

TOURISM ATTRACTION BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2019

Tourism Attraction Board

Financial Statements for Year Ended December 31, 2019

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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, (2018 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, (2018 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 of the Tourism Attraction Board as at December 31, 2019 and its financial performance, cash flows and changes in net assets/equity for the financial period then ended.

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 December 31, 2019;
- (b) completely and reliably reflect the financial position as at December 31, 2019 and financial performance for the year ended December 31, 2019, and
- (c) comply with International Public Sector Accounting Standards as set out by the 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: April 29, 2020

Mr. Patrick Thompson
 Director
 Tourism Attraction Board
 Date: April 29, 2020





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AUDITOR GENERAL'S REPORT

To the Board of Directors of the Tourism Attraction Board

Opinion

I have audited the accompanying financial statements of the Tourism Attraction Board (the "Board") which comprise the statement of financial position as at December 31, 2019, and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies as set out on pages 13 to 24.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Board in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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.

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's 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 GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60 (1) (a) of the *Public Management and Finance Law (2018 Revision)*. I 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 I identify during my audit.



Sue Winspear, CPFA
Auditor General

April 29, 2020
Cayman Islands

Tourism Attraction Board
Statement of Financial Position
As at December 31, 2019
(in Cayman Islands dollars)

ASSETS	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
Current Assets			
Inventories		73,016	45,517
Accounts Receivables	4	136,353	81,195
Prepaid Expenses		-	7,292
Cash and Cash Equivalents		<u>1,982,281</u>	<u>2,004,794</u>
		2,191,650	2,138,798
Non-Current Assets			
Property, Plant and Equipment	3	<u>5,057,951</u>	<u>4,846,624</u>
TOTAL ASSETS		<u><u>7,249,601</u></u>	<u><u>6,985,422</u></u>
EQUITY AND LIABILITIES			
Donated Capital	5	11,737,590	11,737,590
Accumulated Deficit		(5,297,854)	(5,454,031)
Revaluation Surplus	3	320,784	320,784
Restricted Funds		-	39,539
Equity		<u>6,760,520</u>	<u>6,643,883</u>
Current Liabilities			
Accounts Payable & Accrued Liabilities	7	489,081	341,539
		<u>489,081</u>	<u>341,539</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,249,601</u></u>	<u><u>6,985,422</u></u>

Approved on behalf of the Board



Carla Reid
Chairperson

Date: April 29, 2020



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 December 31, 2019
(in Cayman Islands dollars)

	<u>Note</u>	<u>2009</u>	<u>2018</u>
		\$	\$
Revenues			
Output Funding	8	2,000,000	2,000,000
Events, Gift Shops, and Other	6	999,756	814,159
Admission Fees	6	655,445	526,698
Total Revenues		<u>3,655,201</u>	<u>3,340,857</u>
Expenses			
Salaries and Benefits	10	1,687,126	1,593,810
Supplies and Consumables		767,191	494,084
Utilities		180,120	192,920
Building and Equipment Maintenance		137,842	135,082
Depreciation	3	145,012	113,734
Administrative Expenses		110,323	137,867
Advertising and Marketing		76,093	96,256
Insurance		79,343	73,265
Professional Fees		50,776	52,221
Operations & Maintenance		74,133	50,211
Nursery Supplies and Grounds		61,351	41,757
Telephone and Communication Costs		40,985	40,158
Rent	9	34,058	29,714
Conference, Subsistence and Official Travel		12,833	15,005
Vehicle Expenses and Mileage		16,139	13,747
Bad Debt		525	9,037
Uniform, Training and Education		7,398	6,226
Inventory write-off		1,653	991
Miscellaneous Expense		5,559	869
Equipment Rental		-	307
Total Expenses		<u>3,488,460</u>	<u>3,097,261</u>
Surplus for the year		<u>166,741</u>	<u>243,596</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 December 31, 2019
(in Cayman Islands dollars)

	Note	DONATED CAPITAL	ACCUMULATED DEFICIT	REVALUATION SURPLUS	RESTRICTED FUNDS	TOTAL EQUITY
Balance at 31 December 2017		11,637,590	(5,704,914)	320,784	-	6,253,460
Adjustment during the year	5	100,000	-	-	39,539	139,539
Adjustment to Opening Equity		-	7,288	-	-	7,288
Surplus for the year		-	243,596	-	-	243,596
Balance at 31 December 2018		11,737,590	(5,454,030)	320,784	39,539	6,643,883
Balance at 31 December 2018		11,737,590	(5,454,030)	320,784	39,539	6,643,883
Adjustment during the year		-	64,989	-	(39,539)	25,450
Adjustment to Opening Equity		-	(75,554)	-	-	(75,554)
Surplus for the year		-	166,741	-	-	166,741
Balance at 31 December 2019		11,737,590	(5,297,854)	320,784	-	6,760,520

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

Tourism Attraction Board
Statement of Cash Flows
For the Year Ended December 31, 2019
(in Cayman Islands dollars)

	<u>2019</u>	<u>2018</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year after government subsidy	166,741	243,596
Add adjustments to reconcile net income to net cash from operating activities		
Depreciation	145,012	113,734
Operating Income before working capital changes	311,753	357,330
Changes in working capital balances		
(Increase) in inventories	(27,499)	(616)
(Increase) in accounts receivable	(55,158)	(23,853)
(Increase) in prepaid expenses	7,292	(7,072)
(Decrease)/Increase in accounts payable and accrued liabilities	147,542	(105,371)
Net cash from operating activities	383,930	220,418
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of fixed assets	(380,087)	(139,970)
(Increase)/Decrease in investments due to reclassification	-	-
(Decrease)/Increase in investments due to revaluation	-	-
Disposal of assets	-	-
Net Cash used in investing activities	(380,087)	(139,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Adjustment to Capital Donated by Government Restricted Funds	-	100,000
Adjustment to Retained Earnings	(39,539)	39,539
Adjustment to Retained Earnings	13,183	7,288
Net cash (used in)/provided by financing activities	(26,356)	146,827
Net (decrease)/increase in cash and cash equivalents	(22,513)	227,276
Cash and cash equivalents at beginning of year	2,004,794	1,777,518
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	1,982,281	2,004,794

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

Tourism Attraction Board
Statement of Segmented Operations
Financial Position
As at December 31, 2019
(in Cayman Islands dollars)

	CCM		HELL		PSJ		PWO		QEIBP		TAB		CONSOL	
	2019	\$	2019	\$	2019	\$	2019	\$	2019	\$	2019	\$	2019	\$
ASSETS														
Non-Current Assets														
Property, Furniture and Equipment	13,623		2,047		3,616,641		2,856		1,398,439		24,345		5,057,951	
Current Assets														
Inventories	-		-		24,140		9,517		39,359		-		73,016	
Trade and Other Receivables	2,000		3,793		83,322		45,980		1,308		(50)		136,353	
Prepayments	-		-		-		-		-		-		-	
Interagency Transactions	(107,153)		32,281		479,929		(14,383)		(409,969)		19,295		-	
Cash and Cash Equivalents	4,295		3,993		516,220		37,195		1,055,287		365,291		1,982,281	
	(100,858)		40,067		1,103,611		78,309		685,985		384,536		2,191,650	
TOTAL ASSETS	(87,235)		42,114		4,720,252		81,165		2,084,424		408,881		7,249,601	
CAPITAL AND LIABILITIES														
Capital and Deficit														
Donated Capital	110,000		-		8,617,330		-		2,811,454		198,806		11,737,590	
Accumulated Deficit	(201,533)		39,356		(4,276,173)		(9,803)		(840,281)		(9,420)		(5,297,854)	
Restricted Funds	-		-		-		-		-		-		-	
Revaluation Surplus	-		-		320,784		-		-		-		320,784	
	(91,533)		39,356		4,661,941		(9,803)		1,971,173		189,386		6,760,520	
Current Liabilities														
Accounts Payable and Accruals	4,298		2,758		58,311		90,968		113,251		219,495		489,081	
TOTAL CAPITAL AND LIABILITIES	(87,235)		42,114		4,720,252		81,165		2,084,424		408,881		7,249,601	

Tourism Attraction Board
Statement of Segmented Operations
Financial Performance
For the Year Ended December 31, 2019
(In Cayman Islands dollars)

	CCM		HELL		PSJ		PWO		QEIBP		TAB		CONSOL	
	2019	\$	2019	\$	2019	\$	2019	\$	2019	\$	2019	\$	2019	\$
INCOME														
Gift Shop, Events and Other	2,120		-		275,560		422,213		279,810		2,053		981,756	
Rental Income	-	18,000	-		-		-		-		-		18,000	
Admission Fees	-	-	-		373,725		-		281,720		-		655,445	
Total Income	2,120	18,000	18,000		649,285		422,213		561,530		2,053		1,655,201	
EXPENSES														
Salaries and Benefits	78,777		-		537,818		165,850		548,459		356,222		1,687,126	
Supplies and Consumables	-		-		241,442		444,114		81,635		-		767,191	
Depreciation	1,888		56		75,857		1,351		57,717		8,143		145,012	
Management Fees	26,000		7,000		170,000		62,000		135,000		(400,000)		-	
Insurance	132		-		62,202		626		12,839		3,544		79,343	
Utilities	6,921		707		77,495		10,594		84,183		220		180,120	
Operations & Maintenance	350		977		50,413		1,584		20,679		130		74,133	
Building and Equipment Maintenance	11,606		29,598		51,363		5,228		40,047		-		137,842	
Advertising and Marketing	-		100		3,236		3,286		2,285		67,186		76,093	
Professional Fees	2,562		3,892		13,200		6,384		11,848		12,890		50,776	
Administrative Expenses	112		3,076		30,030		12,753		34,716		29,636		110,323	
Telephone and Communication Costs	2,661		2,761		10,227		6,967		13,753		4,616		40,985	
Nursery Supplies and Grounds	-		-		5,495		-		55,856		-		61,351	
Vehicle Expenses and Mileage	-		-		1,701		-		14,438		-		16,139	
Bad Debt	-		-		-		525		-		-		525	
Conference, Subsistence and Official Travel	-		-		-		-		2,145		10,688		12,833	
Uniform, Training and Education	-		-		7,264		-		134		-		7,398	
Equipment Rental	-		-		-		-		-		-		-	
Inventory write-off	-		-		1,592		-		61		-		1,653	
Miscellaneous Expense	101		100		961		1,225		2,998		174		5,559	
Rent	12		-		-		30,000		-		4,046		34,058	
Total Expenses	131,122	48,267	48,267		1,340,296		752,487		1,118,793		97,495		3,488,460	
Deficit for the year before Government Subsidy	(129,002)	(30,267)	(30,267)		(691,011)		(330,274)		(557,263)		(95,442)		(1,833,259)	
Government Output Funding	130,000		35,000		850,000		310,000		675,000		-		2,000,000	
Surplus for the year after Government Subsidy	998	4,733	4,733		158,989		(20,274)		117,737		(95,442)		166,741	

Tourism Attraction Board
Statement of Comparison of Budget and Actual Amounts
Financial Position
As at December 31, 2019
(in Cayman Islands dollars)

ASSETS	Note	2019	Budget	Variance
		\$	\$	\$
Current Assets				
Inventories	16a	73,016	46,200	26,816
Accounts receivable	16b	136,353	121,503	14,850
Prepaid expenses		-	-	-
Cash and cash equivalents	16c	1,982,281	1,706,775	275,506
		<u>2,191,650</u>	<u>1,874,478</u>	<u>317,172</u>
Non-Current Assets				
Property, plant and equipment	3, 16d	5,057,951	7,271,916	(2,213,965)
TOTAL ASSETS		<u>7,249,601</u>	<u>9,146,394</u>	<u>(1,896,793)</u>
EQUITY AND LIABILITIES				
Donated capital	5	11,737,590	11,637,590	100,000
Accumulated deficit	16e	(5,297,854)	(5,648,373)	350,519
Revaluation Surplus		320,784	2,969,784	(2,649,000)
Restricted Funds		-	-	-
Equity		<u>6,760,520</u>	<u>8,959,001</u>	<u>(2,198,481)</u>
Current Liabilities				
Accounts payable and accrued liabilities		489,081	187,393	301,688
		<u>489,081</u>	<u>187,393</u>	<u>301,688</u>
TOTAL EQUITY AND LIABILITIES		<u>7,249,601</u>	<u>9,146,394</u>	<u>(1,896,793)</u>

Tourism Attraction Board
Statement of Comparison of Budget and Actual Amounts
Financial Performance
For the Year Ended December 31, 2019
(in Cayman Islands dollars)

	<u>Note</u>	<u>2019</u>	<u>Budget</u>	<u>Variance</u>
		\$		
Revenues				
Events, Gift Shops, and Other	16g	999,756	665,550	334,206
Admission Fees	16g	655,445	500,000	155,445
Output Funding		2,000,000	2,000,000	-
Total Revenues		3,655,201	3,165,550	489,651
Expenses				
Salaries and Benefits	16h	1,687,126	1,506,713	180,413
Supplies and Consumables	16i	767,191	677,938	89,253
Utilities		180,120	172,000	8,120
Building and Equipment Maintenance		137,842	130,000	7,842
Depreciation		145,012	156,687	(11,675)
Administrative Expenses		110,323	105,000	5,323
Advertising and Marketing		76,093	70,000	6,093
Insurance		79,343	63,000	16,343
Professional Fees		50,776	45,000	5,776
Operations & Maintenance		74,133	65,500	8,633
Nursery Supplies and Grounds		61,351	51,266	10,085
Telephone and Communication Costs		40,985	41,000	(15)
Rent		34,058	30,000	4,058
Conference, Subsistence and Official Travel		12,833	12,000	833
Vehicle Expenses and Mileage		16,139	15,617	522
Bad Debt		525	3,000	(2,475)
Uniform, Training and Education		7,398	7,000	398
Inventory write-off		1,653	3,000	(1,347)
Miscellaneous Expense		5,559	5,000	559
Equipment Rental		-	-	-
Total Expenses		3,488,460	3,159,721	328,739
Surplus for the period		166,741	5,829	160,912

Tourism Attraction Board
Reconciliation of Ownership Agreement and Forecast Statement of
Financial Performance
For the Year Ended December 31, 2019
(in Cayman Islands dollars)

	Approved Budget 2019 \$	Financial Statements 2019 \$
Ownership agreement:		
Sale of goods and services	3,165,550	-
Salaries and Benefits	(1,506,713)	
Supplies and consumables	(1,496,321)	-
Depreciation	(156,687)	
Impairment of inventory		-
Statement of financial performance:		
Events, Gift Shop, and Other	-	665,550
Admission Fees	-	500,000
Government Subsidy	-	2,000,000
Salaries and Benefits		(1,506,713)
Supplies and Consumables	-	(677,938)
Depreciation	-	(156,687)
Revaluation Deficit	-	-
Insurance	-	(63,000)
Utilities	-	(172,000)
Operations & Maintenance	-	(65,500)
Building and Equipment Maintenance	-	(130,000)
Advertising and Marketing	-	(70,000)
Professional Fees	-	(45,000)
Administrative Expenses	-	(105,000)
Telephone and Communication Costs	-	(41,000)
Nursery Supplies and Grounds	-	(51,266)
Vehicle Expenses and Mileage	-	(15,617)
Bad Debt	-	(3,000)
Conference, Subsistence and Official Travel	-	(12,000)
Uniform, Training and Education	-	(7,000)
Equipment Rental	-	-
Inventory write-off	-	(3,000)
Miscellaneous Expense	-	(5,000)
Rent	-	(30,000)
Surplus or (Deficit) for the period	5,829	5,829

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended December 31, 2019
(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 TAB 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 TAB. The TAB, through the Pirates Week Committee, organizes promotional and fund-raising events which culminate in an annual festival organized for the enjoyment and enlightenment of residents and visitors. The TAB also manages the Hell Attraction and the Cayman Craft Market.

The TAB 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 TAB 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 (2018 Revision) these financial statements, for the year ended December 31, 2019, have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), on an accrual basis.

The continued existence of the TAB 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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Stated in Cayman Islands Dollars)

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.

(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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended December 31, 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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. 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.

Tourism Attraction Board
Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Pensions and Other Post-Retirement Benefits

In accordance with the Cayman Islands National Pensions Law, the TAB joined a defined contribution pension plan. The employer and employees have 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 TAB pays fixed contribution into a separate entity (Silver Thatch Pensions). The TAB 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.

Effective October 1, 2019, the TAB increased the employer and employee monthly contribution to 6% and pays such contributions to the Public Service Pension Board of Cayman Islands.

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 for the year ended 31 December 2019 was \$72,798 (2018 - \$65,916). There was an average of 40 employees at the TAB during the year ended 31 December 2019 (2018 - 35 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 TAB'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 TAB 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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Stated in Cayman Islands Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 TAB 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 TAB 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.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Stated in Cayman Islands Dollars)

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 TAB has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis. At December 31, 2019 and 2018, 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 TAB 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 2019 Ownership Agreement and approved by the Board and Legislative Assembly.

Tourism Attraction Board
Notes to the Financial Statements
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3. PROPERTY, PLANT AND EQUIPMENT

Description	Land	Heritage Assets	Buildings & External Works	Multimedia, Furniture & Fixtures, Other	Motor Vehicles	Computers	Start-up Costs	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
At 31 December 2018	1,324,000	-	3,674,842	701,065	140,689	145,387	214,838	6,200,820
Adjustments to beginning balances	-	-	(73)	(2,667)	(1)	(1,172)	-	(3,913)
Additions	-	-	328,396	29,936	19,384	2,371	-	380,087
At 31 December 2019	1,324,000	-	4,003,165	728,334	160,072	146,586	214,838	6,576,995
Accumulated Depreciation:								
At 31 December 2018	-	-	236,883	670,391	92,635	139,449	214,838	1,354,196
Adjustments to beginning balances	-	-	37,540	(3,697)	(12,826)	(1,180)	-	19,837
Charge for Year	-	-	111,110	11,527	18,673	3,702	-	145,012
At 31 December 2019	-	-	385,533	678,221	98,482	141,971	214,838	1,519,045
Net Book Value:								
At 31 December 2019	1,324,000	-	3,617,632	50,113	61,590	4,615	-	5,057,951
At 31 December 2018	1,324,000	-	3,437,959	30,674	48,054	5,938	-	4,846,624

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 TAB.

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.

Tourism Attraction Board
Notes to the Financial Statements
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4. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Trade Receivables	167,581	127,358
Less Provision for Bad Debts	(31,228)	(46,163)
Total	136,353	81,195

5. DONATED CAPITAL

There was an equity injection of \$100,000 from the Cayman Islands Government during the year ended December 31, 2018 to assist with the construction of the Children’s Garden at Botanic Park, however, there was no equity injection in 2019.

Several adjustments to equity, with a net total of approximately \$50K, were required during the fiscal period. Chief among these were an adjustment moving approximately \$40K of restricted funds to revenue. The remaining \$10K was the net of transactions reclassified as intercompany, clearing health insurance payables and receivables among the entities, and adjusting a property insurance overstatement from the prior year. In addition, there were adjustments across the entities to correct depreciation expense amounts recorded in prior years that affected the accumulated depreciation and consequently the carrying values of several items on the asset register.

6. INCOME

	2019	2018
	\$	\$
Events	476,056	244,709
Gift Shop	330,060	277,550
Other	193,640	291,900
Total Events, Gift Shop and Other	999,756	814,159
Admission Fees	655,445	526,698
Total	1,655,201	1,340,857

Income for the Gift Shop represents the invoice price of goods sold net of discounts, while income for Admissions (Theatre), Events, and Other represent the invoice price of services rendered net of discounts. Other income includes donations, sponsorship received for the National Festival, proceeds from plant sales at the Botanic Park, and Rent from the Hell Attraction. Income for 2019 also includes \$39,539 as a result of the reclassification of the Restricted Funds (Equity) balance to Donations (Revenue). This amount was recognized as other income when the funds were used as Capital Expenditure for the Children’s Garden.

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7. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2019	2018
	\$	\$
Accounts Payable	388,333	182,311
Audit/Accounting Fee Accrual	49,665	106,890
Payroll Liabilities	35,725	37,612
Unearned Revenue	10,570	11,341
Blue Iguana Recovery Payable	4,788	3,385
Total	489,081	341,539

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

For the year ended December 31, 2019, the Cayman Islands Government's subsidy to the TAB's heritage sites was \$2,000,000 (2018 - \$2,000,000). To continue as going a concern, the TAB will require annual assistance from the Government for the foreseeable future.

The TAB 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 TAB is provided through the Cayman Islands Government.

The Auditor General has statutory responsibility for the audit of the TAB and the five (5) entities that it manages. The audit fee charged for the year ended December 31, 2019 was \$45,000 (2018 - \$45,000).

The TAB also depends on legal advice from the Cayman Islands Legal Department. During the years ended December 31, 2019 and December 31, 2018, the Cayman Islands Legal Department did not charge any legal fees to the TAB.

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 2019 was \$133K (2018: \$125K). There have been no loans made to key management personnel or close family members in 2018. There is no compensation given to the TAB Board Members.

Tourism Attraction Board
Notes to the Financial Statements
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9. COMMITMENTS

On August 19, 2014, the TAB Admin Office entered into an operating lease agreement which expired 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. However, effective January 1, 2020, the Pirates Week Office will be transferred to the management of The Cayman National Cultural Foundation.

	2019	2018
	<u>\$</u>	<u>\$</u>
Minimum lease payments		
Payable within one year	-	42,853
(PWO: \$37K, TAB: \$5K)		
CI	<u>-</u>	<u>42,853</u>

As at 31 December 2019, the TAB had no other commitments for which provisions have not been made in these financial statements.

10. SALARIES & BENEFITS

	2019	2018
	<u>\$</u>	<u>\$</u>
Salaries & Wages	1,533,086	1,405,723
Health Insurance	70,439	84,061
Pension Contributions	72,798	65,916
Other	10,803	38,110
Total	<u>1,687,126</u>	<u>1,593,810</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.

ii) Long-term financial assets and liabilities

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

Tourism Attraction Board
Notes to the Financial Statements
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11. FINANCIAL INSTRUMENTS (continued)

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 on-going 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 the TAB. The Board is not liable for taxation in any other jurisdiction.

14. SUBSEQUENT EVENTS

- Non-adjusting events

In April 2019 Cabinet made a decision to place the Pirates Week Festival under the Ministry of Health, Environment, Culture & Housing effective January 1, 2020. The financial effect of this restructuring will decrease the TAB Group assets by approximately \$114K, liabilities by approximately \$105K, revenues by approximately \$732K and expenses by approximately \$735K in the 2020 fiscal period.

- Coronavirus COVID-19

It was anticipated that the potential to recover the accounts receivable balance at year end may be significantly impacted as the majority of this balance is owed by a cruise line that may require a greater timeframe to recover from the effects of the pandemic. The company in question, however, has cleared over 75% of the balance to date and the remainder is collectable.

The Tourism sector has been and will continue to be affected by the Coronavirus COVID-19 pandemic for the 2020 fiscal period and beyond. Management has therefore implemented systems and measures to mitigate the risks associated with the potential revenue loss. The marketing strategy has been tweaked to target the local market and additional offerings have been introduced at each site.

Management does not intend to liquidate the entity or discontinue operations. The sites are of great historic, cultural and heritage value to the Cayman Islands and are expected to be preserved and maintain by the government in perpetuity.

There are no existing commitments that our vendors or suppliers will be unable to fulfil. There are no contracts that will need to be cancelled or change. Several employees have been setup to work from home, however, this does not significantly impact the continuity of operations.

- Other events

No other 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.

Tourism Attraction Board
Notes to the Financial Statements
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15. SEGMENT REPORTING

Segment reporting is presented in a format which represents the various entities as the segments that make up the TAB. 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 Geological Site, and the Pirates Week Festival.

16. EXPLANATIONS OF MAJOR VARIANCE AGAINST BUDGET

The following major budget variations occurred between the 2018 Actuals and the 2018 Budget:

Statement of Financial Position

- a) Inventory was more than budget by \$26,816 due to a decision made during the year to increase the carrying quantities at two of the gift shops.
- b) Accounts Receivable was \$14,850 more than budget due to increased sales, a majority of which were credit sales, that subsequently led to increased customer balances.
- c) Cash and cash equivalents were over budget by \$275,506 as revenue generated by the major attractions increased due to additional business generated during the fiscal period.
- d) Property, Plant and Equipment was \$2,213,965 less than budget due to the adjustments made based on the revaluation of assets which resulted in decreases in the Land, Buildings and External Works categories. The budget was submitted prior to receiving the revaluation report.
- e) Accumulated deficit showed a positive variance to budget of \$350,519 due to higher than anticipated profits for the fiscal period.
- f) Accounts Payable and Accrued Liabilities were \$301,688 more than budget because major bills were not paid prior to the end of the fiscal period. Confirmation of the property insurance payable was not received until after the fiscal period and a disbursement was subsequently made.

Statement of Financial Performance

- g) Revenue from the Admissions, Events, Gift Shops, and Other categories exceeded the budgeted amount by \$489,651 due to an increase in revenues at the major attractions which was driven by new contracts and growth in the industry.
- h) Salaries and Benefits were above budget by \$180,413 due to the COLA increase for 2019.
- i) Supplies and Consumables which represents the COGS category (under IPSAS reporting) was above budget by \$89,253 and was directly related to the increased revenue over the period.