

**THE BVI TOURIST BOARD**

Financial Statements  
For the year ended 31 December 2019

# THE BVI TOURIST BOARD

## Financial Statements For the year ended 31 December 2019

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## THE BVI TOURIST BOARD

The BVI Tourist Board Directory  
At 31 December 2019

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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  
Mrs. Julia Dawson-Marshall  
Mrs. Keshia Davis-Barnes  
Mr. Leroy Moses  
Mr. John Samuel  
Mrs. Kenisha Sprauve  
Mr. Kedrick Malone  
Mr. Glenroy Forbes

*(Chairman)*  
*(Permanent Secretary)*  
*(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 2019, 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 20.

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 2019, 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  
29 May 2020**

THE BVI TOURIST BOARD

Statement of Financial Position

At 31 December 2019

Expressed in U.S. Dollars

	Note	2019	2018
<b>Assets</b>			
Cash and cash equivalents		571,088	1,293,226
Government grants receivable		1,100,000	—
Accounts and other receivables		523,506	534,672
Security deposits		31,742	31,742
Prepaid expenses		3,734	83,734
Property and equipment	4	<u>375,105</u>	<u>437,679</u>
<b>Total assets</b>		<u>\$ 2,605,175</u>	<u>\$ 2,381,053</u>
<b>Liabilities</b>			
Accounts payable	5	<u>1,283,678</u>	<u>380,854</u>
<b>Total liabilities</b>		<u>1,283,678</u>	<u>380,854</u>
Net surplus		<u>1,321,497</u>	<u>2,000,199</u>
<b>Total liabilities and net surplus</b>		<u>\$ 2,605,175</u>	<u>\$ 2,381,053</u>

THE BVI TOURIST BOARD

Statement of Financial Performance  
For the year ended 31 December 2019

Expressed in U.S. Dollars

	Note	2019	2018
<b>Income</b>			
Government grants		11,327,200	10,532,500
Foreign exchange (loss)/gain		(1,652)	2,055
Other income		1,442,441	90,117
		<u>12,767,989</u>	<u>10,624,672</u>
<b>Operating expenses</b>			
Personnel costs and training	6,7	4,457,742	3,691,338
Marketing	6,8	2,702,450	2,070,358
Advertising and promotion	6,9	2,318,484	1,755,839
Travel and entertainment	6,10	1,091,622	1,047,075
Service contracts and repairs and maintenance		640,379	324,982
Depreciation	4	462,624	187,040
Office expenses	6,11	533,524	631,977
Other operating expenses		264,087	285,182
Telephone and utilities	12	314,266	272,106
Programme fees	6	306,086	178,398
Professional fees	6,13	208,822	212,169
Insurance	14	146,605	191,706
		<u>13,446,691</u>	<u>10,848,170</u>
<b>Total operating expenses</b>			
		<u>13,446,691</u>	<u>10,848,170</u>
<b>Deficit for the year</b>		<u>\$ (678,702)</u>	<u>\$ (223,498)</u>

THE BVI TOURIST BOARD

**Statement of Changes in Net Surplus**  
**For the year ended 31 December 2019**  
*Expressed in U.S. Dollars*

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	2019	2018
<b>Balance at beginning of year</b>	2,000,199	2,223,697
Deficit for the year	<u>(678,702)</u>	<u>(223,498)</u>
<b>Balance at end of year</b>	<u>\$ 1,321,497</u>	<u>\$ 2,000,199</u>



## THE BVI TOURIST BOARD

### Statement of Cash Flows For the year ended 31 December 2019

Expressed in U.S. Dollars

	2019	2018
<b>Operating activities</b>		
Grants and other income received	11,680,807	11,485,834
Advertising and marketing fees paid	(4,172,336)	(3,930,462)
Office expenses paid	(847,790)	(904,083)
Professional fees paid	(208,822)	(212,169)
Personnel costs paid	(4,323,516)	(3,757,318)
Other expenses paid	(2,448,779)	(2,027,343)
<i>Cash flows (used in)/from operating activities</i>	<u>(320,436)</u>	<u>654,459</u>
<b>Investing activities</b>		
Purchase of fixed assets	<u>(400,050)</u>	<u>(223,452)</u>
<i>Cash flows used in investing activities</i>	<u>(400,050)</u>	<u>(223,452)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(720,486)	431,007
Effect of exchange rate fluctuations on cash and cash equivalents	(1,652)	2,055
<b>Cash and cash equivalents at beginning of year</b>	<u>1,293,226</u>	<u>860,164</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 571,088</u>	<u>\$ 1,293,226</u>

Cash and cash equivalents comprise cash at banks.

## THE BVI TOURIST BOARD

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

For the year ended 31 December 2019

*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 29 May 2020.

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.

The accounting policies have been applied consistently by the Board and are consistent with those used in the previous year, except for IFRS 16, "Leases" ("IFRS 16"). See note 3 for an explanation of the impact.

##### 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 2019

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.

##### d) 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 or 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.

##### e) Financial assets at amortised cost

Financial assets at amortised cost comprise government grants receivable, 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. Impairment losses are presented as a separate line item in the statement of financial performance.

Regular way purchases and sales are recognised on the trade-date, the date on which the Board commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership.

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.

##### f) Fixed assets

Fixed assets 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 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	6%

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2019

*Expressed in U.S. Dollars*

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

##### f) **Fixed assets** (Cont'd)

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.

##### 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 accounts payable.

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 had to change its accounting policies as a result of adopting IFRS 16. The Board elected to adopt the new rules retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Board's previous policy.

The Board leases a portion of office buildings. Rental contracts are typically made for fixed periods of 12 months to 6 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.

From 1 January 2019, 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.

## THE BVI TOURIST BOARD

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

For the year ended 31 December 2019

Expressed in U.S. Dollars

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

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

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 for 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.

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. While the Board revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Board.

## THE BVI TOURIST BOARD

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

For the year ended 31 December 2019

*Expressed in U.S. Dollars*

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

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

Payments associated with short-term leases 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.

##### *Extension and termination options*

Extension and termination options are included in a number of leases. 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.

##### **Accounting applied until 31 December 2018**

Until the 2018 financial year, leases were classified as operating leases.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Board as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

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

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

##### j) **Income and expenditures**

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.

##### 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.

## THE BVI TOURIST BOARD

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

For the year ended 31 December 2019

*Expressed in U.S. Dollars*

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

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

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 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 when 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 17.

##### 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.

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.

## THE BVI TOURIST BOARD

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

For the year ended 31 December 2019

*Expressed in U.S. Dollars*

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

##### q) **Contingent liabilities** (Cont'd)

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 2019, 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.

#### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

This note explains the impact of the adoption of IFRS 16 Leases on the Board's financial statements.

As indicated in note 2, the Board has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the Board recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases ("IAS 17"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.0%.

There were no leases previously classified as finance leases.

In applying IFRS 16 for the first time, the Board has used the following practical expedients permitted by IFRS:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.



## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2019

Expressed in U.S. Dollars

#### 4. PROPERTY AND EQUIPMENT

	Computer equipment	Office equipment	Furniture and fixtures	Motor vehicles	Right-of- use assets	Total
<b>Cost</b>						
At 31 December 2018	1,200,942	378,909	402,219	188,774	—	2,170,844
Additions	3,284	6,817	—	—	389,949	400,050
At 31 December 2019	<u>1,204,226</u>	<u>385,726</u>	<u>402,219</u>	<u>188,774</u>	<u>389,949</u>	<u>2,570,894</u>
<b>Accumulated depreciation</b>						
At 31 December 2018	967,762	357,919	285,972	121,512	—	1,733,165
Charge for the year	144,056	12,682	27,243	18,677	259,966	462,624
At 31 December 2019	<u>1,111,818</u>	<u>370,601</u>	<u>313,215</u>	<u>140,189</u>	<u>259,966</u>	<u>2,195,789</u>
<b>Net book value</b>						
At 31 December 2019	<u>\$ 92,408</u>	<u>\$ 15,125</u>	<u>\$ 89,004</u>	<u>\$ 48,585</u>	<u>\$ 129,983</u>	<u>\$ 375,105</u>
At 31 December 2018	<u>\$ 233,180</u>	<u>\$ 20,990</u>	<u>\$ 116,247</u>	<u>\$ 67,262</u>	<u>\$ —</u>	<u>\$ 437,679</u>

#### 5. ACCOUNTS PAYABLE

	2019	2018
Trade payables	<u>926,024</u>	284,654
Lease liability	<u>127,228</u>	—
Payroll accruals	<u>230,426</u>	<u>96,200</u>
	<u>\$1,283,678</u>	<u>\$380,854</u>

#### 6. RELATED PARTY TRANSACTIONS

The Chairman and Board members received a stipend during the year which totaled \$96,053 (2018: \$86,785). During the year, expenses totaling \$358,070 (2018: \$215,546) were paid to entities related to the Board through Board members.

#### 7. PERSONNEL COSTS AND TRAINING

	2019	2018
Wages and salaries	4,003,576	3,179,663
Pension contributions (see note 17)	154,114	129,637
Employer's payroll tax	165,148	136,695
Employer's social security contributions	97,965	87,365
Training	<u>36,939</u>	<u>157,978</u>
	<u>\$4,457,742</u>	<u>\$3,691,338</u>

The average number of employees during the year was 61 (2018: 56).

## THE BVI TOURIST BOARD

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

For the year ended 31 December 2019

Expressed in U.S. Dollars

#### 8. MARKETING

	2019	2018
General marketing expenses	1,041,373	889,661
Publicity and promotions	470,694	344,586
Sponsorship	442,031	484,114
Trade shows	641,403	293,146
Website and product development	25,290	986
Familiarisation and press trips	<u>81,659</u>	<u>57,865</u>
	<u>\$2,702,450</u>	<u>\$2,070,358</u>

#### 9. ADVERTISING AND PROMOTION

	2019	2018
Magazine and newspaper	1,478,242	959,518
Radio and television	13,413	14,599
Design and printing	70,228	26,296
Public relations	532,507	454,180
Online and digital	176,080	286,095
General expenses	<u>48,014</u>	<u>15,151</u>
	<u>\$2,318,484</u>	<u>\$1,755,839</u>

#### 10. TRAVEL AND ENTERTAINMENT

	2019	2018
Meals and entertainment	121,001	<b>152,436</b>
Transportation, travel and accommodation	<u>970,621</u>	<u>894,639</u>
	<u>\$1,091,622</u>	<u>\$1,047,075</u>

#### 11. OFFICE EXPENSES

	2019	2018
Office supplies	120,547	95,011
Computer software	209,160	119,690
Office rent (see note 15)	114,829	355,435
Postage	14,157	8,303
Freight & cargo services	<u>74,831</u>	<u>53,538</u>
	<u>\$533,524</u>	<u>\$631,977</u>

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2019

Expressed in U.S. Dollars

#### 12. TELEPHONE AND UTILITIES

	2019	2018
Telefax	171,553	119,465
Cellphones	115,533	119,812
Water	2,471	3,591
Electricity	<u>24,709</u>	<u>29,238</u>
	<u>\$314,266</u>	<u>\$272,106</u>

#### 13. PROFESSIONAL FEES

	2019	2018
Consultancy fees	31,805	8,098
Accounting fees	20,840	17,109
IT system fees	1,441	63,473
Legal fees	58,683	36,704
Board members' compensation (see note 6)	<u>96,053</u>	<u>86,785</u>
	<u>\$208,822</u>	<u>\$212,169</u>

#### 14. INSURANCE

	2019	2018
Life	5,981	24,021
Auto	3,494	16,314
Office	1,586	6,535
Medical/National Health Insurance	<u>135,544</u>	<u>144,836</u>
	<u>\$146,605</u>	<u>\$191,706</u>

#### 15. OPERATING LEASES

The following were the future lease commitments prior to the adoption of IFRS 16:

The Board leased its office premises and storage space under various lease agreements. From 1 January 2019, the Board has recognised right-of-use assets for these leases (see notes 2(h), 3 and 11 for further information).

	2019	2018
Within one year	—	152,640
Between one and five years	<u>—</u>	<u>3,000</u>
	<u>\$ —</u>	<u>\$155,640</u>

## THE BVI TOURIST BOARD

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

For the year ended 31 December 2019

*Expressed in U.S. Dollars*

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#### 16. TAXATION

There is no mainstream taxation of income or 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.

#### 17. 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 \$154,114 (2018: \$129,637) during the year (refer also to note 7).

#### 18. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Board include cash and cash equivalents, government grants receivable, accounts and other receivables and security deposits. Financial liabilities of the Board comprise accounts payable. Accounting policies for financial assets and liabilities are set out in note 2.

The Board has exposure to a variety of financial risks that are associated with these financial instruments. The most important types of financial risk to which the Board is exposed are market risk, credit risk and liquidity risk.

The Board's overall risk management program is established to identify and analyse this risk, to set appropriate risk limits and controls, and to monitor risks and adherence to limits in an effort to minimise potential adverse effects on the Board's financial performance.

##### a) **Market risk**

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

The Board's market risk is managed on an ongoing basis by the Board in accordance with policies and procedures in place.

##### *Currency risk*

The Board may invest in financial instruments and enter into transactions denominated in currencies other than its measurement currency. Consequently, the Board is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Board's assets or liabilities denominated in currencies other than the U.S. Dollar.

A sensitivity analysis was performed with respect to the financial instruments with exposure to fluctuations in foreign currency exchange rates and management noted that there would be no material effect on the net assets of the Board.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2019

Expressed in U.S. Dollars

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

##### b) Credit risk

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

As at 31 December 2019, the Board's financial assets exposed to credit risk amounted to the following:

	2019	2018
Cash and cash equivalents	571,088	1,293,226
Government grants receivable	1,100,000	—
Accounts and other receivable	523,506	534,672
Security deposits	<u>31,742</u>	<u>31,742</u>
	<u>\$2,226,336</u>	<u>\$1,859,640</u>

##### 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's cash and cash equivalents are held by multiple banks and are exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, but management does not expect any significant counterparty 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 on the net surplus of the Board.

While cash and cash equivalents and security deposits are also subject to the impairment requirements of IFRS 9, the identified potential impairment loss was considered immaterial.

## THE BVI TOURIST BOARD

### Notes to and forming part of the Financial Statements For the year ended 31 December 2019

*Expressed in U.S. Dollars*

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#### 18. 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.

#### 19. FAIR VALUE INFORMATION

The carrying values 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.

#### 20. CAPITAL RISK MANAGEMENT

The Board's primary objective of capital management 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.

#### 21. SUBSEQUENT EVENTS

Due to the COVID-19 global pandemic, which adversely affects tourism, the Board has restructured and reduced its 2020 budget as monthly government subventions have been reduced. The Board has also conducted an Expenditure Control and Efficiency Exercise Measures exercise within each department of the Board to support in forecasting for the remainder of the year.

On 15 May 2020, Mrs. Sharon Flax-Brutus submitted her resignation as Director of Tourism with the Board and her final day was 20 May 2020. Mr. Rhodni Skelton was appointed Acting Director of Tourism effective 25 May 2020.

#### 22. COMPARATIVE INFORMATION

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