

TOURISM ATTRACTION BOARD

FINANCIAL STATEMENTS

30 JUNE 2016

Tourism Attraction Board

Financial Statements for the year ended 30 June 2016

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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, financial performance, and cash flows of the Tourism Attraction Board for the year ended 30 June 2016.

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 2016;
- (b) Completely and reliably reflect the financial position as at June 30, 2016 and performance for the financial year ended June 30, 2016;
- (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: August 8, 2018

Mr. Patrick Thompson
Director
Tourism Attraction Board
Date: August 8, 2018

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Tourism Attraction Board

I have audited the accompanying financial statements of the Tourism Attraction Board, which comprise the statement of financial position as at 30 June 2016 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 25 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'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 2016 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

A handwritten signature in black ink, appearing to read 'Sue Winspear', written in a cursive style.

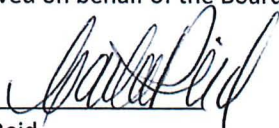
Sue Winspear, CPFA
Auditor General

8 August 2018
Cayman Islands

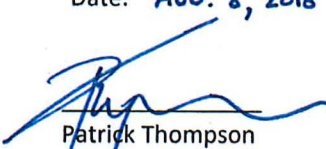
Tourism Attraction Board
Statement of Financial Position
as at 30 June 2016
(In Cayman Islands dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		\$	\$
ASSETS			
Current Assets			
Inventories		42,034	39,718
Accounts Receivables	4	40,635	45,697
Prepaid Expenses		-	1,748
Cash and Cash Equivalents		<u>1,363,923</u>	<u>1,402,851</u>
		1,446,591	1,490,014
Non-Current Assets			
Property, Plant and Equipment	3	<u>4,876,824</u>	<u>7,880,007</u>
TOTAL ASSETS		<u>6,323,415</u>	<u>9,370,021</u>
EQUITY AND LIABILITIES			
Donated Capital	5	11,637,590	11,637,590
Accumulated Deficit		(5,943,091)	(5,670,997)
Revaluation Surplus	3	320,784	2,969,784
Restricted Funds		<u>46,700</u>	<u>10,250</u>
Equity		6,061,984	8,946,627
Current Liabilities			
Accounts Payable & Accrued Liabilities	7	<u>261,431</u>	<u>423,394</u>
		261,431	423,394
TOTAL EQUITY AND LIABILITIES		<u>6,323,415</u>	<u>9,370,021</u>

Approved on behalf of the Board


Carla Reid
Chairperson

Date: **AUG. 8, 2018**


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 2016
(in Cayman Islands dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		\$	\$
Revenues			
Events, Gift Shops, and Other	6	667,477	591,619
Admission Fees	6	376,884	381,364
Output Funding	8	1,902,213	1,952,214
Total Revenues		<u>2,946,574</u>	<u>2,925,198</u>
Expenses			
Salaries and Benefits	10	1,474,625	1,424,697
Supplies and Consumables		412,880	436,074
Revaluation Deficit	3	219,913	-
Building Maintenance		201,097	172,640
Utilities		199,001	274,687
Depreciation	3	155,007	156,687
General Maintenance & Services		103,283	128,227
Insurance		78,710	98,563
Advertising and Marketing		50,609	87,566
Administrative		97,054	80,869
Professional Fees		72,217	75,473
Rent	9	42,853	70,563
Telephone and Communications		52,578	59,972
Nursery Supplies and Grounds Maintenance		25,039	30,358
Vehicle Expenses		10,707	14,838
Inventory Write-off		5,922	13,866
Bad Debts		14,797	6,837
Conferences, Subsistence and Official Travel		5,759	4,418
Uniform, Training and Education		1,200	2,362
Miscellaneous		419	1,376
Total Expenses		<u>3,223,668</u>	<u>3,140,073</u>
Net Deficit for the year		<u>(277,094)</u>	<u>(214,875)</u>

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 2016

(in Cayman Islands dollars)

	DONATED CAPITAL	ACCUMULATED DEFICIT	REVALUATION SURPLUS	RESTRICTED FUNDS	TOTAL EQUITY
Balance at 30 June 2014	11,637,590	(5,423,274)	2,969,784	-	9,184,101
Adjustment to Opening Equity		(32,849)			(32,849)
Adjustments				10,250	10,250
Net Deficit for the year		(214,875)			(214,875)
Balance at 30 June 2015	11,637,590	(5,670,997)	2,969,784	10,250	8,946,627
Adjustment during the year				36,450	36,450
Adjustment to Opening Equity		5,000			5,000
Adjustment to Revaluation Deficit			(2,649,000)		(2,649,000)
Net Deficit for the year		(277,094)		-	(277,094)
Balance at 30 June 2016	11,637,590	(5,943,091)	320,784	46,700	6,061,984

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 2016
(in Cayman Islands dollars)

	<u>2016</u>	<u>2015</u>
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net Deficit for the year after government subsidy	(277,094)	(214,875)
Add adjustments to reconcile net income to net cash from operating activities		
Depreciation	155,007	156,687
Operating Deficit before working capital changes	(122,087)	(58,188)
Changes in working capital balances		
(Increase)/Decrease in inventories	(2,316)	26,736
Decrease/(Increase) in accounts receivable	5,062	(1,770)
Decrease in prepaid expenses	1,748	4,174
(Decrease)/Increase in accounts payable and accrued liabilities	(161,963)	224,729
<i>Net cash used in operating activities</i>	<u>(279,556)</u>	<u>195,681</u>
 CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of fixed assets	(20,736)	(16,790)
Revaluation Loss	219,913	-
<i>Net Cash used in investing activities</i>	<u>199,177</u>	<u>(16,790)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted Funds	36,450	10,250
Adjustment to Retained Earnings	5,000	(32,849)
<i>Net cash provided by/used in financing activities</i>	<u>41,450</u>	<u>(22,599)</u>
 <i>Net decrease in cash and cash equivalents</i>	(38,929)	156,293
 Cash and cash equivalents at beginning of year	<u>1,402,852</u>	<u>1,246,559</u>
 CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>1,363,923</u></u>	<u><u>1,402,852</u></u>

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

Tourism Attraction Board
Statement of Segmented Operations
as at 30 June 2016
(in Cayman Islands dollars)

Statement of Financial Position							
	CCM	HELL	PSJ	QEIBP	PWO	TAB	CONSOL
	2016	2016	2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Non-Current Assets							
Property, Furniture and Equipment	5,703	2,244	3,846,487	1,014,310	5,890	2,189	4,876,824
Current Assets							
Inventories	-	-	7,529	17,935	16,570	-	42,034
Trade and Other Receivables	975	3,920	19,164	6,922	8,839	815	40,635
Interagency Transactions	(98,189)	6,482	131,637	(112,137)	(22,077)	94,285	-
Cash and Cash Equivalents	1,354	5,499	163,728	630,093	43,779	519,469	1,363,923
	<u>(95,860)</u>	<u>15,900</u>	<u>322,057</u>	<u>542,813</u>	<u>47,112</u>	<u>614,569</u>	<u>1,446,591</u>
TOTAL ASSETS	<u>(90,157)</u>	<u>18,144</u>	<u>4,168,543</u>	<u>1,557,123</u>	<u>53,002</u>	<u>616,759</u>	<u>6,323,415</u>
CAPITAL AND LIABILITIES							
Capital and Deficit							
Donated Capital	110,000	-	8,617,330	2,711,454	-	198,806	11,637,590
Accumulated Deficit	(205,554)	17,966	(4,808,486)	(1,225,143)	24,152	253,974	(5,943,091)
Restricted Funds	-	-	-	46,700	-	-	46,700
Revaluation Surplus	-	-	320,784	-	-	-	320,784
	<u>(95,554)</u>	<u>17,966</u>	<u>4,129,629</u>	<u>1,533,012</u>	<u>24,152</u>	<u>452,780</u>	<u>6,061,984</u>
Current Liabilities							
Accounts Payable and Accruals	<u>5,398</u>	<u>178</u>	<u>38,915</u>	<u>24,112</u>	<u>28,850</u>	<u>163,979</u>	<u>261,431</u>
TOTAL CAPITAL AND LIABILITIES	<u>(90,157)</u>	<u>18,144</u>	<u>4,168,543</u>	<u>1,557,123</u>	<u>53,002</u>	<u>616,759</u>	<u>6,323,415</u>

Tourism Attraction Board
Statement of Segmented Operations
as at 30 June 2016
(in Cayman Islands dollars)

Statement of Financial Performance							
	CCM	HELL	PSJ	QEIBP	PWF	TAB	CONSOL
	2016	2016	2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$	\$
INCOME							
Gift Shop, Café, Events, Bar and Other	1,725	-	160,159	156,515	331,076	2	649,477
Rental Income	-	18,000	-	-	-	-	18,000
Admission Fees	-	-	157,672	230,416	-	(11,204)	376,884
Total Income	1,725	18,000	317,831	386,931	331,076	(11,202)	1,044,361
EXPENSES							
Salaries and Benefits	70,548	-	423,208	516,542	149,873	314,455	1,474,625
Supplies and Consumables	-	-	76,706	58,411	277,606	157	412,880
Depreciation	1,315	56	91,782	55,996	3,732	2,125	155,007
Management Fees	25,022	6,021	170,020	124,369	55,010	(380,443)	-
Insurance	137	-	64,413	13,270	649	242	78,710
Utilities	6,531	645	82,327	98,741	10,305	453	199,001
Operations & Maintenance	204	616	86,975	13,824	1,075	588	103,283
Building and Equipment Maintenance	13,088	31,817	72,163	80,438	3,591	-	201,097
Advertising and Marketing	-	-	5,284	2,431	-	42,894	50,609
Professional Fees	2,562	2,142	13,200	12,000	6,384	35,929	72,217
Administrative Expenses	788	522	22,111	24,431	22,234	26,968	97,054
Telephone and Communication Costs	2,613	-	15,106	18,467	8,105	8,286	52,578
Nursery Supplies and Grounds	95	-	2,702	22,242	-	-	25,039
Vehicle Expenses and Mileage	-	-	1,088	9,619	-	-	10,707
Bad Debt	-	1,500	3,292	4,592	5,412	-	14,797
Conference, Subsistence and Official Travel	-	-	-	2,918	-	2,841	5,759
Uniform, Training and Education	-	-	768	343	-	89	1,200
Revaluation Deficit	-	-	164,290	55,623	-	-	219,913
Inventory write-off	-	-	616	3,252	2,054	-	5,922
Miscellaneous Expense	-	-	111	21	-	288	419
Rent	-	-	-	-	37,692	5,161	42,853
Total Expenses	122,903	43,320	1,296,162	1,117,529	583,722	60,032	3,223,668
Net Deficit for the year before Government Subsidy	(121,178)	(25,320)	(978,331)	(730,597)	(252,646)	(71,235)	(2,179,307)
Government Output Funding	125,111	30,106	850,100	621,844	275,052	-	1,902,213
Net Deficit for the year after Government Subsidy	3,933	4,786	(128,231)	(108,753)	22,406	(71,235)	(277,094)

Tourism Attraction Board
Statement of Comparison of Budget and Actual Amounts
Financial Position
as at 30 June 2016
(in Cayman Islands dollars)

	<u>Note</u>	<u>2016</u>	<u>Budget</u>	<u>Variance</u>
ASSETS		\$	\$	\$
Current Assets				
Inventories	16a	42,034	65,000	(22,966)
Accounts receivable	16b	40,635	105,766	(65,131)
Prepaid expenses		-	6,500	(6,500)
Cash and cash equivalents	16c	1,363,923	1,487,002	(123,079)
		<u>1,446,591</u>	<u>1,664,268</u>	<u>(217,677)</u>
Non-Current Assets				
Property, plant and equipment	16d	4,876,824	9,917,469	(5,040,645)
TOTAL ASSETS		<u>6,323,415</u>	<u>11,581,737</u>	<u>(5,258,322)</u>
EQUITY AND LIABILITIES				
Donated capital		11,637,590	11,637,590	-
Accumulated deficit	16e	(5,943,091)	(1,819,998)	(4,123,093)
Revaluation Surplus	16f	320,784	1,665,280	(1,344,496)
Restricted Funds		46,700	-	46,700
Equity		<u>6,061,984</u>	<u>11,482,872</u>	<u>(5,420,889)</u>
Current Liabilities				
Accounts payable and accrued liabilities	16g	261,431	98,864	162,567
		<u>261,431</u>	<u>98,864</u>	<u>162,567</u>
TOTAL EQUITY AND LIABILITIES		<u>6,323,415</u>	<u>11,581,737</u>	<u>(5,258,322)</u>

Tourism Attraction Board
Statement of Comparison of Budget and Actual Amounts
Financial Performance
for the year ended 30 June 2016
(in Cayman Islands dollars)

	<u>Note</u>	<u>2016</u>	<u>Budget</u>	<u>Variance</u>
		\$		
Revenues				
Events, Gift Shops, and Other	16h	667,477	311,516	355,961
Admission Fees		376,884	368,000	8,884
Output Funding		1,902,213	1,902,213	-
Total Revenues		<u>2,946,574</u>	<u>2,581,729</u>	<u>364,845</u>
Expenses				
Salaries and Benefits	16i	1,474,625	1,382,000	92,625
Supplies and Consumables	16j	412,880	-	412,880
Revaluation Deficit	16k	219,913	-	219,913
Utilities		201,097	192,100	8,997
Building Maintenance		199,001	190,010	8,991
Depreciation	16l	155,007	198,897	(43,891)
General Maintenance & Services		103,283	111,788	(8,505)
Insurance		78,710	86,000	(7,290)
Advertising and Marketing		50,609	56,000	(5,391)
Administrative		97,054	106,000	(8,946)
Professional Fees		72,217	81,000	(8,783)
Rent		42,853	50,000	(7,147)
Telephone and Communications		52,578	60,000	(7,422)
Nursery Supplies and Grounds Maintenance		25,039	28,000	(2,961)
Vehicle Expenses		10,707	15,000	(4,293)
Inventory Write-off		5,922	1,000	4,922
Bad Debts		14,797	17,000	(2,204)
Conferences, Subsistence and Official Travel		5,759	5,434	325
Uniform, Training and Education		1,200	1,000	200
Miscellaneous		419	500	(81)
Total Expenses		<u>3,223,668</u>	<u>2,581,729</u>	<u>641,939</u>
Net (Deficit)/Surplus for the period		<u>(277,094)</u>	<u>-</u>	<u>(277,094)</u>

Tourism Attraction Board
Reconciliation of Ownership Agreement and Forecast Statement of
Financial Performance
for the year ended 30 June 2016
(in Cayman Islands dollars)

	Approved Budget 2016 \$	Financial Statements 2016 \$
<i>Ownership agreement:</i>		
Sale of goods and services	2,581,729	-
Salaries and Benefits	(1,382,000)	
Supplies and consumables	(999,832)	-
Depreciation	(198,897)	
Impairment of inventory	(1,000)	-
<i>Statement of financial performance:</i>		
Events, Gift Shop, and Other	-	311,516
Admission Fees	-	368,000
Government Subsidy	-	1,902,213
Salaries and Benefits	-	(1,382,000)
Supplies and Consumables	-	-
Utilities	-	(192,100)
Building Maintenance	-	(190,010)
Depreciation	-	(198,897)
General Maintenance & Services	-	(111,788)
Insurance	-	(86,000)
Advertising and Marketing	-	(56,000)
Administrative	-	(106,000)
Professional Fees	-	(81,000)
Rent	-	(50,000)
Telephone and Communications	-	(60,000)
Nursery Supplies and Grounds Maintenance	-	(28,000)
Vehicle Expenses	-	(15,000)
Inventory Write-off	-	(1,000)
Bad Debts	-	(17,000)
Conferences, Subsistence and Official Travel	-	(5,434)
Uniform, Training and Education	-	(1,000)
Miscellaneous	-	(500)
Surplus or (Deficit) for the period	-	-

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
(Stated in Cayman Islands Dollars)

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. 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, 2016, 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.

(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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
(Stated in Cayman Islands Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 & Equipment

Land, Buildings and External Works are stated at revalued cost less accumulated depreciation and impairment losses, with the exception of Heritage Assets. 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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
(Stated in Cayman Islands Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, Plant & Equipment (continued)

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.

(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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
(Stated in Cayman Islands Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 2016 was \$53,357.40 and (2015 - \$43,787.93). There was an average of 32 employees at Tourism Attraction Board during the year ended 30 June 2016 (2015 - 34 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.

(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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
(Stated in Cayman Islands Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade Receivables (continued)

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.

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, 2016 and 2015, there were no assets or liabilities reported on a net basis.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
(Stated in Cayman Islands Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets and liabilities (continued)

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 2015/16 Ownership Agreement and approved by the Board and Legislative Assembly.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
(Stated in Cayman Islands Dollars)

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 2015	3,973,000	-	4,307,972	672,098	84,063	133,551	214,838	9,385,522
Prior period Adjustments	-	-	2,827	2,872	-	-	-	5,699
Additions	-	-	7,777	12,274	-	685	-	20,736
Disposals	-	-	-	-	-	-	-	-
Revaluation	(2,649,000)	-	(817,212)	-	-	-	-	(3,466,212)
At 30 June 2016	1,324,000	-	3,501,364	687,244	84,063	134,236	214,838	5,945,745
Accumulated Depreciation:								
At 30 June 2015	-	-	459,938	623,902	80,905	125,929	214,838	1,505,514
Prior period Adjustments	-	-	772	4,928	-	-	-	5,700
Charge for Year	-	-	137,444	13,040	1,115	3,408	-	155,007
Revaluation	-	-	(597,299)	-	-	-	-	(597,299)
At 30 June 2016	-	-	855	641,871	82,020	129,337	214,838	1,068,921
Net Book Value:								
At 30 June 2016	1,324,000	-	3,500,509	45,373	2,043	4,899	-	4,876,824
At 30 June 2015	3,973,000	-	3,848,034	48,195	3,157	7,621	-	7,880,007

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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
(Stated in Cayman Islands Dollars)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation

Property was revalued as at November 2016, by an independent professional firm, DDL Studio Quantity Surveyors located in Grand Cayman, and is stated at revalued amounts. The process commenced in May 2016 and a decision was made to use the report for the 2015-16 fiscal period. The Botanical Gardens, the Great House and Period Furnishing are classified as Heritage Assets and do not have a carrying value. The revaluation exercise resulted in a revaluation deficit of \$219,913 in the category of Buildings & External Works, however, the prior revaluation surplus of \$2,969,784, in the Land category, was reduced by \$2,649,000 to \$320,784.

4. TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Trade Receivables	45,635	74,754
Less Provision for Bad Debts	(5,000)	(29,057)
Total	40,635	45,697

5. DONATED CAPITAL

There were no Capital donations for the year ended 30 June 2016.

6. INCOME

	2016	2015
	\$	\$
Events	280,576	234,503
Gift Shop	264,690	213,919
Other	122,211	143,197
Total Events, Gift Shop and Other	667,477	591,619
Admission Fees	376,884	381,365
Total	1,044,361	972,984

Income for the Gift Shop represents the invoice price of goods sold net of discounts, while income for Admissions (Theatre), 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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
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7. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2016	2015
	\$	\$
Accounts Payable	69,135	232,115
Audit/Accounting Fee Accrual	124,451	110,375
Payroll Liabilities	61,123	34,153
Unearned Revenue	6,722	25,270
Blue Iguana Recovery Payable	-	21,481
Total	261,431	423,394

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 2016, the Cayman Islands Government's subsidy to the Tourism Attraction Board's heritage sites was \$1,902,213 (2015 - \$1,952,214). 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 2016 was \$45,000 (2015 - \$45,000).

The Tourism Attraction Board also depends on legal advice of the Cayman Islands Legal Department. During the years ended 30 June 2016 and 30 June 2015, 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 2016 was \$119K (2015: 107K). There have been no loans made to key management personnel or close family members in 2015 - 2016.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
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9. COMMITMENTS

On August 19, 2014, the TAB Admin Office entered into an operating lease agreement which will expire on July 31, 2016. 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.

	2016	2015
	\$	\$
Minimum lease payments		
Payable within one year	42,853	70,563
(PWO: \$37K, TAB: \$5K)		
	<u>42,853</u>	<u>70,563</u>
CI	<u>42,853</u>	<u>70,563</u>

As at 30 June 2016, the Tourism Attraction Board had no other commitments for which provisions have not been made in these financial statements.

10. SALARIES & BENEFITS

	2016	2015
	\$	\$
Salaries & Wages	1,309,160	1,309,485
Health Insurance	70,353	64,038
Pension Contributions	53,357	43,788
Other	41,755	7,386
Total	<u>1,474,625</u>	<u>1,424,697</u>

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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
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11. FINANCIAL INSTRUMENTS (continued)

Fair Values (continued)

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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
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16. EXPLANATIONS OF MAJOR VARIANCE AGAINST BUDGET

The following major budget variations occurred between the 2015/16 Actuals and the 2015/16 Budget:

Statement of Financial Position

- a. Inventory was less than budget by \$22,966 due to a decision made during the year to reduce the carrying quantities at the three gift shops.
- b. Accounts Receivable was \$65,131 less than budget due to improved debt collection efforts and decreased credit sales in the second half of the fiscal period.
- c. Cash and cash equivalents were under budget by \$123,079 as management made a concerted effort to reduce the position of Current Liabilities by more than \$100k.
- d. Property, Plant and Equipment was \$5,040,645 less than budget due to the change in reporting standard (from IFRS to IPSAS) and the adjustments made based on the revaluation of assets which resulted in losses to Land as well as Buildings and External Works. The budget was submitted prior to the change in reporting standard.
- e. Accumulated deficit increased by \$4,123,093 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 \$1,344,496. Revaluation Surplus was increased after the separation of surplus and deficit categories of assets which were initially combined for a net position.
- g. Accounts Payable and Accrued Liabilities were \$162,567 more than budget because major bills were not paid prior to the end of the fiscal period. Confirmation of three major payables were not received until after the end of the period and a decision was made to not disburse funds to the vendors until the entity's accounts reconciled with those of the vendors.

Statement of Financial Performance

- h. Revenue from the Admissions, Events, Gift Shops, and Other categories exceeded the budget amount by \$355,961 as the overall amount stated for non-output revenue was inadvertently understated because the net revenue figure was used as opposed to the gross revenue figure which included COGS.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2016
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16. EXPLANATIONS OF MAJOR VARIANCE AGAINST BUDGET (continued)

Statement of Financial Performance (continued)

- i. Salaries and Benefits were over budgeted by \$92,625 as there was an anticipated decrease in two posts due to the restructuring of the agency. The restructuring did not take effect as expected and additional expenses were incurred over and above the budgeted amount.
- j. Supplies and Consumables which represents the COGS (under IPSAS reporting) was not included in the budget as the net revenue of \$679,516 was used instead. This resulted in the understatement of this category by \$412,880.
- k. Revaluation of assets resulted in a revaluation deficit of \$219,913 for the category of Buildings & External Works. More information has been presented in section 3 of the notes to the financial statements.
- l. The anticipated depreciation for the year was decreased by \$43,891 and was primarily due to the revaluation of fixed assets.