

TOURISM ATTRACTION BOARD

FINANCIAL STATEMENTS

For the Year Ended June 30, 2007 and  
The Year Ended 30 June 2006

# **TOURISM ATTRACTION BOARD**

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**Tourism Attraction Board**  
**Financial Statements**  
**June 30, 2007**

**STATEMENT OF RESPONSIBILITY FOR 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, (2005 Revision)*. The financial statements partially comply with generally accepted accounting practice as defined in 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, (2005 Revision)*.


As signatories below, 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 were not adequately established and maintained during the financial year.

As signatories below, we are responsible for the preparation of the Tourism Attraction Board financial statements and for the judgements made in them.

To the best of my knowledge, these financial statements:

- (a) may not be complete and reliable;
- (b) may not fairly reflect the financial position as at June 30, 2007 and performance for the financial year ended June 30, 2007; and
- (c) do not fully comply with generally accepted accounting practice

  
Mr. Kirkland Nixon  
Chairman  
Tourism Attraction Board  
Date:

  
Mr. Gilbert Connolly  
Chief Executive Officer  
Tourism Attraction Board  
Date:

## **Auditor General's Report**

### **To the Members of the Tourism Attraction Board**

I was engaged to audit the accompanying consolidated financial statements of the Tourism Attraction Board (the "Board") which comprise the balance sheet as at 30 June 2007, the statement of income and expenses, statement of equity, statement of cash flows for the year then ended, statement of segmented operations and a summary of significant accounting policies and other explanatory notes in accordance with provisions of Section 9 (2) of the *Tourism Attraction Board Law, 1996* and Section 52(3) of the *Public Management and Finance Law (2005 Revision)*.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair representation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

I was engaged to conduct my audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs below, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### **Basis for Disclaimer Opinion of the Financial Statements:**

Management was unable to provide me with appropriate supporting records in several instances noted below. As there were insufficient records or schedules provided to audit, I was unable to provide an opinion.

#### **Cash & Cash Equivalents and Statement of Cash Flows**

I was not provided with sufficient appropriate audit evidence to support the cash balance of \$141,042 as a result, I am unable to opine on the cash and cash equivalents balance at 30 June 30, 2007 as well as the associated statement of cash flows for the year ended June 30 2007.

#### Net Revenue and Accounts Receivable

The Board did not maintain adequate controls and records for several revenue items. As a result, I was unable to determine the accuracy and completeness of net Revenue from events, gift shop, café & bar of \$489,313 as well as admission fees of \$295,113 and the associated accounts receivable of \$55,065.

#### Property, Plant & Equipment and Depreciation

I was not provided with a comprehensive fixed asset register to support the amount of \$9,356,557 recorded on the balance sheet, additionally, there was no evidence of an up-to-date valuation of fixed assets, as a result I was unable to determine the ownership, valuation, existence, accuracy and completeness of the property, plant and equipment balance reported and the related depreciation charge of \$206,641.

#### Inventory

The Board did not maintain adequate controls and records for inventory held at Botanic Park at June 30, 2007 as a result, I was unable to determine the completeness, accuracy and valuation of the total inventory balance of \$111,668.

#### Long term loan, Current Portion of Long term loan, Donated Capital and Loan Interest

Included in the non-current liability is a loan with the Caribbean Development Bank which is in the name of and paid for by the Cayman Islands Government. The Board recognizes these payments as a reduction of the loan and an increase in donated capital, suggesting that no repayment to the Government is required.

However I was not provided with a formal agreement between The Board and The Cayman Islands Government to support the recognition of these payments as donated capital or the recognition of the loan as a liability of the Board. As a result, I was unable to opine on the overall donated capital balance of \$10,564,533, the long term loan balance of \$2,272,469 as well as the current portion of long-term loan of \$374,762, the overall related interest expense balance of \$181,382 and the associated notes to the financial statements as at 30 June 2007.

#### Accounts Payable & Accruals

I was not provided with sufficient appropriate supporting audit evidence to verify the accuracy of some transactions recorded in the accounts payables & accruals balance of \$418,513. As a result, I am unable to opine the balance at June 30, 2007.

#### Equity

I was unable to determine the accuracy and completeness of the equity balance as a result of the issues listed above which directly impact the recorded equity amount of \$6,616,851.

#### Salaries & Benefits

I did not receive sufficient appropriate audit evidence to allow me to verify the accuracy of the salaries & benefits cost for the Board of \$1,532,544. For e.g. some employee contracts provided were not up-to-date which resulted in us not being able to match the salary paid to these employees to any adequate supporting documentation and in at least one instance there was never a formal contract in place for one employee. As such I am unable to opine on the accuracy of this account balance as at 30 June 2007.

**Disclaimer of Opinion**

Because of the significance and effects of the matters discussed in the basis of disclaimer paragraphs, I do not express an opinion on the financial position of the Tourism Attraction Board Group as of 30 June 2007, and of its financial performance, cash flows and statement of segmented operations for the year then ended in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

**Related Parties**

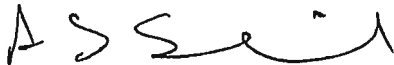
TAB did not maintain a register of interest for the financial year; as a result, some related party transactions and disclosures may be incomplete.

**Other Matters**

**Non-Compliance with PMFL**

I draw attention to the follow significant matters:

The Board did not submit its consolidated financial statements to the Auditor General for audit in the timeframe required under subsections 52 (3) and (5) of the *Public Management and Finance Law (2005 Revision)* nor present its annual report to the Legislative Assembly within the required timeframe.



Alastair Swarbrick, MA (Hons), CPFA  
Auditor General

Cayman Islands

June 7, 2011

**Tourism Attraction Board  
Balance Sheet  
as at 30 June 2007  
(in Cayman Islands dollars)**

<b>ASSETS</b>	<u>Note</u>	<u>2007</u> \$	<u>2006</u> \$
<b>Current Assets</b>			
Inventories		111,668	111,696
Accounts receivable	4	55,065	27,455
Prepaid expenses		18,262	15,042
Cash and cash equivalents		<u>141,042</u>	<u>163,573</u>
		326,037	317,766
<b>Non-Current Assets</b>			
Property, plant and equipment	3	<u>9,356,557</u>	<u>9,455,520</u>
<b>TOTAL ASSETS</b>		<u><u>9,682,594</u></u>	<u><u>9,773,286</u></u>
<b>EQUITY AND LIABILITIES</b>			
Donated capital		10,564,533	9,755,895
Accumulated deficit		<u>(3,947,683)</u>	<u>(3,352,063)</u>
<b>Equity</b>	5	6,616,851	6,403,832
<b>Current Liabilities</b>			
Current portion of long term loan	6	374,762	374,762
Accounts payable and accrued liabilities		<u>418,513</u>	<u>347,461</u>
		793,275	722,223
<b>Non-Current Liability</b>			
Long term loan	6	<u>2,272,469</u>	<u>2,647,231</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>9,682,594</u></u>	<u><u>9,773,286</u></u>

Approved on behalf of the Board

  
\_\_\_\_\_  
Gilbert Connolly  
Chief Executive Officer

Date:

  
\_\_\_\_\_  
Patrick Thompson  
Financial Controller

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

**Tourism Attraction Board**  
**Statement of Income and Expenses**  
**for the year ended 30 June 2007**  
(in Cayman Islands dollars)

	Note	2007 \$	2006 \$
<b>INCOME</b>			
Events, Gift Shop, Café, and Bar	7	899,097	1,668,937
Cost of Goods Sold		(409,784)	(340,881)
Admission Fees	7	489,313	1,328,056
Government Subsidy	9	295,113	122,424
<b>Total Income</b>		<b>1,553,000</b>	<b>1,721,000</b>
		<b>2,337,427</b>	<b>3,171,480</b>
<b>EXPENSES</b>			
Salaries and Benefits		1,532,544	1,156,870
Other Expenses		71,343	446,858
Loan Interest and Charges	6	181,382	199,139
Depreciation	3	206,641	246,185
Insurance		163,325	220,050
Advertising and Marketing		85,817	115,547
Utilities		161,838	144,471
Building and Equipment Maintenance		50,498	101,984
Professional Fees		62,567	60,423
Rent		59,568	51,378
Telephone and Communications		59,946	48,758
Nursery Supplies and Ground Maintenance		87,833	46,879
Administrative Expenses		62,322	36,567
Operations & Maintenance		78,819	35,966
Vehicle Expenses		16,525	25,566
Uniform, Training and Education		11,750	9,054
Conferences, Subsistence and Official Travel		14,498	5,378
Duty		-	3,983
Subscriptions and Donations		-	2,041
Bad Debts		-	1,771
Equipment Write-off		-	592
Miscellaneous		25,831	112
<b>Total Expenses</b>		<b>2,933,047</b>	<b>2,959,572</b>
<b>Net income for the year</b>		<b>(595,620)</b>	<b>211,908</b>

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



**Tourism Attraction Board  
Statement of Equity  
for the year ended 30 June 2007  
(In Cayman Islands dollars)**

	<u>2007</u>	<u>2006</u>
<b>DONATED CAPITAL</b>	<b>9,756,329</b>	<b>9,186,147</b>
Balance at beginning of year	(3,352,063)	(3,564,405)
Donated capital received during the year	808,205	570,182
Net income for the year	(595,620)	211,908
Adjustment to opening equity	-	-
Balance at end of year	<u>(3,139,478)</u>	<u>(2,782,315)</u>
<b>TOTAL EQUITY</b>	<u><b>6,616,851</b></u>	<u><b>6,403,832</b></u>

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 2007**  
(in Cayman Islands dollars)

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the year after government subsidy	<b>(595,620)</b>	<b>211,908</b>
Add adjustments to reconcile net income to net cash from operating activities		
Depreciation	206,641	246,185
Charges on Disposal	-	-
<b>Operating Income before working capital changes</b>	<b>(388,979)</b>	<b>458,093</b>
<b>Changes in working capital balances</b>		
Decrease/(Increase) in inventories	28	7,416
Decrease/(Increase) in accounts receivable	(27,610)	250,682
(Increase)/Decrease in prepaid expenses	(3,220)	(8,239)
Increase in accounts payable and accrued liabilities	71,052	96,014
<b>Net cash used in operating activities</b>	<b>(348,729)</b>	<b>803,966</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of fixed assets	(107,676)	(1,036,544)
Disposal of assets	-	-
<b>Net Cash used in investing activity</b>	<b>(107,676)</b>	<b>(1,036,544)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital donated by government	808,205	570,182
Loan principal repaid during the year	(374,762)	(384,539)
	431	-
<b>Net cash provided by financing activities</b>	<b>433,874</b>	<b>185,643</b>
<b>Net decrease in cash and cash equivalents</b>	(22,531)	(46,935)
<b>Cash and cash equivalents at beginning of year</b>	163,573	210,508
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>141,042</b>	<b>163,573</b>

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

**Tourism Attraction Board**  
**Statement of Segmented Operations**  
**as at 30 June 2007**  
(In Cayman Islands dollars)

**Balance Sheet**

	CCM	HELL	PSJ	QEIBP	PWF	TAB	Consol AJE	CONSOL
	2007	2007	2007	2007	2007	2007		2007
	\$	\$	\$	\$	\$	\$		\$
<b>ASSETS</b>								
<b>Non-Current Assets</b>								
Property, Furniture and Equipment	192,469	2,800	7,303,598	1,819,429	22,656	15,606		9,356,557
<b>Current Assets</b>								
Inventories	-	-	18,928	54,035	38,705	-		-
Trade and Other Receivables	-	(940)	31,506	5,026	19,473	-		111,868
Prepayments	40	-	8,525	4,344	2,758	-		55,065
Due from Related Party	-	6,775	124,352	-	-	316,869	(447,996)	18,262
Cash and Cash Equivalents	4,041	7,301	46,891	26,894	36,983	18,933		141,042
	<u>4,081</u>	<u>13,136</u>	<u>230,202</u>	<u>90,298</u>	<u>97,918</u>	<u>338,398</u>		<u>326,037</u>
<b>TOTAL ASSETS</b>	<u>198,550</u>	<u>15,936</u>	<u>7,533,800</u>	<u>1,909,727</u>	<u>120,574</u>	<u>354,004</u>		<u>9,882,594</u>
<b>CAPITAL AND LIABILITIES</b>								
<b>Capital and Deficit</b>								
Donated Capital	110,000	-	7,799,303	2,471,926	-	183,304		10,564,533
Accumulated Deficit	(43,688)	8,879	(3,130,447)	(834,183)	81,678	(29,824)		(3,947,683)
	<u>66,314</u>	<u>8,879</u>	<u>4,668,856</u>	<u>1,637,744</u>	<u>81,678</u>	<u>153,380</u>		<u>6,616,851</u>
<b>Non-Current Liability</b>								
Long Term Loan	-	-	2,272,469	-	-	-		2,272,469
<b>Current Liabilities</b>								
Current Portion of Long Term Loan	-	-	374,762	-	-	-		374,762
Accounts Payable and Accruals	16,544	5,751	217,713	88,153	18,691	73,661		418,513
Due to Related Party	113,891	1,306	-	183,831	22,205	126,963	(447,996)	-
Deferred Revenue	-	-	-	-	-	-		-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<u>198,550</u>	<u>15,936</u>	<u>7,533,800</u>	<u>1,909,727</u>	<u>120,574</u>	<u>354,004</u>		<u>9,882,594</u>

**Tourism Attraction Board**  
**Statement of Segmented Operations**  
**as at 30 June 2007**  
(In Cayman Islands dollars)

**Statement of Income and Expenditure**

	CCM	HELL	PSJ	QEIBP	PWF	TAB	Consol AJE	CONSOL
	2007	2007	2007	2007	2007	2007		2007
	\$	\$	\$	\$	\$	\$		\$
<b>INCOME</b>								
Gift Shop, Café, Events, Bar and Other Management Fees	2,719	-	331,927	199,799	288,480	-	-	822,925
Rental Income	-	18,000	-	-	-	264,429	(264,429)	-
Cost of Goods Sold	-	-	(137,134)	(37,489)	(235,151)	-	-	18,000
	2,719	18,000	194,792	162,310	53,329	264,429	(264,429)	(409,784)
Admission Fees	-	-	98,822	196,491	-	-	-	431,141
<b>Total Income</b>	<b>2,719</b>	<b>18,000</b>	<b>293,415</b>	<b>358,792</b>	<b>53,329</b>	<b>264,429</b>	<b>(264,429)</b>	<b>726,254</b>
<b>EXPENSES</b>								
Salaries and Benefits	66,760	21,576	509,472	608,086	137,926	288,744	-	1,532,544
Depreciation	3,409	-	121,514	74,796	232	6,690	-	206,641
Loan Interest and Charges	-	-	180,418	-	984	-	-	181,382
Management Fees	7,200	6,703	105,221	102,703	42,602	-	(264,429)	-
Insurance	2,644	-	127,095	32,062	969	554	-	163,325
Utilities	8,736	845	63,209	74,706	11,510	2,832	-	161,838
Operations & Maintenance	650	-	32,111	22,754	22,756	549	-	78,819
Building and Equipment Maintenance	3,368	6,756	31,260	8,915	-	198	-	50,498
Advertising and Marketing	6,049	357	40,632	23,344	5,467	9,968	-	85,817
Professional Fees	3,000	2,500	14,300	-	8,605	34,163	-	62,587
Administrative Expenses	1,916	12	14,434	20,113	-	25,848	-	62,322
Telephone and Communication Costs	2,085	-	16,887	17,357	8,049	14,958	-	59,946
Nursery Supplies and Grounds	-	400	15,105	72,328	-	-	-	87,833
Vehicle Expenses and Mileage	-	-	9,200	7,178	147	-	-	16,525
Bad Debt	-	-	-	-	-	-	-	-
Conference, Subsistence and Official Travel	-	-	-	-	-	14,498	-	14,498
Subscription and Donation	-	-	-	-	-	-	-	-
Uniform, Training and Education	-	-	1,441	1,543	-	8,787	-	11,750
Equipment Write-off	-	-	-	-	-	-	-	-
Inventory write-off	-	-	-	-	-	-	-	-
Miscellaneous Expense	-	(28)	(209)	23,325	1,920	823	-	25,831
Subsidy Expense	-	-	-	-	-	1,553,000	(1,553,000)	-
Other Expense	-	-	21,090	-	1,452	48,801	-	71,343
Other (Income)	(1)	-	(410)	(30,678)	-	(27,183)	-	(58,172)
Rent	2	-	-	-	38,590	20,976	-	59,568
<b>Total Expenses</b>	<b>105,829</b>	<b>39,120</b>	<b>1,302,770</b>	<b>958,611</b>	<b>281,789</b>	<b>2,004,184</b>		<b>2,874,874</b>
<b>Net loss for the year before Government Subsidy</b>	<b>(103,110)</b>	<b>(21,120)</b>	<b>(1,009,355)</b>	<b>(599,819)</b>	<b>(228,460)</b>	<b>(1,739,755)</b>		<b>(2,148,620)</b>
<b>Government Subsidy</b>	<b>84,000</b>	<b>23,000</b>	<b>600,000</b>	<b>581,000</b>	<b>265,000</b>	<b>1,553,000</b>	<b>(1,553,000)</b>	<b>1,553,000</b>
<b>Net loss for the year after Government Subsidy</b>	<b>(19,110)</b>	<b>1,880</b>	<b>(409,355)</b>	<b>(18,819)</b>	<b>36,540</b>	<b>(186,755)</b>		<b>(585,620)</b>

**Tourism Attraction Board**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2007**  
(Stated in Cayman Islands Dollars)

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**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, PO 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.

**Tourism Attraction Board**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2007**  
(Stated in Cayman Islands Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(b) 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.

*(c) Depreciation*

Fixed assets 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.

*(d) Foreign Currency Translation*

Assets and liabilities denominated in currencies other than the Cayman Islands Dollar are translated at exchange rates in effect at the balance sheet date. 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 Income and Expenditure.

*(e) 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

*(f) 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.

**Tourism Attraction Board**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2007**  
(Stated in Cayman Islands Dollars)

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**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 Income and Expenditure based on a set contribution rate. The total amount recognised as pension expense as at 30 June 2007 was \$52,240 and (2006 - \$\$40,775). There was an average of 43 employees at Tourism Attraction Board during the year ended 30 June 2007 (2006 - 43 employees).

*(g) 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 2007 and 30 June 2006.

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 income statement using the effective interest rate method.

*(h) 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

*(i) Government Grants*

Grants that compensate the Tourism Attraction Board for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same period in which the expenses are incurred.

*(j) 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**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(k) 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.

**3. PROPERTY, FURNITURE AND EQUIPMENT**

Description	Land	Botanical Gardens Great House Period Furnishings	Visitors' Centre/ Buildings	Multimedia Furniture & Fixtures	Motor Vehicles	Computer	Start-up Costs	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost:</b>								
At 30 June 2006	1,049,043	2,009,159	7,029,718	770,678	55,084	75,208	214,838	11,203,728
Additions	0	18,785	27,445	18,777	29,376	13,295	-	107,678
Disposals	0	0	0	0	0	0	0	0
<b>At 30 June 2007</b>	<b>1,049,043</b>	<b>2,027,944</b>	<b>7,057,163</b>	<b>789,455</b>	<b>84,460</b>	<b>88,503</b>	<b>214,838</b>	<b>11,311,406</b>
<b>Accumulated Depreciation:</b>								
At 30 June 2006	0	0	1,026,297	392,333	55,084	59,656	214,838	1,748,208
Charge for Period	-	-	133,959	64,461	-	8,221	-	206,641
Charge on Disposal	0	0	0	0	0	0	0	0
<b>At 30 June 2007</b>	<b>-</b>	<b>-</b>	<b>1,160,256</b>	<b>456,794</b>	<b>55,084</b>	<b>67,877</b>	<b>214,838</b>	<b>1,954,849</b>
<b>Net Book Value:</b>								
<b>At 30 June 2007</b>	<b>1,049,043</b>	<b>2,027,944</b>	<b>5,896,907</b>	<b>332,659</b>	<b>29,376</b>	<b>20,626</b>	<b>-</b>	<b>9,356,557</b>
At 30 June 2006	1,049,043	2,009,159	6,003,421	378,345	-	15,552	-	9,455,520

The cost of land purchased for Pedro St. James is included in fixed assets. 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.



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**4. TRADE AND OTHER RECEIVABLES**

	2007 \$	2006 \$
Trade Receivables	56,334	30,385
Less Provision for Bad Debts	1,269	2,930
<b>Total</b>	<b>55,065</b>	<b>27,455</b>

**5. DONATED CAPITAL**

The Cayman Islands Government made principal repayments and paid interest charges on the loan for the Pedro St. James restoration. These amounts increased the capital donated by Government. Capital donated by the government in the year ended 30 June 2007 was \$808,205 (2006 - \$570,182).

The Cayman Islands Government incurred all expenditures for the construction work and establishing the Queen Elizabeth II Botanic Park. The results of the costs of construction and other costs and any other assets less all liabilities was classified as donated capital at the commencement of operations. The government provided no additional capital during the year ended 30 June 2007 (2006 - nil).

**6 LONG TERM LOAN**

	Current \$	1-2 yrs \$	2-5 yrs \$	5+yrs \$	2007 \$	2006 \$
Caribbean Development Bank	374,762	749,523	1,124,285	398,661	2,647,231	3,021,993
					2,647,231	3,021,993
				<b>Less Current Portion:</b>	<b>374,762</b>	<b>374,762</b>
				<b>Long Term Portion:</b>	<b>2,272,469</b>	<b>2,647,231</b>

**Caribbean Development Bank**

A loan of US\$5,790,000 from the Caribbean Development Bank (CDB) to finance the Pedro St. James restoration project is in the name of the Cayman Islands Government. A total of US\$5,369,720 was withdrawn from the loan leaving a balance of US\$420,280, which was duly cancelled by the CDB. During the year to 30 June 2007, principal, interest and commitment fees of US\$662,511 was charged to and paid by, the Government (2006 - US\$680,758).

**Tourism Attraction Board**  
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**6 LONG TERM LOAN (continued)**

Loan interest and commitment fees during the year ended 30 June 2007 averaged 6.25% and 1% respectively (2006 – 6.03% and 1%). The loan had 60 months moratorium on the principal repayment, which ended in 2002 thereafter is, repayable quarterly over 13 years.

**Royal Bank of Canada**

On the 24 September 2002, the Queen Elizabeth II Botanic Park obtained a loan facility from the Royal Bank of Canada in the amount of \$36,000 for the financing of the publication of the "Botanic Park Book". The total loan facility was utilized by 31 December 2002 and was fully repaid in May 2006.

**7 INCOME**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Events	255,583	387,960
Admissions	295,113	122,424
Gift Shop	177,478	124,057
Café	147,760	39,751
Other	282,900	1,108,551
Bar	35,377	8,658
<b>Total</b>	<b>1,194,211</b>	<b>1,791,361</b>

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 \$58,172 which represents insurance proceeds and income from services provided to the Department of Tourism during the year.

**8. RELATED PARTY TRANSACTIONS**

In the year ended 30 June 2007 the Cayman Islands Government's subsidy to the Tourism Attraction Board's heritage sites was \$1,553,000 (2006 - \$1,721,000). 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.

**Tourism Attraction Board**  
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**8. RELATED PARTY TRANSACTIONS (continued)**

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 2007 was \$42,000 (2006 - \$49,500).

The Tourism Attraction Board also depends on legal advice of the Cayman Islands Legal Department. During the years ended 30 June 2007 and 30 June 2006 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 2007 was \$97K (2006: 84K). There have been no loans made to key management personnel or close family members in 2007.

**9. COMMITMENTS**

As at 30 June 2007 Tourism Attraction Board had no other commitments for which provisions have not been made in these financial statements.

**10. FINANCIAL INSTRUMENTS**

Fair Values

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

i) Short-term financial assets and liabilities

The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise cash, accounts receivable, and prepayments. Short-term financial liabilities comprise accounts payable, accrued expenses and deferred revenue.

ii) Long-term financial assets and liabilities

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

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.