

EXECUTIVE COUNCIL

PUBLIC

Title:	FITB Accounts and Annual return
Paper Number:	26/18
Date:	21 March 2018
Responsible Director:	Executive Director, FITB
Report Author:	Executive Director, FITB
Portfolio Holder:	MLA Stacy Bragger
Reason for paper:	This paper is submitted to Executive Council: To meet a statutory requirement
Publication:	Yes – with redactions as highlighted <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</i> <i>The categories which are potentially relevant to this paper are:</i> Paragraph 16: Internal Audit Reports
Previous papers:	None
List of Documents:	Appendix A: FITB Audited Financial Statements and Annual report for the year ended 30 June 2017 Appendix B: FITB Audit completion report for the year ended 30 June 2017

1. Recommendations

Honourable Members are recommended to:

- (a) Note the Annual report and Financial Statements for the year ended 30 June 2017 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 2017 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 2017 were audited by Mazars LLP on the week commencing 11th September 2017. A meeting was held with the Audit Partner, Audit Manager and FITB Board on 27th 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 January 2018 and by Mazars LLP on 14th February 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 draft copies of the annual report and Financial statements on 18th January 2018, final approval was obtained electronically on 6th February 2018.

11. Communication

11.1 As detailed in section 7.1.

Falkland Islands Tourist Board

Annual Report and Financial Statements

Year ended 30 June 2017

Falkland Island Tourist Board
Annual Report and Financial Statements
Year ended 30 June 2017

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Chair's report

It has been a year of consolidation at FITB, with several staff changes and shortages over the reporting period which has perhaps slowed progress a little. Changes of note were the termination of the UK based Director of International Communications position, and completion of Stephanie Middleton's probation and confirmation of her position as Executive Director of FITB. The staff at FITB have worked extremely hard and successfully in driving forward the Tourism Development Strategy, and testament to this is that by June 2017 55% of the delivery items in the TDS had been completed, with only 4% yet to be commenced. One of the principal, and perhaps most visual goals, was development of a new website to tie in with our new emphasis on digital marketing and use of various social media strings, enabling the gathering of a whole host of statistics allowing us to build a very clear profile of people researching the Falklands. This tool, along with a mobile phone App and a range of new and dynamic guides and leaflets, leaves us well resourced for selling the Falklands.

Marketing efforts also included a familiarisation visit with a mixture of tour operators and media. There can be no better promotion than word of mouth and first hand experiences.

Whilst progress on a second commercial flight operation has been slow, the tourism industry continues to work towards getting itself into a state of readiness to react fast if and when it becomes a reality. Small upgrades to the visual appearance of the Arrivals Hall in particular at Mount Pleasant Airport have been made, whilst research continues into the best way forward of growing our airport facilities and overcoming some of the obstacles presented to commercial airlines operating into a military operated airport.

One of the biggest challenges is increasing the accommodation offering and it was pleasing to see a couple of new facilities come on line along with growth of existing businesses. The calibre of accommodation is also important and I believe this was acknowledged by the industry in their continued support for the Accommodation Grading Scheme. This scheme was also largely responsible for triggering a successful year of grant applications to fund accommodation upgrades and new offerings. Further down the line we look forward to bringing an environmental/green scheme on line as well as expanding the grant funding to cover cruise ship excursions.

My predecessor commented on the "laissez faire" nature of the tourism industry, and to this end it is encouraging that the recommendation within the TDS to form a Tourism Association, which will hopefully create some cohesiveness and industry discussion and support, was agreed. FITB look forward to working closely with the new association once formed.

On a governmental level a Special Tourism Developmental Specialist role was approved by FIG providing much needed resources and the basis for a more secure relationship between FIG and FITB for moving major projects from the TDS forward that require FIG facilitation. One such project that has already seen fruition is the much awaited tarmacking of the FITB car park.

Looking to the future this time next year we hope to be reporting on some progress on facilities for yacht tourism (a relatively untapped sector of the tourism industry to date) along with some further progress on the Waterfront Development; a redesign of the Jetty Visitor Centre to present it as a more modern and ever changing Falklands Showcase as well as an information centre; construction of an aesthetic and environmentally friendly toilet block and further shelter at Gypsy Cove; and of course an overall increase in the tourist numbers benefitting everyone involved in the industry and tribute to the efforts put in by people island-wide who are proud to be promoting and selling the Falklands.



Sally Ellis

Chair

Executive Director's report

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

FITB's new website was launched and will be the centre of our marketing activities, in particular social media marketing using Facebook, Twitter, YouTube and Instagram. This is our window to the world, and every business or individual that is involved in tourism should be on the website. This was followed up in August with an App for both Android and Apple phones.

Following the launch of the website FITB has developed and launched a digital marketing strategy that is aimed at promoting the Islands more cost effectively and with a higher level of success than has previously been achieved through traditional marketing; the digital marketing strategy will reach more potential visitors than has previously been possible. The benefit of online marketing is that its success is easy to measure.

This Financial year also saw FITB take control of the Tourism Accommodation Grant Scheme, the Infrastructure Improvement Fund and the Cruise Business Grant Scheme in October 2017.

The Accommodation Grant aims to improve the quality of accommodation around the Islands and is match funded. Eligible costs include building materials, health and safety measures, labour, fixtures and fittings.

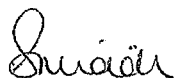
The Infrastructure Improvement Fund was initiated for the improvement of specific locations in Stanley and camp that will enhance the experience of tourists. These improvements might include signs, information boards, paths etc.

The Cruise Business Grant Scheme was launched to encourage investment in the cruise sector. Cruise tourism is a vital industry within the Falklands economy, and providing visitors with a diverse and attractive range of activities is important for its growth.

The Gypsy Cove Feasibility Study for a Café/Toilet Development was completed and funding was secured in our 2017/18 budget for the building of a toilet block and shelters.

The re-surfacing of the Jetty Visitor Centre Car Park was completed at the end of March 2017 and is a welcome improvement to the Visitor Centre area.

In April Steph Middleton renewed her contract with FITB; Rachael Crowie as Marketing Officer and Zoe Clifton as Information & Retail Officer joined the FITB team in August 2017. This means along with Jo Muncaster our Financial Controller, Tina Hirtle our Bookkeeper and Carol Phillips our Customer Services Assistant FITB now have a full team.



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 2017

Tourism Awards

The 2017 Tourism awards saw record submissions as businesses jostled for first place. There was an excellent turn out to the Government house reception with ten awards up for grabs. The CEO award for outstanding contribution to tourism was given to Patrick Watts MBE. Other highlights included Bittersweet café and bar picking up both the Taste of the Falklands award and the Outstanding customer service award, and Visitor Experience of the year being awarded to 74 days to Victory tour by Penguin Travel.

Tourist Guide Course 2016

This year twenty two 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.

19 people qualified by February 2017 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.

Two 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 2016 to June 2017 the JVC made sales of £167,000. Of these sales, 99% are made between the November and April season and 40% of sales were of local products that we showcase on behalf of local artisans. The JVC maintained a net profit of 28% through a combination of local produce and imported goods. We received a large order from China consisting of clothing (caps,

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 Year ended 30 June 2017
 Board members' report

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. With over 20 suppliers of local produce overall, this season so far we have had another 4 new suppliers offering a range of different goods. 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!

We have also formed a partnership with Falklands Conservation and we now sell penguin adoption packs, as well as the very popular Falkland-themed pins. This is particularly beneficial to both parties, as we take a small percentage of the pins only and they see much higher sales selling through us. We also started stocking FPS Ltd First Day Covers and stamps.

In 2016 Colleen Ford started working part-time for the Tourist Board. She sits on the Information desk on any cruise ship days where there are mid to large size passenger numbers. After some training, and with the help of information aids, she is doing a great job helping people.

Looking forward into 2017 the JVC has been surpassing all its monthly financial targets and it is looking likely it will be a highly successful season.

Research

Key facts from 2016

	Domestic tourism	International overnight tourism	International day tourism
Total season spend	682,679	5,655,808	3,213,918
Avg spend/day	60.00	100.50	£57.77
Trips per year	11,845	1,540	55,633
Total nights away	43,929	15,092	-
Avg length of stay	3.6	9.8	-

Key trends from 2016 noted from the statistics gathered include the following:

- A 28% increase in overnight tourists from the USA.
- Total tourist expenditure was down by 24% to c. £5.7m for 2016 of which £2.3m came from leisure tourism, £2.8m from business tourism and £588k from visiting friends and relatives.
- Cruise passengers decreased by 1.5% to 55,633 for the year, surpassing growth expectations.
- LAN/LATAM held the largest share of tourist arrivals for overnight tourists at 67% supporting the need for an additional commercial flight to the Islands.
- Key highlights noted by cruise tourists were penguins and the museum, with areas for improvement identified as WiFi and rain!

Targeted media coverage

In 2016/17 the Falkland Islands received media coverage through international and local press. Our coverage was focused on the over 50's and affluent international travellers with expendable income. We continued to engage in a co-op advertising programme, which was well received by industry with coverage in the National Geographic, Cruise International, World of Cruising, Cruise Trade News, the Guardian, and other magazines and press where and when opportunities became available. As at the year end our focus moved towards online advertising through social media and specific promotion of our islands direct to consumers. We have found that this method of advertising is more measurable and local tour operators have seen a direct conversion to holiday bookings and enquiries.

From April 2017 we were able to monitor the visitors to the new Falkland Islands Tourist Board website, and for the period April-June 39,163 unique visitors were identified. Of these, the click through to independent business websites were 1,503 and additional emails sent directly to those businesses of 467. To be able to monitor this level of engagement gives the Falkland Islands Tourist Board a huge advantage in monitoring the effectiveness of our marketing campaigns.

Press trips and coverage

In 2017 we held our annual FAM and Press visits during February. Attendees were hand-picked based on what they could offer us on return for the trip. In attendance in 2017 were NatureTrek and Avian Adventures, with independent photo journalist Francesco Tomasinelli and Blogilious contributor Nadine Maffre.

Resulting from the Blogilious trip were a series of three travel pieces on the Falkland Islands which had over 150,000 views.

NatureTrek and Avian Adventures have used the FAM trip as an opportunity to further expand their knowledge of the Falkland Islands and what they can now offer tour groups. The photo journalist Francesco has "a slot" in a nature/lifestyle program on Italian state television as animal expert; on his return he did about 10 minutes about penguins (best places to see them, with some of his videos and pictures) and spoke extensively about the Falklands. The program is called GEO, RA13, and is aired late afternoon and watched by about 1.2 million people. In the spring he was also going to do a Falkland feature for digital Touring magazine with video and pictures.

Trade fairs

The Falkland Islands were represented at many shows and events in 2016 and 2017. The most notable were Bird Fair, USTOA and World Travel Mart. The islands exposure has been increased and from the onset of our attendance at these shows we have seen an increase in demand. We have seen an increase in communications from those in attendance, both consumer and operators wishing to book holidays to the Falklands, as a direct result of our participation.

Travel Agents and Tour Operators have received support and training locally and marketing supplies have been provided to all who have requested it. This year in order to reduce the costs of our this traditional form of marketing we enlisted the assistance of UK based Falkland Islanders at Bird Fair to represent the Tourist Board.

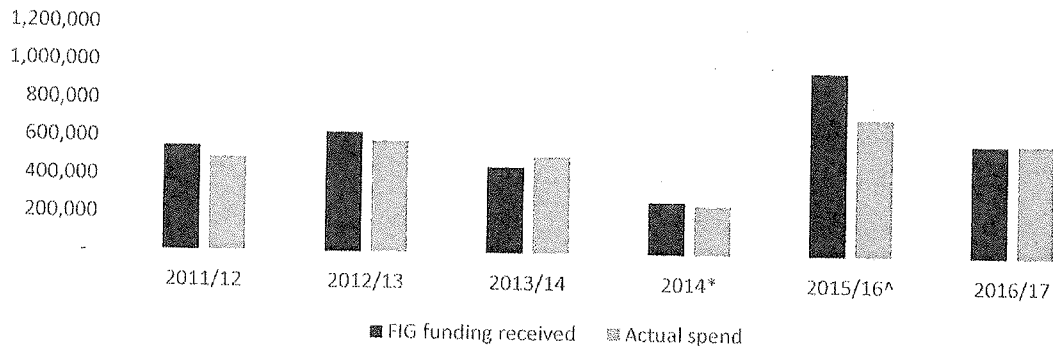
Finance

The current period's budget was a decrease of 8% from 2015/16 (based on the annual equivalent) in line with our expected subvention funding along with the expected income from the Jetty Visitor Centre.

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FITB has operated efficiently to ensure that expenditure does not exceed our funding allowance whilst ensuring that we are meeting our objectives. Remaining funds will be deferred into 2017/18 and used to further the digitalisation of tourism providers; profit from the J.V.C. will be used to renovate the Tourist Information bureau.

Fig Funding received by FITB



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

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

During the period 27% of FITB funds 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.

A further £45k was used to develop a new website that better meets the needs of visitors and local trade operators and £41k was granted directly to Tourist Accommodation providers in the year to improve the provision of Tourist Accommodation in the Falkland Islands.

Supporting tourists at a local level has been performed at the Jetty Centre with new information guides and maps being designed and printed to improve the tourist experience. The Jetty Visitor Centre shop has maintained a 28% profit margin on sales and as such continues to contribute to the Tourist Board funds and support it in meeting its objectives in addition to Government funding.

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

As at 30 June 2017, FITB had net current assets of £402,228 offset by deferred income of £485,003. 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. The spend in excess of our subvention was taken from previous years underspending.

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 Board members' report
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 <i>Appointed in period</i>	Appointment
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>Stacey Bragger (appointed November 2017)</i>	Nominated by MLAs collectively
FIG Head of Policy <i>Diane Simsovic (appointed September 2016)</i> <i>Nicola Granger (resigned August 2018)</i>	Automatically a member
FITB CEO/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>	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.

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Board members' report
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 2017 to ensure that they give a true and fair view and that the financial controls and processes in place are sufficient.

No control recommendations were identified in the year as part of their audit completion report.

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 31 May 2017, with a top-up count as at 30 June 2017, 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 2015.

In response to the audit recommendations from 2016 all proposed control improvements were taken on board and actioned by management. This was recognised by Mazars LLP in their 2017 completion report.

Falkland Islands Tourist Board
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Year ended 30 June 2017
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 18/01 / 2018.

Signed on behalf of the Falkland Islands Tourist Board



Opinion

We have audited the financial statements of the Falkland Islands Tourist Board (the 'entity') for the year ended 30 June 2017 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including a summary of principal accounting policies. The financial reporting framework that has been applied in their preparation is Falkland Island 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 2017 and of its results for the year then ended;
- 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 Board Report.

Responsibilities of Board members

As explained more fully in the board members' responsibilities statement set out on page 8, 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 directors 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 directors 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 directors 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. Our audit work has been undertaken so that we might state to the entity's 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 entity and the board's members as a body for our audit work, for this report, or for the opinions we have formed.

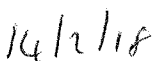
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street, Bristol, BS1 6DP



Falkland Islands Tourist Board
 Annual Report and Financial Statements
 Year ended 30 June 2017
 Profit and Loss Account

	<u>Notes</u>	<u>12 months ended 30 June 2017</u>	<u>18 months ended 30 June 2016</u> £
TURNOVER	2	176,639	235,450
COST OF SALES		(80,855)	(112,300)
GROSS PROFIT		95,784	123,150
OTHER OPERATING INCOME		626,331	737,461
ADMINISTRATIVE EXPENSES		(722,115)	(860,611)
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 2017
 Balance Sheet

	<u>Notes</u>	30 th June 2017		30 th June 2016	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4	153,626		165,786	
CURRENT ASSETS					
Stock	5		83,705		76,357
Debtors	6		55,214		95,002
Cash at bank and in hand			364,132		282,202
			<u>503,051</u>		<u>453,561</u>
Creditors -					
due within one year	7		(100,823)		(37,162)
			<u>402,228</u>		<u>416,399</u>
NET CURRENT ASSETS					
			<u>402,228</u>		<u>416,399</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>555,854</u>		<u>582,185</u>
Deferred Income	8		(485,003)		(511,334)
NET ASSETS			<u>70,851</u>		<u>70,851</u>
CAPITAL AND RESERVES					
Non-distributable capital reserve	9		70,851		70,851
Profit and Loss account	9		-		-
SHAREHOLDERS' FUNDS	10		<u>70,851</u>		<u>70,851</u>

Approved and authorised for issue by the Falkland Islands Tourist Board on

18th January 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.

Falkland Islands Tourist Board
Annual Report and Financial Statements
Year ended 30 June 2017
Notes to the 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 |
- 1.5 Stocks
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.

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.

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3. Operating profit on ordinary activities before taxation

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

	12 months ended 30 June 2017	18 months ended 30 June 2016
	£	£
Auditors remuneration: audit	2,500	2,500
Depreciation of tangible fixed assets	17,238	23,300
Other operating income – grants released to profit and loss	(626,331)	(737,461)
	<u> </u>	<u> </u>

4. Tangible fixed assets

	Land and Buildings £	Plant and Machinery £	Fixtures and Fittings £	Total £
Cost				
B/fwd 1 July 2016	199,650	56,709	31,343	287,701
Additions	-	2,741	2,337	5,078
Disposals	-	(672)	-	(672)
At 30 June 2017	<u>199,650</u>	<u>58,778</u>	<u>33,680</u>	<u>292,108</u>
Depreciation				
B/fwd 1 July 2016	53,129	46,051	22,736	121,916
Charge for year	5,990	8,389	2,859	17,238
Disposals	-	(672)	-	(672)
At 30 June 2016	<u>59,119</u>	<u>53,768</u>	<u>25,595</u>	<u>138,482</u>
NET BOOK VALUE:				
At 30 June 2017	<u>140,531</u>	<u>5,010</u>	<u>8,085</u>	<u>153,626</u>
At 30 June 2016	<u>146,521</u>	<u>10,658</u>	<u>8,607</u>	<u>165,786</u>

5. Stock

	2017 £	2016 £
Goods for resale	83,705	76,357
	<u> </u>	<u> </u>

Falkland Island Tourist Board
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Notes to the Financial Statements
6. Debtors

	2017 £	2016 £
Amounts due within 12 months:		
Trade debtors	1,509	295
Other debtors	-	112
Prepayments	53,705	94,595
	<u>55,214</u>	<u>95,002</u>

7. Creditors – Amounts falling due within one year

	2017 £	2016 £
Trade creditors	27,316	8,662
Accruals	53,507	20,855
Other creditors	-	7,645
	<u>80,823</u>	<u>37,162</u>

8. Deferred income

	2017 £	2016 £
Brought forward balance	511,334	272,315
Revenue funding received during the period	600,000	976,480
Released to the profit and loss account in the period	(626,331)	(737,461)
	<u>485,003</u>	<u>511,334</u>

9. Reserves

	Non-distributable capital reserves £	Profit and Loss Account £	Total £
Brought forward 1 July 2016	70,851	-	70,851
Profit for the period	-	-	-
	<u>70,851</u>	<u>-</u>	<u>70,851</u>

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 Notes to the Financial Statements

10. Reconciliation of movements in total funds

	2016 £
Brought forward 1 July 2016	70,851
Profit for the financial period	-
Balance sheet as at 30 th June 2017	<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:

	2017 £	2016 £
Falkland Islands Government	143	2,560
Pebble Lodge	-	80
Bleaker Island	-	160

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

	2017	2016
Falkland Islands Government	7,830	12,264
International Tours and Travel	660	9,955
Pebble Lodge	2,311	1,170
Waterfront Hotel	1,270	2,485
Bleaker Island	2,979	945

As at the year end there were no creditor or debtor balances with related parties.

Falkland Islands Tourist Board
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UNAUDITED DETAILED PROFIT AND LOSS

	2017 £	2016 £
Turnover		
Retail Sales	167,237	222,368
Other	9,402	13,082
	<u>176,639</u>	<u>235,450</u>
Cost of Sales		
Goods for resale	(80,855)	(112,300)
Gross Profit	<u>95,784</u>	<u>123,150</u>
Other operating income		
Funding from FIG	626,331	737,461
Administrative expenses		
Staff costs	(271,860)	(369,665)
Trade fairs	(60,312)	(74,839)
Tourism Development strategy	(53,893)	(33,664)
Other promotional expenses	(174,857)	(240,840)
Establishment expenses	(110,564)	(91,699)
General expenses	(33,391)	(26,541)
Depreciation	(17,238)	(23,363)
	<u>(722,115)</u>	<u>(860,611)</u>
Net profit/(loss)	<u>-</u>	<u>-</u>