



Table of Contents

01

About Us

Pg 02 Mission Statement
Pg 02 Vision
Pg 02 Registered Office/
 Auditors/Bankers
Pg 03 Board of Directors

04

Reports

Pg 04 Chairman's Message
Pg 05 Board of Directors'
 Report
Pg 07 Executive Directors'
 Report

12

Projects

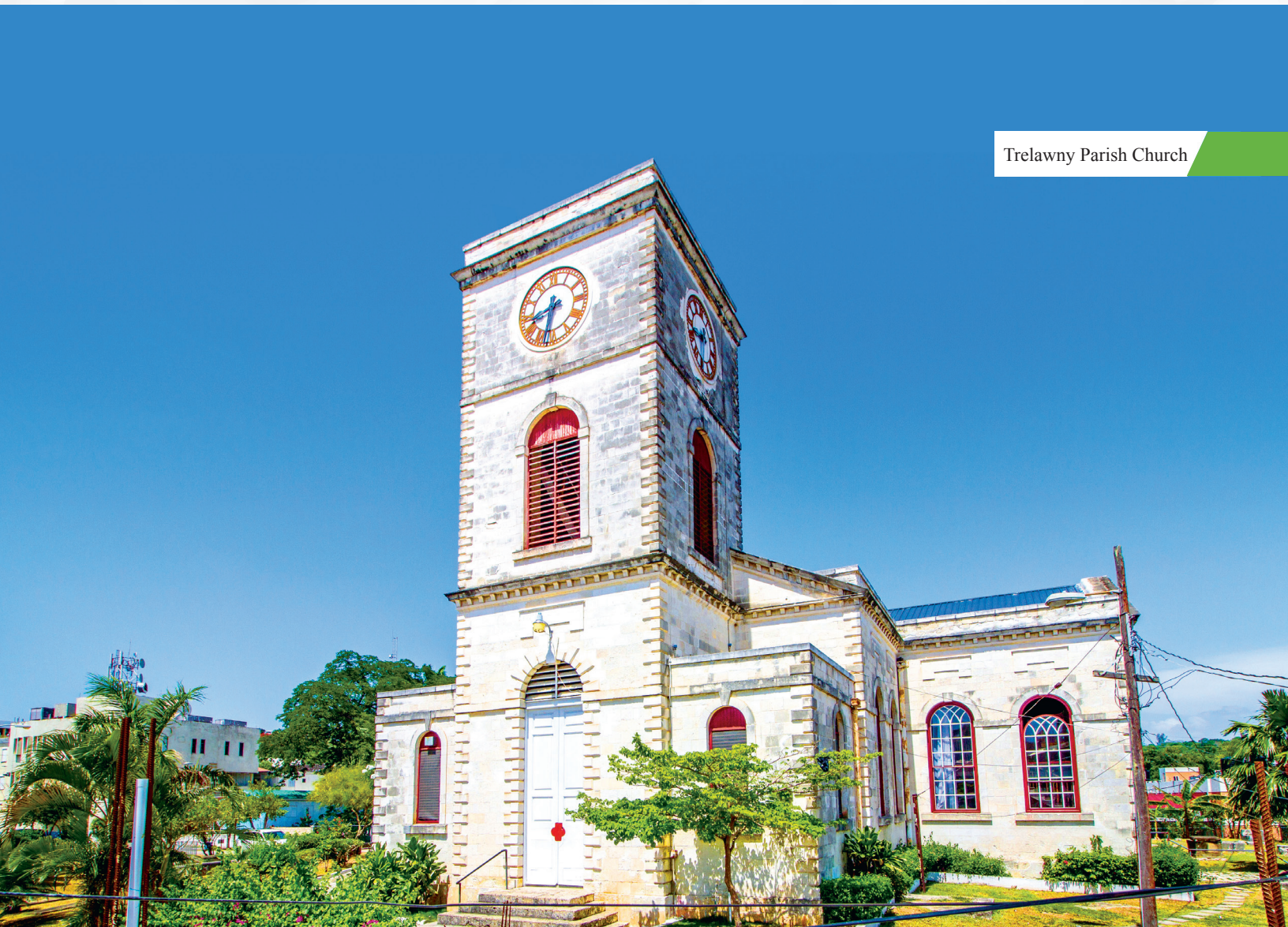
Pg 09 Projects update
Pg 17 Forecast and
 Projections of Key
 Financial and
 Operating Measures

17

Finances

Pg 20 Senior Executive
 Compensation
Pg 21 Financial Statements

Trelawny Parish Church





"Years of Protecting the Past and Funding Tourism's Future"

MISSION STATEMENT:

'To facilitate the implementation of the Tourism Master Plan through prompt collection of fees, prudent management of funds and deployment of resources, in sustainable development toward the strengthening of Jamaica's tourism industry.'

VISION: 'For Jamaica to be the most sought-after tourist destination because of its natural beauty, warm and friendly people, well designed and attractive resort towns, rich culture, diverse attractions and commitment to the management and protection of the environment.'

REGISTERED OFFICE

64 Knutsford Boulevard, Kingston 5

Senior officers

Mr. Clyde Harrison — Executive Director
Ms. Deborah Watson — Director of Finance
Mr. Christopher Miller — Director of Projects

AUDITORS

PricewaterhouseCoopers
Scotiabank Centre
Duke Street, Box 372, Kingston

BANKERS

National Commercial Bank Jamaica Ltd.
1 Knutsford Boulevard, Kingston 5

First Global Bank Ltd.
28-48 Barbados Avenue, Kingston 5

Sagicor Bank Jamaica Ltd.
17 Dominica Drive, Kingston 5

Board of Directors



Senator Noel B. Sloley, CD, JP
Chairman



Mr. Trevor Riley JP
Deputy Chairman, Chairman, Projects Committee



Mr. Harry Maragh
Chairman, Audit Committee



Miss Shauna Trowers
Chairman, Human Resources Committee



Mr. Gregory Lawrence
Chairman, Finance Committee



Mr. David Dobson
Director



Mrs. Maxine Henry-Wilson
Director



Mr. John Lynch
Director



Mrs. Evelyn Smith
Director



Mr. Stafford Burrowes
Director



Mrs. Nicola Madden-Greig
Director



Mr. Paul Pennicook
Director



Mr. Clyde Harrison
Executive Director

Chairman's Message

The Tourism Enhancement Fund (TEF) marked the tenth year of its existence during the review period 2015-2016, the Tourism Enhancement Act having been promulgated in 2004 and the Tourism Enhancement Fund (TEF) established on May 1, 2005 as the body corporate to collect, administer, invest and utilize the revenues received through the collection of a fee from travellers to Jamaica. These were indeed, signal developments for Jamaica as a tourism-dependent island.

Much hope and expectation depended on the creation of this Fund which provided the means by which the vision and recommendations contained in Jamaica's 2001 Master Plan for Sustainable Tourism Development could be implemented. Projects and programmes were to be targeted and implemented, in collaboration with other agencies, to have measurable impact on the growth and development of areas within the tourism sector, including heritage, culture, entertainment, resort development and community-based tourism. Critical objectives of the Tourism Enhancement

Act included encouraging better management of the island's environmental resources, facilitating greater linkages with other sectors in the economy and enhancing the overall tourist experience in Jamaica.

An assessment of the Fund's performance over its relatively short history will confirm committed efforts by its Directors and Officers over the years to place its operations on a sound and sustainable foundation and to execute its mandate in the context of considerable economic and social challenges, both national and global.

Projects which have benefited from TEF funding have been reflective of

significant transformational initiatives in resort development, notably in Montego Bay, Ocho Rios and Negril; in the preservation of heritage assets within our built and natural environment while responding to urgent societal needs, neglect of which negatively affects our people and our ability to provide the superior world-class tourism product demonstrably capable of facilitating social and economic advancement.

The TEF 'at ten' continues to consolidate the gains made in historic Port Royal, Spanish Town, Falmouth and Seville; in cultural programmes to assist in the promotion of our renowned cuisine, our music and other art forms; in its current highly popular programme to develop public beaches and rest stops for travellers; training and education for tourism workers and aspirants as well as initiatives in the areas of national health, security, infrastructural development and investment facilitation.

It was my privilege to have chaired the Tourism Enhancement Fund over a significant portion of the review period April 2015-March 2016 and to participate in the thrust to efficiently, sustainably and substantially raise the bar in respect of the island's tourism product. Our determination has been to constantly review and revisit methodologies to achieve, in collaboration with critical partners, optimum spend on projects with the potential to provide the greatest impact and value.

I acknowledge with thanks, the committed efforts of the Directors, staff, implementing agencies and varied stakeholders to ensure that the promise and objectives of the TEF are held firmly in view and vigorously pursued. Our citizens and visitors who make Jamaica their destination for pleasure or business expect and deserve no less.



Senator Noel B. Sloley, CD, JP



Board of Directors' Report

During the year in review, global economic activity is estimated to have grown by 3.1%. Influencing factors driving overall consumer spending included strong exchange rate fluctuations and a sharp reduction in the price of oil and other commodities. In this context, international tourism arrivals exceeded one billion in the first ten months of 2015, reaching 1,184 million and recording a 4.4% increase by year-end. This was the sixth consecutive year of above-average growth.

The substantive source of income for the Tourism Enhancement Fund is by way of a fee of US\$20.00 and US\$2.00 paid, respectively, by each person travelling by air or sea to Jamaica with the intention of returning to any place outside the island. Tourism arrivals therefore directly affect TEF's ability to fund the projects and programmes identified as means by which Jamaica can significantly grow and develop its tourism sector with the attendant positive impact on the economy and lives of our citizens.

In the review period, April 1, 2015 to March 31, 2016, destination Jamaica continued to enjoy strong visitor arrival. Indeed, total visitor arrivals for the calendar year 2015 grew by some 5.4% to a record 3.7 million, with stopover arrivals accounting for 2.1 million, an increase of 2.1%, and cruise visitor arrivals up 10.2% to 1.6 million passengers.

The TEF recorded total accumulated funds of approximately J\$3.49 billion at the end of the Financial Year with revenue of J\$5.76 billion. Currency gains represent approximately

J\$ 119.86 million. Project expenses for the year totalled J\$ 4.92 billion. Jamaica's tourist industry and the activities of the Tourism Enhancement Fund in financial year 2015-2016 must be viewed in the context of continued widespread implementation of economic reforms aimed at reducing the island's national debt and creating an environment to facilitate sustainable economic growth.

Jamaica in this period completed the third of a four-year Extended Fund Facility (EFF) agreement with the International Monetary Fund. Growth in the economy was 0.8% in 2015 and 0.9% in first quarter 2016, with the tourism sector being one of the strong performers.

This was not just in respect of visitor arrivals and tourist expenditure estimated at US\$2,380.8 million, but more broadly, seen in aggressive initiatives to promote improved linkages with other sectors of the economy, increased investments and the support of efforts to strengthen social and economic development as part of the thrust toward a more inclusive tourist industry. In pursuing these objectives, the TEF has, over its ten-year history and in the period of review, played an important role.

The TEF has been a central agent in efforts to reverse degradation in Jamaica's resorts, its heritage sites and other critical sectors to ensure a sustained pattern of growth and diversification for the tourist industry. This required much groundwork and the involvement of specialist consultancy services for design, planning and execution, in the current review period.

There was keen focus on advancing plans for the best use of public spaces in the city of Montego Bay and its waterfront, including development of Dump-up Beach, the Old Hospital



Falmouth Streetscape

Park, Gunpoint Beach and the Aqua sol Beach. The design strategy for the redevelopment of Montego Bay includes improvement of green spaces, pedestrian movement, transportation and economic activities.

The Board was particularly pleased to have been associated with the Ministry of Youth and Culture in facilitating Jamaica's successful presentation for the Blue and John Crow Mountains World Heritage Nomination at the 39th session of the United Nations Educational, Scientific and Cultural Organization's World Heritage Committee Meeting in Bonn, Germany, over the period June 28-July 8, 2015.

TEF grant funding to the Jamaica Conservation and Development Trust over the next three years will facilitate establishment of the Blue and John Crow Mountains National Park as a sustainable tourism destination. The year also saw Kingston being awarded the UNESCO Creative City designation for music.

Environmental concerns also figured in funding support to the Ministry of Tourism & Entertainment for the development of disaster risk management systems for the tourism sector and financial support for NEPA's

environmental programmes.

Other highlights of the review period included the TEF joining the nation in 2015 in remembering the 150th anniversary of the martyrdom of many Jamaicans during the 1865 Morant Bay Rebellion and rehabilitating, in collaboration with the Jamaica National Heritage Trust (JNHT), the famous Morant Bay Courthouse for use as a museum and interactive centre. Upgrading of the Marcus Mosiah Garvey Multimedia Museum at Liberty Hall under the aegis of the Institute of Jamaica and erection of a monument for the victims of the great earthquake which flattened much of the city of Kingston in 1907 have been among the smaller but significant heritage projects supported by the TEF.

The TEF has been described as a "strong link in Jamaica's tourism chain". Indeed, the TEF has a critical role as both a funding agency and one which has had to develop and maintain critical relationships with public and private sector partners in the execution of its mandate. After ten years, and in the current review period, the TEF can point to important advances in its principal objective of facilitating growth and development for the island's tourism sector.



Executive Director's Report

I am pleased to present this financial and operational report on the Tourism Enhancement Fund (TEF) for the period April 1, 2015 to March 31, 2016.

Overall, year-end performance exceeded budget by approximately J\$ 351.2 million due to increased passenger arrivals and gains from devaluation of the Jamaican dollar.

As at March 31, 2016, the Tourism Enhancement Fund's total accumulated fund balance was J\$3.49 billion (2015: J\$3.16B). This comprised mainly Cash and Cash Equivalents of J\$ 2.39 billion (2015: J\$2.29B) and Airline & Other Receivables of J\$1.137 billion (2015: J\$ 870.7M). The Fund's other interest income was J\$130 million (2015: J\$142 M). Operating expenditure for the year was J\$478.5 million (2015: J\$370.5 M).

Revenue as at March 31, 2016, was J\$5.76 billion (2015: J\$5.22B). Fees earned amounted to J\$5.51 billion (2015: J\$4.96B). Of this amount, airlines, both scheduled and chartered, accounted for J\$5.37 billion (2015: J\$4.85B) and cruise fees J\$138.2 million (2015: J\$106.5M). Actual airline revenues were above budget by 9.19%.

Embedded in these figures are foreign currency gains of J\$119.9 million. Current year surplus at March 2016 was J\$362.6 million (2015: J\$115.9M).

Investment decisions were taken during the period dominated by the Government of Jamaica's economic reform programme aimed at fiscal consolidation, debt reduction and the achievement of stronger economic growth.

TEF's investment portfolio continued to grow and at the end of the review period, stood at J\$ 2.25 billion. Investment rates averaged 5.7% on J\$ investments and 1.9% on US\$

investments. In March 2016, TEF's portfolio mix stood at 50%: 50% compared to 61%: 39% in the previous year.

The TEF continued to significantly support marketing of the destination by the Jamaica Tourist Board (JTB) and the facilitation of increased airlift into the island through Jamaica Vacations Limited (JAMVAC), to the tune of \$2,364,064 and \$82,907,000 respectively.

The TEF maintained its operations in keeping with Government guidelines and administrative requirements. Strong efforts by the TEF staff to adhere to guidelines and execute operational plans resulted in such requirements being met and the achievement of good audit reports, both external and internal.

PROGRAMMES AND PROJECTS

In the review period, projects have been both reflective of the overarching vision and strategies delineated in Jamaica's Master Plan for Sustainable Tourism Development and the immediacy of social and economic needs, particularly as these may affect the tourist industry.

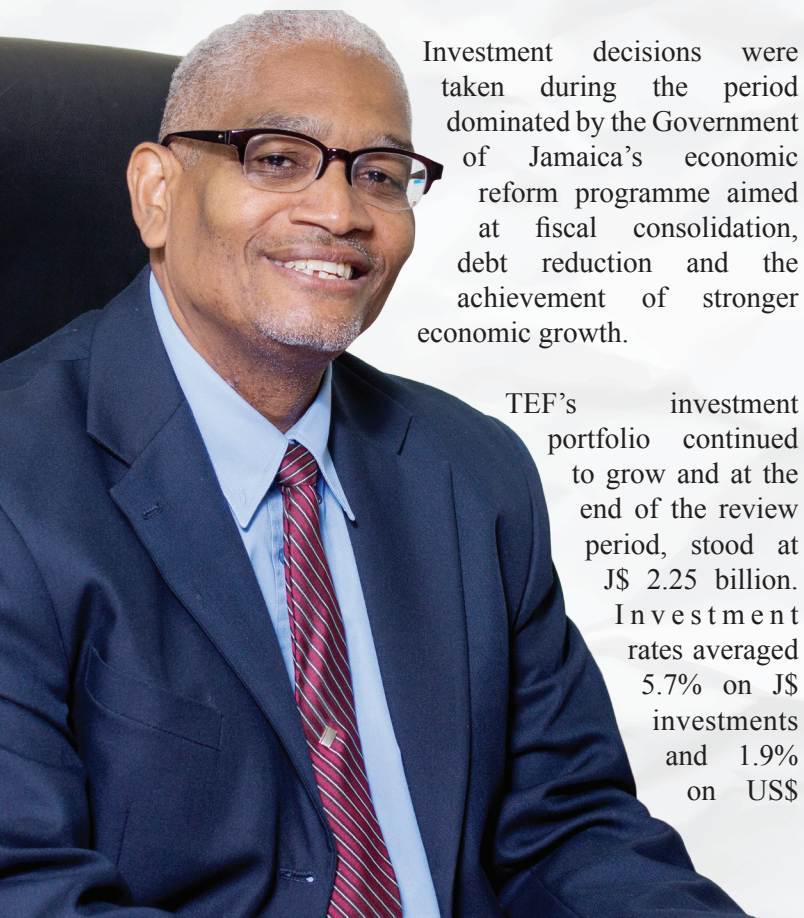
OPERATIONAL

The Project Department took on 132 new projects at an overall cost of \$5,199,691,468. We shifted to undertaking more project implementation and strategic oversight of major projects this yielded good results. Increased project oversight visits by the TEF Projects Department team, continuous assessment of the quality and quantity of work taking place were among the strategies for improved monitoring and evaluation of projects, especially the major resort upgrades. In the course of the year, public consultations with a wide cross section of stakeholders on TEF-funded projects and programmes were also emphasized.

The ability to maintain programmes and ensure adequate monitoring of on going projects remained a concern of the TEF. Islandwide initiatives such as the Rest Stop Programme are being pursued. Addressing such concerns remains central in meeting the objective of sustainable development and the development of tourism as an inclusive industry.

PARTNERSHIPS AND INVESTMENTS

The Ministry of Tourism & Entertainment's Tourism Linkages Council was launched in 2013 to increase the industry's demand for goods and services that can be competitively sourced in Jamaica. The objectives of the Tourism Linkages Hub works well with the TEF's charge to facilitate a more inclusive tourist industry for the



island, the TEF supported the Hub's participation in the Jamaica Manufacturers Association Expo at the National Arena, April 14-17, 2016 and the annual Jamaica Product Exchange (JAPEX) held at the Montego Bay Convention Centre, April 29-May 1, 2016.

In the same vein, TEF continued its support of the concept of "Shovel Ready Projects" to expedite investment in Jamaica's tourist industry. During the review period, a draft agreement between JAMPRO and TEF was executed and consultations held with the National Land Agency, Urban Development Corporation (UDC) and other public sector entities as well as with representatives of the private sector. TEF continued its collaboration with Jamaica National Small Business Loans Limited (JNSBL) to fund small operators in the tourist industry by adding an energy loan for small hotels.

During the review period, other significant collaborations were undertaken with the Ministry of National Security, Ministry of Transport, Work and Housing, National Works Agency, National Environment and Planning Agency, Port Authority of Jamaica, the Jamaica National Heritage Trust

and Urban Development Corporation and TPDCo. This was undertaken to increase the effectiveness of TEF's efforts.

STAFF

The TEF human resources base was strengthened by the use of external Consultants with specialized skill sets. There is also a proposal for new TEF's structure with the Corporate Management and Development Unit (CMD) of the Ministry of Finance & Planning that should be implemented in the coming year once it's approved.

I would like to express my appreciation to the TEF Board for its leadership and guidance throughout the review period; to the members of staff for their determination, integrity and hard work in their respective areas of specialization and to our partners who have journeyed with us toward fulfilment of the TEF's mission of sustainable development of Jamaica's tourism industry.



Clyde Harrison



St. Peter's Church, Port Royal

Projects Update

In the course of financial year 2015-2016, its tenth year of operation, the Tourism Enhancement Fund (TEF) continued its roll out of programmes in keeping with its mandate to fund and facilitate accelerated, sustainable development for Jamaica's tourist industry.

The TEF remained faithful to its mission, identifying and funding programmes to:

- Upgrade the island's resort areas;
- Preserve heritage assets and support cultural endeavours;
- Encourage sound environmental management;
- Boost community-based tourism.

In order to achieve an enhanced visitor experience and greater inclusiveness in the structure and operations of Jamaica's tourist industry, the TEF supported efforts to encourage tourism investment and increased linkages with other economic sectors, the expectation being concomitant benefits to ever larger numbers of stakeholders.

RESORT DEVELOPMENT, MONUMENTS AND ATTRACTIONS

Major upgrading and modernizing work in Jamaica's long-established resort areas have been recognized as a central pillar in achieving growth objectives for the island's tourism. Ongoing projects during the review period included:

- **Ocho Rios Development:** With upgrading of the access road from Main Street to the marina, improvements to the bus bay and the terminal building completed in

January 2015, work on the Promenade from the pier to Main Street, landscaping and various architectural works are programmed in the thrust to ensure Ocho Rios' retention of its position as a preferred port of call.

- **Lighting and landscaping of the 17km "Elegant Corridor":** Running from the Sangster International Airport and providing access to outstanding properties in the Montego Bay Resort area, the "Elegant Corridor", now a showpiece, was completed in May 2015.

- **Development of the Montego Bay Hip Strip:** At the consultation stage during the review period, this project is being pursued with input from the Urban Development Corporation (UDC), private sector representatives and the Jamaica Public Service Company Limited (JPSCo). Mapping of the underground infrastructure and other preliminary works are to be undertaken for this substantial project at the entertainment heart of the resort city.

- **Negril Development:** The resort town of Negril, unique in its character, landscape and clientele, has benefited from construction of an extensive 'Shared Pathway' for pedestrians and cyclists. Ongoing work includes improving the main road from southern Sheffield to Negril and the Norman Manley Sea Park.

- **Historic Falmouth,** with the tremendous incentive in recent years of its modern cruise port, is at last being enabled to capitalize on its renowned 18th and 19th century buildings and, in collaboration with the UDC and the Port Authority of Jamaica, is beginning to see

Tourism Courtesy Corps



Trench Town Culture Yard



Summer Internship Programme



its long-envisioned transformation into a model Georgian town. Ongoing projects include the refurbishment of heritage structures, extensive streetscaping and current design work on the redevelopment of the Hampden Wharf to provide space for retail outlets, entertainment and craft.

- The recreation of the **Port Royal Experience Phase 3**, a centrepiece of TEF-funded heritage projects over the years, continued with ongoing work on the 1818 British Naval Hospital for use as a Museum and continued restoration of St. Peter's Church, Port Royal.

Smaller projects in the island's tourism centres included funding the renovation of Information Kiosks in Montego Bay and Ocho Rios as well as support of TPDCo's Visitor Information Programme. There are plans for replanting by the Tourism Product Development Company of bamboo trees along 4km of roadway of the Holland Bamboo Avenue in St. Elizabeth.

The Milk River Hotel and Spa, Clarendon, which first opened rooms to the public for mineral baths in 1794, benefited from improvements to the hotel as well as the supply of computer equipment, accessories and other office equipment. TEF facilitated transaction cost to allow for a proposed Public Private Partnership programme for Milk River Mineral Bath and the Bath Fountain Hotel & Spa, St. Thomas.

Other projects included J\$32 million utilized to improve the aesthetic, structural and functional appearance of the Berrydale and, Rio Grande Rafters Rest Attraction which was officially opened on January 13, 2016.

TEF has consistently supported efforts to maintain the island's resorts at acceptable standards. In the review period, J\$80 million was allocated for the Tourism Product Development Company's islandwide clean-up programme ahead of the Winter Tourist Season and J\$112 million for its Resort Maintenance Programme. Funding managed by the Tourism Product Development Company of J\$335 million for the Tourism Improvement Programme (TIP)

facilitated continuation of this all-island beautification and maintenance programme which provides substantial short-term employment and ensures maintenance of the destination's public spaces and verges.

TEF NATIONAL REST STOP PROGRAMME

The TEF-funded programme to establish rest stops on major routes across the island represents a collaborative arrangement with participating business owners and advances the objective of broadening the island's tourism base to more fully embrace non-traditional areas and domestic travellers. The identification and upgrading of facilities and installation of signage have extended over two phases during which 81 locations were identified and earmarked for development. Eleven rest stops have been established and prominently identified.



INFRASTRUCTURE

TEF's collaboration with the National Works Agency (NWA) and other stakeholders continued to result in significant upgrading of roads in and around the island's resorts as well as improved arterial roads leading to attractions and places of interest. A listing of these infrastructural works and approved budgets include:

- Rehabilitation of 13km of roadway from Lacovia to Mountainside, St. Elizabeth, a project expected to facilitate the Ministry of Tourism and Entertainment's community tourism initiative.
- Repair of the roadway from Mocho to Arcadia Main Road. The roadway links the Montego Bay resort area to Accompong, the Appleton and YS Falls attractions as well as other places of interest in St. Elizabeth.
- Rehabilitation of the Falmouth eastern access main road (Falmouth/Rock Main Road), Trelawny .



- Rehabilitation of Redgate to Washfoot Gully, St. Elizabeth
- Rehabilitation of the road to Holywell, the largest recreational area within the Blue and John Crow Mountains National Park, some 3,000 ft above sea level
- Rehabilitation of the Harmony Hall to Accompong roadway leading to the Maroon District in St. Elizabeth

Other roadworks included the rehabilitation of the Sheffield Road to Negril, the second phase of the Negril Entrance Way project and completion of the Howard Cooke Boulevard, St. James.

Infrastructural works in the review period also included:

- Funding support of a gully maintenance programme as part of hurricane season preparedness and environmental protection of beach areas —J\$37.1 million
- Rehabilitation of the rock revetment along the Reggae Trail in St. Ann — J\$9.5 million
- Installation of road safety measures and remarking along the North Coast Highway in the Falmouth Resort Area — JM\$4.2 million
- Enhancement of the roundabout along the entryway to the Sangster's International Airport in Montego Bay, St. James — J\$29.3 million.

Additional TEF funding was allocated for repairs/replacement of damaged or missing guard rails and traffic signs from Bogue Gate, Trelawny to Dunn's River Falls in St. Ann as well as emergency repairs to traffic signals along the North Coast Highway at the Bamboo Main Road/ Palmyra Hotel. Repairs to the main access roadway into the Hope Botanical Gardens, Kingston including upgraded pavements and drainage structures were facilitated with funding of J\$10 million.

ENVIRONMENT AND CONSERVATION

In meeting its objective of encouraging better management of Jamaica's environmental resources, the TEF maintained its partnership with the National Environment and Planning Agency (NEPA) and the Jamaica Environment Trust (JET) for the execution of various projects. For example, an allocation of J\$4.9 million was made to NEPA for the removal of the brown algae, sargassum from eight beaches islandwide: Robins Bay - St. Mary; Burwood, Oyster Bay and Braco beaches - Trelawny; Ocho Rios and Discovery Bay beaches - St. Ann; Ironshore - St. James and Holland Bay - St. Thomas.

TEF allocated J\$60.3 million to support the first year in Phase 2 of its three-year "Clean Coast Project" in resort areas. In similar vein, J\$8.5 million was approved to provide funding support for a 'Don't Litter' signage campaign which is to include fabrication and installation of 100 'Don't Litter' signs islandwide and J\$8.1 million be utilized by the St. James Parish Council for additional funding of its "Clean as a Whistle" Programme.

The Montego Bay Marine Park Trust which manages the Montego Bay Marine Park, an extensive area of protected seawater surrounding the entire length of Montego Bay, was allocated J\$21.9 million for operational support for the period October 2015 to March 2016.

The request from the Jamaica Conservation and Development Trust for funding support over three years to establish the Blue and John Crow Mountains National Park as a sustainable tourism destination was supported with an allocation of J\$46.8 million this followed TEF's funding support of Jamaica's historic presentation for the Blue and John Crow Mountains World Heritage Nomination at the 39th session of the United Nations Educational, Scientific, and Cultural Organization's (UNESCO) World Heritage Committee Meeting in Bonn, Germany.



An allocation of J\$10 million was made for support of the Ministry of Tourism's development of a Tourism and Environment Policy and Strategy in financial year 2016/2017.

PUBLIC BEACHES PROJECT

The TEF's public beach development project was among the priority programmes in the year under review. Funding support of J\$338.1 million was allocated to the programme with seventeen beaches being targeted under phase one and eighteen under phase two for development and rehabilitation to world-class standards. In January 2016, two beaches were officially opened: Burwood Beach on January 7, managed by the Trelawny Parish Council and Boston Beach on January 14.

HERITAGE, CULTURE , ENTERTAINMENT

Ahead of the 150th Anniversary of the Morant Bay Rebellion, TEF was pleased to support the Jamaica National Heritage Trust (JNHT) in the renovation of the Annex building adjoining the Morant Bay Courthouse to be converted into a museum and interactive centre. In historic Spanish Town, funding of J\$12.9 million to facilitate mounting by the Institute of Jamaica of two permanent exhibitions at the People's Museum in Emancipation Square, Spanish Town.

In Kingston, the Marcus Mosiah Garvey Multimedia Museum under the aegis of the Institute of Jamaica (Liberty Hall) received funding support of US\$107,400.00.

An allocation of J\$16.1 million provided additional funding for the Devon House mansion development programme with a view to this substantial TEF project moving toward self-sufficiency. Plantation homes and historic churches represent considerable heritage assets and plans through TPDCo are for the development of a comprehensive churches restoration programme, including the rehabilitation of cemeteries islandwide.

TEF funding of J\$9 million facilitated refurbishing the gravesite of the victims of the 1907 Earthquake as part of a joint project in collaboration with CHASE Fund and the Jamaica Social Investment Fund (JSIF). A monument for the victims of this catastrophic event was completed and officially handed over on January 14, 2016.

Special groupings and community initiatives assisted by the TEF included the Rastafari Coral Gardens Benevolent Society's staging of the Rastafari Rootzfest Festival hosts High Times Jamaica World Cannabis Cup 2015 and the South St. James Social and Economic Development Trust's Camfest Celebration 2015.

The Edna Manley College of the Visual & Performing Arts was facilitated in the establishment of retail space at the school's campus in Kingston for the sale of Jamaican art, while in the second city, the TEF extended its operational support of the Montego Bay Cultural Centre for the financial year April 1, 2015 - March 31, 2016.

The TEF's allocation of J\$35.6 million provided support to the Ministry of Tourism for Entertainment Projects for the financial year 2015/67.

Projects included: the celebration of Reggae Month, crafting of an Entertainment Policy, staging of the series of concerts "Arts in the Park" and a Franchising Forum. In supporting other expressions of the island's rich cultural diversity, funding was provided to the Culinary Federation of Jamaica for the Jamaican Culinary Team's participation in

the Taste of the Caribbean held at the Hyatt Regency Hotel in Miami over the period June 10-15, 2015. The TEF once again facilitated the annual staging by the Jamaica National Heritage Trust of the 19th Annual Emancipation Jubilee on July 31- August 1, 2015 at the Seville Heritage Park, St. Ann and the annual Jamaica Festival under the aegis of the Jamaica Cultural Development Commission (JCDC).



HEALTH, SAFETY & SECURITY

The TEF has contributed to the safety and welfare of both citizens and visitors to Jamaica by allocating funds to funding critical health projects. These have included upgrading of health facilities in the resort areas of Lucea (Noel Holmes Hospital), Montego Bay (Cornwall Regional Hospital) and Negril (Negril Health Centre) to provide emergency response care and international standard facilities.

In partnership with the National Health Fund, equipment was provided for the High Dependency Unit at the St. Ann's Bay Hospital while an allocation of US\$1 million provided part funding to the National Health Fund for the purchase of Linear Accelerator Machines for Radiation Treatment Centres islandwide.

MOSQUITO CONTROL

In the face of global, regional and national concerns about the spread of the Zika virus and its effect on tourism, TEF allocated J\$65 million in funding support to effect control and mitigation measures to drains and gullies for mosquito control.

The vector control programme was developed and implemented by the North East Regional Health Authority, Western Regional Health Authority, Parish Councils and the National Solid Waste Management Authority (NSWMA).

SECURITY

The TEF's support of the Jamaica Constabulary Force, and notably its representatives in the island's resort areas continued in the review period, with the refurbishing of

International Coastal Clean-up Day



the Ocho Rios Police Barracks and Negril Police Stations. Allocation of J\$50 million provided additional funding support to the Ministry of National Security for purchase of motor vehicles and motorbikes for the Jamaica Constabulary Force. A sum of J\$50 million was applied to the acquisition of equipment and software to assist with the cyber-crimes enforcement.

Funding of J\$106.2 million supported the Tourism Product Development Company's recruitment, training and deployment of one hundred District Constables in resort areas islandwide.

The much-anticipated installation of CCTV Surveillance Systems Ocho Rios was completed and the commissioning of the system took place on September 3, 2015 at which time the TEF's significant role as co-funders in assisting with the installation was acknowledged.

EDUCATION AND TRAINING

The TEF's Centres of Excellence Programme for High Schools was initiated in 2014 with the commitment of J\$20 million in funding and aims to assist in the improvement of educational outcomes, particularly in areas considered to be feeders for the tourist industry. Schools have benefited from capacity building in food and nutrition, food preparation, languages, industrial technology, agriculture, athletics and the creative arts. Projects such as the establishment of a commercial farm and rabbitry at the Cross Keys High School, Manchester and retrofitting of the Home Economics Department at the Marcus Garvey Technical High School have provided the opportunity for developing new agricultural and culinary techniques and entrepreneurship while improving prospects for employment and advanced training.

Schools within the TEF's Centres of Excellence Programme include: Grange Hill High, Marcus Garvey High, William Knibb High, Cross Keys High, Irwin High School, Mount Alvernia High, Calabar High, Paul Bogle High, BB Coke High, Montego Bay Community College and Cornwall College.

TOURISM TRAINING

The TEF's Summer Internship Programme (SIP) for 2015 facilitated training and orientation for 838 young people at the grade 11-13 level and at tertiary institutions in all aspects of tourism and workplace protocol. This was effected through partnership with 137 companies in tourist resort areas. The 12-week programme, now in its eighth year, has functioned to provide valuable exposure to interns whose prospects for later employment within the industry are much improved as a result of this experience.

Tourism Training by the Tourism Product Development Company Ltd. for industry workers, tourism and hospitality students as well as new entrants/entrepreneurs into the sector was facilitated with funding of J\$40.6 million for the period April 1, 2015- March 31, 2016. Negotiations are in progress with HEART Trust/NTA for that entity to assume responsibility for the training programme.

SPORTS

The TEF National Golf Development Programme facilitated a J\$32.6 million upgrade of the Caymanas Golf Club in St. Catherine as well as improvements at the Constant Spring Golf Club, Kingston and the Manchester Golf Club which has the distinction of being the oldest Golf Club in the Western Hemisphere. An allocation of J\$10 million was made to facilitate hosting of the Jamaica Open 2016 50th Anniversary Golf Tournament.

The West Indies Cricket Board received funding support of US\$100,000.00 in relation to the International Home Series West Indies versus Australia 2015 in conjunction with the Jamaica Tourist Board (JTB) as project manager. In Regional competition, an allocation of US\$75,000.00 represented the TEF sponsorship of the 2015 Caribbean Premier League cricket competition.

THE JAMAICA SPORT SECRETARIAT

The mandate of the 'Jamaica Sport', secretariat established within the Jamaica Tourist Board and facilitated by the TEF, is to promote Jamaica as an ideal destination for hosting world-class sporting events.

In the period September 2015 to March 2016, J\$20 million was provided in additional support to the Jamaica Sport Secretariat which has assisted various sporting federations and facilitated a number of events on the island.



Old Naval Hospital, Port Royal (roof repairs)



Forecast and Projections of Key Financial and Operating Measures

Following current trends and industry expectations, the United Nations World Tourism Organization (UNWTO) forecasts growth in global tourism arrivals in 2016 to range between 3.5% and 4.5% with arrivals to the Americas anticipated to be 4% to 5%. This is once again in line with UNWTO's long-term forecast of international tourism arrivals growing by an average 3.3% a year to 2030. Tourism is expected to continue its strong contribution to the global economy as the pace of growth in advanced economies intensifies, even though continued slowing of growth is projected in major emerging markets, notably China and developing countries.

The Jamaican economy is projected to improve in the year ahead based on conditions in the international and domestic markets, continued implementation of the macroeconomic programme supported by the IMF and an improved climate for business and investment. Significantly, tourism investment continues to be vibrant with plans for construction and expansion in the accommodation sector including the Bahia Principe, Runaway Bay; Melia Braco Village, Trelawny; Riu Palace Jamaica, Montego Bay and the recent opening of the 130-room business hotel and six-block apartment complex in Kingston by the Marriott Group. The industry will also benefit from such developments as the passing in Parliament of the Timeshare Vacations Act on May 1, 2016.

Growth in tourist arrivals to Jamaica is predicated on higher stopover arrivals, anticipated increase in frequency of flights and additional flights by some airlines as well as increased cruise visitors.

Continued strengthening in stopover arrivals in the first four months of 2016 augurs well for the future, with growth of 5.9% recorded from the major US market and growth of 9.7% in arrivals from Europe (11.8% Northern Europe). Total stopover arrivals for the period increased 2.2% while cruise arrivals averaged an increase of 13.8%.

Increased airlift to Jamaica in the course of 2016 and into 2017 include flights out of Europe's Nordic Region into Montego Bay, part of the Thompson and Thomas Cook 'Fly and Cruise Holidays'; the introduction by American Airlines of non-stop flights from Los Angeles and the addition of seats by Southwestern from Hobby International Airport, Houston, Texas.

Revenues are based on projections from the JTB for stopover arrivals and all indications are for continued stability in fees payable to the TEF by incoming visitors travelling by air to the island. Fees payable to TEF by cruise visitors are also included in the projections.

Fee collection expense is estimated at around 3% of revenue, all other projections are based on current expenses.

Expenditure by JTB for marketing and JAMVAC for airlift support is 50% of revenue after operating expenses.

TPDCo receives project management fees of 10% for the projects they manage and it is estimated that TPDCo will manage 30% of projects.

TEF's budget for 2016-2017 accords with guidelines from the Ministry of Finance and Planning. The likely movement in interest rates and depreciation in the Jamaican dollar vis a vis the US dollar are also significant elements in the forecast and projections for TEF finances in the months ahead.

Revenues chargeable for airline travellers are projected to be J\$5.818 billion and for cruise visitors are projected to be J\$120.8 million.

Projections are for investment income of J\$83.25 million

Project expenditure for the coming year will consist of approved projects being carried forward as well as new projects and is budgeted at J\$5.515 billion J\$2.796 billion is allocated to JTB and J\$177.9 million is allocated to JAMVAC.

The remaining funds are allocated as follows:

- National Projects – J\$1,520 million
- Montego Bay Projects – J\$289 million
- Negril & Lucea Projects – J\$244 million
- Kingston & St. Andrew Projects – J\$240 million
- Ocho Rios Projects – J\$135 million
- South Coast Projects – J\$78 million
- Portland Projects – J\$20 million
- Falmouth Projects – J\$9 million

Projected Operating Expenses - Year Ending 31 March 2017



Project Management	J\$88.9M
Collections	J\$180.4M
Staff Costs	J\$134.6M
Administrative	J\$78.8M
Property	J\$25.5M
Total Operating Expenses	J\$508.2 M

Projected Income & Expense Statement - Year Ending 31 March 2017



J\$

Projected Fees	5939.1
Projected Interest & Other Income	95.3
TOTAL PROJECTED INCOME	6034.4
Projected Financing & Support	(5,515)
Projected Operating Expenses	(508)
Total Projected Expenses	(6,023)
Projected Surplus	11.47



Tourism Courtesy Corps on Duty



Senior Executive Compensation

Year ended 31 March 2016

Position of Senior Executive	Salary	Gratuity and/or Incentive/vacation leave/ retro payments	Travelling Allowance or value of assigned Vehicle	Pension or Other Retirement Benefits	Other Allowances / benefits	Non Cash Benefits	Total
Executive Director	7,176,207.47	5,193,413.30	813,104.00	-	-	-	13,182,724.76
Director Projects	5,447,590.74	3,441,103.56	1,219,656.00	-	-	-	10,108,350.30
Director Finance	5,152,885.11	2,872,582.48	1,219,656.00	-	-	-	9,245,123.59
Total	17,776,683.31	11,507,099.34	3,252,416.00				32,536,198.65

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total 2015/16 (\$)
Chairman	-	-	-	-	-
Deputy Chairman	76,000.00		-	-	76,000.00
Director 1	104,500.00	18,424.00	-	-	122,924.00
Director 2	80,500.00		-	-	80,500.00
Director 3	60,000.00	19,624.00	-	-	79,624.00
Director 4	77,000.00		-	-	77,000.00
Director 5	59,500.00		-	-	59,500.00
Director 6	85,000.00		-	-	85,000.00
Director 7	113,000.00	18,606.00	-	-	131,606.00
Director 8	78,500.00	132,593.70	-	-	211,093.70
Director 9	63,000.00		-	-	63,000.00
Director 10	58,000.00		-	-	58,000.00
Total	855,000.00	189,247.70	-	-	1,044,247.70



Tourism Enhancement Fund

Financial Statements
31 March 2016

Tourism Enhancement Fund

Index

31 March 2016

	Page
Independent Auditor's Report to the Board of Management	
Financial Statements	
Statement of comprehensive income	1
Statement of financial position	2
Statement of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5 - 24



Independent Auditor's Report

To the Board of Management of
Tourism Enhancement Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Tourism Enhancement Fund, set out on pages 1 to 24, which comprise the statement of financial position as at 31 March 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm



**Board of Management of Tourism Enhancement Fund
Independent Auditor's Report
Page 2**

Opinion

In our opinion, the financial statements *give a true and fair view of* the financial position of Tourism Enhancement Fund as at 31 March 2016, and *of* its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

A handwritten signature in black ink, appearing to read "PwC" followed by a stylized name, possibly "PwC" or "PwC" with a flourish.

Chartered Accountants
28 September 2016
Kingston, Jamaica

Tourism Enhancement Fund

Statement of Comprehensive Income

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Income		5,511,285	4,959,332
Other income	6	250,040	258,343
Project expenditure	7	(4,920,240)	(4,731,196)
Operating expenses	8	<u>(450,032)</u>	<u>(370,521)</u>
Operating Surplus		391,053	115,958
Taxation	11	<u>-</u>	<u>-</u>
Net Surplus, being Total Comprehensive Income for the Year		<u><u>391,053</u></u>	<u><u>115,958</u></u>

Tourism Enhancement Fund

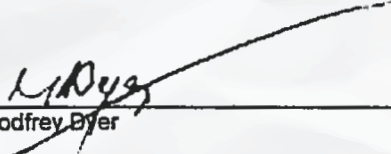
Statement of Financial Position

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Non-Current Assets			
Property, plant and equipment	12	6,111	7,371
Long term receivables	13	193,844	188,277
		199,955	195,648
Current Assets			
Trade and other receivables	14	1,165,481	870,735
Short term deposits	15	2,255,829	2,010,391
Cash at bank and in hand	15	143,486	284,530
		3,564,796	3,165,656
Current Liability			
Trade and other payables	16	248,106	202,052
Net Current Assets		<u>3,316,690</u>	<u>2,963,604</u>
		<u>3,516,645</u>	<u>3,159,252</u>
Accumulated Funds			
Accumulated surplus		<u>3,516,645</u>	<u>3,159,252</u>

Approved for issue by the Board of Directors on 28 September 2016 and signed on its behalf by:


 Godfrey Byer Director


 Brian Wallace Director

Tourism Enhancement Fund

Statement of Changes in Equity

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Accumulated Surplus \$'000
Balance at 31 March 2014	3,156,995
Appropriation to the Consolidated Fund	(113,701)
Net surplus, being total comprehensive income for the year	<u>115,958</u>
Balance at 31 March 2015	3,159,252
Appropriation to the Consolidated Fund	(33,660)
Net surplus, being total comprehensive income for the year	<u>391,053</u>
Balance at 31 March 2016	<u><u>3,516,645</u></u>

Tourism Enhancement Fund

Statement of Cash Flows

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Net surplus		391,053	115,958
Adjustment for:			
Depreciation	12	2,668	2,407
Interest income	6	(124,397)	(138,319)
Loss on disposal of property, plant and equipment		252	-
		<u>269,576</u>	<u>(19,954)</u>
Changes in operating assets and liabilities			
Trade and other receivables		(294,746)	161,893
Trade and other payables		<u>46,054</u>	<u>145,716</u>
Net cash provided by operating activities		<u>20,884</u>	<u>287,655</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	12	(1,660)	(3,490)
Interest received		113,621	153,837
Long term receivables, net		<u>(5,116)</u>	<u>(23,381)</u>
Net cash provided by investing activities		<u>106,845</u>	<u>126,966</u>
Cash Flows from Financing Activities			
Appropriation to the Consolidated Fund		<u>(33,660)</u>	<u>(113,701)</u>
Net cash used in investing activities		<u>(33,660)</u>	<u>(113,701)</u>
Increase in cash and cash equivalents		94,069	300,920
Cash and cash equivalents at beginning of year		<u>2,287,407</u>	<u>1,986,487</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	<u><u>2,381,476</u></u>	<u><u>2,287,407</u></u>

Tourism Enhancement Fund

Statement of Cash Flows

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Net surplus		391,053	115,958
Adjustment for:			
Depreciation	12	2,668	2,407
Interest income	6	(124,397)	(138,319)
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CASH AND CASH EQUIVALENTS AT END OF YEAR	15	<u><u>2,381,476</u></u>	<u><u>2,287,407</u></u>

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

The Tourism Enhancement Fund (the Fund), was established under the Tourism Enhancement Act (the Act), and commenced operations on 1 May 2005. It is a body corporate governed by section 28 of the Interpretation Act.

The main objects of the Fund are to implement projects and programmes which impact the growth and development of the tourism sector, enhance the tourism experience in Jamaica, provide for sustainable development in the tourism sector and encourage better management of environmental resources.

Under the provisions of the Act, the Fund is financed by the tourism enhancement fee payable by each traveller to Jamaica (subject to certain exceptions) as follows:

- (i) US\$20 in respect of travel by air;
- (ii) US\$2 in respect of travel by sea.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

New and amended standards adopted by the Fund

Certain interpretations and amendments to existing standards have been published that became effective during the current financial year. Management has assessed the relevance of all such new standards, interpretations and amendments, and has concluded that the following may be relevant to its operations:

Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles:

The IASB annual improvements project in 2012 and 2013 resulted in amendments to the following standards which may be relevant to the Fund's operations. These amendments are effective for periods beginning on or after 1 July 2014.

IFRS 13, 'Fair value measurement'. When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The standard is not expected to have a significant impact on the Fund's financial statements.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New and amended standards adopted by the Fund (continued)

Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles: (continued)

IAS 24, 'Related party disclosures.' The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided. The standard is not expected to have a significant impact on the Fund's financial statements.

There are no other IFRS or IFRIC interpretations that are effective that would be expected to have a material impact on the Fund.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Fund, except the following set out below:

Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective for annual periods beginning on or after 1 January 2016). The amendments do not require specific changes. However, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. Preparers should consider their financial statements in light of these clarifications and whether there is an opportunity to clarify or improve the disclosure. The order of the notes needs to balance understandability and comparability and changes should generally result from a specific change in facts and circumstances. The amendment is not expected to have a significant impact on the Fund's financial statements.

IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from what obtained under IAS 39. The Fund is considering the implications of the standard, the impact on the Fund and the time of its adoption.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted (continued)

IFRS 15, 'Revenue from Contracts with Customers'. The IASB has published its new revenue standard, IFRS 15 'Revenue from Contracts with Customers'. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue as well as requiring entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for accounting periods beginning on or after 1 January 2017. The Fund is considering the implications of the standard, the impact on the Fund and the time of its adoption.

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets. The Fund is considering the implications of the standard, the impact on the Fund and the time of its adoption.

Amendments to IAS 7, 'Statement of Cash Flows', (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The future adoption of these amendments will result in additional disclosure in the financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fund.

(b) Foreign currency translation

i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ('the functional currency'). The financial statements are presented in Jamaican dollars which is the Fund's functional and presentation currency.

ii) *Transactions and balances*

Foreign currency transactions are translated in the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Income taxes

The Fund is exempt from taxation on normal operating activities.

Deferred taxation is not recognised in these financial statements as a result of the Fund's exemption from taxation on normal operating activities and no significant temporary differences in respect of income subject to taxation.

(d) Income recognition

Income represents tourism enhancement fees received from certain travellers to the island, through the carriers, and is recognised on the accruals basis.

Interest income is recognised on a time-proportionate basis using the effective interest method.

(e) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis at rates estimated to write off the carrying value of property, plant and equipment over the period of their expected useful lives. The expected useful lives are as follows:

Furniture and fixtures	10 years
Computers and equipment	3 years
Office equipment	10 years
Motor vehicle	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Fund. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(g) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(g) Trade receivables (continued)

The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. The amount of the provision is recognised in the statement of comprehensive income.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise balances with maturity dates of less than 365 days from the dates of acquisition including cash at bank and in hand and deposits held at call with banks.

(i) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and are subsequently measured at amortised cost.

(j) Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(k) Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(l) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Fund's financial assets comprise cash and short-term deposits and receivables.

Financial liabilities

The Fund's financial liabilities comprise trade and other payables.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The determination of the fair values of the Fund's financial instruments is discussed in Note 4.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Fund's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Board has established departments/committees for managing and monitoring risks, as follows:

(i) Finance Department

The Finance Department is responsible for managing the Fund's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Fund. The department identifies, evaluates and hedges financial risks in close co-operation with the Fund's operating unit.

(ii) Audit Committee

The Audit Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

The most important types of risks are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risk.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) **Credit risk**

The Fund takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit risk is the most important risk for the Fund's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Fund's receivables from customers and investment activities. The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations. This does not include airlines as, by law, the Fund is required to conduct business with all airlines regardless of their creditworthiness.

(i) **Trade and other receivables**

The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management is bound to transact with each airline through its agent, regardless of its credit history.

Customer credit risk is monitored according to their credit characteristics such as aging profile. Trade and other receivables relate mainly to the Fund's airline customers.

The Fund establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Fund addresses impairment assessment on an individual basis.

The Fund's average credit period on the collection of airline fees is 30 days. The Fund has provided for receivables based on historical experience. Trade receivables 90 days and over are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) **Cash and short term deposits**

Cash transactions are limited to high credit quality financial institutions; each account must be approved by the Ministry of Finance and Planning. There are no specific policies with regards to limits at financial institutions holding operating cash balances; however, the Fund limits its exposure to credit risk by investing mainly in Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The Fund's maximum exposure to credit risk at year end was as follows:

	2016 \$'000	2015 \$'000
Long term receivables	193,844	188,277
Trade and other receivables	1,162,238	870,082
Short term deposits	2,255,829	2,010,391
Cash and bank	143,486	284,530
	<u>3,755,539</u>	<u>3,353,280</u>

Exposure to credit risk for investment securities

The following table summarises the Fund's credit exposure for investment securities at their carrying amounts, as categorised by issuer:

	2016 \$'000	2015 \$'000
Government of Jamaica Securities	2,255,829	1,802,391
Call on deposit	-	208,000
	<u>2,255,829</u>	<u>2,010,391</u>

Exposure to credit risk for trade receivables

The following table summarises the Fund's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	2016 \$'000	2015 \$'000
Receivables – airlines	1,106,179	835,804
– cruise ships	52,434	19,339
Less: Provision for bad debts - airlines	(2,428)	(193)
	<u>1,156,185</u>	<u>854,950</u>

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables relating to airline and cruise ship passengers that are less than 90 days past due are not considered impaired. As of 31 March 2016, trade receivables of \$1,111,470,000 (2015 – \$846,373,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables was as follows:

Airline passengers	2016 \$'000	2015 \$'000
0 – 30 days	1,047,549	802,670
31 – 60 days	8,026	2,432
61 – 90 days	3,461	21,932
	<u>1,059,036</u>	<u>827,034</u>
 Cruise ship passengers		
0 – 30 days	45,259	18,033
31 – 60 days	-	1,306
61 – 90 days	7,175	-
	<u>52,434</u>	<u>19,339</u>
	<u>1,111,470</u>	<u>846,373</u>

Ageing analysis of trade receivables that are past due and impaired

As of 31 March 2016, trade receivables of approximately 47,143,000 (2015 – \$8,770,000) were impaired. The amount of the provision was approximately \$2,428,000 (2015 – \$193,000) relating to airline and cruise ship passengers. The individually impaired receivables mainly relate to airlines. It was assessed and is expected to be recovered. The ageing of these receivables was as follows:

Airline passengers	2016 \$'000	2015 \$'000
Over 90 days	<u>47,143</u>	<u>8,770</u>

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Movement analysis of provision for impairment of trade receivables

The movement on the provision for impairment of trade receivables was as follows:

	2016 \$'000	2015 \$'000
At 1 April	193	124
Provision for impairment of receivables	2,235	69
At 31 March	2,428	193

The creation and release of provisions for impaired receivables have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Liquidity risk

Liquidity risk is the risk that the Fund is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

Liquidity risk management process

The Fund's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a weekly basis. This incorporates an assessment of expected cash flows.
- (ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Optimising cash returns on invested cash;
- (iv) Managing the concentration and profile of project obligations.

The maturities of assets and liabilities are important factors in assessing the liquidity of the Fund and its exposure to changes in interest rates and exchange rates.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

The maturity profile of the Fund's financial liabilities at year end based on contractual undiscounted payments was as follows:

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	Total \$'000
Financial liabilities				
Payables -				
31 March 2016	43,310	138,352	66,444	248,106
31 March 2015	13,490	33,048	155,514	202,052

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposit and receivables.

(c) Market risk

The Fund takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Fund manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Fund further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

The Fund's exposure to foreign currency exchange rate risk at year end was as follows:

	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
	2016		
Financial Assets			
Long term receivables	193,844	-	193,844
Trade and other receivables	6,195	1,156,185	1,162,380
Short term deposits	1,131,026	1,124,803	2,255,829
Cash and bank	104,130	39,356	143,486
Total financial assets	1,435,195	2,320,344	3,755,539
Financial Liabilities			
Payables	115,098	133,008	248,106
Total financial liabilities	115,098	133,008	248,106
Net financial position	1,320,097	2,187,336	3,507,433
	2015		
Financial Assets			
Long term receivables	188,277	-	188,277
Trade and other receivables	11,785	858,950	870,735
Short term deposits	781,958	1,228,433	2,010,391
Cash and bank	267,140	17,390	284,530
Total financial assets	1,249,160	2,104,773	3,353,933
Financial Liabilities			
Payables	192,784	9,268	202,052
Total financial liabilities	192,784	9,268	202,052
Net financial position	1,056,376	2,095,505	3,151,881

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

The Fund had significant exposure on its US dollar monetary assets and its forecast future cash flows. The following change in currency rate represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 8% devaluation (2015 – 10%) and 1% revaluation (2015 - 1%) change in foreign currency rates. The sensitivity of the surplus was a change of \$21,589,000 (2015 – \$20,955,000) in respect of a revaluation and \$172,708,000 (2015 - \$209,551,000) in respect of a devaluation. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Fund to cash flow interest risk, whereas fixed interest rate instruments expose the fund to fair value interest risk.

The following table summarises the Fund's exposure to interest rate risk. It includes the Fund's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
Assets						
Long term receivables	2,974	1,111	3,470	184,325	1,964	193,844
Trade and other receivables	139	468	1,184	2,805	1,157,874	1,162,380
Short term deposits	177,389	811,450	1,266,990	-	-	2,255,829
Cash and bank	143,446	-	-	-	40	143,486
Total financial assets	323,948	813,029	1,271,644	187,130	1,159,788	3,755,539
Liabilities						
Payables	-	-	-	-	248,106	248,106
Total financial liabilities	-	-	-	-	248,106	248,106
Total interest repricing gap	323,948	813,029	1,271,644	187,130	911,682	3,507,433

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
	2015						
Assets							
Long term receivables	803	83	9,643	175,567	-	2,181	188,277
Trade and other receivables	139	305	1,387	4,574	37	864,293	870,735
Short term deposits	618,628	896,549	495,214	-	-	-	2,010,391
Cash and bank	284,490	-	-	-	-	40	284,530
Total financial assets	904,060	896,937	506,244	180,141	37	866,514	3,353,933
Liabilities							
Payables	-	-	-	-	-	202,052	202,052
Total financial liabilities	-	-	-	-	-	202,052	202,052
Total interest repricing gap	904,060	896,937	506,244	180,141	37	664,462	3,151,881

4. Fair Value Estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. In assessing the fair values of financial instruments, the Fund uses a variety of methods and makes assumptions that are based on market conditions existing at the statement of financial position date.

The amounts included in the financial statements for receivables, cash and short-term deposits and payables approximate fair values because of the short-term maturity of these instruments.

The fair value of the long term receivables (net of impairment) approximates its carrying value as it represents revolving loans that will again be on-lent when repaid.

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

5. Critical Accounting Estimates and Judgements in Applying Accounting Policies

(a) Critical judgements in applying accounting policies

In the process of applying the Fund's accounting policies, management has made no judgements which it believes would have a significant impact on the amounts recognised in these financial statements.

(b) Key sources of estimation uncertainty

Management has derived no estimates for inclusion in these financial statements, which it believes have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

6. Other Income

	2016 \$'000	2015 \$'000
Foreign exchange gain	119,859	116,643
Interest income	124,397	138,319
Other	5,784	3,381
	<u>250,040</u>	<u>258,343</u>

7. Tourism Enhancement Projects

	2016 \$'000	2015 \$'000
Falmouth	43,200	51,772
JAMVAC airlift support	82,907	199,852
JTB overseas marketing	2,364,064	2,173,932
Kingston and St. Andrew	231,968	505,752
Montego Bay	181,415	255,021
National projects	1,749,211	1,247,955
Negril	163,152	175,028
Ocho Rios	9,468	77,252
Portland	20,545	1,505
South coast	74,310	43,127
	<u>4,920,240</u>	<u>4,731,196</u>

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

8. Operating Expenses

	2016 \$'000	2015 \$'000
Auditors' remuneration	1,660	1,500
Board expenses	1,387	3,731
Collections	173,193	156,794
Depreciation	2,668	2,407
Directors' fees	855	843
General Consumption Tax	5,096	3,979
Information Technology	4,166	3,995
Marketing	11,132	5,842
Other management fees	2,250	3,500
Professional fees	4,122	3,048
Project management fees	116,228	62,472
Property expenses	15,346	15,176
Provision for bad debts - airlines	2,235	69
Staff costs (Note 9)	99,338	95,796
Other	10,356	11,369
	<u>450,032</u>	<u>370,521</u>

9. Staff Costs

	2016 \$'000	2015 \$'000
Wages and salaries	55,773	65,742
Statutory deductions	5,418	5,348
Other	38,147	24,706
	<u>99,338</u>	<u>95,796</u>

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

10. Operating Lease Commitments

The Fund leases its office space under a non-cancellable operating lease agreement. The lease term is 5 years and is renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 \$'000	2015 \$'000
Not later than 1 year	13,555	13,282
Later than 1 year and not later than 5 years	13,842	27,398
	<u>27,397</u>	<u>40,680</u>

11. Taxation

As stipulated in the Act, the income of the Fund is exempt from income tax.

12. Property, Plant and Equipment

	Furniture & Fixtures	Computers & Equipment	Office Equipment	Motor Vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -					
At 1 April 2014	2,759	3,048	769	6,204	12,780
Additions	474	272	2,744	-	3,490
At 31 March 2015	3,233	3,320	3,513	6,204	16,270
Additions	490	868	302	-	1,660
Disposal	-	(377)	-	-	(377)
At 31 March 2016	3,723	3,811	3,815	6,204	17,553
Depreciation -					
At 1 April 2014	1,434	1,616	324	3,118	6,492
Charge for the year	301	630	235	1,241	2,407
At 31 March 2015	1,735	2,246	559	4,359	8,899
Charge for the year	328	744	355	1,241	2,668
Relieved on disposal	-	(125)	-	-	(125)
At 31 March 2016	2,063	2,865	914	5,600	11,442
Net Book Value -					
31 March 2016	1,660	946	2,901	604	6,111
31 March 2015	1,498	1,074	2,954	1,845	7,371

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

13. Long Term Receivables

- a) Under an agreement dated 7 December 2007, as amended, with the Jamaica National Building Society Small Business Loans Limited (JNBSL), the Fund has committed to provide a maximum of \$310,000,000 to JNBSL for on-lending to entrepreneurs in the tourism industry for tourism related activities. It is intended that the loans made by JNBSL will be made on a revolving basis, with amounts repaid being made available for further on-lending.

Interest earned on the loans under this arrangement, is credited to the Fund.

The loans made by JNBSL have a repayment period not exceeding five (5) years and the Fund has accepted the credit/repayment risk on these loans. The total disbursed by the Fund at 31 March 2016 was \$236,789,000 (2015 – \$257,745,000), and provision for impairment was \$85,577,000 (2015 - \$91,361,000).

- b) Under an agreement dated 19 June 2014, with JNBSL, the Fund has committed to provide a maximum of \$50,000,000 to JNBSL for on-lending to entrepreneurs in the tourism industry for tourism related activities specifically as it relates to energy saving efficiency. It is intended that the loans made by JNBSL will be made on a revolving basis, with amounts repaid being made available for further on-lending.

Interest earned on the loans under this arrangement, is credited to the Fund.

The total disbursed by the Fund at 31 March 2016 was \$40,955,000 (2015 - \$20,000,000.00), and provision for impairment was \$667,000 (2015 - Nil).

	2016 \$'000	2015 \$'000
Long term receivables	277,744	277,745
Less: Provision for impairment	(86,244)	(91,361)
	191,500	186,384
Interest receivable	2,344	1,893
	193,844	188,277

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

14. Trade and Other Receivables

	2016 \$'000	2015 \$'000
Trade receivables – airlines	1,106,179	835,804
– cruise ships	52,434	19,339
Less: Provision for bad debts – airlines	(2,248)	(193)
	<u>1,156,185</u>	<u>854,950</u>
Other receivables	6,195	15,132
Taxation recoverable	2,767	78
Prepayments	334	575
	<u>1,165,481</u>	<u>870,735</u>

15. Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
Cash at bank and in hand	143,486	284,530
Short-term deposits	2,237,990	2,002,877
Interest receivable	17,839	7,514
	<u>2,399,315</u>	<u>2,294,921</u>

The effective weighted average interest rates on short term deposits are as follows:

	2016 %	2015 %
Jamaican dollar deposits	5.7	6.5
United States dollar deposits	<u>1.9</u>	<u>2.6</u>

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2016 \$'000	2015 \$'000
Cash	143,486	284,530
Short-term deposits	<u>2,237,990</u>	<u>2,002,877</u>
	<u>2,381,476</u>	<u>2,287,407</u>

16. Trade and Other Payables

	2016 \$'000	2015 \$'000
Accounts payable and accrued charges	180,480	154,568
Due to Tourism Product Development Company Limited	61,274	39,151
Gratuities	6,352	8,333
	<u>248,106</u>	<u>202,052</u>

Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

17. Related Party Transactions and Balances

During the year, funding for projects amounting to approximately \$4.85 billion (2015 – \$4.56 billion) was provided to other government institutions/bodies:

(a) The statement of financial position includes the following balance with a government agency:

	2016 \$'000	2015 \$'000
Due from related party -		
Tourism Product Development Company Limited	-	133
Due to related party -		
Tourism Product Development Company Limited	61,274	39,151

(b) Key management compensation:

	2016 \$'000	2015 \$'000
Salaries and other short term benefits		
Salaries	17,776	16,703
Gratuities	8,360	3,212
Other short-term benefits	6,400	2,927
	32,536	22,842
Directors' emoluments –		
Fees	855	843









Tourism Enhancement Fund

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Designed and printed by the
Jamaica Information Service
October 2016