December 31, 2012
Expressed in United States Dollars

	2012	Restated 2011
Administrative expenses		
Advertising	11,441	98,388
Claims	8,496	7,103
Bad debts	233,931	38,391
Cleaning supplies	36,389	26,977
Communications	95,739	92,738
Computer software	58,654	66,071
Conferences	106,400	89,492
Consultancy	(384,662)	123,948
Electricity	226,849	191,992
Entertainment	28,019	40,409
Fraudulent transaction expense	89,760	-
Insurance	540,194	510,334
Legal and professional expenses	89,389	100,363
Messenger services	1,174	13,036
Miscellaneous	15,776	-
Outside directors' remuneration	56,814	65,550
Printing and stationery	59,919	56,215
Sundry office supplies	15,543	39,850
Travel and subsistence	83,126	70,501
Uniforms	58,009	46,147
Water	18,605	16,180
	$ 1,449,565	$ 1,693,685

	2012	Restated 2011
Financial expenses		
Bank charges	5,708	3,776
Government collection fees	82,845	79,448
	$ 88,553	$ 83,224

	2012	Restated 2011
Personnel expenses		
Employer's pension contributions	914,299	2,895,939
Employer's payroll tax	204,646	185,199
Employer's social security contributions	175,298	166,566
Gratuities	34,832	42,435
Rent, medical insurance and training	323,119	343,878
Salaries and wages	4,975,888	4,421,760
	$6,628,082	$ 8,055,777

THE BRITISH VIRGIN ISLANDS PORTS AUTHORITY

Schedules to the Statement of Comprehensive Income
For The Year Ended December 31, 2012
Expressed in United States Dollars

	2012	2011
Repairs and maintenance		
Building and ports facilities maintenance	410,527	572,387
Navigational aids	22,177	68,681
Pilot launch	10,446	5,396
Repairs and maintenance	50,015	96,050
	$ 493,167	$ 742,514