

**THE BVI TOURIST BOARD**

Financial Statements  
For the year ended 31 December 2020

# THE BVI TOURIST BOARD

## Financial Statements For the year ended 31 December 2020

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## **THE BVI TOURIST BOARD**

### **The BVI Tourist Board Directory At 31 December 2020**

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#### **MEMBERS OF THE BOARD**

Mr. Nathaniel Isaac Sr.  
Mr. Kelvin Christopher  
Mr. Dereck E. Marshall  
Ms. Sasha S. Hodge  
Mrs. Arleen Parsons  
Ms. Gloria Fahie  
Mr. Bevis Sylvester  
Mr. Kevin Hodge  
Mrs. Julia Dawson-Marshall  
Mrs. Keshia Davis-Barnes  
Mr. Leroy Moses  
Mrs. Kenisha Sprauve (*Chairperson*)  
Dr. Carolyn O'Neal-Morton (*Permanent Secretary*)  
Mr. Glenroy Forbes (*Financial Secretary*)

Chartered Accountants

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## **THE BVI TOURIST BOARD**

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

#### **GOVERNMENT OF THE BRITISH VIRGIN ISLANDS**

##### **Opinion**

We have audited the financial statements of The BVI Tourist Board (the "Board"), which comprise the statement of financial position as at 31 December 2020, and the statements of financial performance, changes in net surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 22.

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 the Auditor General 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 Board and the Auditor General, as a body, for our audit work, for this report, or for the opinion, we have formed.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

##### **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 are independent of the Board in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the British Virgin Islands, 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 IFRSs, 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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 Board 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.

*Baker Tilly (BVI) Limited*

**Chartered Accountants  
Tortola, British Virgin Islands  
30 June 2021**

**THE BVI TOURIST BOARD**

**Statement of Financial Position**

**At 31 December 2020**

*Expressed in U.S. Dollars*

	Note	2020	2019 - restated
<b>Non-current assets</b>			
Security deposits		49,742	31,742
Property and equipment	3	92,633	245,122
Right-of-use asset	4	<u>1,535,474</u>	<u>129,983</u>
		<u>1,677,849</u>	<u>406,847</u>
<b>Current assets</b>			
Cash and cash equivalents		1,221,711	571,088
Government grants receivable		—	1,100,000
Accounts and other receivables		63,371	523,506
Prepaid expenses		<u>21,734</u>	<u>3,734</u>
		<u>1,306,816</u>	<u>2,198,328</u>
<b>Total assets</b>		<u>\$ 2,984,665</u>	<u>\$ 2,605,175</u>
<b>Non-current liabilities</b>			
Lease liability	4	<u>1,216,356</u>	<u>—</u>
<b>Current liabilities</b>			
Lease liability	4	358,250	127,228
Payables	5	<u>246,054</u>	<u>1,346,733</u>
<b>Total liabilities</b>		<u>1,820,660</u>	<u>1,473,961</u>
Net surplus		<u>1,164,005</u>	<u>1,131,214</u>
<b>Total liabilities and net surplus</b>		<u>\$ 2,984,665</u>	<u>\$ 2,605,175</u>

The accompanying notes form an integral part of these financial statements.

## THE BVI TOURIST BOARD

### Statement of Financial Performance For the year ended 31 December 2020

Expressed in U.S. Dollars

	Note	2020	2019 - restated
<b>Income</b>			
Government grants		7,809,970	11,327,200
Foreign exchange loss		(2,134)	(1,652)
Other income		724,642	1,442,441
<b>Total income</b>		<u>8,532,478</u>	<u>12,767,989</u>
<b>Expenses</b>			
Staff costs	7	3,616,621	4,457,742
Marketing fees	8	1,128,911	2,742,450
Advertising and promotion	9	698,377	2,318,484
Bad debt expense		444,426	—
Amortisation of right-of-use asset	4	408,279	259,966
Other operating expenses		398,446	264,087
Telephone and utilities	10	308,207	314,266
Professional fees	11	292,732	208,822
Office expenses	12	268,799	543,524
Service contracts and repairs and maintenance		255,922	747,179
Travel and entertainment	13	223,448	1,125,105
Insurance	14	164,627	146,605
Depreciation	3	157,214	202,658
Programme fees		133,678	306,086
<b>Total expenses</b>		<u>8,499,687</u>	<u>13,636,974</u>
<b>Profit/(loss) before taxation</b>		32,791	(868,985)
Taxation	15	—	—
<b>Total comprehensive income/(loss)</b>		<u>\$ 32,791</u>	<u>\$ (868,985)</u>

The accompanying notes form an integral part of these financial statements.

**THE BVI TOURIST BOARD**

**Statement of Changes in Net Surplus  
For the year ended 31 December 2020**  
*Expressed in U.S. Dollars*

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	2020	2019 - restated
<b>Balance at beginning of year</b>	1,131,214	2,000,199
Surplus/(deficit) for the year	<u>32,791</u>	<u>(868,985)</u>
<b>Balance at end of year</b>	<u>\$ 1,164,005</u>	<u>\$ 1,131,214</u>

The accompanying notes form an integral part of these financial statements.



## THE BVI TOURIST BOARD

### Statement of Cash Flows For the year ended 31 December 2020

Expressed in U.S. Dollars

	2020	2019 - restated
<b>Operating activities</b>		
Grants and other income received	9,650,321	11,680,807
Advertising and marketing fees paid	(2,824,977)	(4,149,281)
Office expenses paid	(613,006)	(857,790)
Professional fees paid	(292,732)	(208,822)
Staff costs paid	(3,719,611)	(4,323,516)
Other expenses paid	(1,093,343)	(2,588,015)
<i>Cash flows from/(used in) operating activities</i>	<u>1,106,652</u>	<u>(446,617)</u>
<b>Investing activities</b>		
Purchase of fixed assets	(4,725)	(10,101)
<i>Cash flows used in investing activities</i>	<u>(4,725)</u>	<u>(10,101)</u>
<b>Financing activities</b>		
Repayment of lease liabilities	(449,170)	(263,768)
<i>Cash flows used in financing activities</i>	<u>(449,170)</u>	<u>(263,768)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	652,757	(720,486)
Effect of exchange rate fluctuations on cash and cash equivalents	(2,134)	(1,652)
<b>Cash and cash equivalents at beginning of year</b>	<u>571,088</u>	<u>1,293,226</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,221,711</u>	<u>\$ 571,088</u>

The accompanying notes form an integral part of these financial statements.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

*Expressed in U.S. Dollars*

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#### 1) GENERAL INFORMATION

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 (the "Territory") under the Tourist Board Act, 1969 (Chapter 280) (the "Act").

The financial statements were authorised for issue on 30 June 2021.

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.

#### 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 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRSs. The financial statements comply with IFRSs as issued by the International Accounting Standards Board.

##### (b) Basis of preparation

The financial statements have been prepared on the basis of historical costs and do not take into account increases in the market value of assets.

The financial statements and records of the Board are presented and maintained in U.S. Dollars, rounded to the nearest dollar.

There are no new, revised or amended IFRSs or IFRS IC interpretations that are effective for the first time for the financial period beginning 1 January 2020 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 expenses. 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 2020

*Expressed in U.S. Dollars*

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

##### (c) **Use of estimates** (Cont'd)

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.

##### *Judgments on going concern*

A key assumption in the preparation of the financial statements is that the Board will continue as a going concern. The going concern assumption assumes that the Board will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

##### *Judgments in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Board becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

##### *Global pandemic*

The global pandemic related to an outbreak of Corona Virus Disease 2019 ("COVID-19") which has cast additional uncertainty on the assumptions used by management in making its judgments and estimates. Governments have reacted with significant monetary and fiscal intervention designed to stabilise economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Board in future periods.

Given the full extent of the impact of COVID-19 on the global economy which is highly uncertain and difficult to predict at this time, there is a higher level of uncertainty with respect to management's judgments and estimates.

##### (d) **Property and equipment**

Fixed assets, other than land, are stated at historical cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to the statement of financial performance on a straight line basis over the estimated useful lives of the fixed assets.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

*Expressed in U.S. Dollars*

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

##### (d) **Property and equipment** (Cont'd)

The annual rates of depreciation in use are as follows:

Computer equipment	25%
Office equipment	15%
Furniture and fixtures	10%
Motor vehicles	25%
Right-of-use assets	20%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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.

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

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, current deposits with banks and other short-term, highly liquid financial instruments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

##### (f) **Financial assets at amortised cost**

Financial assets at amortised cost comprise accounts and other receivables and security deposits. Financial assets are recognised initially at fair value plus transaction costs that are directly attributable to its acquisition. These financial assets are held for collection of contractual cash flows representing solely payments of principal and interest, if any, and therefore are measured subsequently at amortised cost using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

The Board applies the simplified approach under IFRS 9, "Financial Instruments" ("IFRS 9") to measuring expected credit losses which uses a lifetime expected loss allowance for receivables.

Impairment losses are presented as a separate line item in the statement of financial performance.

##### (g) **Financial liabilities at amortised cost**

Financial liabilities are non-derivative contractual obligations to deliver cash or another financial asset to another entity and comprise trade payables and payroll accruals.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

*Expressed in U.S. Dollars*

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

##### (g) **Financial liabilities at amortised cost** (Cont'd)

These financial liabilities are initially recognised at fair value on the date the Board becomes a party to the contractual provisions of an instrument and are subsequently measured at amortised cost using the effective interest method.

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

##### (h) **Leases**

The Board leases portions of office buildings. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Board.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Board under residual value guarantees;
- the exercise price of a purchase option if the Board is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Board exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Board, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Board is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

*Expressed in U.S. Dollars*

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

##### (h) **Leases** (Cont'd)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Board is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

##### *Extension and termination options*

Extension and termination options are included in a number of property and equipment leases across the Board. These are used to maximise operational flexibility in terms of managing the assets used in the Board's operations. The majority of extension and termination options held are exercisable only by the Board and not by the respective lessor.

##### (i) **Net surplus**

Net surplus represents the cumulative balance of periodic net surplus/deficit and prior period adjustments, if any.

##### (j) **Income and expense recognition**

Government grants are recognised as income when the Board's right to receive has been established. All other income is recognised in the statement of financial performance on the accrual basis.

All expenses are recognised in the statement of financial performance on the accrual basis.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

*Expressed in U.S. Dollars*

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

##### (k) **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.

##### (l) **Programme fees**

Programme fees consist of incidental expenses associated with specific product programmes.

##### (m) **Impairment**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

##### (n) **Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position whenever the Board has a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### (o) **Provision for employee retirement plan**

The Board contributes to a defined contribution retirement plan. Obligations for contributions to the plan are recognised as an expense in the statement of financial performance as incurred. Further information is set out in notes 7 and 16.

##### (p) **Foreign currency transactions**

Foreign currency transactions are translated into U.S. Dollars using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

*Expressed in U.S. Dollars*

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

##### (p) **Foreign currency transactions** (Cont'd)

Foreign exchange gains and losses that relate to borrowings are presented in the statement of financial performance, within finance costs. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

##### (q) **Contingent liabilities**

Certain conditions may exist as of 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.

##### (r) **Related parties**

Related parties are individuals and entities where the individual or entity has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

##### (s) **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 2020, and have not been adopted early in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Board.



## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

Expressed in U.S. Dollars

#### 4) LEASES (Cont'd)

b) The statement of financial performance shows the following amounts related to leases:

	2020	2019 - restated
Amortisation of right-of-use asset	408,279	259,966
Interest expense (included in other operating expenses)	88,464	14,051
Expenses relating to leases of low-value assets (included in other operating expenses)	15,535	11,987
Expenses relating to short-term leases (included in office expenses)	65,605	114,829

Future lease payments are as follows:

	2020	2019 - restated
Within one year	421,000	132,786
Between 1 and 2 years	427,665	—
Between 2 and 5 years	893,329	—
	<u>\$ 1,741,994</u>	<u>\$ 132,786</u>

#### 5) PAYABLES

	2020	2019 - restated
Trade payables	118,618	1,116,307
Payroll accruals	127,436	230,426
	<u>\$ 246,054</u>	<u>\$ 1,346,733</u>

#### 6) RELATED PARTY TRANSACTIONS

The Chairperson and Board members received a stipend during the year which totalled \$151,685 (2019 - restated: \$96,053) (see note 11). During the year, expense totalling \$73,101 (2019 - restated: \$358,070) were paid to entities related to the Board through Board members.

#### 7) STAFF COSTS

	2020	2019 - restated
Wages and salaries	3,232,618	4,003,576
Pension contributions (see note 16)	141,680	154,114
Employer's payroll tax	124,696	165,148
Employer's social security contributions	89,862	97,965
Training	27,765	36,939
	<u>\$ 3,616,621</u>	<u>\$ 4,457,742</u>

The average number of employees during the year was 56 (2019 - restated: 61).

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

Expressed in U.S. Dollars

8)	<b>MARKETING FEES</b>	<b>2020</b>	<b>2019 - restated</b>
	General marketing expenses	802,602	1,081,373
	Publicity and promotions	77,029	470,694
	Sponsorship	25,402	442,031
	Trade shows	144,005	641,403
	Website and product development	51,362	25,290
	Familiarisation and press trips	28,511	81,659
		<u>\$ 1,128,911</u>	<u>\$ 2,742,450</u>
9)	<b>ADVERTISING AND PROMOTION</b>	<b>2020</b>	<b>2019 - restated</b>
	Magazine and newspaper	353,436	1,478,242
	Radio and television	1,418	13,413
	Design and printing	15,102	70,228
	Public relations	267,647	532,507
	Online and digital	50,980	176,080
	General expenses	9,794	48,014
		<u>\$ 698,377</u>	<u>\$ 2,318,484</u>
10)	<b>TELEPHONE AND UTILITIES</b>	<b>2020</b>	<b>2019 - restated</b>
	Telefax	152,999	171,553
	Cellphones	128,111	115,533
	Water	—	2,471
	Electricity	27,097	24,709
		<u>\$ 308,207</u>	<u>\$ 314,266</u>
11)	<b>PROFESSIONAL FEES</b>	<b>2020</b>	<b>2019 - restated</b>
	Consultancy fees	39,682	31,805
	Accounting fees	19,055	20,840
	IT system fees	—	1,441
	Legal fees	82,310	58,683
	Board members' compensation (see note 6)	151,685	96,053
		<u>\$ 292,732</u>	<u>\$ 208,822</u>

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

Expressed in U.S. Dollars

	2020	2019 - restated
<b>12) OFFICE EXPENSES</b>		
Office supplies	55,141	120,547
Computer software	119,820	219,160
Office rent (see note 4)	65,605	114,829
Postage	7,676	14,157
Freight and cargo services	20,557	74,831
	<u>\$ 268,799</u>	<u>\$ 543,524</u>
<b>13) TRAVEL AND ENTERTAINMENT</b>		
	<b>2020</b>	<b>2019 - restated</b>
Meals and entertainment	44,692	140,723
Transportation, travel and accommodation	178,756	984,382
	<u>\$ 223,448</u>	<u>\$ 1,125,105</u>
<b>14) INSURANCE</b>		
	<b>2020</b>	<b>2019 - restated</b>
Life	18,524	5,981
Auto	22,307	3,494
Office	8,500	1,586
Medical/National health insurance	115,296	135,544
	<u>\$ 164,627</u>	<u>\$ 146,605</u>

### 15) TAXATION

There is no mainstream income or capital gains tax on profits in the Territory. Effective 1 January 2005, the Government of the British Virgin Islands, by virtue of the introduction of the Payroll Taxes Act, 2004, which reduced the rate of income tax to zero, effectively abolished both personal and corporate income tax in the Territory. Further, beginning 1 January 2005, the Board became subject to payroll tax equating to 6% of all salaries, wages and benefits paid to employees.

### 16) RETIREMENT PLAN

The Board contributes to a defined contribution savings and retirement plan. The plan provides for a Board contribution of 5% of the gross pay for employees and management, subject to varying qualifying periods of service.

The Board made contributions of \$141,680 (2019 - restated: \$154,114) during the year (refer also to note 7).

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

Expressed in U.S. Dollars

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#### 17) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

##### b) Credit risk (Cont'd)

##### i) Risk management

The extent of the Board's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Board's statement of financial position.

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 such counterparties to financial instruments, but given their reasonable credit ratings, management does not expect any such counterparties to fail to meet their obligations.

The Board's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

##### ii) Impairment of financial assets

The Board applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts and other receivables. However, as the Board's receivables are considered to have low credit risk or have a low risk of default and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term, the Board assessed that the identified impairment loss, if any, has no material impact to the net surplus of the Board.

The ageing of the Board's accounts and other receivables as at year end are as follows:

	2020	2019 - restated
Current	—	—
31-60 days	300	4,500
61-90 days	—	—
91-120 days	1,843	—
120 days +	61,228	519,006
	<u>\$ 63,371</u>	<u>\$ 523,506</u>

While cash and cash equivalents and related party receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

*Expressed in U.S. Dollars*

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#### 17) **FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS** (Cont'd)

##### 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. Typically the Board ensures that it has sufficient cash on demand to meet expected operational expenses for a period of sixty days.

The Board's financial liabilities are expected to be settled within a year from the reporting date.

#### 18) **FAIR VALUE INFORMATION**

The carrying value of all financial assets and liabilities, except security deposits, approximate their fair values due to the relatively short periods to maturity of these financial instruments. The carrying value of security deposits approximates their fair value as they were initially recognised at fair value.

#### 19) **CAPITAL RISK MANAGEMENT**

The Board's primary objective when managing capital is to ensure that it will be able to continue as a going concern while performing the duties as set out in note 1. 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.

#### 20) **CORRECTION OF PRIOR PERIOD ERRORS**

During 2020, the Board became aware that certain invoices related to 2019 were recorded as expenses during the year. As a result, the Board's reported total comprehensive loss and payables in 2019 were understated by \$190,283 and net surplus was overstated by \$190,283.

In accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", the Board has accounted for this adjustment retrospectively and this prior period adjustment, when applied consistently to 2020 and 2019, had the following impact on the Board's financial statements:

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2020

Expressed in U.S. Dollars

20) CORRECTION OF PRIOR PERIOD ERRORS (Cont'd)	2020	2019 - as restated
<i>Net Surplus</i>		
Balance at 1 January, as previously reported	1,321,497	2,000,199
Correction of prior period errors	(190,283)	—
Balance at 1 January, as restated	1,131,214	2,000,199
Total surplus/(deficit), as restated	32,791	(868,985)
Balances at 31 December, as restated	\$ 1,164,005	\$ 1,131,214
Marketing fees, as previously reported	1,298,140	2,702,450
Correction of prior period error	—	40,000
Marketing fees, as restated	\$ 1,298,140	\$ 2,742,450
Travel and entertainment, as previously reported	223,448	1,091,622
Correction of prior period error	—	33,483
Travel and entertainment, as restated	\$ 223,448	\$ 1,125,105
Services contracts and repairs and maintenance, as previously reported	255,922	640,379
Correction of prior period error	—	106,800
Services contracts and repairs and maintenance, as restated	\$ 255,922	\$ 747,179
Office expenses, as previously reported	268,799	533,524
Correction of prior period error	—	10,000
Office expenses, as restated	\$ 268,799	\$ 543,524

### 21) SUBSEQUENT EVENTS

As COVID-19 has impacted the entire world financially, the Government of the British Virgin Islands reduced the Board's annual budget allocations for both 2020 and 2021. Management has performed an expenditure control exercise to look at all areas to reduce expenses. Following the Territory's border closure to visitors in March 2020, management also revisited its local and international marketing and advertising strategies. Upon the reopening of the Territory's borders on 1 December 2020, the Board is striving to reintroduce the Territory as the premiere leisure vacation destination in the world.

### 22) COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation.