# TOURISM ATTRACTION BOARD

## FINANCIAL STATEMENTS

## 30 JUNE 2015

**Tourism Attraction Board**

**Financial Statements for the year ended 30 June 2015**

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Pedro Castle Historic Site
BOX 305, Pedro Castle Road, Savannah
Grand Cayman, KY1-1501

## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Tourism Attraction Board in accordance with the provisions of the *Public Management and Finance Law, (2013 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law, (2013 Revision)*.

As Chairperson and Director, we are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Tourism Attraction Board.

As Chairperson and Director, we are responsible for the preparation of the Tourism Attraction Board financial statements and for the judgements made in them.

The financial statements fairly present the financial position, performance, and cash flows of the Tourism Attraction Board for the year ended 30 June 2015.

To the best of our knowledge we represent that these financial statements:

(a) Completely and reliably reflect the financial transactions of the Tourism Attraction Board for the year ended 30th June 2015;
(b) Completely and reliably reflect the financial position as at June 30, 2015 and performance for the financial year ended June 30, 2015;
(c) Comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

Mrs. Carla Reid
Chairperson
Tourism Attraction Board
Date: November 21, 2017

Mr. Patrick Thompson
Director
Tourism Attraction Board
Date: November 21, 2017

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# AUDITOR GENERAL'S REPORT

## To the Board Members of the Tourism Attraction Board

I have audited the accompanying financial statements of the Tourism Attraction Board ("the Board") which comprise the statement of financial position as at 30 June 2015 and the related statements of comprehensive income, statement of changes in net worth and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 8 to 28 in accordance with the provisions of Section 60(1)(a) of the Public Management and Finance Law (2013 Revision).

***Management's Responsibilities for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting 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 General's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Tourism Attraction Board as at 30 June 2015 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Sue Winspear, CPFA
Auditor General

21st November 2017

# Tourism Attraction Board
## Statement of Financial Position
## as at 30 June 2015
**(in Cayman Islands dollars)**

| | Note | 2015 | 2014 |
|---|---|---|---|
| **ASSETS** | | $ | $ |
| **Current Assets** | | | |
| Cash and Cash Equivalents | | 1,402,852 | 1,246,560 |
| Accounts Receivables | 4 | 45,697 | 43,927 |
| Inventories | | 39,718 | 66,454 |
| Prepaid Expenses | | 1,748 | 5,922 |
| | | 1,490,015 | 1,362,863 |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 3 | 7,880,007 | 8,019,898 |
| **TOTAL ASSETS** | | **9,370,022** | **9,382,761** |
| **EQUITY AND LIABILITIES** | | | |
| Donated Capital | 5 | 11,637,591 | 11,637,591 |
| Accumulated Deficit | | (5,670,997) | (5,423,273) |
| Revaluation Surplus | | 2,969,784 | 2,969,784 |
| Restricted Funds | | 10,250 | - |
| **Equity** | | 8,946,628 | 9,184,102 |
| **Current Liabilities** | | | |
| Accounts Payable & Accrued Liabilities | 7 | 423,394 | 198,659 |
| | | 423,394 | 198,659 |
| **TOTAL EQUITY AND LIABILITIES** | | **9,370,022** | **9,382,761** |

Approved on behalf of the Board

Carla Reid
Chairperson

Date: November 21, 2017

Patrick Thompson
Director

The accompanying schedules and notes are an integral part of these financial statements.

# Tourism Attraction Board
# Statement of Financial Performance
# for the year ended 30 June 2015
**(in Cayman Islands dollars)**

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | $ | $ |
| **Revenues** | | | |
| Output Funding | 8 | 1,952,214 | 2,033,555 |
| Events, Gift Shops, and Other | 6 | 591,619 | 633,837 |
| Admission Fees | 6 | 381,365 | 385,673 |
| **Total Revenues** | | **2,925,198** | **3,053,065** |
| **EXPENSES** | | | |
| Salaries and Benefits | 10 | 1,424,697 | 1,431,567 |
| Supplies and Consumables | | 436,074 | 412,295 |
| Utilities | | 274,687 | 232,851 |
| Building Maintenance | | 172,640 | 160,233 |
| Depreciation | 3 | 156,687 | 193,957 |
| General Maintenance & Services | | 128,227 | 141,728 |
| Insurance | | 98,563 | 108,365 |
| Advertising and Marketing | | 87,566 | 75,054 |
| Administrative | | 80,869 | 74,623 |
| Professional Fees | | 75,473 | 79,436 |
| Rent | 9 | 70,563 | 70,563 |
| Telephone and Communications | | 59,972 | 58,338 |
| Nursery Supplies and Grounds Maintenance | | 30,358 | 34,208 |
| Vehicle Expenses | | 14,838 | 9,840 |
| Inventory Write-off | | 13,866 | 1,025 |
| Bad Debts | | 6,837 | 14,344 |
| Conferences, Subsistence and Official Travel | | 4,418 | - |
| Uniform, Training and Education | | 2,362 | 3,106 |
| Miscellaneous | | 1,376 | 899 |
| **Total Expenses** | | **3,140,073** | **3,102,433** |
| **Net Deficit for the year** | | **(214,875)** | **(49,368)** |

The accompanying schedules and notes are an integral part of these financial statements.

# Tourism Attraction Board
## Statement of Changes in Equity
## for the year ended 30 June 2015
**(in Cayman Islands dollars)**

| | DONATED CAPITAL | ACCUMULATED DEFICIT | REVALUATION SURPLUS | RESTRICTED FUNDS | TOTAL EQUITY |
|---|---|---|---|---|---|
| **Balance at 30 June 2013** | **11,637,591** | **(5,384,285)** | **2,969,784** | **-** | **9,223,090** |
| Adjustment to Opening Equity | | 10,380 | | | 10,380 |
| Net Deficit for the year | | (49,368) | | | (49,368) |
| **Balance at 30 June 2014** | **11,637,591** | **(5,423,273)** | **2,969,784** | **-** | **9,184,102** |
| Adjustment during the year | | | | 10,250 | 10,250 |
| Adjustment to Opening Equity | | (32,849) | | | (32,849) |
| Net Deficit for the year | | (214,875) | | | (214,875) |
| **Balance at 30 June 2015** | **11,637,591** | **(5,670,997)** | **2,969,784** | **10,250** | **8,946,628** |

The accompanying schedule and notes are an integral part of these financial statements.

# Tourism Attraction Board
# Statement of Cash Flows
# for the year ended 30 June 2015
(in Cayman Islands dollars)

| CASH FLOWS FROM/(USED) IN OPERATING ACTIVITIES | 2015 $ | 2014 $ |
|---|---|---|
| Net Deficit for the year after government subsidy | **(214,875)** | **(49,368)** |
| Add adjustments to reconcile net income to net cash from operating activities | | |
| Depreciation | 156,687 | 193,957 |
| **Operating income/(loss) before working capital changes** | **(58,188)** | **144,589** |
| **Changes in working capital balances** | | |
| Decrease/(Increase) in inventories | 26,736 | 9,203 |
| Decrease/(Increase) in accounts receivable | (1,770) | 12,318 |
| (Increase)/Decrease in prepaid expenses | 4,174 | (2,286) |
| (Decrease)/Increase in accounts payable and accrued liabilities | 224,729 | (268,808) |
| ***Net cash from/(used) in operating activities*** | **195,681** | **(104,983)** |
| **CASH FLOWS USED IN INVESTING ACTIVITIES** | | |
| Purchase of fixed assets | (16,790) | (8,423) |
| ***Net Cash used in investing activity*** | **(16,790)** | **(8,423)** |
| **CASH FLOWS FROM/(USED) IN FINANCING ACTIVITIES** | | |
| Restricted Funds | 10,250 | - |
| Adjustment to Retained Earnings | (32,849) | 10,380 |
| ***Net cash from/(used) by financing activities*** | **(22,599)** | **10,380** |
| ***Net increase/(decrease) in cash and cash equivalents*** | 156,292 | (103,026) |
| **Cash and cash equivalents at beginning of year** | 1,246,560 | 1,349,585 |
| **CASH AND CASH EQUIVALENTS AT THE END OF YEAR** | **1,402,852** | **1,246,560** |

The accompanying schedule and notes are an integral part of these financial statements.

**Tourism Attraction Board**
**Notes to the Financial Statements**
**Segment Reporting (Statement of Financial Position)**
**as at 30 June 2015**
**(in Cayman Islands dollars)**

Statement of Financial Position

| | CCM | HELL | PSJ | QEIIBP | PWO | TAB | CONSOL |
|---|---|---|---|---|---|---|---|
| | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 |
| ASSETS | $ | $ | $ | $ | $ | $ | $ |
| Non-Current Assets | | | | | | | |
| Property, Furniture and Equipment | 3,979 | 2,300 | 6,736,738 | 1,123,739 | 9,622 | 3,629 | 7,880,007 |
| Current Assets | | | | | | | |
| Inventories | - | - | 4,302 | 12,967 | 22,449 | - | 39,718 |
| Trade and Other Receivables | 200 | 5,040 | 21,284 | 14,710 | 4,183 | 280 | 45,697 |
| Prepayments | - | - | - | - | - | 1,748 | 1,748 |
| Interagency Transactions | (100,642) | (2,462) | 50,780 | (112,908) | (30,165) | 195,396 | - |
| Cash and Cash Equivalents | 2,468 | 10,724 | 136,814 | 621,678 | 53,059 | 578,109 | 1,402,852 |
| | (97,974) | 13,302 | 213,180 | 536,447 | 49,527 | 775,533 | 1,490,015 |
| TOTAL ASSETS | (93,995) | 15,602 | 6,949,918 | 1,660,186 | 59,149 | 779,162 | 9,370,022 |
| CAPITAL AND LIABILITIES | | | | | | | |
| Capital and Deficit | | | | | | | |
| Donated Capital | 110,000 | - | 8,617,330 | 2,711,454 | - | 198,806 | 11,637,591 |
| Accumulated Deficit | (209,487) | 13,180 | (4,680,254) | (1,116,389) | (3,255) | 325,208 | (5,670,997) |
| Restricted Funds | - | - | - | 10,250 | - | - | 10,250 |
| Revaluation Surplus | - | - | 2,969,784 | - | - | - | 2,969,784 |
| | (99,487) | 13,180 | 6,906,860 | 1,605,315 | (3,255) | 524,014 | 8,946,628 |
| Non-Current Liabilities | | | | | | | |
| | - | - | - | - | - | - | - |
| Current Liabilities | | | | | | | |
| Accounts Payable and Accruals | 5,492 | 2,422 | 43,058 | 54,871 | 62,403 | 255,148 | 423,394 |
| TOTAL CAPITAL AND LIABILITIES | (93,995) | 15,602 | 6,949,918 | 1,660,186 | 59,149 | 779,162 | 9,370,022 |

**Tourism Attraction Board**
**Notes to the Financial Statements**
**Segment Reporting (Statement of Financial Performance)**
**as at 30 June 2015**
**(in Cayman Islands dollars)**

| Statement of Financial Performance | CCM | HELL | PSJ | QEIIBP | PWF | TAB | CONSOL |
|---|---|---|---|---|---|---|---|
| | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 |
| | $ | $ | $ | $ | $ | $ | $ |
| INCOME | | | | | | | |
| Gift Shop, Events and Other | 1,350 | - | 104,727 | 161,861 | 305,679 | 2 | 573,619 |
| Rental Income | - | 18,000 | - | - | - | - | 18,000 |
| Admission Fees | - | - | 127,105 | 249,117 | - | 5,143 | 381,365 |
| Total Income | 1,350 | 18,000 | 231,831 | 410,978 | 305,679 | 5,146 | 972,984 |
| EXPENSES | | | | | | | |
| Salaries and Benefits | 66,290 | - | 538,781 | 433,943 | 153,282 | 232,400 | 1,424,697 |
| Supplies and Consumables | - | - | 47,440 | 76,026 | 312,609 | - | 436,074 |
| Depreciation | 1,467 | 56 | 90,586 | 55,641 | 6,424 | 2,513 | 156,687 |
| Management Fees | 25,022 | 6,021 | 173,020 | 131,369 | 55,010 | (390,442) | - |
| Insurance | 1,666 | - | 76,218 | 19,672 | 738 | 269 | 98,563 |
| Utilities | 7,199 | 585 | 83,639 | 167,423 | 12,343 | 3,497 | 274,687 |
| General Maintenance & Services | 901 | 24,064 | 90,139 | 10,731 | 1,723 | 669 | 128,227 |
| Building Maintenance | 13,137 | 29,408 | 61,076 | 66,398 | 2,621 | - | 172,640 |
| Advertising and Marketing | - | - | 6,291 | 3,657 | - | 77,618 | 87,566 |
| Professional Fees | 2,562 | 2,142 | 13,200 | 12,000 | 6,384 | 39,185 | 75,473 |
| Administrative | 1,715 | 306 | 22,161 | 22,652 | 23,229 | 10,806 | 80,869 |
| Telephone and Communication Costs | 2,857 | - | 16,445 | 18,949 | 9,759 | 11,962 | 59,972 |
| Nursery Supplies and Grounds | - | - | 4,546 | 25,812 | - | - | 30,358 |
| Vehicle Expenses and Mileage | - | - | 935 | 13,903 | - | - | 14,838 |
| Bad Debts | - | 438 | - | 5,200 | 1,199 | - | 6,837 |
| Conference, Subsistence and Official Travel | - | - | - | 1,313 | - | 3,105 | 4,418 |
| Uniform, Training and Education | - | - | 1,487 | 675 | - | 200 | 2,362 |
| Inventory write-off | - | - | 112 | 106 | 13,648 | - | 13,866 |
| Miscellaneous | 310 | - | 234 | - | 322 | 510 | 1,376 |
| Rent | 12 | - | - | - | 45,351 | 25,200 | 70,563 |
| Total Expenses | 123,139 | 63,020 | 1,226,310 | 1,065,470 | 644,642 | 17,492 | 3,140,073 |
| Net loss for the year before Government Subsidy | (121,789) | (45,020) | (994,479) | (654,492) | (338,963) | (12,346) | (2,167,089) |
| Government Output Funding | 125,111 | 30,106 | 865,100 | 656,844 | 275,052 | 1 | 1,952,214 |
| Net loss for the year after Government Subsidy | 3,322 | (14,914) | (129,379) | 2,352 | (63,911) | (12,345) | (214,875) |

# Tourism Attraction Board
## Notes to the Financial Statements
## Statement of Comparison of Budget and Actual Amounts
## Financial Position
## as at 30 June 2015
**(in Cayman Islands dollars)**

| | Note | 2015 | Budget | Variance |
|---|---|---|---|---|
| **ASSETS** | | $ | $ | $ |
| **Current Assets** | | | | |
| Cash and Cash Equivalents | 16a | 1,402,852 | 1,059,499 | 343,353 |
| Accounts Receivables | 16b | 45,697 | 128,336 | (82,639) |
| Inventories | 16c | 39,718 | 77,500 | (37,782) |
| Prepaid Expenses | | 1,748 | 6,500 | (4,752) |
| | | 1,490,015 | 1,271,835 | 218,180 |
| **Non-Current Assets** | | | | |
| Property, Plant and Equipment | 16d | 7,880,007 | 11,632,161 | (3,752,154) |
| **TOTAL ASSETS** | | **9,370,022** | **12,903,996** | **(3,533,974)** |
| **EQUITY AND LIABILITIES** | | | | |
| Donated Capital | | 11,637,591 | 11,637,590 | 1 |
| Accumulated Deficit | 16e | (5,670,997) | (1,945,557) | (3,725,440) |
| Revaluation Surplus | 16f | 2,969,784 | 3,157,775 | (187,991) |
| Restricted Funds | | 10,250 | - | 10,250 |
| **Equity** | | 8,946,628 | 12,849,808 | (3,903,181) |
| **Current Liabilities** | | | | |
| Accounts Payable and Accrued Liabilities | 16g | 423,394 | 54,188 | 369,206 |
| | | 423,394 | 54,188 | 369,206 |
| **TOTAL EQUITY AND LIABILITIES** | | **9,370,022** | **12,903,996** | **(3,533,974)** |

# Tourism Attraction Board
## Notes to the Financial Statements
## Statement of Comparison of Budget and Actual Amounts
## Financial Performance
## for the year ended 30 June 2015
**(in Cayman Islands dollars)**

| | Note | 2015 | Budget | Variance |
|---|---|---|---|---|
| | | $ | | |
| **Revenues** | | | | |
| Output Funding | | 1,952,214 | 1,952,213 | 1 |
| Events, Gift Shops, and Other | | 591,619 | 570,500 | 21,119 |
| Admission Fees | | 381,365 | 370,000 | 11,365 |
| **Total Revenues** | 16h | **2,925,198** | **2,892,713** | **32,485** |
| **Expenses** | | | | |
| Salaries and Benefits | | 1,424,697 | 1,429,000 | (4,303) |
| Supplies and Consumables | | 436,074 | 438,000 | (1,926) |
| Utilities | | 274,687 | 264,000 | 10,687 |
| Building Maintenance | | 172,640 | 160,405 | 12,235 |
| Depreciation | 16i | 156,687 | 228,184 | (71,497) |
| General Maintenance & Services | | 128,227 | 116,000 | 12,227 |
| Insurance | | 98,563 | 91,000 | 7,563 |
| Advertising and Marketing | | 87,566 | 77,000 | 10,566 |
| Administrative | | 80,869 | 70,000 | 10,869 |
| Professional Fees | | 75,473 | 65,000 | 10,473 |
| Rent | | 70,563 | 60,000 | 10,563 |
| Telephone and Communications | | 59,972 | 48,000 | 11,972 |
| Nursery Supplies and Grounds Maintenance | | 30,358 | 20,000 | 10,358 |
| Vehicle Expenses | | 14,838 | 5,000 | 9,838 |
| Inventory Write-off | | 13,866 | 1,500 | 12,366 |
| Bad Debts | | 6,837 | 3,500 | 3,337 |
| Conferences, Subsistence and Official Travel | | 4,418 | 1,500 | 2,918 |
| Uniform, Training and Education | | 2,362 | 3,000 | (638) |
| Miscellaneous | | 1,376 | 1,500 | (124) |
| **Total Expenses** | | **3,140,073** | **3,082,589** | **57,484** |
| **Net Deficit for the period** | | **(214,875)** | **(189,876)** | **(24,999)** |

# Tourism Attraction Board
## Notes to the Financial Statements
## Reconcilliation of Ownership Agreement and Forecast Statement of Financial Performance
## for the year ended 30 June 2015
**(in Cayman Islands dollars)**

| | Approved Budget 2015 $ | Financial Statements 2015 $ |
|---|---|---|
| ***Ownership agreement:*** | | |
| Sale of Goods and Services | 2,454,713 | - |
| Salaries and Benefits | (1,429,000) | - |
| Supplies and Consumables | (985,905) | - |
| Depreciation | (228,184) | - |
| Impairment of Inventory | (1,500) | - |
| | | |
| ***Statement of financial performance:*** | | |
| Ouput Funding | - | 1,952,213 |
| Events, Gift Shop, and Other | - | 570,500 |
| Admission Fees | - | 370,000 |
| Salaries and Benefits | - | (1,429,000) |
| Supplies and Consumables | - | (438,000) |
| Utilities | - | (264,000) |
| Building Maintenance | - | (160,405) |
| Depreciation | - | (228,184) |
| General Maintenance & Services | - | (116,000) |
| Insurance | - | (91,000) |
| Advertising and Marketing | - | (77,000) |
| Administrative | - | (70,000) |
| Professional Fees | - | (65,000) |
| Rent | - | (60,000) |
| Telephone and Communications | - | (48,000) |
| Nursery Supplies and Grounds Maintenance | - | (20,000) |
| Vehicle Expenses | - | (5,000) |
| Inventory Write-off | - | (1,500) |
| Bad Debts | - | (3,500) |
| Conferences, Subsistence and Official Travel | - | (1,500) |
| Uniform, Training and Education | - | (3,000) |
| Miscellaneous | - | (1,500) |
| Equipment Write-off | - | - |
| **Deficit for the Period** | **(189,876)** | **(189,876)** |

## 1. BACKGROUND INFORMATION

The Tourism Attraction Board (TAB) was established under the Tourism Attraction Board Law, 1996 *(Law 17 of 1996)* on 25 November 1996. The primary function of the Tourism Attraction Board is the general and financial management of Pedro St. James as a building of historic interest and a heritage site for visitors, and of such other land and buildings as may be vested in it or placed under its management, in accordance with the general policies of the Government. The Queen Elizabeth II Botanic Park is a conservation effort of both the Cayman Islands Government and the National Trust for the Cayman Islands and was the second site placed under the management of the Tourism Attraction Board. The Tourism Attraction Board also manages Pirates Week Festival, the Hell Attraction and the Cayman Craft Market. The Pirates Week Festival is an annual event organized by the Pirates Week Committee.

The Tourism Attraction Board Office is located at Pedro St. James National Historic Site, Pedro Castle Road, Savannah, Grand Cayman, Cayman Islands.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tourism Attraction Board are stated in Cayman Islands Dollars. These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). A summary of the significant accounting and reporting policies used in preparing these statements are as follows:

*(a) Basis of Preparation*

In compliance with the Public Management and Finance Law (2013 Revision) these financial statements, for the year ended June 30, 2015, have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), on an accrual basis. For periods up to and including June 30, 2013, the Tourism Attraction Board prepared its financial statements in accordance with International Financial Reporting Standards (IFRS).

The continued existence of the Tourism Attraction Board is contingent on the ongoing support from the Government. As management considers that this support will be ongoing and there are no indications that suggest otherwise, management considers the preparation of the financial statements under the going concern assumption to be appropriate.

The measurement based applied historical cost convention, adjusted for revaluations of certain assets. No account is taken of the effects of inflation.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*(b) Reporting of Budget to Actual*

With the increased focus on stewardship, service delivery and budget management in the public sector, IPSAS requires a comparison of actual financial performance of an entity with the approved budget of the entity, where the budget is publicly available. There are no equivalent requirements in IFRS.

*Heritage Assets*

IPSAS 17 Property, Plant and Equipment provides optional recognition of heritage assets. Assets are described as heritage assets because of their cultural, environmental, natural, scientific, technological or artistic significance. Heritage assets include historical buildings, and monuments, conservation areas, and nature reserves, works of art and artefacts.

*Exchange Transactions and Non-Exchange Transactions*

Non-exchange transactions are those transactions where an entity either receives from another entity without directly giving approximate equal value in exchange, or gives value to an entity without directly receiving approximately equal value in exchange. IPSAS provides principles to guide the measurement of recognition of non-exchange transactions, whereas IFRS is generally silent on the matter. Government grants received are considered to be non-exchange transactions.

*Impairment of Non – Cash Generating Assets*

In light of assets recognized based purely on service potential, as opposed to economic benefit, IPSAS also provides guidance for impairment considerations for non-cash generating assets.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*(c) Use of Estimates*

The preparation of the financial statements 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 the reported amounts of income and expenses during year. Actual results could differ from these estimates, the impact of which would be recorded in future periods.

*(d) New and revised standards and interpretations that are not yet effective:*

Certain new, revised and amended standards and interpretations came into effect during the current financial year. There was no material impact on the financial statements as a result of those amendments.

*(e) Property, Plant and Equipment*

Buildings and Externals are stated at revalued cost less accumulated depreciation and impairment losses, with the exception of Heritage Assets. Building and Externals are initially recorded at cost; other categories of Property, Plant and Equipment are stated at historical cost. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of financial performance. Property, plant and equipment are depreciated using the straight-line method. The following rates estimated to write off the cost of the assets over their expected useful lives are shown below:-

| | |
|---|---|
| Buildings | 1.25 - 2.0% |
| Multimedia, Furniture and Fixtures | 12.5% |
| Motor Vehicles | 20.0% |
| Start-up Costs and Computer Equipment | 33.3% |

The capital costs of the Great House, Period Furnishings and the Botanical Gardens have not been depreciated since these will be maintained in perpetuity. These assets are considered Heritage Assets. All future expenditures on these assets will be expensed in the year that these costs are incurred.

*(f) Foreign Currency Translation*

Assets and liabilities denominated in currencies other than the Cayman Islands Dollar are translated at exchange rates in effect at the date of the Statement of Financial Position. Revenue and expense transactions denominated in currencies other than Cayman Islands Dollar are translated at exchange rates at the time of those transactions. Gains and losses on exchange are taken to the Statement of Financial Performance.

*(g) Inventory*

Inventory is valued at the lower of cost and net realisable value on a first-in, first-out method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*(h) Pensions and Other Post-Retirement Benefits*

In accordance with the Cayman Islands National Pensions Law, the Tourism Attraction Board joined a defined contribution pension plan. The employer and employees began monthly contributions at a rate of 5%. The employer's contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that the cash refund or a reduction in the future payments is available.

A defined contribution plan is a pension plan under which the Tourism Attraction Board pays fixed contribution into a separate entity (Silver Thatch Pensions). The Tourism Attraction Board has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined pension scheme contributions are charged to the Statement of Financial Performance based on a set contribution rate. The total amount recognised as pension expense as at 30 June 2015 was $43,787.93 and (2014 - $48,671.56). There was an average of 34 employees at Tourism Attraction Board during the year ended 30 June 2015 (2014 - 38 employees).

*(i) Borrowing Cost*

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the Statement of Financial Performance.

*(j) Revenue Recognition*

Revenue comprises the fair value of the consideration, received or receivable for the sale of goods or services in the ordinary course of the Tourism Attraction Board's activities. Revenue is shown net of returns and discounts. Income is recognised upon delivery of goods and customer acceptance, or on the performance of services

*(k) Government Grants*

Grants that compensate the Tourism Attraction Board for expenses incurred are recognised as revenue in the Statement of Financial Performance on a systematic basis in the same period in which the expenses are incurred.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*(l) Expenses*

Expenses are recognised in the accounting period in which they are incurred.

*(m) Operating Leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Where incentives are received under an operating lease, the expenses are recognised on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

*(n) Trade Receivables*

Trade receivables are recognised initially at fair value and subsequently measured at cost less provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Tourism Attraction Board will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquencies in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired.

*(o) Cash and Cash Equivalents*

For purposes of reporting cash flows, cash and cash equivalents includes cash in hand and cash deposits with original maturities of three months or less. All cash and cash equivalents are held at commercial banks in the Cayman Islands.

*(p) Financial assets and liabilities*

*Classification*

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

*Recognition*

The Tourism Attraction Board recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in financial liabilities measured at amortised cost are recognised in the statement of financial performance.

Financial assets comprise cash and cash equivalents, accounts receivable and deposits. Financial liabilities comprise accounts payable and accrued liabilities. Management determines the classification of its financial assets and liabilities at initial recognition.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Measurement*

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value of consideration received.

*Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Tourism Attraction Board has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis. At June 30, 2015 and 2014, there were no assets or liabilities reported on a net basis.

*Impairment*

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of financial performance.

*Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Tourism Attraction Board has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

*Fair value*

The fair value of financial instruments approximates their carrying value principally due to the short-term nature of such instruments.

*(q) Budget amounts*

The budget amounts for the financial year are presented in the 2014/15 Ownership Agreement and approved by the Board and the Legislative Assembly.

## 3. PROPERTY, PLANT AND EQUIPMENT

| Description | Land | Heritage Assets | Buildings & External Works | Multimedia, Furniture & Fixtures, Other | Motor Vehicles | Computers & Office Equipment | Start-up Costs | Total |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Cost: | | | | | | | | |
| At 30 June 2014 | 3,973,000 | - | 4,307,972 | 656,003 | 84,063 | 132,856 | 214,838 | 9,368,732 |
| Additions | - | - | - | 16,095 | - | 695 | - | 16,790 |
| Disposals | - | - | - | - | - | - | - | - |
| At 30 June 2015 | 3,973,000 | - | 4,307,972 | 672,098 | 84,063 | 133,551 | 214,838 | 9,385,522 |
| Accumulated Depreciation: | | | | | | | | |
| At 30 June 2014 | - | - | 323,114 | 608,982 | 79,791 | 122,103 | 214,838 | 1,348,828 |
| Charge for Year | - | - | 136,824 | 14,920 | 1,115 | 3,827 | - | 156,687 |
| Charge on Disposal | - | - | - | - | - | - | - | - |
| At 30 June 2015 | - | - | 459,938 | 623,902 | 80,906 | 125,930 | 214,838 | 1,505,515 |
| Net Book Value: | | | | | | | | |
| At 30 June 2015 | 3,973,000 | - | 3,848,034 | 48,195 | 3,157 | 7,621 | - | 7,880,007 |
| At 30 June 2014 | 3,973,000 | - | 3,984,858 | 47,021 | 4,272 | 10,747 | - | 8,019,898 |

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost of land purchased for Pedro St. James is included in Property, Plant, and Equipment. The land at the Queen Elizabeth II Botanic Park (Park) is owned 50% each by the Crown and the National Trust of the Cayman Islands. Prior to the official opening of the Park, the National Trust for the Cayman Islands contributed volunteer labour and funding to assist in the development of the Park. These cash and non-cash expenditures have not been included in the financial statements since the donations were made prior to the establishment of the Tourism Attraction Board.

***Revaluation***

Property was revalued as at March 2012, by an independent professional firm, DDL Studio Quantity Surveyors located in Grand Cayman, and is stated at revalued amounts. The Botanical Gardens, the Great House and Period Furnishing are classified as Heritage Assets and are not depreciated. These Heritage Assets no longer have a carrying value in Property, Plant and Equipment.

## 4. TRADE AND OTHER RECEIVABLES

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Trade Receivables | 74,754 | 58,271 |
| Less Provision for Bad Debts | (29,057) | (14,344) |
| **Total** | **45,697** | **43,927** |

## 5. DONATED CAPITAL

There were no Capital donations for the year ended 30 June 2015.

## 6. INCOME

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Events | 234,503 | 226,136 |
| Gift Shop | 213,919 | 243,412 |
| Other | 143,197 | 164,289 |
| Total Events, Gift Shop and Other | 591,619 | 633,837 |
| Admission Fees | 381,365 | 385,674 |
| **Total** | **972,984** | **1,019,511** |

## 6. INCOME (continued)

Income for the Gift Shop represents the invoice price of goods sold net of discounts, while income for Admissions, Events, and Other represents the invoice price of services rendered net of discounts.

Other income includes sponsorship received for the National Festival, proceeds from plant sales at the Botanic Park and Rent from the Hell Attraction.

## 7. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Accounts Payable | 232,115 | 80,845 |
| Audit/Accounting Fee Accrual | 110,375 | 83,267 |
| Payroll Liabilities | 34,153 | 32,226 |
| Unearned Revenue | 25,270 | 1,010 |
| Blue Iguana Recovery Payable | 21,481 | 1,311 |
| **Total** | **423,394** | **198,659** |

Accounts payables and accrued liabilities are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received. The amounts are discounted where the effect of the time value of money is material. Accounts payable includes invoices received from suppliers not yet settled.

## 8. RELATED PARTY TRANSACTIONS

In the year ended 30 June 2015, the Cayman Islands Government's subsidy to the Tourism Attraction Board's heritage sites was $1,952,214 (2014 - $2,033,555). To continue as going a concern, Tourism Attraction Board will require annual assistance from the Government for the foreseeable future.

The Tourism Attraction Board also relies on the Cayman Islands Government to provide or arrange long-term finance for capital development projects.

Insurance coverage for assets of the historic sites and the Pirates Week Festival managed under the Tourism Attraction Board is provided through the Cayman Islands Government.

The Auditor General has statutory responsibility for the audit of the Tourism Attraction Board and the five (5) entities that it manages. The audit fee charged in the year ended 30 June 2015 was $45,000 (2014 - $45,000). An additional $25,000 charge was incurred in the 2014 financial year for the additional work required during the transition in reporting standard from IFRS to IPSAS, however, this amount was recorded in the 2015 fiscal period as a prior period adjustment and constitutes a portion of the accounts payable amount previously stated.

## 8. RELATED PARTY TRANSACTIONS (CONTINUED)

The Tourism Attraction Board also depends on legal advice of the Cayman Islands Legal Department. During the years ended 30 June 2015 and 30 June 2014, the Cayman Islands Legal Department did not charge any legal fees to the Tourism Attraction Board.

Key Management Personnel

There is one (1) full-time equivalent personnel considered at the senior management level. The total remuneration includes: regular salary, allowances and pension contributions. Total remuneration for this individual in 2015 was $107K (2014: 107K). There have been no loans made to key management personnel or close family members in 2015.

## 9. COMMITMENTS

On August 19, 2014, the TAB Admin Office entered into an operating lease agreement which will expire on July 31, 2015. The Pirates Week Office leases a Gift Shop & Administrative Office under an operating lease that expired on August 31, 2008. This lease has subsequently been extended on a month to month basis.

| | | 2015<br>$ | 2014<br>$ |
|---|---|---|---|
| Minimum lease payments | | | |
| Payable within one year (PWO: $45K, TAB: $25K) | | 70,563 | 67,225 |
| | **CI** | **70,563** | **67,225** |

As at 30 June 2015, the Tourism Attraction Board had no other commitments for which provisions have not been made in these financial statements.

## 10. SALARIES & BENEFITS

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Salaries & Wages | 1,309,485 | 1,296,551 |
| Health Insurance | 64,038 | 59,116 |
| Pension Contributions | 43,788 | 48,672 |
| Other | 7,386 | 27,228 |
| **Total** | **1,424,697** | **1,431,567** |

## 11. FINANCIAL INSTRUMENTS

Fair Values

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

i) Short-term financial assets and liabilities

The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise cash, accounts receivable, and prepayments. Short-term financial liabilities comprise accounts payable, accrued expenses and deferred revenue.

ii) Long-term financial assets and liabilities

The carrying value of the long – term liabilities approximates their fair value.

Credit Risk

The entity offers its services to customers primarily in the Cayman Islands. Credit risk arises from the possibility that customers and counterparties may default on their obligations to the entity. The amount of the entity's maximum exposure to credit risk is indicated by the carrying amount of its financial assets. The entity performs ongoing credit reviews on its customers and counterparties and provisions are set aside against amounts deemed irrecoverable.

## 12. CONTINGENT LIABILITIES

There were no legal actions or claims made against the TAB and its subsidiaries during this financial year.

## 13. TAXATION

Under the governing laws of the Cayman Islands, there is no income, sales or other taxes payable by Tourism Attraction Board. The Board is not liable for taxation in any other jurisdiction.

## 14. SUBSEQUENT EVENTS

No material events, favourable or unfavourable, which would have impacted upon the statements, have been incurred between the reporting date and the date on which the financial statements were authorized for issue.

## 15. SEGMENT REPORTING

Segment reporting is presented in a format which represents the various entities as the segments that make up the Tourism Attraction Board. The TAB managed entities have been consolidated for presentation purposes. These include Pedro St. James, the Queen Elizabeth II Botanic Park, Cayman Craft Market, the Hell Attraction and the Pirates Week Festival.

## 16. EXPLANATIONS OF MAJOR VARIANCE AGAINST BUDGET

The following major budget variations occurred between the 2014/15 Actuals and the 2014/15 Budget:

***Statement of Financial Position***

a. Cash and Cash Equivalents were over budget by $343,353 as it was management's intention to reduce current liabilities by approximately $300K. This was addressed in the subsequent period.

b. Accounts Receivables were less than budget by $82,639 due to improved debt collection efforts and decreased credit sales in the second half of the fiscal period.

c. Inventory was less than budget by $37,782 due to a decision made during the year to reduce the carrying quantities at the three gift shops.

d. Property, Plant and Equipment was $3,752,154 less than budget due to the change in reporting standard (from IFRS to IPSAS) and the adjustments made based on the revaluation of assets.

e. Accumulated deficit increased by $3,725,440 primarily due to the change in reporting standard (from IFRS to IPSAS) and revaluation losses that were not included in the initial calculations.

f. The actual Revaluation Surplus was less than budget by $187,991. The amount of $3,157,775 was initially recorded on the books of the TAB in the previous financial year and was used when preparing the 2014/15 budget. Revaluation Surplus was reduced after it was realized that not all revaluation losses were included in the initial calculations.

g. Accounts Payable and Accrued Liabilities were $369,206 more than budget due to the payment of current liabilities being inadvertently deferred to the subsequent period.

***Statement of Financial Performance***

h. Revenue exceeded budget by $32,485 and was primarily due to an initial projected decrease in events revenue for the period. However, the actual revenue from events as well as gift shop sales significantly increased.

i. Depreciation was less than budget by $71,497 due to the findings of revaluation exercise conducted on Property, Plant and Equipment across all entities.