



ANGUILLA TOURIST BOARD

Financial Statements

December 31, 2013

(Expressed in Eastern Caribbean Dollars)

The Anguilla Tourist Board
Financial Statements for the period ended 31 December 2013
Certificate of Audit and Report of the Chief Auditor

Section 59(2) of the Financial Administration and Audit Act (Revised Statutes of Anguilla Chapter F27 as at 15 December 2010) (the Act) permits me, as Chief Auditor, to accept the audit of the accounts and financial statements of a government agency by an independent auditor, if the appointment of the auditor has been approved by me, and the audit of the agency has been performed in accordance with my directions.

After I accept the audit of the accounts and financial statements of a government agency by an independent auditor, Sections 59(6) and (7) of the Act require me to issue a certificate of audit and prepare a report that evidences the acceptance of the audit of the independent auditor, and to send the certificate of audit and report to the government agency, to the minister responsible for the government agency and to the Minister of Finance.

Section 65 of the Act requires the Anguilla Tourist Board, as a government agency to submit an annual report, including my certificate and report, to the minister responsible for the Board, the Permanent Secretary and the Minister of Finance. The minister responsible for the Board is required to lay the annual report before the House of Assembly.

The appointment of BDO as the independent auditor of the Anguilla Tourist Board was accepted by me. BDO were directed to undertake their audit in accordance with appropriate auditing standards, and I accept the results of its audit of the Board's financial statements for the year ended 31 December 2013.

As recorded in its Auditors' Report, BDO has audited the financial statements of the Anguilla Tourist Board, which comprise the statement of financial position as at 31 December 2013 and the related statements of comprehensive income, changes in capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Board's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. BDO's responsibility is to express an opinion on the financial statements based on its audit.

BDO conducted its audit in accordance with International Standards on Auditing. Those standards require that BDO comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free of material misstatement. An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. BDO considers that the audit evidence it has obtained is sufficient and appropriate to provide a basis for its opinion.

In BDO's opinion the financial statements present fairly, in all material respects, the financial position of the Anguilla Tourist Board as of 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chief Auditor's report to the House of Assembly

BDO's report indicates that its appointment for this audit did not specify that a regularity opinion, in accordance with Section 52 of the Act, was required, so no such opinion is given. The instruction from the previous Chief Auditor did not specify this requirement but has been rectified from the 2015 audit onwards.

I have no further observations to make on these financial statements.



Richard Harries
Chief Auditor
11 January 2021

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AGENCY INFORMATION

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OFFICE ADDRESS

Coronation Avenue
The Valley
Anguilla
British West Indies

CURRENT DIRECTORS

Donna Banks - Chairman of the Board from June 2015 to present
Myrna Sasso - from June 2015 to present
Chesney Hughes - from June 2015 to present
Lockhart Hughes - from July 2017 to present
Marisa Gumbs - from September 2016 to present
Kenroy Herbert - from July 2017 to July 2019
Warren Buddle - from July 2017 to July 2019

FORMER DIRECTORS

Oliver MacDonna - Chairman of the Board (Ag) - June 2013 until May 2014
Oliver MacDonna - Director until May 2015
Leslie Richardson - former Chairman and Director until April 2013
Alfred Thompson - from June 2015 until May 2017
Gilda Gumbs Samuel - from June 2015 until May 2017
Jackie Pascher - former Director until May 2013
Scott Hauser - former Director until May 2015
Karl Woodley - former Director until April 2014
Chrislyn Hughes - former Director until May 2015

RECORDING SECRETARY

Gina Brooks - current
Candice Niles - former

BANKERS

National Commercial Bank of Anguilla Limited
(formerly National Bank of Anguilla and Caribbean Commercial Bank)
1st Mary's Street
The Valley, A1-2640
Anguilla, B.W.I.

CURRENT SOLICITOR

SER Legal and Consultancy Services
Rock Farm, The Valley, Anguilla

FORMER SOLICITOR

Keesha Fleming Lake, Attorney and Counselor at Law - former solicitor until May 2015
Tara Carter and Associates - former solicitor until July 2016

AUDITORS

BDO LLC
Chartered Accountants
Fairplay Complex, Cosley Drive
The Valley, Anguilla



BDO LLC
P.O. Box 136
Fairplay Complex
Cosley Drive
The Valley, AI-2640
Anguilla, BWI

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INDEPENDENT AUDITORS' REPORT

To the Chief Auditor of Anguilla Tourist Board

We have audited the accompanying financial statements of the Anguilla Tourist Board (the "Board"), which comprise the statement of financial position as at December 31, 2013, and the related statement of comprehensive income, statement of changes in fund balance/(deficit) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITORS' REPORT *(continued)*

To the Chief Auditor of Anguilla Tourist Board *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT ON REGULARITY

Disclaimer Report on Regularity Requirements

As at December 31, 2013, BDO LLC was not appointed to conduct an audit in accordance with Section 52 of the Financial Administration and Audit Act (the "Act"). This section of the Act states that the auditor in his or her examination of the Company's financial statements shall make such checks as he or she considers necessary to enable him or her to form an opinion as to, but not limited to whether all money appropriated or otherwise disbursed is applied to the purpose for which the House of Assembly intended to provide, and that the expenditure conforms to the authority that governs it. Accordingly, we do not express an opinion on regularity in accordance with Section 52 of the Act on these financial statements.

A handwritten signature in black ink that reads 'BDO LLC'. The signature is written in a cursive, somewhat stylized font.

Chartered Accountants
February 22, 2020
The Valley
Anguilla

ANGUILLA TOURIST BOARD
Statement of Financial Position
As at December 31, 2013


(Expressed in Eastern Caribbean Dollars (EC\$))

	Notes	2013	2012
ASSETS			
NON-CURRENT ASSETS			
Other assets		25,818	-
Property and equipment - net	7	1,221,129	1,264,506
		1,246,947	1,264,506
CURRENT ASSETS			
Prepayments		41,690	38,633
Accounts receivable - net	8	401,776	30,277
Cash on hand and in bank	10	470,292	270,208
		913,758	339,118
TOTAL ASSETS		2,160,705	1,603,624
FUND BALANCE/(DEFICIT) AND LIABILITIES			
FUND BALANCE/(DEFICIT)		934,368	(140,026)
NON-CURRENT LIABILITIES			
Borrowing - net of current portion	11	369,957	414,577
CURRENT LIABILITIES			
Borrowing - current portion	11	44,582	40,959
Accounts payable and accrued expenses	12	807,658	1,283,974
Bank overdraft	10	4,140	4,140
		856,380	1,329,073
		1,226,337	1,743,650
TOTAL FUND BALANCE/(DEFICIT) AND LIABILITIES		2,160,705	1,603,624

The financial statements on pages 4 to 23 were approved and authorized for issue by the Board of Directors on Feb 22, 2014 and were signed on its behalf by:



Donna A. Banks, Chairman



Chesney Hughes, Director

The notes on pages 8 to 23 are integral part of these financial statements.

ANGUILLA TOURIST BOARD
Statement of Comprehensive Income
For the Year Ended December 31, 2013

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2013	2012
REVENUE			
Government subventions	14	9,200,004	8,988,072
Other revenues	14	312,865	62,760
		9,512,869	9,050,832
DIRECT EXPENSES			
Marketing expenses	15	(6,079,806)	(6,665,577)
St. Maarten-Anguilla Ferry Terminal development expenses	14	(612,575)	(488,181)
		(6,692,381)	(7,153,758)
Administrative expenses			
Salaries and wages	16	(728,464)	(736,022)
Impairment loss	9	(187,608)	(12,233)
Professional fees		(155,773)	(423,981)
Employee benefits	17	(132,390)	(127,798)
Depreciation and amortization	7	(105,162)	(31,573)
Utilities		(106,542)	(96,999)
Board members' fees	19	(63,450)	(68,400)
Legal settlement cost		(29,226)	-
Other	18	(179,012)	(239,205)
		(1,687,627)	(1,736,211)
		(8,380,008)	(8,889,969)
NET OPERATING (LOSS)/INCOME		1,132,861	160,863
OTHER INCOME/(EXPENSES)			
Interest income		532	140
Interest expense	11	(41,001)	(42,596)
Bank charges		(17,998)	(20,764)
		(58,467)	(63,220)
NET COMPREHENSIVE INCOME FOR THE YEAR		1,074,394	97,643

The notes on pages 8 to 23 are integral part of these financial statements.

ANGUILLA TOURIST BOARD
Statement of Changes in Fund Balance/(Deficit)
For the Year Ended December 31, 2013

(Expressed in Eastern Caribbean Dollars (EC\$))

	2013	2012
FUND BALANCE/(DEFICIT)		
Balance at beginning of year	(140,026)	(237,669)
Net comprehensive income for the year	1,074,394	97,643
Balance at end of year	934,368	(140,026)

The notes on pages 8 to 23 are integral part of these financial statements.

ANGUILLA TOURIST BOARD
Statement of Cash Flows
For the Year Ended December 31, 2013

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2013	2012
Cash flows from operating activities			
Net comprehensive income for the year		1,074,394	97,643
Adjustments for:			
Impairment loss	9	187,608	12,233
Accounts written-off	9	(363,831)	-
Depreciation and amortization	7	105,162	31,573
Interest expense	11	41,001	42,596
Interest income		(532)	(140)
		1,043,802	183,905
(Increase)/decrease in:			
Other assets		3,016	-
Prepayments		(3,057)	11,272
Accounts and other receivable		(224,110)	246,601
Increase/(decrease) in:			
Accounts payable and accrued expenses		(476,316)	126,852
Cash (used in)/provided by operations		343,335	568,630
Interest received		532	140
Net cash (used in)/provided by operating activities		343,867	568,770
Cash flows from an investing activity			
Acquisition of property and equipment	7	(61,785)	(541,693)
Cash flows from financing activities			
Payment of borrowings		(40,997)	(35,581)
Interest paid		(41,001)	(42,596)
Net cash used in financing activities		(81,998)	(78,177)
Net (decrease)/ increase in cash on hand and in bank, net of bank overdraft		200,084	(51,100)
Net cash on hand and in bank at beginning of year, net of bank overdraft		266,068	317,168
Net cash on hand and in bank at end of year, net of bank overdraft	10	466,152	266,068

The notes on pages 8 to 23 are integral part of these financial statements.

ANGUILLA TOURIST BOARD
Notes to the Financial Statements
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

1. Reporting Entity

The Anguilla Tourist Board (the "Board") was established in Anguilla by virtue of the Anguilla Tourist Board Act 1993. Its principal activities are to encourage, promote, and develop tourist travel to Anguilla as well as to provide adequate, efficient tourism services for the island.

The Board's registered address and principal place of business is at Coronation Avenue, The Valley, Anguilla.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

These financial statements of the Board have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Eastern Caribbean Dollars (EC Dollars), which is the Board's functional and presentation currency. Except as otherwise indicated, all financial information presented in EC Dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. These 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 judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is described below:

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Allowance for impairment loss

Assets accounted for at amortised cost are evaluated for impairment on the basis described in accounting policy note 3 (d).

The specific counterparty component of the total allowance for impairment applies to receivables evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about counterparty's financial situation. Each impaired asset is assessed on its merit, and the workout strategy and estimate of cash flows considered recoverable.

The carrying value of accounts receivable is disclosed in note 8 to the financial statements.

Determination of fair values

The fair values of financial assets and liabilities have been determined for measurement and/or disclosure purposes based on the methods described in note 21(d) to the financial statements.

It is possible based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset.

3. Significant accounting policies

The significant accounting policies set out below have been applied consistently by the Board to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the Board's functional currency at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are re-translated to the Board's functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the Board's functional currency at the exchange rate at the date the fair value was determined. Foreign currency differences arising from retranslation are recognized in the profit or loss.

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

3. Significant accounting policies (continued)

(b) Non-derivative financial instruments

Non-derivative financial instruments comprise cash on hand and in bank, accounts receivable, borrowing and accounts payable and accrued expenses.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Board does not intend to sell immediately or in the near term. Subsequent to initial recognition, accounts receivable are measured at amortized cost using the effective interest method, less any impairment losses.

Other

Other non-derivative financial instruments are measured at amortized cost using effective interest method, less impairment losses.

(c) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Expenditure incurred to replace the component of an item of property and equipment that is accounted for separately, is capitalized with the carrying amount of the existing component being written off. Other subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the profit or loss as incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Leasehold improvements	50 years or the lease term whichever is shorter
Computers and equipment	4 - 5 years
Furniture and fittings	5 - 10 years
Motor vehicles	5 years

(d) Impairment

The carrying value of the Board's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

ANGUILLA TOURIST BOARD
Notes to the Financial Statements *(continued)*
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

3. Significant accounting policies *(continued)*

(e) Revenue

Government grants are income derived primarily from the Government of Anguilla in the form of fixed monthly subventions. These subventions are the sole source of the Board's operating income.

Government grants that compensate the Board for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized.

Other revenues originate from different projects undertaken by the Board and are recognized upon receipt.

(f) Interest income and expenses

Interest income and expenses pertain to cash in bank and borrowing, respectively. Interest income and expenses are recognized as it accrues in profit or loss using the effective interest rate method.

(g) Employee benefits

i. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

ii. Retirement benefits

The Board's retirement benefit is sponsored by the Government of Anguilla under its Pension Scheme for Public Officers. The scheme is a defined contributory state plan which operates under the simple pay-as-you-go basis. Obligations for contributions to the defined contribution plan are recognized as pension expense in the profit or loss.

(h) Provisions

Provisions are recognized if, as result of a past event, the Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Events after the reporting date

Post year-end events that provide additional information about the Board's financial position at the reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

3. Significant accounting policies (continued)

(j) Amendment to standards and interpretations adopted in 2013

The accounting policies adopted are consistent with those of the previous financial year except that the Board has adopted the following new and amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of January 1, 2013:

- IFRS 1, *First Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters*
- IFRS 1, *Government Loans (Amendments to IFRS 1)*
- IFRS 7, *Financial Instruments: Disclosures (Amendment)*
- IFRS 7, *Disclosures - Offsetting Financial Assets and Financial Liabilities*
- IFRS 10, *Consolidated Financial Statements*
- IFRS 11, *Joint Arrangements*
- IFRS 12, *Disclosure of Interests in Other Entities*
- IFRS 13, *Fair Value Measurement*
- IAS 12, *Income Taxes (Amendment) Deferred Tax: Recovery of Underlying Assets*
- IAS 19, *Employee Benefits (Revised)*
- IAS 27, *Separate Financial Statements (Revised)*
- IAS 28, *Investments in Associates and Joint Ventures (Revised)*

Adoption of these standards and interpretations did not have any effect on the financial performance or financial position of the Board.

(k) New standards, amendment to standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that have been issued but are not yet effective as at December 31, 2013 or not relevant to the Board's operations. These are as follows:

- *Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27 (2011))*, effective January 1, 2014
- IAS 32, *Financial Instruments: Presentation (Amendments)*, effective January 1, 2014
- IFRS 9, *Financial Instruments* effective 1 January 2015.

The Board is yet to assess the impact of these new upcoming standards. However, management believes that IFRS 9, Financial Instruments will impact the Board's financial statements as at and for the year ending December 31, 2015.

(l) Comparatives

When necessary, comparative figures have been adjusted to conform to changes in the presentation in the current year.

[Expressed in Eastern Caribbean Dollars (EC\$)]

4. Determination of fair values

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market for an identical measurement.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Financial instruments measured at fair value

All of the Board's financial assets and financial liabilities are recorded at amortized cost subsequent to their initial recognition.

5. Financial risk management

(a) Introduction and overview

The Board has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Board's exposure to each of the above risks, the Board's objectives, policies and processes for measuring and managing risk, and the Board's management of capital.

Risk management framework

The Board does not have a formal risk management framework however the Board of Directors have overall responsibilities for the establishment and oversight of the Board's operation including the risk that the Board may face. The Board has assigned the Director and department heads to be responsible in the developing and monitoring Board's risk management in their specified areas. These officers report regularly to the Board of Directors on their activities.

[Expressed in Eastern Caribbean Dollars (EC\$)]

5. Financial risk management (*continued*)

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Board's maximum exposure to credit risk is indicated by the carrying amount of its financial assets. Impairment provisions are made for losses that have been incurred as at the reporting date, if any. The Board monitors this risk annually or more frequently as deemed necessary.

(b) Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Board's reputation.

The Board assesses information regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. It then maintains a portfolio of short-term liquid assets, largely made up of cash in bank to ensure that sufficient liquidity is maintained by the Board.

(c) Market risk

Market risk includes interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest-earning assets and interest-bearing liabilities, which are subject to interest rate adjustments within a specified period.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

[Expressed in Eastern Caribbean Dollars (EC\$)]

6. Critical accounting estimates and judgments

The Board makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experiences and other facts, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Impairment losses on receivable

Assets accounted for at amortised cost are evaluated for impairment on the basis described in note 3(d).

b. Estimated useful lives of property and equipment

The Board estimates useful lives of property and equipment assets on the period over which the individual assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. As at December 31, 2013 and 2012, the carrying value of property and equipment is presented in note 7.

c. Determination of fair values of financial instruments

The Board determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

The methods and assumptions applied, and the valuation techniques used, as disclosed in below and presented in note 21.

- The fair value of cash on hand and in bank, accounts and other receivables and accounts payable are assumed to approximate their carrying values due to their short term nature.
- The estimated fair values of borrowings are determined by discounting contractual future cash flows, over the remaining term to maturity, at the market effective interest rates.

ANGUILLA TOURIST BOARD

Notes to the Financial Statements *(continued)*

December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

7. Property and equipment - net

Movements of this account are as follows:

	Leasehold improvements	Computers and equipment	Furniture and fittings	Motor vehicles		Total
Cost						
December 31, 2011	749,054	160,495	80,818	22,598	107,528	1,120,493
Additions	644,167	5,054	-	-	(107,528)	541,693
December 31, 2012	1,393,221	165,549	80,818	22,598	-	1,662,186
Additions	4,716	537	2,742	53,790	-	61,785
December 31, 2013	1,397,937	166,086	83,560	76,388	-	1,723,971
Accumulated depreciation/amortization						
December 31, 2011	131,301	143,229	68,979	22,598	-	366,107
Depreciation and amortization	21,621	5,221	4,731	-	-	31,573
December 31, 2012	152,922	148,450	73,710	22,598	-	397,680
Depreciation and amortization	94,937	4,899	3,533	1,793	-	105,162
December 31, 2013	247,859	153,349	77,243	24,391	-	502,842
Net book values						
December 31, 2012	1,240,299	17,099	7,108	-	-	1,264,506
December 31, 2013	1,150,078	12,737	6,317	51,997	-	1,221,129

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

8. Accounts receivable - net

	<i>Note</i>	2013	2012
Government of Anguilla		400,565	90,466
Others		79,880	194,703
Total		480,445	285,169
Less allowance for impairment loss	9	(78,669)	(254,892)
		401,776	30,277

The receivable from the Government of Anguilla mainly pertains to remaining subvention allotted for the year ended December 31, 2013 which is yet to be received by the Board.

Others represents amounts owed by hoteliers and other industry partners for their participation in trade shows and other promotional programs.

9. Allowance for impairment loss

The movements of allowance for impairment loss are as follows:

	2013	2012
Balance at beginning of year	254,892	242,659
Impairment loss		
Marketing representative	187,608	12,233
Accounts written off		
Others	(176,223)	-
Marketing representative	(187,608)	-
	(363,831)	-
Balance at end of year	78,669	254,892

During the year, receivables from a marketing representative amounting to \$187,608 were written off by the Board. These receivables were not provided with any allowance in prior year.

Accounts written off during the year amounting to \$176,223 represent balances owed by hoteliers and other industry partners which were assessed by management to be uncollectible.

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

10. Cash on hand and in bank

	2013	2012
Cash on hand and in bank	470,292	270,208
Bank overdraft	(4,140)	(4,140)
Net cash in the statement of cash flows	466,152	266,068

11. Borrowing

The components of borrowing are as follows:

	2013	2012
Loan from Bank	414,539	455,536
Less current portion as presented separately in the statement of financial position	(44,582)	(40,959)
Non-current portion as presented separately in the statement of financial position	369,957	414,577

This loan was granted to finance the construction of the new office building for the Anguilla Tourist Board on September 3, 2002 in the amount of \$750,000. This loan is being repaid in two hundred and forty (240) equal monthly installments of \$6,509 including interest. This unsecured loan carries an interest rate of 8.5% per annum. Total interest expense incurred for the year amounted to \$41,001 (2012: \$42,596).

12. Accounts payable and accrued expenses

	Note	2013	2012
Accounts payable		734,740	766,478
Accrual for legal settlement	13	-	373,894
Accrued expenses		72,918	143,602
		807,658	1,283,974

13. Legal settlement

The Board's legal settlement was the result of the following lawsuits and threatened litigation:

- a. The Board was a defendant on a civil suit filed by a former employee for unfair dismissal. The plaintiff was seeking monetary compensation calculated based on loss of earnings, future loss of earnings and loss of expectation of pension aggregating to US\$698,973. The matter was heard in a Tribunal Hearing during the year and an order was issued by the Labour Tribunal directing the Board to pay the plaintiff damages aggregating to EC\$339,725 for immediate loss of earnings, future loss of earnings, loss of pension, interest and loss of expectation of pension. The Board accrued such amount in 2011.

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

13. Legal settlement

a. (continued)

During the year, the Board paid the EC\$339,725 and additional damages thereon amounting to \$29,226. The additional damages were charged to current operations.

- b. In 2010, the Board was also subject to a threatened litigation filed by a former employee for unfair dismissal. The plaintiff was seeking monetary compensation amounting to EC\$80,378. During the year, the Board settled this claim out of Court for an amount of EC\$34,169. The Board accrued such amount in 2011.

14. Revenue

	2013	2012
Government subventions	8,800,004	8,000,004
Supplementary subventions	400,000	988,068
	9,200,004	8,988,072
Other revenues		
Refund received from the Government of Anguilla on payments of legal costs	250,000	-
Miscellaneous	62,865	62,760
	312,865	62,760

Supplementary subventions received during the year and in 2012 were used to reimburse majority of the following outlays made by the Board in connection with the construction of the St. Maarten-Anguilla Ferry Terminal.

	<i>Note</i>	2013	2012	Total
Construction costs capitalized as leasehold improvements	7	5,054	536,639	541,693
Other non-capitalization construction cost		612,575	488,181	1,100,756
		617,629	1,024,820	1,642,449

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

15. Marketing expenses

	2013	2012
Representations	1,992,449	2,372,561
Hosting and other expenses	1,179,775	1,326,086
Conference, presentation and trade shows	1,025,203	955,918
Trade and consumer promotions	604,942	924,670
Advertisement and sales	659,310	604,173
Festival events	424,577	334,318
	5,886,256	6,517,726

16. Salaries and wages

	2013	2012
Basic salary	728,464	736,022

17. Employee benefits

	2013	2012
Contribution to the Government Pension Fund	43,001	43,001
Health insurance	36,574	35,906
Social security	32,378	31,631
Travel, entertainment and miscellaneous allowances	20,437	17,260
	132,390	127,798

18. Other administrative expenses

	2013	2012
Foreign exchange losses	63,398	64,518
Repairs and maintenance	28,999	31,716
Office supplies	20,169	36,918
Insurance	15,018	12,399
Licenses and fees	2,642	67,080
Other	48,786	26,574
	179,012	239,205

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

19. Related party transactions

Parties are considered to be related if one party 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. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

In the ordinary course of business, the Board had significant transactions with related parties as follows:

	2013	2012
Board members' fees	63,450	68,400
Key management personnel	423,295	384,813
Transactions with Government of Anguilla for:		
Subventions and other contributions recorded as revenues	9,200,004	8,988,072
Receivable	400,565	90,466

19. Leases

a. Lease of the office property

The Board leases a parcel of land from the Government of Anguilla where the office building is located at a nominal fee of EC\$1.00 per annum. The lease period covers 99 years starting on 12 July 2001.

b. Lease of the St. Maarten-Anguilla Ferry Terminal

On February 21, 2012, the Board entered into an operating lease agreement with Brickworks N.V. for the St. Maarten-Anguilla Ferry Terminal. The lease is for the period commencing on March 1, 2012 until December 31, 2014 with an option to renew for a further two terms. Rent is charged at US\$5,500 per month and escalates in an increment of US\$500 at the beginning of each year. During the year, total rent expense incurred amounted to \$193,550 (2012: \$147,851).

The Board paid security deposit of US\$11,000 and was recorded as part of Prepayment account during the year. In addition, the Board paid non-refundable landlord development fee of US\$30,000 upon the consummation of the contract.

Minimum lease rental payments follow:

	2013	2012
1 year	78,000	72,000
2-5 years	-	78,000
2-5 years	78,000	150,000

ANGUILLA TOURIST BOARD
Notes to the Financial Statements (continued)
December 31, 2013

[Expressed in Eastern Caribbean Dollars (EC\$)]

20. Financial instruments

Financial assets of the Board include cash on hand and in bank and accounts receivable. Financial liabilities include borrowing, accounts payable and accrued expenses and bank overdraft.

(a) Credit risk

Credit risk on receivables is concentrated in the receivables from the Government of Anguilla, a related party.

(b) Liquidity risk

The Board's main source of funds is the Government of Anguilla by way of an annual subvention and other contributions. The Board believes that there is no significant liquidity risk as at December 31, 2013.

Exposure to liquidity risk

The Board's residual contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at December 31, 2013 and 2012 are as follow:

	Carrying amount	Gross nominal Outflow	Less than 1 month	1 - 3 months	3 months to 1 year	1- 5 years	More than 5 years
December 31, 2013							
Overdrafts	4,140	4,140	4,140	-	-	-	-
Accounts payable	807,658	807,658	807,658	-	-	-	-
Borrowings	414,539	702,972	6,509	13,018	58,581	312,432	312,432
	1,226,337	1,514,770	818,307	13,018	58,581	312,432	312,432
December 31, 2012							
Overdrafts	4,140	4,140	4,140	-	-	-	-
Accounts payable	1,283,974	1,283,974	1,283,974	-	-	-	-
Borrowings	455,536	772,494	6,509	13,018	58,581	312,432	381,954
	1,743,650	2,060,608	1,294,623	13,018	58,581	312,432	381,954

[Expressed in Eastern Caribbean Dollars (EC\$)]

21. Financial instruments *(continued)*

(b) Market risk

Interest rate risk

All of the Board's interest bearing assets and liabilities carry fixed interest rates during the term of the financial instruments. Therefore, the Board believes that there is no significant exposure to interest rate risk.

Foreign currency risk

Substantially, all of the Board's transactions, assets and liabilities are denominated in Eastern Caribbean dollars and United States dollars. The United States dollars is pegged at EC\$2.70 per US\$1. Therefore, the Board believes that there is no significant exposure to currency risk.

(c) Fair value

The fair value of cash on hand and in bank, accounts receivable, borrowing and accounts payable and accrued expenses are not materially different from their carrying amounts because of the short time to maturity.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates.

22. Subsequent events

In 2019, the Board and the Government of Anguilla entered into an amicable settlement and mutually agreeable agreement with a former key management personnel of the Board. The agreement is for the Government of Anguilla to pay the settlement amount and legal fees while the Board shall pay the holiday amount. The total settlement was equally accrued as legal settlement claim for the years ended December 31, 2016, December 31, 2017 and December 31, 2018. The amount settled by the Government of Anguilla in 2019 will be reported as additional subvention on the Board's 2019 financial statements.