

For the Year Ended June 30, 2012

FINANCIAL STATEMENTS

TOURISM ATTRACTION BOARD

TOURISM ATTRACTION BOARD

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Tourism Attraction Board in accordance with the provisions of the *Public Management and Finance Law, (2012 Revision)* and International Financial Reporting Standards.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law, (2012 Revision)*.

As Chairman and Chief Executive Officer, we are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Tourism Attraction Board. However, there were instances where controls may not have been adequately established and maintained during the financial year.

As Chairman and Chief Executive Officer, we are responsible for the preparation of the Tourism Attraction Board financial statements and for the judgements made in them.

The financial statements, except for the effects of the probable overstated differences to property values and the omission of two bank accounts from the Board's records, fairly present the financial position, financial performance, and cash flows of the Tourism Attraction Board for the year ended 30 June 2012.

To the best of our knowledge we represent that these financial statements are:

(a) complete and reliable except for the effects of the probable overstated differences to property values;

(b) except for the effects of the probable overstated differences to property values and the omission of two bank accounts from the Board's records, fairly reflect the financial position as at June 30, 2012 and performance for the financial year ended June 30, 2012; and

(c) may not fully comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.



The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

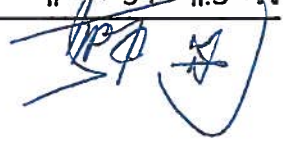
Mr. Kirland Nixon



Chairman
Tourism Attraction Board

Date: JAN 07, 2014

Mr. Gilbert Conolly



Chief Executive Officer
Tourism Attraction Board

Date: JAN 07, 2014

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Auditor's Responsibility

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

Management's Responsibility for the Financial Statements

I have audited the accompanying consolidated financial statements of the Tourism Attraction Board (the "Board") which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, statement of segmented operations and a summary of significant accounting policies and other explanatory information as set out on pages 6 to 21 in accordance with provisions of Section 9 (2) of the *Tourism Attraction Board Law, 1996 and Section 60 (1)(a)* of the *Public Management and Finance Law (2012 revision)*.

To the Members of the Tourism Attraction Board

Auditor General's Report



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 www.auditorgeneral.gov.ky
 3rd Floor, Anderson Square
 64 Sheddin Road, George Town
 PO Box 2583
 Grand Cayman, KY1-1103,
 Cayman Islands

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Cash & Cash Equivalents

Two bank accounts totalling \$42,765 were excluded from the Boards records at 30 June 2012; as a result, the cash and cash equivalents balance of \$1,246,994 is not fairly stated at 30 June 2012.

Additionally, there were un-deposited funds totalling \$10,268 which I was unable to validate and lack of controls surrounding cash collections at several of the Board's entities which impacted the completeness and accuracy of the cash balance.

Property, Plant & Equipment and Depreciation

From a review of the revaluation carried out for the properties of the Board and the resultant adjustments, we determined that there is an estimated overstatement of property values presented in the 2012 financial statements in excess of \$200,000. It also appears that no consideration was made of revaluation losses in adjusting the carrying values of the assets, and it is not possible to clearly determine whether the correct IFRS standard was used in the revaluation exercise to adjust depreciation.

Due to the significant differences noted, property, plant and equipment of \$12,261,913 are not fairly stated at 30 June 2012 and I am unable to opine on the accuracy of the associated depreciation expense of \$240,411 recorded in the statement of comprehensive income.

Accounts Payable and accrued liabilities

I was unable to determine the existence and accuracy of transactions totalling \$211,027 related to insurance accrual which is included in the total accounts payable and accrued liabilities balance of \$431,846 at 30 June 2012.

Equity

Due to the significant unadjusted differences noted during the current year which exceeds \$200,000 and impact on the accuracy of equity; the equity balance of \$13,254,243 is not fairly stated at 30 June 2012.

Income

There is a lack of adequate controls over revenue transactions at Pirates Week gift shop and the Botanic Park. Additionally, several income transactions were not recorded in the financial statements as a result of the omission of two bank accounts, as result, I am unable to opine on the completeness and accuracy of gross revenues totalling \$831,005 out of the overall revenue balance of \$2,691,183 as at 30 June 2012.

Receivables

Due to the control issues noted with revenue as well as material differences noted with intercompany receivable balances which were not properly eliminated on consolidation, I am unable to opine on the accuracy of the receivables balance of \$98,922 at 30 June 2012.

Cayman Islands
January 7, 2014

Alastair Swarbrick, MA (Hons), CPA
Auditor General



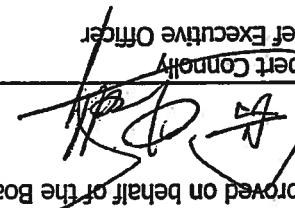
Qualified Opinion
In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects the financial position of the Tourism Attraction Board as at 30 June 2012 and its financial performance and its statement of cash flows for the year then ended in accordance with International Financial Reporting Standards.

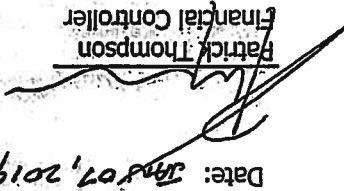
- IAS 24 (Related Party Disclosures) – the register of interest was outstanding at the close of the audit, therefore I was unable to verify the completeness of the related party transactions disclosed at note 8 to the financial statements.
 - IAS 16 (Property, Plant and Equipment) – Properties were not adjusted for revaluation losses.
- Non-compliance with International Financial Reporting Standards (IFRS)

**Tourism Attraction Board
Statement of Financial Position
as at 30 June 2012**

(in Cayman Islands dollars)

ASSETS	Note	2012	2011
TOTAL ASSETS		13,686,089	10,849,749
Current Assets			
Inventories		67,631	78,438
Accounts receivable		98,922	102,207
Prepaid expenses		10,629	13,351
Cash and cash equivalents		1,246,994	1,332,367
Property, plant and equipment	3	12,261,913	9,323,386
Non-Current Assets			
Equity		13,254,243	10,055,634
Revaluation Surplus		3,157,775	(1,603,538)
Accumulated deficit	5	(1,541,122)	11,659,172
Donated capital		11,637,590	
Current Liabilities			
Accounts payable and accrued liabilities	7	431,846	794,115
TOTAL EQUITY AND LIABILITIES		13,686,089	10,849,749

Approved on behalf of the Board

 Gilbert Connolly
 Chief Executive Officer

Date: 30/06/2012

 Patrick Thompson
 Financial Controller

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

Tourism Attraction Board
Statement of Comprehensive Income
for the year ended 30 June 2012
(in Cayman Islands dollars)

2012	2011	Note	Net income for the year
\$ 57,980	\$ 328,110		
INCOME			
596,531	602,935	6	
(369,530)	(367,906)		
<u>227,001</u>	<u>235,029</u>		
373,591	349,286	6	
2,090,591	2,208,025	8	
<u>2,691,183</u>	<u>2,792,340</u>		
EXPENSES			
1,411,231	1,374,942	10	
58,285	21,680		
-	-		
240,411	241,772	3	
115,015	119,341		
62,491	54,490		
199,835	209,958		
129,246	102,573		
69,166	56,372		
70,550	67,087	9	
60,955	53,448		
17,743	20,610		
81,962	44,214		
68,291	57,989		
18,264	15,805		
6,624	2,398		
7,452	1,743		
-	-		
84	15,792		
1,696	-		
10,981	1,404		
2,921	2,612		
<u>2,633,203</u>	<u>2,464,230</u>		

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

Tourism Attraction Board
Statement of Changes in Equity
for the year ended 30 June 2012
(in Cayman Islands dollars)

	DONATED CAPITAL	ACCUMULATED DEFICIT	REVALUATION SURPLUS	TOTAL EQUITY
Balance at 30 June 2010	11,719,029	(2,172,010)	-	9,547,019
Capital adjustment during the year	-	-	-	-
Adjustment to Opening Equity	(59,857)	240,362	-	180,505
Net Income for the year	-	328,110	-	328,110
Balance at 30 June 2011	11,659,172	(1,603,538)	-	10,055,634
Capital adjustment during the year	(21,582)	-	-	(21,582)
Adjustment to Opening Equity	-	4,436	-	4,436
Revaluation Surplus	-	-	3,157,775	3,157,775
Net Income for the year	-	57,980	-	57,980
Balance at 30 June 2012	11,637,590	(1,541,122)	3,157,775	13,254,243

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

Tourism Attraction Board
Statement of Cash Flows
for the year ended 30 June 2012
(in Cayman Islands dollars)

<u>2012</u>	<u>2011</u>	
<u>\$ 57,980</u>	<u>\$ 328,110</u>	CASH FLOWS FROM OPERATING ACTIVITIES
		Net Income for the year after government subsidy
		Add adjustments to reconcile net income to net cash from operating activities
240,411	241,772	Depreciation
(1,292)	-	Charges on Disposal
<u>297,099</u>	<u>569,882</u>	Operating Income before working capital changes
		Changes in working capital balances
10,807	23,963	Decrease/(Increase) in inventories
3,285	(8,375)	Decrease/(Increase) in accounts receivable
2,722	15,914	Decrease/(Increase) in prepaid expenses
(362,269)	(89,608)	(Decrease)/Increase in accounts payable and accrued liabilities
<u>(48,356)</u>	<u>511,776</u>	Net cash (used in)/from operating activities
		CASH FLOWS FROM INVESTING ACTIVITY
(23,249)	(331,470)	Purchase of fixed assets
3,378	-	Disposal of assets
<u>(19,871)</u>	<u>(331,470)</u>	Net Cash used in investing activity
		CASH FLOWS FROM FINANCING ACTIVITIES
(21,582)	(59,857)	Adjustment to Capital Donated by Government
-	-	Loan principal repaid during the year
4,436	240,362	Adjustment to Retained Earnings
<u>(17,146)</u>	<u>180,505</u>	Net cash (used in)/from financing activities
		Net (decrease)/increase in cash and cash equivalents
1,332,367	360,811	Cash and cash equivalents at beginning of year
<u>1,246,994</u>	<u>1,332,367</u>	CASH AND CASH EQUIVALENTS AT THE END OF YEAR

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

**Tourism Attraction Board
Statement of Segmented Operations
as at 30 June 2012**
(in Cayman Islands dollars)

Statement of Financial Position

	2012	2012	2012	2012	2012	2012	2012
	CM	HELL	PSJ	OEIIBP	PWF	TAB	CONSOL
ASSETS							
Non-Current Assets							
Property, Furniture and Equipment	160,294	2,468	10,002,843	2,061,826	22,155	12,328	12,261,913
Current Assets							
Inventories	-	-	8,351	12,146	47,134	-	67,631
Trade and Other Receivables	75	8,972	41,597	22,780	8,244	17,254	98,922
Prepayments	40	-	1,972	5,636	385	2,596	10,629
Due from Related Party	(123,331)	316	46,891	(67,087)	(27,714)	170,925	-
Cash and Cash Equivalents	1,950	16,098	242,069	348,664	143,508	494,707	1,246,994
TOTAL ASSETS	(121,266)	25,364	340,880	322,139	171,557	685,482	1,424,176
CAPITAL AND LIABILITIES							
Capital and Deficit	110,000	-	8,617,330	2,711,454	-	198,808	11,637,590
Donated Capital	(62,575)	27,792	(1,634,106)	(380,786)	163,286	365,267	(1,541,122)
Accumulated Deficit	-	-	3,157,775	-	-	-	3,157,775
Revaluation Surplus	27,425	27,792	10,140,999	2,330,668	163,286	564,073	13,254,243
Non-Current Liability							
Long Term Loan	-	-	-	-	-	-	-
Current Liabilities							
Current Portion of Long Term Loan	-	-	-	-	-	-	-
Accounts Payable and Accruals	11,603	60	202,724	53,297	30,426	133,737	431,846
Deferred Revenue	-	-	-	-	-	-	-
Due to Related Party	-	-	-	-	-	-	-
TOTAL CAPITAL AND LIABILITIES	39,028	27,852	10,343,723	2,383,965	193,712	697,810	13,686,089

**Tourism Attraction Board
Statement of Segmented Operations
as at 30 June 2012**

(in Cayman Islands dollars)

	2012	2012	2012	2012	2012	2012	2012
	CCM	HELL	PSJ	QEIIBP	PWF	TAB	Consol A/E
	2012	2012	2012	2012	2012	2012	2012
INCOME							
Gift Shop, Café, Events, Bar and Other	608	-	158,404	183,204	237,777	(3,457)	576,524
Management Fees	-	-	-	-	-	-	-
Rental Income	-	18,000	-	-	-	-	-
Cost of Goods Sold	-	-	(63,842)	(43,700)	(261,988)	-	(369,530)
Admission Fees	608	18,000	94,562	139,504	(24,211)	417,651	(421,318)
Total Income	608	18,000	233,677	373,980	(24,211)	417,651	(421,318)
EXPENSES							
Salaries and Benefits	71,461	-	489,543	451,520	145,323	253,383	1,411,231
Depreciation	8,285	56	153,815	65,826	7,311	5,318	240,411
Loan Interest and Charges	-	-	-	-	-	-	-
Management Fees	28,597	9,600	181,110	140,702	63,310	-	(421,318)
Insurance	2,437	87,979	23,442	843	313	-	-
Utilities	7,657	659	60,232	115,321	5,240	5,240	115,015
Operations & Maintenance	-	17	45,335	19,837	3,087	35	68,291
Building and Equipment Maintenance	6,575	30,554	57,589	32,093	2,099	336	129,246
Advertising and Marketing	-	-	2,972	6,908	16,558	36,033	62,491
Professional Fees	2,562	2,142	13,100	11,848	12,384	27,130	69,166
Administrative Expenses	66	86	11,033	24,755	21,439	24,583	81,982
Telephone and Communication Costs	2,247	-	18,364	16,219	7,312	18,813	60,955
Nursery Supplies and Grounds	-	-	1,225	18,519	-	-	17,743
Vehicle Expenses and Mileage	-	-	7,755	10,508	-	-	18,264
Bad Debt	-	-	18	66	-	-	84
Conference, Subsistence and Official Travel	-	-	251	-	901	6,299	7,452
Subscription and Donation	-	-	-	-	-	-	-
Uniform, Training and Education	-	-	4,376	1,466	-	783	6,624
Equipment Write-off	-	-	1,567	3,141	7,092	129	1,698
Inventory Write-off	-	-	748	-	-	-	10,981
Miscellaneous Expense	-	-	103	2,252	150	417	2,921
Subsidy Expense	-	-	-	-	-	-	-
Other Expenses	-	-	37	58,249	-	-	58,285
Other (Income)	0	-	(1,405)	(15)	(33)	(554)	(2,007)
Rent	-	-	-	-	45,350	25,200	70,550
Total Expenses	128,087	43,114	1,133,547	1,000,857	343,632	2,494,069	2,631,196
Net loss for the year before Government Subsidy	(127,479)	(25,114)	(899,870)	(626,677)	(367,843)	(2,076,218)	(2,032,611)
Government Subsidy	132,983	32,000	905,548	703,512	316,548	2,090,591	2,090,591
Net loss for the year after Government Subsidy	5,504	6,886	5,678	76,835	(51,295)	14,373	57,980

Statement of Comprehensive Income

CONSOL

2012

\$

1. BACKGROUND INFORMATION

The Tourism Attraction Board (TAB) was established under the Tourism Attraction Board Law, 1996 (*Law 17 of 1996*) on 25 November 1996. The primary function of the Tourism Attraction Board is the general and financial management of Pedro St. James as a building of historic interest and a heritage site for visitors, and of such other land and buildings as may be vested in it or placed under its management, in accordance with the general policies of the Government. The Queen Elizabeth II Botanic Park is a conservation effort of both the Cayman Islands Government and the National Trust for the Cayman Islands and was the second site placed under the management of the Tourism Attraction Board.

The Tourism Attraction Board also manages Pirates Week Festival, Hell and the Cayman Craft Market. The Pirates Week Festival is an annual event organized by the Pirates Week Committee. Since 1995, part of the activities of the Committee in connection with the Festival had been conducted through the Pirates Week Festival Limited (the "Company"), a Cayman Islands limited liability company. However, during 1998 a decision was taken not to use the Company for this purpose in future. The Company was struck off the Register of Companies in 2001. The assets and liabilities of the Company were transferred to the Festival and the Company was duly terminated. During 2001, "Pirates Week" was registered as a trademark with the Trade Mark Association.

The Tourism Attraction Board Office is located at Suite 203 Crighton Building, Crewe Road George Town, P.O. Box 317837 S.M.B.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tourism Attraction Board are stated in Cayman Islands Dollars. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). A summary of the significant accounting and reporting policies used in preparing these statements are as follows: -

a) Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), on an accrual basis under the historical cost convention. No account is taken of the effects of inflation.

b) Financial Assets and Liabilities

i) Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favorable or an equity instrument of another enterprise. Financial assets in the Tourism Attraction Board financial statements comprise of cash and cash equivalents and accounts receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially favorable. Financial liabilities in the Tourism Attraction Board financial statements comprise of accounts payable and accrued liabilities.

ii) Recognition

The Tourism Attraction Board recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of an instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the statement of comprehensive income.

iii) De-recognition

A financial asset is de-recognised when the Tourism Attraction Board realizes the rights to the benefits specified in the contract or loses control over any right that compromise that asset. A financial liability is de-recognised when it is extinguished, that is, when the obligation is discharged, cancelled or expires.

iv) Measurement

Financial instruments are measured initially at cost, which is the fair value of the consideration given or received. Subsequent to initial recognition, all financial assets are measured at their estimated fair value.

Financial liabilities are subsequently measured at amortized cost, being the amount at which the liability was initially recognised less any principal repayments plus any amortisation (accrued interest) of the difference between that initial amount and the maturity amount.

c) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during year. Actual results could differ from these estimates, the impact of which would be recorded in future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Depreciation

Property, Plant, and Equipment, are recorded at cost and depreciated using the straight-line method. The following rates estimated to write off the cost of the assets over their expected useful lives are shown below:-

Visitors' Centre	2.0%
Multimedia, Furniture and Fixtures	12.5%
Motor Vehicles	20.0%
Start-up Costs and Computer Equipment	33.3%

The capital costs of the Great House, Period Furnishings and the Botanical Gardens have not been depreciated since these will be maintained in perpetuity. All future expenditures on these assets will be expensed in the year that these costs are incurred.

e) Foreign Currency Translation

Assets and liabilities denominated in currencies other than the Cayman Islands Dollar are translated at exchange rates in effect at the date of the Statement of Financial Position. Revenue and expense transactions denominated in currencies other than Cayman Islands Dollar are translated at exchange rates at the time of those transactions. Gains and losses on exchange are taken to the Statement of Comprehensive Income.

f) Inventory

Inventory is valued at the lower of cost and net realisable value on a first-in, first-out method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

g) Pensions and Other Post-retirement Benefits

In accordance with the Cayman Islands National Pensions Law, the Tourism Attraction Board joined a defined contribution pension plan. The employer and employees began monthly contributions at a rate of 5%. The employer's contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that the cash refund or a reduction in the future payments is available.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

A defined contribution plan is a pension plan under which the Tourism Attraction Board pays fixed contribution into a separate entity (British Caymanian). The Tourism Attraction Board has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined pension scheme contributions are charged to the Statement of Comprehensive Income based on a set contribution rate. The total amount recognised as pension expense as at 30 June 2012 was \$49,769 and (2011 - \$46,681). There was an average of 37 employees at Tourism Attraction Board during the year ended 30 June 2012 (2011 - 38 employees).

h) Borrowing Cost

A portion of the interest charges on the loan received for the restoration of the Pedro Castle heritage site has been capitalised. The amount used for capitalisation was determined based on the terms of the loan agreement which requires that the actual interest be calculated and a portion as determined by the Caribbean Development Bank is capitalised and added to the total loan outstanding. There was nil interest capitalised during the years ended 30 June 2012 and 30 June 2011.

All interest and other costs incurred in connection with borrowings and leasing for the Queen Elizabeth II Botanic Park and Pirates Week Festival, respectively, are expensed as incurred and recognized in the Statement of the Comprehensive Income using the effective interest rate method.

i) Revenue Recognition

Revenue comprises the fair value of the consideration, received or receivable for the sale of goods or services in the ordinary course of the Tourism Attraction Board's activities. Revenue is shown net of returns and discounts. Income is recognised upon delivery of goods and customer acceptance, or on the performance of services.

j) Government Grants

Grants that compensate the Tourism Attraction Board for expenses incurred are recognised as revenue in the Statement of Comprehensive Income on a systematic basis in the same period in which the expenses are incurred.

k) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at cost less provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Tourism Attraction Board will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquencies in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2012
(Stated in Cayman Islands Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents includes cash in hand and cash deposits with original maturities of three months or less. All cash and cash equivalents are held at commercial banks in the Cayman Islands.

m) Changes in International Financial Reporting Standards

Standards issued but not yet effective up to the date of issuance of the Tourism Attraction Board financial statements are listed below. This listing of standards and interpretations issued are those that the Tourism Attraction Board reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Tourism Attraction Board intends to adopt these standards when they become effective.

1. IAS 1 - Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (effective for periods beginning on or after July 1, 2012) - The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon de-recognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and therefore has no impact on the Tourism Attraction Board financial position or performance.

!!. IAS 19 - Employee Benefits (Amendment) (effective for periods beginning on or after January 1, 2013) - The IASB has issued numerous amendments to IAS 19. The Tourism Attraction Board is currently assessing the impact if any of these amendments.

Tourism Attraction Board
Notes to the Financial Statements
For the Year Ended 30 June 2012
(Stated in Cayman Islands Dollars)

3. PROPERTY, PLANT AND EQUIPMENT

Description	Land	Botanical Gardens Great House Period Furnishings	Centre/Buildings Visitors'	Leasehold Improvements, Multimedia & Fixtures	Motor Vehicles	Computers	Start-up Costs	Total
	\$	\$	\$	\$	\$	\$	\$	\$

Cost:	At 30 June 2011	At 30 June 2012	Accumulated Depreciation:	At 30 June 2011	Charge for Year	Charge on Disposal	At 30 June 2012	Net Book Value:	At 30 June 2012	At 30 June 2011
Cost:	1,003,216	3,973,000		-	-	-	1,003,216	3,973,000	2,337,491	2,149,500
Additions	23,249	3,157,775		-	-	-	23,249	3,157,775	-	-
Revaluations										
Disposals										
At 30 June 2012	1,003,216	3,973,000	2,337,491	7,104,582	1,329,708	119,195	142,341	214,838	15,221,155	12,043,509
At 30 June 2011	2,149,500	7,104,582	1,312,904	119,195	139,274	214,838	12,043,509	2,149,500	7,104,582	1,312,904
At 30 June 2012	-	-	-	1,664,674	663,956	82,042	94,613	214,838	2,720,123	1,806,858
At 30 June 2011	-	-	-	1,664,674	663,956	82,042	94,613	214,838	2,720,123	1,806,858
Charge on Disposal	-	-	-	-	(1,070)	-	(222)	-	(1,292)	-
Charge for Year	-	-	-	142,184	82,930	10,050	5,248	-	240,411	-
At 30 June 2012	-	-	-	1,806,858	745,816	92,091	99,639	214,838	2,959,242	1,003,216
At 30 June 2011	2,337,491	5,297,724	563,892	27,104	42,702	-	12,261,913	2,337,491	5,297,724	5,591,904
At 30 June 2012	2,149,500	5,591,904	496,952	37,153	44,661	-	9,323,386	2,149,500	5,591,904	496,952

The cost of land purchased for Pedro St. James is included in Property, Plant, and Equipment. The land at the Queen Elizabeth II Botanic Park (Park) is owned 50% each by the Park and the National Trust of the Cayman Islands. The value of this land is not known and therefore not included in these financial statements. Prior to the official opening of the Park, the National Trust for the Cayman Islands contributed volunteer labour and funding to assist in the development of the Park. These cash and non-cash expenditures have not been included in the financial statements since the donations were made prior to the establishment of the Tourism Attraction Board.

The effective date of the revaluation is July 1, 2011 (Report date March 14, 2012). The independent valuer selected was DDL Studio Quantity Surveyors located in Grand Cayman. The methods and significant assumptions applied in estimating the items' fair values are based on procedures established by the Royal Institution of Chartered Surveyors (R.I.C.S.).

There is an increase in the land value of \$2,969,784 and \$187,991 in buildings.

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost of the Cayman Craft Market Buildings have been reclassified to Leasehold Improvements and will be depreciated in the 2012-2013 financial period over the remaining life of the lease which ends January 6, 2014.

4. TRADE AND OTHER RECEIVABLES

2012	2011
\$ 143,893	\$ 147,178
Trade Receivables	Trade Receivables
Less Provision for Bad Debts	Less Provision for Bad Debts
<u>98,922</u>	<u>102,207</u>
Total	Total

5. DONATED CAPITAL

The Cayman Islands Government incurred all expenditure relating to the construction and establishment of Pedro St James, the Queen Elizabeth II Botanic Park and the Cayman Craft Market. The results of the costs of construction and other costs and any other assets less all liabilities are classified as Donated Capital.

On 27th August 1996, the Cayman Islands Government obtained a loan of CI\$4,474,160 (US\$5,369,720) from the Caribbean Development Bank (CDB) for the Pedro St. James Heritage Project which is owned and managed by the Tourism Attraction Board (TAB). The loan proceeds have been classified and recorded as Donated Capital.

There were no Capital donations for the year ended 30 June 2012.

6. INCOME

2012	2011
\$ 43,454	\$ 38,193
Events	Events
190,685	188,966
Gift Shop	Gift Shop
-	-
Café	Café
362,392	375,776
Other	Other
596,531	602,935
Total Events, Gift Shop, Café and Other	Total Events, Gift Shop, Café and Other
373,591	349,286
Admission Fees	Admission Fees
<u>970,122</u>	<u>952,221</u>
Total	Total

Tourism Attraction Board
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6. INCOME (Continued)

Income for the Gift Shop, Café and Bar represents the invoice price of goods sold net of discounts, while income for Admissions (Theatre), Events, and Other represents the invoice price of services rendered net of discounts.

Other income includes sponsorship received for the national festival as well as proceeds from plant sales at the Botanic Park.

7. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2012	2011
Accounts Payable	288,359	623,704
Audit/Accounting Fee Accrual	70,393	98,391
Accrued Expenses	7,953	8,835
Payroll Liabilities	56,449	44,472
Unearned Revenue	7,406	16,818
Blue Iguana Recovery Payable	1,286	1,895
Total	431,846	794,115

Accounts payables and accrued liabilities are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received. The amounts are discounted where the effect of the time value of money is material. Accounts payable includes invoices received from suppliers not yet settled.

8. RELATED PARTY TRANSACTIONS

In the year ended 30 June 2012 the Cayman Islands Government's subsidy to the Tourism Attraction Board's heritage sites was \$2,090,591 (2011 - \$2,208,025). To continue as going concerns Tourism Attraction Board will require annual assistance from the Government for the foreseeable future.

The Tourism Attraction Board also relies on the Cayman Islands Government to provide or arrange long-term finance for capital development projects.

Insurance coverage for assets of the historic sites and the Pirates Week Festival managed under the Tourism Attraction Board is provided through the Cayman Islands Government.

The Auditor General has statutory responsibility for the audit of the Tourism Attraction Board and entities that it manages. Audit fees charged in year ended 30 June 2012 was \$42,000 (2011 - \$42,000).

**Tourism Attraction Board
Notes to the Financial Statements
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8. RELATED PARTY TRANSACTIONS (Continued)

The Tourism Attraction Board also depends on legal advice of the Cayman Islands Legal Department. During the years ended 30 June 2012 and 30 June 2011 the Cayman Islands Legal Department did not charge any legal fees to the Tourism Attraction Board.

There is one (1) full-time equivalent personnel considered at the senior management level. The total remuneration includes: regular salary, allowances and pension contributions. Total remuneration for this individual in 2012 was \$105K (2011: 102K). There have been no loans made to key management personnel or close family members in 2012.

9. COMMITMENTS

On July 28, 2011, the TAB Admin Office entered into an operating lease agreement which will expire on July 31, 2014. The Pirates Week Office leases a Gift Shop & Admin Office under an operating lease which expired on August 31, 2008 which has subsequently been extended on a month to month basis.

2012	2011	
\$	\$	
70,225	65,000	Minimum lease payments
140,450	130,000	Payable within one year (PWO:\$45,025, TAB:\$25,200)
210,675	195,000	Payable from one to two years
CI		

As at 30 June 2012 the Tourism Attraction Board had no other commitments for which provisions have not been made in these financial statements.

10. SALARIES & BENEFITS

2012	2011	
\$	\$	
1,292,323	1,280,094	Salaries & Wages
49,057	44,026	Health Insurance
49,769	46,681	Pension Contributions
20,082	4,141	Other
1,411,231	1,374,942	Total

11. FINANCIAL INSTRUMENTS

Credit Risk

The entity offers its services to customers primarily in the Cayman Islands. Credit risk arises from the possibility that customers and counterparties may default on their obligations to the entity. The amount of the entity's maximum exposure to credit risk is indicated by the carrying amount of its financial assets. The entity performs ongoing credit reviews on its customers and counterparties and provisions are set aside against amounts deemed irrecoverable.

Fair Values

The current accounts, fixed deposits, accounts receivable, accounts payable and accrued liabilities approximated their fair value due to the short term maturities of these assets and liabilities. The fair value of other assets and liabilities are not materially different from the carrying amounts.

12. CONTINGENT LIABILITIES

There were no legal actions or claims made against the TAB and its subsidiaries during this financial year.

13. TAXATION

Under the governing laws of the Cayman Islands, there is no income, sales or other taxes payable by Tourism Attraction Board. The Board is not liable for taxation in any other jurisdiction.

14. SUBSEQUENT EVENTS

No material events, favorable or unfavorable, which would have impacted upon the statements, have been incurred between the reporting date and the date on which the financial statements were authorized for issue.

15. SEGMENT REPORTING

Segment reporting is presented in a format which represents the various entities as the segments that make up the Tourism Attraction Board. The TAB managed entities have been consolidated for presentation purposes. These include Pedro St. James, the Queen Elizabeth II Botanic Park, Cayman Craft Market, the Hell Attraction and the Pirates Week Festival.