



# **ANGUILLA TOURIST BOARD**

Financial Statements

December 31, 2012

(Expressed in Eastern Caribbean Dollars)

**The Anguilla Tourist Board**  
**Financial Statements for the period ended 31 December 2012**  
**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 2012.

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 2012 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 2012 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 has an emphasis of matter which draws attention to Note 22 to the accounts. This note sets out the impact of a number of prior year adjustments to comparative figures and balances. In BDO's opinion these adjustments are appropriate and have been properly applied.

BDO's report also 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)*  
1<sup>st</sup> 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



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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, 2012, and the related statement of comprehensive income, statement of changes in fund 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

We draw attention to the fact that the corresponding figures presented, excluding the adjustments described in note 18 to the financial statements, are based on the financial statements of the Board as at and for the year ended December 31, 2011, which were audited by other auditors who expressed an unqualified opinion on these statements on July 29, 2013. As part of our audit, we have audited the adjustments described in note 22 to the financial statements that were applied to restate the corresponding figures. In our opinion, such adjustments are appropriate and have been properly applied.

## INDEPENDENT AUDITOR'S REPORT ON REGULARITY

### *Disclaimer Report on Regularity Requirements*

As at December 31, 2012, 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.

*BDO LLC*

Chartered Accountants  
22<sup>nd</sup> of February 2020  
The Valley  
Anguilla



ANGUILLA TOURIST BOARD  
Statement of Financial Position  
As at December 31, 2012

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

	<i>Notes</i>	2012	2011 As restated - Note 22
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment - net	7, 22	1,264,506	754,386
<b>CURRENT ASSETS</b>			
Prepayments		38,633	49,905
Accounts receivable - net	8	30,277	289,111
Cash on hand and in bank	10	270,208	321,333
		339,118	660,349
<b>TOTAL ASSETS</b>		<b>1,603,624</b>	<b>1,414,735</b>
<b>FUND DEFICIT AND LIABILITIES</b>			
<b>FUND DEFICIT</b>	22	<b>(140,026)</b>	<b>(237,669)</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowing - net of current portion	11	414,577	453,431
<b>CURRENT LIABILITIES</b>			
Borrowing - current portion	11	40,959	37,686
Accounts payable and accrued expenses	12, 22	1,283,974	1,157,122
Bank overdraft	10	4,140	4,165
		1,329,073	1,198,973
		1,743,650	1,652,404
<b>TOTAL FUND DEFICIT AND LIABILITIES</b>		<b>1,603,624</b>	<b>1,414,735</b>

The financial statements on pages 4 to 25 were approved and authorized for issue by the Board of Directors on Feb 22, 2020 and were signed on its behalf by:

  
\_\_\_\_\_  
Donna A. Banks, Chairman

  
\_\_\_\_\_  
Chesney Hughes, Director

The notes on pages 8 to 25 are integral part of these financial statements.



**ANGUILLA TOURIST BOARD**  
**Statement of Comprehensive Income**  
**For the Year Ended December 31, 2012**

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

	<i>Notes</i>	<b>2012</b>	2011 As restated - Note 22
<b>REVENUE</b>			
Government subventions	14	<b>8,988,072</b>	8,855,829
Other revenues	14, 22	<b>62,760</b>	45,123
		<b>9,050,832</b>	8,900,952
<b>DIRECT EXPENSES</b>			
Marketing expenses	15, 22	<b>(6,665,577)</b>	(6,521,619)
St. Maarten-Anguilla Ferry Terminal development expenses	14, 22	<b>(488,181)</b>	(64,552)
		<b>(7,153,758)</b>	(6,586,171)
Administrative expenses			
Salaries and wages	16	<b>(736,022)</b>	(711,026)
Professional fees		<b>(423,981)</b>	(50,000)
Employee benefits	17	<b>(127,798)</b>	(114,718)
Utilities		<b>(96,999)</b>	(95,170)
Board members' fees	19	<b>(68,400)</b>	(68,400)
Depreciation and amortization	7	<b>(31,573)</b>	(21,961)
Impairment loss	9	<b>(12,233)</b>	(64,661)
Legal settlement cost		<b>-</b>	(373,894)
Other	18, 22	<b>(239,205)</b>	(177,317)
		<b>(1,736,211)</b>	(1,677,147)
		<b>(8,889,969)</b>	(8,263,318)
<b>NET OPERATING INCOME</b>		<b>160,863</b>	637,634
<b>OTHER INCOME/(EXPENSES)</b>			
Interest income		<b>140</b>	264
Interest expense	11	<b>(42,596)</b>	(42,990)
Bank charges		<b>(20,764)</b>	(23,415)
		<b>(63,220)</b>	(66,141)
<b>NET COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>97,643</b>	571,493

*The notes on pages 8 to 25 are integral part of these financial statements.*

**ANGUILLA TOURIST BOARD**  
**Statement of Changes in Fund Deficit**  
**For the Year Ended December 31, 2012**

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

	<i>Note</i>	<b>2012</b>	2011 As restated - Note 22
<b>FUND DEFICIT</b>			
Balance at beginning of year			
As previously reported		<b>(253,529)</b>	(876,367)
Restatements		<b>15,860</b>	67,205
As restated	22	<b>(237,669)</b>	(809,162)
Net comprehensive income for the year			
As reported		<b>97,643</b>	622,838
Restatements	22	-	(51,345)
As restated		<b>97,643</b>	571,493
Balance at end of year		<b>(140,026)</b>	(237,669)

*The notes on pages 8 to 25 are integral part of these financial statements.*

**ANGUILLA TOURIST BOARD**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2012**

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

	<i>Notes</i>	<b>2012</b>	2011 As restated - Note 22
<b>Cash flows from operating activities</b>			
Net comprehensive income for the year		<b>97,643</b>	571,493
Adjustments for:			
Impairment loss	9	<b>12,233</b>	64,661
Depreciation and amortization	7	<b>31,573</b>	21,961
Interest expense	11	<b>42,596</b>	42,990
Interest income		<b>(140)</b>	(264)
		<b>183,905</b>	700,841
(Increase)/decrease in:			
Other assets		-	
Prepayments		<b>11,272</b>	(40,842)
Accounts and other receivable		<b>246,601</b>	(118,319)
Increase/(decrease) in:			
Accounts payable and accrued expenses		<b>126,852</b>	(44,411)
<b>Cash provided by operations</b>		<b>568,630</b>	497,269
Interest received		<b>140</b>	264
<b>Net cash provided by operating activities</b>		<b>568,770</b>	497,533
<b>Cash flows from an investing activity</b>			
Acquisition of property and equipment	7	<b>(541,693)</b>	(125,326)
<b>Cash flows from financing activities</b>			
Payment of borrowings		<b>(35,581)</b>	(35,141)
Interest paid		<b>(42,596)</b>	(42,990)
<b>Net cash used in financing activities</b>		<b>(78,177)</b>	(78,131)
<b>Net (decrease)/ increase in cash on hand and in bank, net of bank overdraft</b>		<b>(51,100)</b>	294,076
<b>Net cash on hand and in bank at beginning of year, net of bank overdraft</b>		<b>317,168</b>	23,092
<b>Net cash on hand and in bank at end of year, net of bank overdraft</b>	10	<b>266,068</b>	317,168

*The notes on pages 8 to 25 are integral part of these financial statements.*

**ANGUILLA TOURIST BOARD**  
**Notes to the Financial Statements**  
**December 31, 2012**

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

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**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, 2012**

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

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**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, 2012

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

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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, 2012**

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

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**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, 2012

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

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3. Significant accounting policies (continued)

(j) Amendment to standards and interpretations adopted in 2012

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, 2012:

- *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1)
- *Disclosures - Transfers of Financial Assets* (Amendments to IFRS 7)
- *Deferred Tax: Recovery of Underlying Assets* (Amendments to IAS 12)

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, 2012 or not relevant to the Board's operations. These are as follows:

- *Government Loans* (Amendments to IFRS 1) effective 1 January 2013
- *Disclosures: Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7) effective 1 January 2013
- *IFRS 13 Fair Value Measurement* effective 1 January 2013.
- *IAS 19 Employee Benefits* (amended 2011) effective 1 January 2013.
- *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities (2011)* effective 1 January 2013
- *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11, and IFRS 12)* effective 1 January 2013
- *IAS 27 Separate Financial Statements (2011)* effective 1 January 2013
- *IAS 28 Investments in Associates and Joint Ventures (2011)* effective 1 January 2013
- *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)* effective 1 January 2014
- *Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27 (2011))*, effective 1 January 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\$)]

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#### 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\$)]

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**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\$)]

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## 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, 2012 and 2011, 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, 2012

[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	Work in progress - Note 22	Total
<b>Cost</b>						
December 31, 2010	749,054	142,697	80,818	22,598	-	995,167
Additions	-	17,798	-	-	107,528	125,326
<b>December 31, 2011</b>	<b>749,054</b>	<b>160,495</b>	<b>80,818</b>	<b>22,598</b>	<b>107,528</b>	<b>1,120,493</b>
Additions	644,167	5,054	-	-	(107,528)	541,693
<b>December 31, 2012</b>	<b>1,393,221</b>	<b>165,549</b>	<b>80,818</b>	<b>22,598</b>	<b>-</b>	<b>1,662,186</b>
<b>Accumulated depreciation/amortization</b>						
December 31, 2010	116,320	140,980	64,248	22,598	-	344,146
Depreciation and amortization	14,981	2,249	4,731	-	-	21,961
<b>December 31, 2011</b>	<b>131,301</b>	<b>143,229</b>	<b>68,979</b>	<b>22,598</b>	<b>-</b>	<b>366,107</b>
Depreciation and amortization	21,621	5,221	4,731	-	-	31,573
<b>December 31, 2012</b>	<b>152,922</b>	<b>148,450</b>	<b>73,710</b>	<b>22,598</b>	<b>-</b>	<b>397,680</b>
<b>Net book values</b>						
December 31, 2011	617,753	17,266	11,839	-	107,528	754,386
<b>December 31, 2012</b>	<b>1,240,299</b>	<b>17,099</b>	<b>7,108</b>	<b>-</b>	<b>-</b>	<b>1,264,506</b>

ANGUILLA TOURIST BOARD  
Notes to the Financial Statements (continued)  
December 31, 2012

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

**8. Accounts receivable - net**

	<i>Note</i>	2012	2011
Government of Anguilla		90,466	353,807
Others		194,703	177,963
Total		285,169	531,770
Less allowance for impairment loss	9	(254,892)	(242,659)
		30,277	289,111

The receivable from the Government of Anguilla pertains to subvention and reimbursable expenses which were paid by the Board on behalf of Government. The reimbursable expenses amounting to \$90,466 (2011: \$87,894) were provided with allowance for impairment loss.

Other accounts receivable represents amounts owed by hoteliers and other industry partners for their participation in trade shows and other promotional programs. The Board provided allowance for impairment loss amounting to \$164,426 (2011: \$154,765) on long outstanding other accounts receivable.

**9. Allowance for impairment loss**

The movements of allowance for impairment loss are as follows:

	2012	2011
Balance at beginning of year	242,659	177,998
Impairment loss	12,233	64,661
Balance at end of year	254,892	242,659

**10. Cash on hand and in bank**

	2012	2011
Cash on hand and in bank	270,208	321,333
Bank overdraft	(4,140)	(4,165)
Net cash in the statement of cash flows	266,068	317,168

**ANGUILLA TOURIST BOARD**  
**Notes to the Financial Statements (continued)**  
**December 31, 2012**

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

**11. Borrowing**

The components of borrowing are as follows:

	2012	2011
Loan from Bank	455,536	491,117
Less current portion as presented separately in the statement of financial position	(40,959)	(37,686)
Non-current portion as presented separately in the statement of financial position	414,577	453,431

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 \$42,596 (2011: \$42,990).

**12. Accounts payable and accrued expenses**

	Note	2012	2011 As restated - Note 22
Accounts payable		766,478	641,292
Accrual for legal settlement	13	373,894	373,894
Accrued expenses		143,602	141,936
		1,283,974	1,157,122

**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, 2012

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

13. Legal settlement

- 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. In 2013, the Board settled this claim out of Court for an amount of EC\$34,169. The Board accrued such amount in 2011.

14. Revenue

	2012	2011
<b>Government subventions</b>	<b>8,000,004</b>	<b>8,000,004</b>
<b>Supplementary subventions</b>	<b>988,068</b>	<b>855,825</b>
	<b>8,988,072</b>	<b>8,855,829</b>
<b>Other revenues</b>		
Miscellaneous	62,760	45,123
	<b>62,760</b>	<b>45,123</b>

Supplementary subventions received during the year and in 2011 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.

	Note	2012	2011 As restated -Note 22	Total
Construction costs capitalized as leasehold improvements	7	536,639	107,528	644,167
Other non-capitalization construction cost		488,181	64,552	552,733
		<b>1,024,820</b>	<b>172,080</b>	<b>1,196,900</b>

ANGUILLA TOURIST BOARD  
Notes to the Financial Statements (continued)  
December 31, 2012

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

**15. Marketing expenses**

	2012	2011 As restated - Note 22
Representations	2,372,561	2,297,693
Hosting and other expenses	1,473,937	1,070,208
Conference, presentation and trade shows	955,918	1,017,450
Trade and consumer promotions	924,670	1,016,712
Advertisement and sales	604,173	991,398
Festival events	334,318	128,158
	<b>6,665,577</b>	<b>6,521,619</b>

**16. Salaries and wages**

	2012	2011
Basic salary	736,022	711,026

**17. Employee benefits**

	2012	2011
Contribution to the Government Pension Fund	43,001	43,001
Health insurance	35,906	29,848
Social security	31,631	30,769
Travel, entertainment and miscellaneous allowances	17,260	11,100
	<b>127,798</b>	<b>114,718</b>

**18. Other administrative expenses**

	2012	2011 As restated - Note 22
Foreign exchange losses	64,518	68,168
Repairs and maintenance	31,716	25,547
Office supplies	36,918	14,945
Insurance	12,399	12,999
Licenses and fees	67,080	43,381
Other	26,574	12,277
	<b>239,205</b>	<b>177,317</b>

**ANGUILLA TOURIST BOARD**  
**Notes to the Financial Statements (continued)**  
**December 31, 2012**

[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:

	2012	2011
Board members' fees	68,400	68,400
Key management personnel	384,813	380,192
Transactions with Government of Anguilla for:		
Subventions and other contributions recorded as revenues	8,988,072	8,855,829
Receivable	90,466	87,894

**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 \$147,851 (2011: \$-).

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:

	2012	2011
1 year	193,550	-
2-5 years	209,680	-
2-5 years	403,230	-

**ANGUILLA TOURIST BOARD**  
**Notes to the Financial Statements (continued)**  
**December 31, 2012**

[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, 2012.

Exposure to liquidity risk

The Board's residual contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at December 31, 2012 and 2011 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
<b>December 31, 2012</b>							
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
	<b>1,743,650</b>	<b>2,060,608</b>	<b>1,294,623</b>	<b>13,018</b>	<b>58,581</b>	<b>312,432</b>	<b>381,954</b>
<b>December 31, 2011</b>							
Overdrafts	4,165	4,165	4,165	-	-	-	-
Accounts payable	1,157,122	1,157,122	1,157,122	-	-	-	-
Borrowings	491,117	859,188	6,509	13,018	58,581	312,432	468,648
	<b>1,652,404</b>	<b>2,020,475</b>	<b>1,167,796</b>	<b>13,018</b>	<b>58,581</b>	<b>312,432</b>	<b>468,648</b>

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

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## 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. Restatements

During the year, the Board restated its prior year financial statements to correct the following errors:

- a. In 2010, marketing expenses of \$67,205 was recorded twice, thus, overstating marketing expenses and accounts payable and accrued expenses by the same amount. The beginning balance of retained earnings and accounts payable and accrued expenses as at January 1, 2011 and 2012 were increased by the same amount to correct the error.
- b. In 2011, the Board was not able to accrue the marketing expenses amounting to \$53,764. As such, accounts payable and accrued expenses account and marketing expenses as at and for the period ended December 31, 2011 were understated by \$53,764. Accounts payable and accrued expenses and marketing expenses as at and for the year then ended December 31, 2011 balances were increased by the same amount to correct the error. This reduced the beginning balance of retained earnings as at January 1, 2012 by the same amount.
- c. In 2011, the Board erroneously reversed accruals for expenses incurred in the construction of the St. Maarten-Anguilla Ferry Terminal amounting to \$110,216 twice. In order to correct the error, the Board recognized work-in-progress amounting to \$107,528 representing capital outlays which qualified for capitalization, development expenses amounting to \$2,688 and increased accounts payable and accrued expenses by \$110,216. This reduced the beginning balance of retained earnings as at January 1, 2012 by \$2,688.

ANGUILLA TOURIST BOARD  
Notes to the Financial Statements (continued)  
December 31, 2012

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

22. Restatements (continued)

During the year, the Board restated its prior year financial statements to correct the following errors: (continued)

- d. In 2011, the Board incurred miscellaneous expenses of \$2,580 which were not properly accrued. The balances of accounts payable and accrued expenses and other administrative expenses as at and for the year then ended December 31, 2011 were increased by the same amount to correct the error. This reduced the beginning balance of retained earnings as at January 1, 2012 by the same amount.
- e. In 2011, the Board incorrectly recorded a third-party contribution amounting to EC\$7,687 as equity injection instead of recording it as other income.

The effect of the above restatement to the total comprehensive income as at December 31 follows:

	Note	Amount	Total comprehensive income
As previously stated			622,838
Under accrual of marketing expense	b.	(53,764)	
Error in recording of accrual	c.	(2,688)	
Unrecorded miscellaneous expense	d.	(2,580)	
Error of recording of other income	e.	7,687	(51,345)
As restated			571,493

The effect of the above restatement to the specific statement of comprehensive income accounts for the year ended December 31, 2011 follows:

	Note	As previously reported	As restated
Marketing expenses	b.	(6,467,855)	(6,521,619)
St. Maarten-Anguilla Ferry Terminal development expenses	c.	(61,864)	(64,552)
Other expenses	d.	(174,737)	(177,317)
Other revenues	e.	37,436	45,123

The effect of the above restatement to the beginning balance of the fund deficit for the years ended December 31, 2012 and 2011 follows:

	Note	2012	2011
As previously stated		(253,529)	(876,367)
Double recording of marketing expense in 2010	a.	67,205	67,205
Under accrual of marketing expense 2011	b.	(53,764)	-
Error in recording of accrual	c.	(2,688)	-
Unrecorded miscellaneous expense	d.	(2,580)	-
Error of recording of other income	e.	7,687	-
As restated		(237,669)	(809,162)

**ANGUILLA TOURIST BOARD**  
**Notes to the Financial Statements (continued)**  
**December 31, 2012**

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

**22. Restatements (continued)**

The effect of the above restatement to the statement of financial position as a December 31, 2011 follows:

	<i>Note</i>	Property and equipment	Accounts payable and accrued expenses
As previously stated		646,858	1,057,767
Double recording of marketing expense in 2010	<i>a.</i>	-	(67,205)
Under accrual of marketing expense 2011	<i>b.</i>	-	53,764
Error in recording of accrual	<i>c.</i>	107,528	110,216
Unrecorded miscellaneous expense	<i>d.</i>	-	2,580
<b>As restated</b>		<b>754,386</b>	<b>1,157,122</b>

**23. Subsequent event**

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.