

EXECUTIVE COUNCIL

PUBLIC

Title:	FITB audited Financial Statements, annual report 2017/18 and audit completion report
Paper Number:	21/19
Date:	27 February 2019
Responsible Director:	CEO FITB
Report Author:	FITB Financial Controller
Portfolio Holder:	MLA Mark Pollard
Reason for paper:	This paper is submitted to Executive Council: To meet a statutory requirement
Publication:	Yes with redactions as highlighted Not recommended: <i>Under Executive Council Standing Order 23(2), Executive Council must have regard to the categories of exempt information in Schedule 3 to the Committees (Public Access) Ordinance when determining if information should be withheld. The categories which are potentially relevant to this paper are:</i> <i>Clause 9 - Information about others' financial and business affairs.</i>
Previous papers:	Annual reports
List of Documents:	Appendix A: FITB audited Financial Statements and annual report for 2017/18 Appendix B: Mazars 2017/18 audit completion report

1. Recommendations

Honourable Members are recommended to:

- (a) Note the Financial Statements and annual report for the year and in accordance with section 57 of the Finance and Audit Ordinance (Title 19.3), seeks the Chief

Executive to table the report and financial statements to the next sitting of the Legislative Assembly.

- (b) Make this paper and appendix A available to the public, but exempt appendix B from publication in line with paragraph 5.3.

2. Additional Budgetary Implications

- 2.1 None

3. Executive Summary

- 3.1 This report has been drafted to provide the Honourable Members with a copy of FITB's Financial Statements and Annual Report for the year ended 30 June 2018 as required by section 20 of the FITB Ordinance.

4. Background and Links to Islands Plan and Directorate Business Plan/s

- 4.1 The Annual report includes information on all aspects of the Tourist Board's objectives and reports on its performance throughout the period.
- 4.2 Under FITB's Ordinance the Corporation is required to report on the corporate governance of FITB in the year, this has been incorporated into the Annual report along with a review of both internal and external assurance measures.
- 4.3 The Financial Statements for year to 30 June 2018 were audited by Mazars LLP on the 6th and 7th September 2018. A meeting was held with the Audit Partner, Audit Manager and FITB Board on 24th September to directly report their audit findings. No significant matters were identified by the auditors and all previous recommendations were agreed as addressed within the period.
- 4.4 The Financial statements were approved by the FITB Board on 18th December 2018 and by Mazars LLP on 19th December 2018.

5. Options and Reasons for Recommending Relevant Option

- 5.1 This report addresses requirements contained within section 20 of the Corporation's Ordinance (paragraph 2) which include a duty to make both the Annual report and Financial Statements available to the public.
- 5.2 It is proposed that both the Annual report and Financial Statements are made available to the public through the publication of this report.
- 5.3 The Audit Completion Report is a confidential internal document and exempt from publication by virtue of paragraph 16 of part 2 of schedule 3 of the Committees (Public Access) Ordinance 2012 "*relating to audit reports*". We would therefore ask that the Executive Council recognise this and not publish Appendix B.

6. Resource Implications

6.1 Financial Implications

None

6.2 Human Resource Implications

None

6.3 Other Resource Implications

None

7. Legal Implications

7.1 Part 5 Section 20 of the FITB Ordinance 2014 states that:

(1)The Governing Board must cause to be prepared an annual report and financial statements with the following information —

(a)the financial statements of FITB audited in terms of section 19 of this Ordinance;

(b)FITB's activities during the financial year;

(c)the management and overall performance of FITB during the financial year;

(d)the corporate governance and assurance mechanisms of FITB during the year; and

(e)any other information that may be relevant.

(2)The Secretary must —

(a)send copies of the annual report and financial statements to the Governor and to the Clerk of the Legislative Assembly; and

(b)arrange for copies to be made available to the public.

(3)The Chief Executive must submit copies of the annual report and financial statement to be tabled in the Legislative Assembly in accordance with section 57 of the Finance and Audit Ordinance (Title 19.3).

8. Environmental & Sustainability Implications

8.1 None

9. Significant Risks

9.1 None

10. Consultation

10.1 FITB's Board members were provided with and approved the annual report and Financial statements on 18th December 2018.

11. Communication

11.1 As detailed in section 7.1.

Falkland Islands Tourist Board

Annual Report and Financial Statements

Year ended 30 June 2018

Falkland Islands Tourist Board
Annual Report and Financial Statements
Year ended 30 June 2018

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Chair's report

Having talked about a year of consolidation in last year's report I think we can safely say that this has been year of achievement and progress in the tourism industry.

By the end of this financial year FITB could successfully tick off all the delivery items with the Tourism Development Strategy as completed or ongoing (those being items such as statistical reporting which we would want to see continue to provide us with benchmarks and indications of success and failure, growth or stagnation). The one exception being the Cold Water Academy which was only defaulted on as there is a locally owned and run start up business aiming to offer water based adventure sports. This is surely testament to the positivity about the future in the industry.

We were particularly pleased to see the growth in beds available across the Islands. One of the driving forces behind this is the very successful Accommodation Grant Scheme. Sticking to an accessible and simple application form and process has been key in encouraging use of both this and the Infrastructure and Cruise Grants.

One of the highlights looking forward is the rolling out of the Green Seal Scheme which puts us at the forefront in encouraging a sustainable and green approach to tourism by asking accommodation providers, in the first instance, to look at areas such as the use of renewable energy, waste management and passing the environmentally conscious thought process onto our visitors.

It has been encouraging to see many operators, both large and small, buying into the Falkland Islands Tourism Association but as always there is room for more engagement if it is to truly work as a united voice and front for the industry. The Committee has worked hard to ensure it acts as a disseminator for information and focal point for feedback and concerns to be brought to FITB and FIG, often with FITB and FITA working hand in hand.

With 43% of businesses surveyed in the Development Corporation's 2018 Business Climate Survey noting tourism as their primary or secondary industry it has never been more important for us to be the figurehead for tourism in the Falkland Islands.

In order to do that we have had to move with the times and are embracing a strong digital marketing programme which is paying dividends. Each month around 20,000 consumers are looking at the new FITB website (up from 11,000 when we took this tactical step about 18 months ago), and we are engaging with over 1.2 million people through social media. An ever growing database of consumers allows us to target those who are genuine potential Falklands leisure visitors. All of this has seen an increase in our overall arrival numbers, with arrivals of the shoulder seasons October and March also increasing (another target met and surpassed) and an increase in leisure travel daily spend.

Unfortunately there are some areas in which we can't report as much progress as we would like. We continue to strive for a focused and considerate approach to the Waterfront Development which should include some aspect of yacht marina. We wait with bated breath for further announcements regarding a second commercial flight link which will enable us to take a more tactical look at a longer term strategy for sustainable tourism growth and review and update our Tourism Development Strategy.

None of the above would be possible without the enthusiasm and hard work of the FITB team at the Jetty Visitor Centre, the Board for guidance and all of those involved in the industry who work so hard to make it succeed.



Sally Ellis

Chair

Executive Director's report

The Falkland Islands Tourist Board (FITB) has reported on the second year of the implementation of the Tourism Development Strategy (TDS).

The new Discover the Falkland Islands Guide which is aimed at targeting the domestic market was completed and arrived in the Islands to be distributed.

FITB supported a group of individuals in setting up the Tourism Association in October 2017 and continues to encourage companies and individuals in the tourism industry to join.

Following on from the successful launch of FITB's website and more concentrated efforts on digital marketing a new promotional video was produced by Soundview Ltd along with 10 short clips suitable for use with social media.

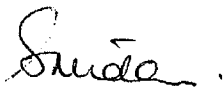
Demand for Accommodation Grants have increased, and the standard of all accommodation continues to improve.

Applications for cruise business and infrastructure grants have been awarded which will see the introduction of adventure tourism offering and a new museum at San Carlos.

Design work continued on the Gypsy Cove toilets and shelter which received planning permission; work will commence in April 2019.

The Jetty Visitor Centre was revamped and now has an area that is dedicated to information only and includes Ipads with FITB's App as well as televisions with the new video. The retail section has also been improved to allow better displaying of locally produced goods.

The Green Seal Scheme was launched at the end of season 'wash-up' meeting in April. The Green Seal Scheme looks to support accommodation providers to adopt and maintain eco-friendly and responsible practices throughout their business.



Steph Middleton
Executive Director

Board Members' report

Objectives

The objectives of FITB are to:

- Facilitate and create a profitable and sustainable tourism industry
- Coordinate the FI tourism strategy
- Develop and implement programmes for achieving the TDS and improve tourism in the FI in general
- Carry out reviews of the TDS
- Advise on Tourism matters in the community including planning, promotion and marketing
- Provide tourist information
- Commission and undertake activities that will improve tourism operations and public amenities for tourists
- Promote all interests and new investment in tourism.

Events in the year to 30 June 2018

Tourism Awards

The 2018 Tourism awards saw a wide range of submissions throwing up some unexpected winners. There was an excellent turn out to the Government house reception, with everyone vying for a coveted Night Heron as sculpted by Steven Massam. The CEO award for outstanding contribution to tourism was given to Jenny Luxton. Other highlights included Tour Guide of the year going to Tim Miller and his tour 74 days to Victory which scooped the Visitor experience, with the best overall accommodation experience in Camp and Stanley going to Sea lion Island and the Malvina House Hotel respectively.

Tourist Guide Course 2017

This year 19 people took part in a series of seven two-hour evening classes with additional first aid training also provided. The third edition of the "Tour Guide Handbook" was provided as the framework combining class led training and self-study. Participants visited some key attractions in Stanley to assist with their learning and watched accredited tour guides in action. A first-aid qualification was offered as an additional one-day session, delivered by Invenio. The course concluded with the opportunity to undertake a practical assessment to receive FITB accreditation.

28 people qualified by April 2018 to receive their Falkland Islands Tourist Board Tour Guide Training badges and certificates. A presentation was held at Government House to present the awards and celebrate their success.

Thirteen people also opted to take a direct route to assessment. This is offered to individuals who already have extensive knowledge of the Islands and experience as a guide, as a fast-track option. However, it is worthy of note that whilst the training programme is mainly aimed at those without that prior experience, it does provides a great opportunity to re-affirm existing knowledge, research new areas, learn alongside others and meet people.

Jetty Visitors Centre

In the 12 month period from July 2017 to June 2018 the JVC made sales of £176,000. Of these sales, 91% were made between the November and April season, a reduction of 8% from the previous year, showing an improved lengthening of the season. 40% of sales were of local products that we showcase on behalf of local artisans, this is consistent with the previous year, however a concerted effort is being

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made to increase the diversity of local products showcased. The JVC maintained a net profit of 20% through a combination of local produce and imported goods. We received a large order from China consisting of clothing (caps, beanies, t-shirts etc) and a few souvenir type items like keychains and magnets. Our pre-stamped postcards are still the highest selling products in the shop, proving a very convenient product that customers can buy, write, and then post all within seconds.

Local produce is something which is taking up a higher percentage of the sold goods in the shop each year, with more and more people choosing to sell their products in the JVC. We currently stock over 20 suppliers of local produce overall. Woollen products are particularly popular and with increasing woollen clothing sales; so much at times that supply is struggling with demand and they struggle to knit enough products!

Research and statistics

Key facts from 2017

KPI	Actual	TDS Target
Leisure arrivals	1,884	1,623
Length of stay	10.1	10.2
Overnights	19,028	16,554
Leisure arrivals – Core markets	950	1006
Leisure arrivals – Tactical markets	652	390
Leisure Tourists Oct & Mar %	26.1	22.4
Leisure Tourists Sept & Apr %	8	6.3
Leisure spend/night £	155	130
Cruise arrivals	57,496	52,222
Cruise spend/Day £	56.41	60

Key trends from 2017 noted from the statistics gathered include the following:

- Overnight leisure tourists increased by 22% compared to the previous year.
- Expenditure by overnight land tourists increased by 28%.
- All main markets increased with the exception of the USA which decreased in the year.
- Cruise tourism remained strong with an increase of 3.3% visitors in the year.
- Cruise expenditure decreased slightly on a per passenger basis, but due to the increased volume of passengers, maintained overall contribution to the tourism industry.

Targeted media coverage

In 2017/18 the Falkland Islands Tourist Board maximised its digital exposure, capturing over 100,000 unique visitors to the new website and reaching several millions of people through Facebook and Twitter. This increased coverage has driven a more focused online campaign, generating the ability to report back to destinations and accommodation providers the specific impact on their businesses (i.e. number of click-throughs and conversion to bookings).

More traditional media coverage was obtained through advertising in cruise magazines and trade publications.

Press trips and coverage

In 2018 we welcomed a variety of FAM and press visitors. Two tour operators, Libby Weir-Breen and Seema Kapur from Rainbow Tours were selected to visit and experience the best that the Falklands has to offer in order to enable them to promote the Falklands. Both operators have now been able to convert that into bookings.

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We were also able to offer out a visit to Nigel Tisdall, a renowned journalist for the Telegraph who produced several articles on the Falkland Islands. One of our key strategies in the Tourism Development Strategy has been to extend the season of tourism in the Falkland Islands, and to this end we had promotional visits from David Lindo, a birding specialist and Paul Sharman, a fishing expert. Both produced promotional, specialist articles in their areas of expertise, and both have expressed an interest to further their relationship with the Falkland Islands into the future.

Trade fairs

The Falkland Islands Tourist Board attended a selection of traditional trade fairs in the year which have historically proven to be productive for marketing, networking and building strategic relationships.

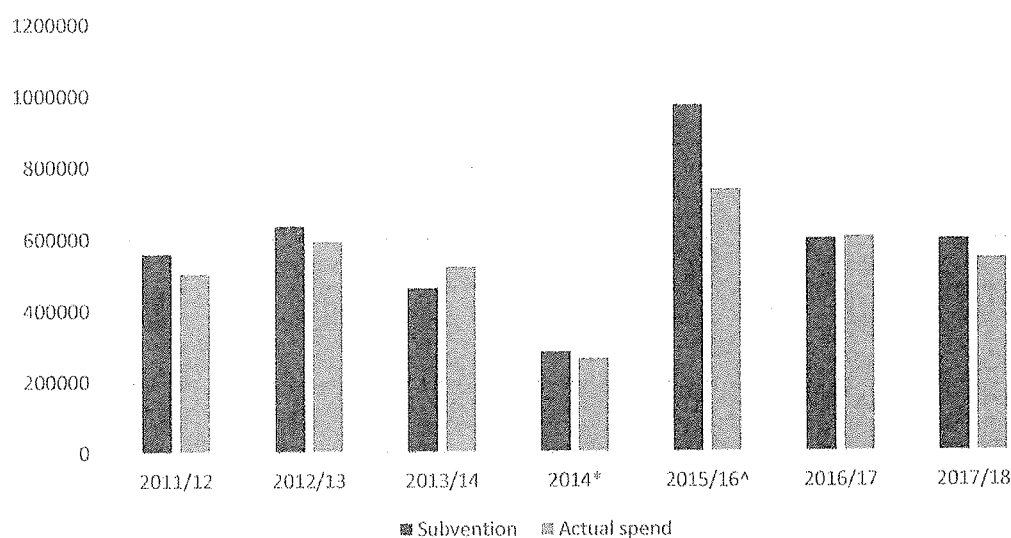
In addition, we attended the annual IAATO conference in May 2018 at Rhode Island. This followed a visit of the Gateway committee to the Falkland Islands in March 2018 which was an excellent opportunity for us to showcase the Falkland Islands and discuss the potential of expedition cruises in the future. A development of which has been the Gateway report, an initiative which is gathering pace within the Falkland Islands Government to assess and invest in infrastructure that will benefit the expedition cruise industry in the Falkland Islands.

Finance

The current period's budget was £676,000 in line with our expected subvention funding along with the expected income from the Jetty Visitor Centre, with a view to reduce previous year unspent subvention if required.

FITB has operated efficiently to ensure that expenditure does not exceed our funding allowance whilst ensuring that we are meeting our objectives. Post year end, an application was made to the Board to increase the 2018/19 budget to reflect the deferred subvention that is held. This was approved and it is expected that the additional strategic budget will enable us to meet more of our targets under the TDS KPIs.

Actual spend vs FIG subvention



*2014 represents the period from 1 July to 31 December 2014

^2015/16 represents the period 1 January 2015 to 30 June 2016

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During the period 27% of the FITB subvention funding has been spent directly on traditional promotional advertising, tours, trade fairs and research that has been shared with local businesses and used to promote both the Falkland Islands as a whole and also as a pedestal for local businesses to promote themselves. This level of spend is consistent with the previous year, and does not reflect the increased activity in this year relating to digital marketing which has had a relatively low budget impact, but a high advertising impact.

The TDS spend has seen a significant increase (an additional 150% on last year) as a result of the increased activity in the year. Accommodation grants saw a 50% increase in grants awarded, in addition to this we saw the first Cruise Business Grants awarded and also the first infrastructure grants. 10 new videos were created in the year by Sound View for both the cruise industry, use at Trade Shows and showcasing the Falkland Islands in the J.V.C..

The Jetty Visitors Centre continues to promote the Falkland Islands locally and provide quality information, as well as showcasing an increasing stock of local produce. In July this year the J.V.C. was closed to enable a complete refurbishment including new fixtures and furniture and a full information display complete with T.V.s and ipads. During the year, the J.V.C. generated a 42% gross profit on products sold over the year.

Mazars were reappointed as auditors in the year and have issued an unqualified report. Their audit completion report has not identified any new risks in internal controls and concludes that any historical risks have been addressed.

As at 30 June 2018, FITB had net current assets of £444,868 offset by deferred income of £539,200. FITB is set up primarily to break even with the aim of developing tourism within the Falkland Islands. FITB is funded primarily through grant income from the Falkland Islands Government with funding received in the period of £600,000. This year, funds not spent from the subvention funding have been agreed for spending in the financial year 2018/19 with the Board. This additional budgeted spend will reduce the deferred income by £261,500.

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Corporate Governance

Part 20 section 1(d) of the FITB Ordinance requires the annual report to include Corporate Governance and details of the assurance mechanisms in place throughout the period.

Corporate Governance is the process and systems in place to control and direct the management of an entity. In the case of FITB, this represents the composition and responsibilities of the Board of Directors.

In respect to the operation of FITB the abridged responsibilities of the Board of Directors to FITB are:

- Advising on changes or reviews of the Tourism Strategy
- Setting performance targets for FITB to facilitate the growth and development of the tourism industry
- To agree the annual budget and business plans
- To review the Human Resources and Financial controls and policies
- To monitor activities and maintain financial oversight
- To ensure that FITB exercises its powers in ways that are economical, efficient and effective.

The composition of the Board is as follows:

Position	Appointment
<i>Appointed in period</i>	
Chair <i>Mike Rendell (resigned July 2017)</i>	Appointed by Government for 2 years
Vice Chair <i>Sally Ellis (appointed Chair November 2017)</i>	
Member of Legislative Assembly <i>Michael Poole (resigned November 2017)</i> <i>Mark Pollard (appointed November 2017)</i>	Nominated by MLAs collectively
FIG Head of Policy <i>Diane Simsovic</i>	Automatically a member
FITB Executive Director <i>Steph Middleton</i>	Right to attend (Non-voting)
Co-opted Member <i>Alex Olmedo</i> Co-opted Member <i>Jenny Luxton (resigned July 2017)</i> Co-opted Member <i>Riki Evans</i> Co-opted Member <i>Samantha Marsh</i> Co-opted Member <i>Carli Sudder (appointed October 2017)</i> Co-opted Member <i>Margaret Williams (appointed April 2018)</i>	As co-opted by the FITB Board. Two members for two years, two members for 30 months.

Appointments have been made for two years as a default, with two co-opted members having an extended contract of 30 months to ensure continuity throughout reappointment. The Member of Legislative Assembly and FIG Head of Policy hold their directorships for as long as they are in post.

External Assurance

As part of the Ordinance FITB has appointed Mazars LLP as its external auditors.

The auditors have reviewed the Financial Statements of FITB for the year ended 30 June 2018 to ensure that they give a true and fair view and that the financial controls and processes in place are sufficient.

One control recommendation was identified in the year as part of the audit completion report, the Board has immediately implemented controls in order to address this potential weakness.

The detailed findings will be reported to the PAC (Public Accounts Committee) along with a copy of the Audit Completion Report and these financial statements for their scrutiny.

Internal Assurance

The Jetty Visitors Centre undertook a stock take as at the 30 June 2018 in order to assess the value of stock held. A full stock take of all items held was made and where necessary revalued at the realisable value.

Management accounts have been prepared on a quarterly basis for the Board to review. These have been prepared with reference to the budgeted spend and give the Board a clear indication of the financial performance of the entity alongside the operational reporting.

A revised policies and procedures manual for the finance team and operations was prepared by the Financial Controller in the year.

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Statement of Board Members' responsibilities

The Falkland Islands Tourist Board Ordinance 2014 requires the organisation to prepare financial statements for each financial year. In preparing those financial statements, the Falkland Islands Tourist Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume FITB will continue in business.

The Falkland Islands Tourist Board members are responsible for financial oversight and monitoring of FITB activities generally, and for ensuring FITB exercises its powers in ways that are economical, efficient and effective. Board Members must also ensure that the Financial Controller keeps proper financial records and must ensure that arrangements are in place for FITB's financial records and statements to be audited in respect of each financial year.

Approved by the Falkland Islands Tourist Board Governing Board on

18/12/2018.

Signed on behalf of the Falkland Islands Tourist Board



Opinion

We have audited the financial statements of the Falkland Islands Tourist Board (the 'corporation') for the year ended 30 June 2018 which comprise the Profit and Loss Account, the Balance Sheet and the related notes, including a summary of principal accounting policies. The financial reporting framework that has been applied in their preparation is Falkland Islands Tourist Board Ordinance 2014.

In our opinion, the financial statements:

- give a true and fair view of the state of the entity's affairs as at 30 June 2018 and for the year then ended; and
- have been prepared in accordance with the requirements of the Falkland Islands Tourist Board Ordinance 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the entity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The board members are responsible for the other information. The other information comprises the information included in the board members report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we have not identified material misstatements in the Members Report.

Responsibilities of Board members

As explained more fully in the board members' responsibilities statement set out on page 9, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

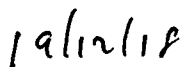
Our audit work has been undertaken so that we might state to board members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the board members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street, Bristol, BS1 6DP



Falkland Islands Tourist Board
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Year ended 30 June 2018
Profit and Loss Account

	<u>Notes</u>	<u>Year ended</u> <u>30 June 2018</u>	<u>Year ended</u> <u>30 June 2017</u> £
TURNOVER	2	183,531	176,639
COST OF SALES		(101,587)	(80,855)
GROSS PROFIT		81,944	95,784
OTHER OPERATING INCOME		545,803	626,331
ADMINISTRATIVE EXPENSES		(627,747)	(722,115)
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
TAX ON ORDINARY ACTIVITIES		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	9	-	-

All amounts relate to the operations of the organisation during the period. All operations are continuing operations.

The notes on pages 14 to 17 form part of these financial statements.

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Year ended 30 June 2018
Balance Sheet

	<u>Notes</u>	30 th June 2018		30 th June 2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4	165,183		153,626	
CURRENT ASSETS					
Stock	5	76,353		83,705	
Debtors	6	61,727		55,214	
Cash at bank and in hand		408,646		364,132	
			<hr/>		<hr/>
		546,726		503,051	
Creditors -					
due within one year	7	(101,858)		(100,823)	
			<hr/>		<hr/>
NET CURRENT ASSETS		444,868		402,228	
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>		<hr/>	
		610,051		555,854	
Deferred Income	8	(539,200)		(485,003)	
NET ASSETS		<hr/>		<hr/>	
		70,851		70,851	
CAPITAL AND RESERVES					
Non-distributable capital reserve	9	70,851		70,851	
Profit and Loss account	9	-		-	
SHAREHOLDERS' FUNDS	10	<hr/>		<hr/>	
		70,851		70,851	

Approved and authorised for issue by the Falkland Islands Tourist Board on 18/12/2018

Signed on behalf of the Falkland Islands Tourist Board



Board Member



Board Member

The notes on pages 14 to 17 form part of these financial statements.

1. Accounting policies

- 1.1 Accounting convention
The financial statements have been prepared under the historical cost convention. The presentation of the financial statements is in a form considered by the Falkland Islands Tourist Board members appropriate to the activities of the Board and complies with the requirements of the Falkland Islands Tourist Board Ordinance 2014.
- 1.2 Basis of preparation
The accounts have been prepared on a going concern basis.
- 1.3 Pension
The organisation's employees participate in an independent defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.
- 1.4 Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Land and buildings	10-33 years
Plant and Machinery	4 years
Motor vehicles	4 years
Fixtures and Fittings	4 years
- 1.5 Stock
Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Adjustments are made for slow moving and obsolete stock.
- 1.6 Taxation
As a Statutory Corporation FITB is not subject to Falkland Islands tax.
- 1.7 Deferred Income
Revenue grants received from the Falkland Islands Government (FIG) are released to the profit and loss account when the relevant expenditure is incurred. Capital grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the asset concerned.
- 1.8 Grants
Grants awarded by the Tourist Board are accrued and treated as an expense from the date they are awarded. As the grant is redeemed, the accrual is reduced. As at 26th September 2018 a 12 month validity period is applied to each grant.

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2. Turnover

The company engages in only one class of business in one location. Turnover represents primarily the sale of merchandise from the gift shop, rental income and advertising.

3. Operating profit on ordinary activities before taxation

The operating profit on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 30 June 2018	Year ended 30 June 2017
	£	£
Auditors remuneration: audit	2,630	2,500
Depreciation of tangible fixed assets	15,175	17,238
Other operating income – grants released to profit and loss	(545,803)	(626,331)

4. Tangible fixed assets

	Land and Buildings £	Plant and Machinery £	Fixtures and Fittings £	Total £
Cost				
B/fwd 1 July 2017	199,650	58,778	33,680	292,108
Additions	-	4,339	22,393	26,732
Disposals	-	(2,479)	-	(2,479)
At 30 June 2018	199,650	60,638	56,073	316,361
Depreciation				
B/fwd 1 July 2017	59,119	53,768	25,595	138,482
Charge for year	5,990	2,944	6,241	15,175
Disposals	-	(2,479)	-	(2,479)
At 30 June 2018	65,109	54,233	31,836	151,178
NET BOOK VALUE:				
At 30 June 2018	134,541	6,405	24,237	165,183
At 30 June 2017	140,531	5,010	8,085	153,626

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5. Stock

	2018 £	2017 £
Goods for resale	76,353	83,705

6. Debtors

	2018 £	2017 £
Amounts due within 12 months:		
Trade debtors	720	1,509
Other debtors	389	-
Prepayments	60,618	53,705
	<u>61,727</u>	<u>55,214</u>

7. Creditors – Amounts falling due within one year

	2018 £	2017 £
Trade creditors	81	27,316
Accruals	101,777	53,507
	<u>101,858</u>	<u>80,823</u>

8. Deferred income

	2018 £	2017 £
Brought forward balance	485,003	511,334
Revenue funding received during the period	600,000	600,000
Released to the profit and loss account in the period	(545,803)	(626,331)
	<u>539,200</u>	<u>485,003</u>

9. Reserves

	Non-distributable capital reserves £	Profit and Loss Account £	Total £
Brought forward 1 July 2017	70,851	-	70,851
Profit for the period	-	-	-
	<u>70,851</u>	<u>-</u>	<u>70,851</u>

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10. Reconciliation of movements in total funds

	£
Brought forward 1 July 2017	70,851
Profit for the financial period	-
Balance sheet as at 30 th June 2018	<u>70,851</u>

11. Related party transactions

The following are related parties of the Falkland Islands Tourist Board:

<u>Related party</u>	<u>Relationship</u>
Falkland Islands Government	Controlling party
International Tours and Travel Limited	Sally Ellis – Director of FITB and ITT
Bleaker Island	Mike Rendell – Director of FITB and owner of Bleaker Island
Pebble lodge	Ricky Evans – Director of FITB and manager of Pebble Lodge
Waterfront Hotel	Alex Olmedo – Director of FITB and owner of the Waterfront

During the period, sales were made to the following related parties:

	2018 £	2017 £
Falkland Islands Government	-	143
Waterfront Hotel	500	-

During the year purchases were made from the following related parties:

Falkland Islands Government	8,672	7,830
International Tours and Travel	21,599	660
Pebble Lodge	835	2,311
Waterfront Hotel	3,341	1,270
Bleaker Island	1,809	2,979

As at the year end there were no creditor or debtor balances with related parties.
During the year expenses of £320 were paid to one director (2017: £Nil).

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UNAUDITED DETAILED PROFIT AND LOSS

	2018 £	2017 £
Turnover		
Retail Sales	175,888	167,237
Other	7,643	9,402
	<u>183,531</u>	<u>176,639</u>
Cost of Sales		
Goods for resale	(101,587)	(80,855)
Gross Profit	<u>81,944</u>	<u>95,784</u>
Other operating income		
Funding from FIG	545,803	626,331
Administrative expenses		
Staff costs	(200,452)	(271,860)
Trade fairs	(44,091)	(60,312)
Tourism Development strategy	(135,154)	(53,893)
Other promotional expenses	(115,018)	(174,857)
Establishment expenses	(67,268)	(110,564)
General expenses	(50,589)	(33,391)
Depreciation	(15,175)	(17,238)
	<u>(627,747)</u>	<u>(722,115)</u>
Net profit/(loss)	<u>-</u>	<u>-</u>