



Tourism Enhancement Fund | **2014-2015**  
ANNUAL REPORT

# Tourism Enhancement Fund

Annual Report 2014-2015





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## 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  
Mr. Christopher Miller - Director of Projects  
Ms. Deborah Watson - Director of Finance

## 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 Limited

17 Dominica Drive, Kingston 5

Emancipation Square, Spanish Town



# BOARD OF DIRECTORS

## Senator

Noel B. Sloley, CD, JP

- Chairman

## Messrs

Trevor Riley

- Deputy Chairman, Chairman, Projects Committee

Gregory Lawrence

- Director, Chairman, Finance Committee

Harry Maragh

- Director, Chairman, Audit Committee

John Lynch

- Director

Gregory Burrowes

- Director

Paul Pennicook

- Director

Clyde Harrison

- Executive Officer

## Mesdames

Evelyn Smith

- Director

Maxine Henry-Wilson

- Director

Gillian Wilkinson-McDaniel

- Director

Nicola Madden-Greig

- Director

## Ms

Shauna Trowers

- Director, Chairman, Human Resources Committee

## Ms

Janice Allen

- Director



# 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



**Ms. Shauna Trowers**  
Chairman  
Human Resources Committee



**Mr. Gregory Lawrence**  
Chairman, Finance Committee



**Mr. John Lynch**  
Director



**Mrs. Maxine Henry-Wilson**  
Director



**Mrs. Evelyn Smith**  
Director



**Mr. Gregory Burrowes**  
Director



**Ms. Janice Allen**  
Director



**Mrs. Nicola Madden-Greig**  
Director



**Mrs. Gillian Wilkinson-McDaniel**  
Director



**Mr. Clyde Harrison**  
Executive Officer



**Mr. Paul Pennicook**  
Director

# Message

## Minister of Tourism and Entertainment



Honourable  
Dr. Kenneth Wykeham McNeill, MD, MP

This year marks the ninth year of operation of the Tourism Enhancement Fund (TEF) established to give effect to the Master Plan for the Sustainable Development of Tourism in Jamaica.

Receiving, investing and managing the disbursement of revenue generated by a fee on tickets for air and sea travel to Jamaica, the Fund has served our sector and our nation well since its inception.

There can be no doubt that the projects undertaken by the TEF have made a remarkable contribution to the robust development of the sector which continues to hold pride of place as the major source of foreign exchange earnings for our country. This, however, is not an end in itself, important as it is, but more significantly, is improving the quality of life for a growing number of our citizens.

The prudent and visionary projects undertaken by TEF particularly over the past three years - including transforming the face of our resort towns and the major

refurbishment of a large number of our iconic heritage sites - have ensured that our tourism product has kept pace with global trends in the competitive travel sector.

The demands of today's world traveler have changed fundamentally from the mere seeker of sun, sand and sea of the past to a sophisticated and better educated individual. The TEF's transformational projects have meant that Jamaica can meet more of the varied demands of this new market that seeks vacations that offer a wider variety of accommodation choices; more recreational activities; exposure to unique cultural heritage; and evidence of sensitivity to environmental preservation.

The Government's economic policies including greater fiscal discipline and fundamental tax reform have helped to create an environment that is attractive to both local and international investors with all the ensuing benefits.

I warmly congratulate the Chairman of TEF, Senator Noel Sloley, his Board of Directors and the dedicated staff for their achievements. Thanks to your hard work, we can face the upcoming year with optimism as we contribute further to the fulfillment of our objective of having a positive impact on the social and economic well-being of our people.

A handwritten signature in black ink, appearing to read 'K. McNeill', written over a light blue circular graphic element.

Dr. Kenneth Wykeham McNeill, MD, MP  
Minister of Tourism and Entertainment



# Message Chairman



Senator Noel B. Sloley, CD, JP

The Tourism Enhancement Act was passed in December 2004 and the Tourism Enhancement Fund (TEF) was established in November 2005 as the body corporate to give effect to the objectives of the Act.

From the outset, the TEF's functions under the Tourism Enhancement Act have been rooted in coordinating the Master Plan for Sustainable Tourism Development (2001) with the wide attendant requirements to collect the tourism enhancement fee from incoming airline and cruise passengers to Jamaica; administer the assets of the Fund; effectively utilize and invest these revenues; and closely monitor the implementation of approved projects and programmes.

The TEF collaborated extensively with other Government agencies to achieve the vision of growth and development for tourism as a critical driver for the Jamaican economy and the upliftment of the people of our island.

A central and foundational tenet of the TEF has been expanded focus on areas such as heritage and culture; environmental management; community-based tourism; and increased linkages with other economic sectors.

Over the years, the TEF has redefined its role both in keeping with its mandate and in the context of international and domestic economic developments. The global recession of 2008-2009 threatened to upend the travel industry and tested our resilience in the face of international and regional declines in visitor arrivals. Despite the setbacks of this period, the TEF can point to appreciable progress in advancing signature projects in historic Port Royal, Seville, Spanish Town, Falmouth and elsewhere as well as participating in a slew of socio-economic and cultural programmes.

In the current review period, Jamaica welcomed a record 2,080,181 stopover arrivals in 2014. Cruise passenger arrivals of 1,423,797 increased by 12.5% over 2014. The upward trend continued from January to March 2015 with a 5.0% increase in stopovers and an 15.9% increase in cruise arrivals compared to the same period in 2014.

During the period, the Government adopted a tight fiscal stance and met the key targets under the 48-month Extended Fund Facility with the International Monetary Fund (IMF). This laid the foundation for a reduction in Jamaica's debt stock and the achievement of sustainable economic growth. The TEF substantially increased its funding of major developmental projects and continued to support the Government's short-term employment measures by accommodating smaller projects beneficial to communities across the island.

The TEF has undertaken resort upgrade programmes in Ocho Rios, Falmouth and Negril; the refurbishment of renowned heritage attractions, parks, gardens, and nature reserves, as well as infrastructural developments to improve access to attractions. Other initiatives have served to strengthen entertainment, agricultural and manufacturing linkages with tourism and address environmental sustainability.

TEF has heightened its examination of the project cycle for spending with a view to continuous improvement

in keeping with increases in available funding from passenger arrivals and exchange rate devaluations.

I should like to acknowledge the committed efforts of TEF's Directors over the review period during which we welcomed to the Board Mrs. Nicola Madden-Greig, President of the Jamaica Hotel and Tourist Association (JHTA) and Mr. Paul Pennicook, Director of Tourism. We also welcomed the re-appointment to the Board of Mrs. Evelyn Smith and Mr. John Lynch.

The TEF is keenly aware of the unique role which it is mandated to play in driving a new vision for tourism development in Jamaica. We thank our partners who have journeyed with us in the quest to accelerate the achievement of measurable, inclusive and sustainable development for Jamaica's tourism. That quest continues.



Noel B. Sloley, CD, JP



Burwood Beach, Trelawny, Jamaica

# Report

## Board of Directors' Report



Global economic output increased by some 3.3% in 2014. This augured well for international tourist arrivals which the United Nations of World Tourism Organization (UNWTO) reports as having grown for the fifth consecutive year to reach 1.1 billion, an increase of 4.7%. The Americas, of which Jamaica is a part, was the best performing region with growth of 7.4%, welcoming an additional 13 million international tourists.

The Jamaican economy recorded marginal but encouraging growth of 0.4% in 2014 in a period marked by nominal depreciation of 7.2% (real depreciation rate of 1.6%) and containment of inflation at 6.4%. A lowering of oil prices was also a feature of the period.

This in general, represents lower travel costs, a plus for tourism. Jamaica's economic output in the first Quarter

2015 continued the upward trend with accompanying optimism regarding the prospects for growth.

In the period April 1, 2014 to March 31, 2015 guided by its Board of Directors, in collaboration with the Ministry of Tourism and Entertainment and through the strong efforts of its staff and several executing Agencies, the Tourism Enhancement Fund (TEF) was able to record advances in identifying and pursuing an increased number of programmes for accelerated development of Jamaica's tourist industry.

The TEF recorded total accumulated funds of approximately J\$3.159 billion at the end of the Financial Year with revenue of J\$5.218 billion. Currency gains represent approximately J\$116.6 million. Project expenses for the year totalled J\$4.731 billion.

Funding for the TEF is based on a tourism enhancement 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. The TEF therefore is enabled to grow its pool of funds and make increased allocations based on visitor arrivals to the island. In 2014, Jamaica welcomed total stopover arrivals of 2,080,181 or 71,772 more stopovers than in 2013. Cruise passenger arrivals of 1,423,797 represented an increase of 12.5%. The last quarter of the Financial Year, January to March 2015, saw stopover arrivals increasing 5.0% over the comparable period in 2014 and cruise arrivals increasing by 15.9%.

In achieving these gains, funding by the TEF was integral to the Jamaica Tourist Board's ability to maintain high visibility for destination Jamaica. There was also continued facilitation of efforts by Jamaica Vacations Limited (JAMVAC) to encourage increased airlift into the island.

In keeping with its mandate to implement projects and programmes which have an impact on the growth and development of the tourism sector, the TEF sought to raise significantly its level of activity in executing Resort Development Plans. There was commendable progress in TEF funded initiatives such as the Elegant Corridor Lighting in Montego Bay, the Ocho Rios Development project and the Negril suite of projects.

Signature attractions, built and natural, which distinguish Jamaica as a visitor destination, continued to be highlighted for TEF funding with major on-going projects in historic Port Royal, Spanish Town and Falmouth being pursued. The TEF was also responsive to the practical requirement for funding repairs to roads leading to attractions.

TEF is conscious of the critical nature of the partnerships it has forged for environmental protection of our island. Various projects in collaboration with the National Environment and Planning Agency (NEPA) included a National Knowledge, Attitude, Practices and Behaviour study; Carrying Capacity Studies and a National Air Quality Programme. TEF facilitated NEPA's enforcement of environmental and planning laws in Negril as well as the Jamaica Environment Trust's (JET) Clean Coast Project. In the same vein, TEF has been integral to initiatives by the Ministry of Tourism and Entertainment to improve the island's

capacity for risk management, climate adaptation and environmental stewardship.

The TEF was supportive of the renewed thrust to strengthen linkages between tourism and other sectors, notably manufacturing and agriculture, and there were a number of initiatives to advance the work of the Tourism Linkages Council launched by the Minister of Tourism and Entertainment in 2013. The continued strengthening of linkages between the entertainment industry and tourism was also a feature of the year in review as a comprehensive calendar of events under the aegis of the Ministry of Tourism and Entertainment was established opening new opportunities for the wide spectrum of persons associated with the cultural industries.

TEF facilitated advancing the concept of "Shovel Ready projects" to grow the island's tourism. This collaborative effort between the Ministry of Tourism and Entertainment and the Ministry of Industry, Investment and Commerce aims to present potential investors with "pre-packaged" opportunities by streamlining and expediting the process of investment in hotels, attractions and other areas.

While wooing the large investor, the Government has sought to increase levels of financing available to Micro, Small and Medium-sized Enterprises. It has been assisted in this thrust by the TEF's partnership over the years with JN Small Business Loans Limited (JNSBL). Energy loans to small hotels in keeping with renewable energy as a major area on the national agenda, was also a feature of TEF's activities in the course of the year.

Among other highlights of the review period was TEF's approval of funding for the establishment of a Craft Council. This followed approval by Cabinet in November 2013 of a craft policy and strategy concept paper and the Minister of Tourism and Entertainment's announced intention to establish an oversight body to monitor and regulate activities in the island's craft markets.

The TEF has been strongly supportive of the Government's policy to advance new sectors within the tourist industry as evidenced, for example, by the TEF's commitment to funding for one year, the establishment of a register of Timeshare developers,

vendors and owners. Responsibility for the register rests with the Real Estate Board which was given this charge following the passage of the Timeshare Bill in Parliament on October 21, 2014.

The Tourism Enhancement Fund continued to contribute to employment through the Tourism Improvement Programme (TIP), a landscaping and island wide maintenance programme while in the area of security, TEF was responsive to appeals from the Ministry of National Security for improved mobility of the Jamaica Constabulary Force in resort areas.

The TEF continued seeking to optimize the process of approval, tender and execution of projects falling within its ambit, cognizant of the needs of the tourist industry and the high expectations for measurable, timely and transformational projects which redound to the benefit of the industry and the people of Jamaica. We acknowledge the efforts of our major partners

including various Government Ministries, the Tourism Product Development Company Limited, Urban Development Corporation, National Works Agency, Port Authority of Jamaica, the Jamaica National Heritage Trust, Parish Councils, the Resort Boards, environmental agencies and others. In some instances, it is recognized that the management and monitoring of projects remain below optimum levels for a number of reasons often related to the insufficiency of skill sets for projects which can be highly specialized, as well as inadequacy of material resources.

The TEF is mindful of capacity gaps in agencies integral to the execution of projects and programmes for the advancement of Jamaica's tourist industry. Addressing such gaps remains a priority for the TEF in the fulfilment of its mandate.



Ocho Rios Pier Terminal Building, St. Ann, Jamaica

# Report

## Executive Director's Report



Clyde Harrison

I am pleased to present this financial and operational report on the Tourism Enhancement Fund (TEF) for the period April 1, 2014 to March 31, 2015.

As at March 31, 2015, the Tourism Enhancement Fund's total accumulated fund balance was J\$3.2 B (2014: J\$3.2 B). The Fund's total interest income was J\$138 M (2014: J\$136 M). Operating expenditure for the year was J\$371 M (2014: J\$328 M).

Revenue for the year ended March 31, 2015, was J\$5.2 B (2014: J\$4.8 B). Fees earned amounted to J\$5.0 B (2014: J\$4.4 B). Embedded in these figures are currency gains of J\$117 M (2014: J\$224 M). Current year surplus at March 2015 was J\$116 M (2014: J\$274 M).

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 funding to Jamaica Vacations Limited (JAMVAC).

The TEF operates 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

Planning and implementing a comprehensive programme for the improvement, modernization and strong branding of Jamaica's resort areas, in tandem with maximizing the potential of major attractions are critical elements in the strategy for the island's tourism development. As such, in the review period, the TEF sought to increase the number of transformational programmes which it funds in resort areas, to expand restorative work on landmarks which tell the story of our people while pursuing social and other projects which support the industry's ability to deliver a first-class experience for visitors to the island.

An overview of the programmes and projects which received funding support from the TEF during Financial year 2014-2015 is provided in succeeding pages of this report.

## Partnerships and Investments

Along with our expanded schedule of major tourism development projects, the TEF was active in increasing partnerships for the provision of goods and services at varying levels of the industry. Examples include TEF's facilitation of the Tourism Linkages Council and the "Shovel Ready Investments programme" to expedite investment in the industry. TEF continued its well-established collaboration with Jamaica National Small Business Loans Limited (JNSBL) to fund small operators in the tourist industry and further facilitated this sector with energy loans to small hotels.

## Operational

During the review period there were continued efforts to realign operational efficiency through close analysis of the organization's human resources and realigning operational efficiency with the Fund's strategic goals.

Recognizing the need for tourism partners, stakeholders and the wider public to have sound knowledge and understanding of its mission and work, the TEF raised the level of its public communication significantly.

I should like to express my appreciation to the TEF board for its guidance and commitment to the organization's ideals, to our members of staff for their untiring efforts and our partners who have worked with us toward realizing the vision of enhancing Jamaica's tourism industry.

We continue to hold ourselves to high standards, pledging ever increasing efforts to carry out our mandate on behalf of the industry and people we serve.



**Clyde Harrison**

## Tourism Linkages Hub - JAPEX 2014





Old Fort Craft Market, St. James, Jamaica

Falmouth Post Office, Trelawny, Jamaica







## Work in Progress



Tourism  
Enhancement  
Fund

Tourism Dollars Working For You

A Project of the TEF

# Projects Update

*“Tourism Dollars Working For You”*

## RESORT DEVELOPMENT, MONUMENTS AND ATTRACTIONS

In the course of Financial Year 2014-2015, the Tourism Enhancement Fund pursued a wide range of programmes in keeping with its mandate to fund and facilitate accelerated, sustainable development for Jamaica’s tourist industry. TEF’s focus was on identifying and funding potentially transformational programmes in the island’s resort areas, those highlighting heritage and culture, environmental management and community-based tourism. The overall objective is enhancing the visitor experience, increasing linkages with other economic sectors and broadening the benefits of the industry to the people of Jamaica.

Resort Development Plans were pursued with substantial achievements in respect of:

- The resort town of Ocho Rios,
- A suite of projects in Negril,
- Lighting and landscaping of the Elegant Corridor in Montego Bay,
- Continued re-creation of the Port Royal experience, notably with work on the 1818 British naval hospital, and
- Design work for redevelopment projects in historic Falmouth.

The resort town of Ocho Rios, proximate to the iconic Dunn’s River Falls, has long attracted thousands of stopover, cruise and local visitors but had declined in its aesthetic appeal and, in recent years, struggled to compete with Falmouth as a major cruise port. Significant developmental work in Ocho Rios has seen the start of a renaissance for the resort. Upgrading of the access road from Main Street to the marina and the bus parking area as well as refurbishing of the terminal building were all completed by January 2015

with additional upgrades including the Promenade set to commence in short order.

The review period saw a number of TEF-funded development plans being implemented in the resort town of Negril, often promoted as the ‘Capital of Casual’. These included an expansive ‘Shared Pathway’ for pedestrians and cyclists; landscaping and improvements to the craft market, community centre and the Norman Manley Sea Park.

In Port Royal, ongoing restoration funded by the TEF is opening new vistas for this internationally acclaimed heritage site. The walking tour being created with the Urban Development Corporation and the Jamaica National Heritage Trust incorporates the restored Fort Charles and in the review period, highlighted work on the substantial British Naval Hospital as different phases of the “Port Royal Experience” are brought to life in this one-time pirates’ haunt.

The value of developing ‘heritage trails’ in Jamaica, linking the island’s numerous historic sites and highlighting significant themes, has gained currency. Spanish Town, the island’s capital from 1534 to 1872, has benefited over the years from TEF-funded rehabilitative and stabilization work on its structures in the famous Emancipation Square, the most impressive of its kind in the West Indies. Current work, in collaboration with the Urban Development Corporation (UDC), to establish a Spanish Town Historic Trail will advance the repositioning of this important historical centre.

TEF funding support for other new and on-going restorative and developmental projects include:

- Development of a heritage trail at the Lover’s Leap attraction in St. Elizabeth
- New phases of work at the 19th Century Devon House mansion inclusive of a multi-purpose facility at the Devonshire Restaurant, Kingston
- Restoration of the steeple of the Hanover Parish Church
- Rehabilitation of St. Peter’s Anglican Church
- Upgrading of 18th Century Fort Charlotte, Hanover
- Renovation of the old Georgian Ocho Rios Courthouse

- Upgrading of the Sam Sharpe Square Cultural Centre Façade, Montego Bay
- Refurbishment of a Military Heritage Attraction at the historic Newcastle Military Base of the Jamaica Defence Force
- Emergency Works and support for operations at Bath Fountain Hotel and Spa, St. Thomas

The TEF was closely aligned with restorative work on churches, many noted for their social and religious activism over the centuries, plantation houses, town houses and other Georgian style structures.

## TEF NATIONAL REST STOP PROGRAMME

An important growth strategy for Jamaica's tourism is the increased spread of benefits from the industry, with the accompanying sense of inclusion among various sub-sectors and the population at large. The TEF-funded programme to establish rest stops on major routes across the island is providing both a practical necessity for travelers by road and a collaborative network of participating business owners. Eleven rest stops were established and prominently identified in the first phase of the programme with an additional twenty-eight locations earmarked for development.



Approach Sign

## INFRASTRUCTURE

TEF management has been developing a policy proposal, that will allow for a more consistent approach to TEF funding of repairs to roads leading to attractions and places of interest. This will ensure the application of robust policy directives as TEF collaborates with the National Works Agency (NWA)

and other stakeholders to achieve satisfactory road access to these areas. The policy will also direct TEF funding of improved road and drainage conditions as well as solid waste management in and around resort areas.

New and on-going projects for the rehabilitation/improvement of roadways included:

- Sheffield to Negril main road in Westmoreland
- Grants Town Road to Mason Hall/Little Bay Road leading to the Firefly attraction in St. Mary
- Port Royal main access road,
- Holywell main road, St. Andrew
- Howard Cooke Boulevard, St. James
- Ginger Hill Road, St. Elizabeth leading to the Accompong Maroon Village and YS Falls attractions.



Sheffield to Negril main road Westmoreland

There was also TEF funding allocated for repairs/replacement of damaged or missing guardrails and traffic signs from Bogue Gate, Trelawny to Dunn's River Falls in St. Ann.

## TOURISM IMPROVEMENT PROGRAMME (TIP)

In Financial Year 2014-2015, TEF continued its support of the Tourism Improvement Programme (TIP).

There was approval of J\$393.7 million to this all-island beautification and maintenance programme over a one-year period from December 1, 2014 to December 1, 2015. The programme has historically provided short-term employment for some 6,680 persons over a twelve-month period.

Projects have been executed through a number of agencies including the Parish Councils, National Works Agency (NWA), National Solid Waste Management Authority (NSWMA) and the Rural Agricultural Development Authority (RADA).

## CONSERVATION AND ENVIRONMENT

The Tourism Enhancement Act states as one of its principal objects, the encouragement of better management of environmental resources in Jamaica. In advancing this mandate, during the review period, TEF partnered with the National Environment and Planning Agency (NEPA) for various projects including:

- National Knowledge, Attitude, Practices and Behaviour Study
- Carrying Capacity Studies
- National Air Quality Programme
- Establishment of a Wildlife Sanctuary in Mount Edgecombe, Westmoreland
- Enforcement of environmental and planning laws in Negril
- Completion of Watershed Area Management Mechanism (WAMM) in the Black River Watershed Management Unit (WMU)

The Ministry of Tourism and Entertainment received TEF funding for collaborative environmental initiatives namely:

- Executing a Disaster Risk Management and Climate Change Adaptation programme within the tourist industry
- Executing a Tourism Environmental Stewardship Initiative (TESI) in collaboration with NEPA and other tourism stakeholders.

Funding assistance of \$13 million was provided to the Ministry of Youth & Culture for activities related to World Heritage Nomination for Jamaica's Blue and John Crow Mountains, a protected 200,000 acre National Park. Operational Support for the Montego Bay Marine Park was approved for the period October 2014 to September 2015.

TEF extended its support of environmental efforts to the supply of branded garbage disposal bins for installation

in resort areas and for the Jamaica Environment Trust's national campaign to improve attitudes toward waste disposal through its "Nuh Dutty Up Jamaica" drive.

## Public Beaches Project

Implementation of the programme to upgrade public beaches island wide proceeded apace during the Financial Year with the TEF guided by the decision to create one improved public beach per parish. The collaborative project between the TEF, Ministry of Tourism and Entertainment, the Urban Development Corporation and NEPA has been well received with three beaches being upgraded thus far with design work being done for development of another nine in Financial Year 2015-2016.

## HEALTH, SAFETY & SECURITY

Approval was granted in the course of the Financial Year for TEF to provide partial funding of J\$226.6 million for the enhancement of health facilities in resort areas. There was also approval of J\$100 million to facilitate special financial distribution requested by the Ministry of Finance and Planning to assist with an island-wide clean-up programme to control the spread of the chikungunya virus and response to the possible threat of the ebola virus. The vector control programme included public education, fogging and residential source reduction in the parishes of Westmoreland, Hanover, St. James and St. Ann.

## CRAFT, CULTURE AND SPORT

TEF funding of J\$17.6 million for the establishment of a Craft Council was important for actualizing the craft policy and strategy concept paper approval by Cabinet in November 2013.

Counterpart funding of US\$92,010.00 was approved for Craft Enhancement and Business Planning Training to Support Human Capacity Building in Public and Private Sectors. The funding will be provided over two years for this OAS/FEMCIDI Project and is geared towards training and development of craft producers.

Upgrading of the island's craft markets was pursued with an additional J\$15.2 million provided for Phase

2 variations to the Harbour Street Craft Market and J\$14.8 for emergency works at the Old Fort Craft Market following a fire at the facility.

## Entertainment

The TEF worked in tandem with the Ministry of Tourism and Entertainment to implement a number of initiatives as the Ministry's Entertainment Division has sought to deepen the link between tourism and Jamaica's vibrant cultural industries. The TEF approved funding of J\$69.1 million for projects under this banner which included a number of events aimed at boosting Kingston's positioning as the island's "cultural capital".

Projects included:

- Arts in the Park
- 90 Days of Summer/Jamrock Summer
- Artiste Ambassador
- Venue Upgrade – Phase 1
- Reggae Month/Kingston for February
- Visitors' Night Out
- Entertainment & Creative Industries Franchising Forum
- Event Rating System Implementation
- Noise Abatement Implementation

Sponsorship was provided for the National Museum of Jamaica's exhibition highlighting the development of Jamaican fashion and the Institute of Jamaica's mounting of the Rastafari Exhibition at the newly opened Montego Bay Cultural Centre.

Also in the area of culture, the TEF supported participation by a delegation of ten Jamaican youths in the Glasgow 2014 Cultural Programme at the Commonwealth Games, the staging by the Jamaica National Heritage Trust (JNHT) of the Emancipation Jubilee 2014 and of the Jamaica Visual Arts Competition and Exhibition by the Jamaica Cultural Development Commission (JCDC). An allocation of J\$20 million was made to the 2014 National Emancipation/Independence celebrations staged by the Ministry

of Youth and Culture. There was support for other national efforts such as the New Year's Fireworks at the Waterfront Downtown, Kingston which the Urban Development Corporation has entrenched as a calendar item for residents and visitors to the capital city. At the community level, entities such as the South St. James Social and Economic Development Trust received assistance, in this case, for the staging of Camfest Emancipation/Independence Celebrations between July 31 and August 6, 2014.

In pursuing its growth agenda in the area of sports tourism, funding assistance for a period of six months was approved for a Sports Committee Secretariat at the Jamaica Tourist Board. TEF's contribution to lighting at the Sabina Park Cricket ground in Kingston and rehabilitation of the cricket facilities at the Trelawny Multi-Purpose stadium were welcomed by the sporting fraternity.

These initiatives were followed by the upgrading of a number of smaller sports venues including the Donald Buchanan Sports Complex and the Treasure Beach Sports Complex, the latter being a joint project with the CHASE Fund. In 2014, TEF once again sponsored the Jamaica Cricket Association's T/20 Cricket Tournament and the Jamaica Premier League T/20 Finals.

Also in the sporting arena, the TEF Golf Development Programme initially targeted the Constant Spring, Caymanas and Manchester Golf courses in advancing the objective of Jamaica fulfilling its potential as a golfing destination.

## Security

TEF has provided on-going support for security needs in Jamaica's resort areas. During the review period, at the request of the Ministry of National Security, mobility of the Jamaica Constabulary Force (JCF) was improved with the purchase of motor vehicles, motor bikes slated for use in the New Kingston resort area, the Elegant Corridor, Montego Bay and other resort areas. The Maritime Police was once again provided with equipment for monitoring and enforcement duties to assist with anti-harassment, monitoring and control of jet ski operators.

TEF-funded upgrading at a cost of \$25 million at the Negril Police Station included construction of a holding area and renovation of the guard room and offices.



*Negril Police Station*

## AIRPORTS SERVICES

In the review period, TEF continued its commitment to quantum improvement in the operations of the Passport, Immigration and Citizenship Agency (PICA) with the approval of an additional J\$200 million to this Agency over the next five years.

This will facilitate continued introduction of new technology and re-engineering of the operations at immigration as steps are taken to ensure that travelers' experience of Jamaica's airports is in step with international standards and users' expectations.



*Immigration Kiosks – Sangster's International Airport*

## TOURISM LINKAGES

TEF approved funding for the Ministry of Tourism & Entertainment's Tourism Linkages Secretariat charged with assisting the tourism sector to increase its demand for and consumption of goods and services that can be competitively sourced in Jamaica. TEF facilitated the participation of representatives from the manufacturing and agriculture sectors in the 2014 renewal of the tourism trade show Jamaica Product Exchange (JAPEX) held at the Montego Bay Convention Centre.

The role of small and micro businesses in the tourism sector has been given special consideration over the years by the TEF in collaboration with Jamaica National Small Business Loans Limited (JNSBL).

- The revolving scheme has to date disbursed 193 loans totaling J\$60.8 million
- Amounts repaid total \$248.4 million
- A parallel facility to provide 'energy efficiency loans' to small hotels was launched during the year in keeping with the national emphasis on renewable energy

## Training and Education

TEF supported efforts to enhance the educational exposure of tourism workers, students at the tertiary level as well as those in a number of rural high schools. An allocation of J\$15 million was made to Tourism Product Development Company Limited's Team Jamaica programme to assist in this mandatory, standardized training for tourism and hospitality personnel.

In the review period, there was further allocation for foreign language skills training for tourism workers, while under the TPDCo and TEF Summer internship programme, young persons were once again provided with experience of the working environment in various businesses. In the wider educational sphere TEF embarked on a 'Centres of Excellence' High School Development Programme with J\$20.75 million funding support for enhancing the performance in rural schools.

Initial beneficiaries were: Ocho Rios High, Marcus Garvey High, Grange Hill High, Cross Keys High and Little London High.



*Little London High – Food & Nutrition Lab*



Emancipation Square, Spanish Town  
Restoration work in progress

# Forecast and Projection of Key Financial and Operating Measures

The United Nations World Tourism Organization (UNWTO) forecasts growth in global tourism arrivals in 2015 to range between 3% and 4% with arrivals to the Americas anticipated to be 4% to 5%. This is above the UNWTO long-term forecast of international tourism arrivals growing by an average 3.3% a year to 2030. Contributing to this positive outlook is an expected increase in demand for global transportation consequent on lower crude oil prices in the international market.

As tourism continues its strong contribution to global economic recovery with pick-up in expenditure on international tourism from traditional source markets, the UNWTO also notes a slowdown in large emerging markets which have been driving growth in recent years.

Jamaica continues to be challenged by its high debt burden and management of the needs and expectations of its people. However, there has been increased optimism regarding the island's economic prospects among multilateral lending agents, improved consumer confidence and encouraging investment in new room stock for the critical tourist industry.

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

Jamaica is well positioned to benefit from continued strengthening in stopover arrivals from the major US market which saw growth of 9.1% in the first four months of 2015. There was a similar margin of growth in arrivals from the United Kingdom as that market has rebounded strongly over the past two years. Jamaica is set to benefit further in respect of the UK market as changes to the Air Passenger Duty (APD) take effect with more equitable application on fares to the Caribbean from April 2015.

Increased airlift to Jamaica in the course of 2015 and into 2016 include the introduction of Vacation Express flights from Atlanta to Montego Bay and Southwest Airlines to Montego Bay from Houston. There will also be increased TUI and Thompson flights to Jamaica out of Northern Europe.

The outlook is similarly positive for cruise passenger arrivals, up 11.2% at the end of April 2015, with the increased size of ships being berthed in Ocho Rios and the expected introduction of new cruise vessels in the course of the year notably: the Star Flyer, Silver Explorer, Norwegian Gateway, Anthem of the Seas and Britannia. The lively expansion of room stock which saw some 1,000 rooms brought unto the market in 2014 will continue with the imminent opening of the Moon Palace Jamaica Grande Resort and Spa and the completion in the latter half of 2015 of 130-room business hotel and six-block apartment complex in Kingston by the Marriott Group.

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 3.1% of revenue, all other projections are based on current expenses with an inflationary rate adjustment.

TEF's budget for 2015-2016 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 travelers are projected to be J\$4,923 million and for cruise visitors are projected to be J\$123 million.



Projections are for investment income of J\$100 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\$4,725 million. Of this amount, J\$2,331 million is allocated to JTB and J\$79 million is allocated to JAMVAC.

The remaining funds are allocated as follows:

- National Projects – J\$1,562 million
- Negril Projects – J\$317 million
- Ocho Rios Projects – J\$135 million
- Kingston & St. Andrew Projects - J\$97 million
- Montego Bay Projects – J\$95 million

- South Coast Projects – J\$69 million
- Falmouth Projects – J\$30 million
- Portland Projects – J\$10 million

These expenditures include major initiatives such as:

- All island maintenance
- Resort Courtesy Corps
- Public Beaches Programme
- Shared Pathway in Negril
- Entranceway rehabilitation in Negril
- Ocho Rios development plan

### Projected Operating Expenses Year Ending 31 March 2016

	J\$'000
Project Management	72,455
Collections	152,606
Staff Cost	94,069
Administrative	91,320
Property	18,574
<b>Total Operating Expenses</b>	<b>429,024</b>

### Projected Income & Expense Statement Year Ending 31 March 2016

	J\$000
Projected fee incomes	5,045,865
Projected Interest & Other Income	119,861
<b>TOTAL PROJECTED INCOME</b>	<b>5,165,726</b>
Projected Financing & Support	(4,725,357)
Projected Operating Expenses	(429,024)
<b>TOTAL PROJECTED EXPENSES</b>	<b>(5,154,381)</b>
<b>Projected Surplus</b>	<b>11,345</b>

## SENIOR EXECUTIVE COMPENSATION

Year ended 31 March 2015

Position of Senior executive	Salary J\$	Gratuity and/or Incentive J\$	Travelling Allowance or value of assigned Vehicle J\$	Pension or Other Retirement Benefits J\$	Other Allowances / benefits J\$	Non Cash Benefits J\$	Total 2014/2015 J\$
Executive Director	6,609,304	1,599,650	975,720	-	-	-	9,184,674
Director Projects	5,256,003	1,272,593	975,720	-	-	-	7,504,315
Director Finance	4,837,309	339,569	975,720	-	-	-	6,152,599
<b>Total</b>	<b>16,702,615</b>	<b>3,211,812</b>	<b>2,927,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,841,588</b>

Notes:

All staff members who are on contract are eligible to receive 25% of their salary as gratuity in lieu of pension  
all emoluments stated are before tax

## NON EXECUTIVE DIRECTORS COMPENSATION

Year ended 31 March 2015

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 2014/2015 (\$)
Chairman	-	-	-	-	-
Deputy Chairman	98,000	30,720	-	-	128,720
Director 1	53,000	35,280	-	-	88,280
Director 2	97,500	-	-	-	97,500
Director 3	106,510	53,844	-	-	160,354
Director 4	76,500	35,300	-	-	111,800
Director 5	59,500	15,040	-	-	74,540
Director 6	77,000	210,408	-	-	287,408
Director 7	51,000	-	-	-	51,000
Director 8	34,000	-	-	-	34,000
Director 9	21,486	-	-	-	21,486
Director 10	84,000	7,520	-	-	91,520
Director 11	85,000	16,450	-	-	101,450
<b>Total</b>	<b>843,496</b>	<b>404,562</b>	<b>-</b>	<b>-</b>	<b>1,248,058</b>

Notes:

Note: Amounts include board and sub-committee meetings fees

# Tourism Enhancement Fund

Financial Statements  
31 March 2015





## **Tourism Enhancement Fund**

**Financial Statements  
31 March 2015**

# Tourism Enhancement Fund

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31 March 2015

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## ***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 2015, 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.

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T: (876) 922 6230, F: (876) 922 7581, [www.pwc.com/jm](http://www.pwc.com/jm)

C.D.W. Maxwell E.A. Crawford P.E. Williams L.A. McKnight L.E. Augier A.K. Jain B.L. Scott B.J. Denning  
G.A. Reece P.A. Williams R.S. Nathan



**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 2015, and *of its financial performance and its cash flows* for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, which appears to read 'Privaithon Coopers', is written over a thin horizontal line.

Chartered Accountants  
28 July 2015  
Kingston, Jamaica

## Tourism Enhancement Fund

### Statement of Comprehensive Income

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Income</b>		4,959,332	4,422,625
Other income	6	258,343	359,398
Project expenditure	7	(4,731,196)	(4,179,509)
Operating expenses	8	<u>(370,521)</u>	<u>(328,494)</u>
<b>Operating Surplus</b>		115,958	274,020
Taxation	11	<u>-</u>	<u>-</u>
<b>Net Surplus, being Total Comprehensive Income for the Year</b>		<u><u>115,958</u></u>	<u><u>274,020</u></u>



# Tourism Enhancement Fund

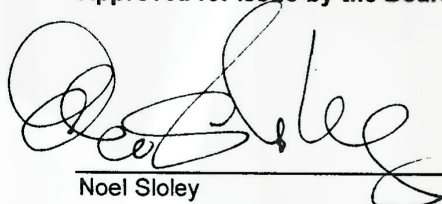
## Statement of Financial Position

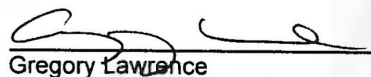
31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	12	7,371	6,288
Long term receivables	13	188,277	166,775
		195,648	173,063
<b>Current Assets</b>			
Trade and other receivables	14	870,735	1,032,628
Short term deposits	15	2,010,391	1,978,801
Cash at bank and in hand	15	284,530	28,839
		3,165,656	3,040,268
<b>Current Liability</b>			
Trade and other payables	16	202,052	56,336
<b>Net Current Assets</b>			
		2,963,604	2,983,932
		3,159,252	3,156,995
<b>Accumulated Funds</b>			
Accumulated surplus		3,159,252	3,156,995

Approved for issue by the Board of Directors on 28 July 2015 and signed on its behalf by:


  
 Noel Sloley Director


  
 Gregory Lawrence Director

## Tourism Enhancement Fund

### Statement of Changes in Equity

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	<b>Accumulated Surplus</b>
	<b>\$'000</b>
<b>Balance at 31 March 2013</b>	2,882,975
Net surplus, being total comprehensive income for the year	<u>274,020</u>
<b>Balance at 31 March 2014</b>	3,156,995
Appropriation to the Consolidated Fund	(113,701)
Net surplus, being total comprehensive income for the year	<u>115,958</u>
<b>Balance at 31 March 2015</b>	<u><u>3,159,252</u></u>

## Tourism Enhancement Fund

### Statement of Cash Flows

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>			
Net surplus		115,958	274,020
Adjustment for:			
Depreciation	12	2,407	1,920
Interest income	6	(138,319)	(135,895)
Loss on disposal of property, plant and equipment	8	-	219
		<u>(19,954)</u>	<u>140,264</u>
Changes in operating assets and liabilities			
Trade and other receivables		161,893	(81,843)
Trade and other payables		<u>145,716</u>	<u>(36,661)</u>
Net cash provided by operating activities		<u>287,655</u>	<u>21,760</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	12	(3,490)	(1,681)
Interest received		153,837	146,674
Long term receivables, net		<u>(23,381)</u>	<u>(8,771)</u>
Net cash provided by investing activities		<u>126,966</u>	<u>136,222</u>
<b>Cash Flows from Financing Activity</b>			
Appropriation to the Consolidated Fund		<u>(113,701)</u>	-
Net cash used in investing activities		<u>(113,701)</u>	-
Increase in cash and cash equivalents		300,920	157,982
Cash and cash equivalents at beginning of year		<u>1,986,487</u>	<u>1,828,505</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	15	<u><u>2,287,407</u></u>	<u><u>1,986,487</u></u>

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 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.

#### **Standards, interpretations and amendments to existing standards effective in current year**

**Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)**, (effective for annual periods beginning on or after 1 January 2014). The amendments to IAS 36 require disclosure of the recoverable amount of an individual asset (including goodwill) or a cash-generating unit and additional information about the fair value less costs of disposal for which an impairment loss has been recognised or reversed during the reporting period. The requirement to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite life intangible assets allocated to that unit is significant when compared to the total carrying amount of goodwill or indefinite life intangible assets has been removed. The adoption of these amendments has not impacted the financial statements of the Fund this year.

#### **Standards, interpretations and amendments to published standards that are not yet effective**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Fund's accounting periods beginning on or after 1 April 2015, and which the Fund has not early adopted. The Fund has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### ***Standards, interpretations and amendments to published standards that are not yet effective (continued)***

**IFRS 9, 'Financial instruments'** addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. Key features are as follows:

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

Under IFRS 9, an instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

While adoption of IFRS 9 is mandatory from 1 January 2018, earlier adoption is permitted. The Fund is considering the implications of the standard, the impact on the Fund and the timing of its adoption.

**IFRS 15, "Revenue from contracts with customers"** deals with revenue recognition and establishes principles for reporting useful financial information to users of financial statements about the nature, amount, timing, uncertainty of revenue and cash flows arising from an entity's contract with customers. Revenue is recognised when a customer obtains control of a good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier adoption is permitted. The Fund is considering the implications of the standard, the impact on the Fund and the timing of its adoption.

**Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets'** - Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Fund does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### ***Standards, interpretations and amendments to published standards that are not yet effective (continued)***

**Annual Improvements 2014**, (effective for annual periods beginning on or after 1 January 2016). The improvements consist of changes to a number of standards, the following of which may be relevant to the Fund's operations. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The Fund is currently assessing the impact of future adoption of the amendments on its financial statements.

There are no other new or amended standards and interpretations that are issued but not yet effective that are expected to have a significant impact on the accounting policies or financial disclosures of 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.

### (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.

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

## 2. Summary of Significant Accounting Policies (Continued)

### (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. 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.

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (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 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). Credit risk, liquidity risk and 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 2015

(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 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 2015

(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:

	2015 \$'000	2014 \$'000
Long term receivables	188,277	166,775
Trade and other receivables	870,082	1,032,359
Short term deposits	2,010,391	1,978,801
Cash and bank	284,530	28,839
	<u>3,353,280</u>	<u>3,206,774</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:

	2015 \$'000	2014 \$'000
Government of Jamaica Securities	1,802,391	1,978,801
Call deposit	208,000	-
	<u>2,010,391</u>	<u>1,978,801</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:

	2015 \$'000	2014 \$'000
Receivables – airlines	835,804	1,001,125
– cruise ships	19,339	24,883
Less: Provision for bad debts	(193)	(124)
	<u>854,950</u>	<u>1,025,884</u>

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2015

(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 2015, trade receivables of \$846,373,000 (2014 – \$1,022,989,000) 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:

<b>Airline passengers</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
0 – 30 days	802,670	703,457
31 – 60 days	2,432	293,960
61 – 90 days	21,932	1,137
	<u>827,034</u>	<u>998,554</u>
<b>Cruise ship passengers</b>		
0 – 30 days	18,033	22,756
31 – 60 days	1,306	1,679
61 – 90 days	-	-
	<u>19,339</u>	<u>24,435</u>
	<u>846,373</u>	<u>1,022,989</u>

##### **Ageing analysis of trade receivables that are past due and impaired**

As of 31 March 2015, trade receivables of approximately \$8,770,000 (2014 – \$3,019,000) were impaired. The amount of the provision was approximately \$193,000 (2014 – \$124,000) relating to airline passengers. There were no trade receivables that are past due and impaired relating to cruise ship passengers. The ageing of these receivables was as follows:

<b>Airline passengers</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Over 90 days	<u>8,770</u>	<u>3,019</u>

## Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(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:

	2015 \$'000	2014 \$'000
At 1 April	124	140,354
Write-off	-	(140,230)
Provision for impairment of receivables	<u>69</u>	<u>-</u>
At 31 March	<u><u>193</u></u>	<u><u>124</u></u>

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 2015

(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:

	<b>Within 1 Month \$'000</b>	<b>1 to 3 Months \$'000</b>	<b>3 to 12 Months \$'000</b>	<b>Total \$'000</b>
<b>Financial liabilities</b>				
Payables -				
31 March 2015	13,490	33,048	155,514	202,052
31 March 2014	36,231	2,901	17,204	56,336

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 of 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 of 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 2015

(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
<b>2015</b>			
<b>Financial Assets</b>			
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
<b>Total financial assets</b>	<b>1,249,160</b>	<b>2,104,773</b>	<b>3,353,933</b>
<b>Financial Liabilities</b>			
Payables	192,784	9,268	202,052
<b>Total financial liabilities</b>	<b>192,784</b>	<b>9,268</b>	<b>202,052</b>
<b>Net financial position</b>	<b>1,056,376</b>	<b>2,095,505</b>	<b>3,151,881</b>
<b>2014</b>			
<b>Financial Assets</b>			
Long term receivables	166,775	-	166,775
Trade and other receivables	6,479	1,025,884	1,032,363
Short term deposits	617,206	1,361,595	1,978,801
Cash and bank	24,327	4,512	28,839
<b>Total financial assets</b>	<b>814,787</b>	<b>2,391,991</b>	<b>3,206,778</b>
<b>Financial Liabilities</b>			
Payables	56,336	-	56,336
<b>Total financial liabilities</b>	<b>56,336</b>	<b>-</b>	<b>56,336</b>
<b>Net financial position</b>	<b>758,451</b>	<b>2,391,991</b>	<b>3,150,442</b>

## Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(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 change in currency rate below 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 10% devaluation and 1% revaluation respectively (2014 - 1% revaluation/10% devaluation) change in foreign currency rates. The sensitivity of the surplus was a change of \$210,477,300 in respect of a devaluation and \$21,047,730 in respect of a revaluation (2014 - \$23,919,000/10%, \$23,919,000/1%) as a result of foreign exchange gains on translation of US dollar denominated receivables, cash and short term deposits. 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 of 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	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
<b>2015</b>							
<b>Financial Assets</b>							
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
<b>Total financial assets</b>	<b>904,060</b>	<b>896,937</b>	<b>506,244</b>	<b>180,141</b>	<b>37</b>	<b>866,514</b>	<b>3,353,933</b>
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	202,052	202,052
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,052</b>	<b>202,052</b>
<b>Total interest repricing gap</b>	<b>904,060</b>	<b>896,937</b>	<b>506,244</b>	<b>180,141</b>	<b>37</b>	<b>664,462</b>	<b>3,151,881</b>



## Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(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
<b>2014</b>							
<b>Assets</b>							
Long term receivables	3,772	-	2,322	160,368	-	313	166,775
Trade and other receivables	-	-	-	-	-	1,032,628	1,032,628
Short term deposits	893,011	941,091	144,699	-	-	-	1,978,801
Cash and bank	28,799	-	-	-	-	40	28,839
<b>Total financial assets</b>	<b>925,582</b>	<b>941,091</b>	<b>147,021</b>	<b>160,368</b>	<b>-</b>	<b>1,032,981</b>	<b>3,207,043</b>
<b>Liabilities</b>							
Payables	-	-	-	-	-	56,336	56,336
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,336</b>	<b>56,336</b>
<b>Total interest repricing gap</b>	<b>925,582</b>	<b>941,091</b>	<b>147,021</b>	<b>160,368</b>	<b>-</b>	<b>976,645</b>	<b>3,150,707</b>

### 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 2015

(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

	2015 \$'000	2014 \$'000
Foreign exchange gain	116,643	223,503
Interest income	138,319	135,895
Other	3,381	-
	<u>258,343</u>	<u>359,398</u>

### 7. Tourism Enhancement Projects

	2015 \$'000	2014 \$'000
Falmouth	51,772	475,901
JAMVAC airlift support	199,852	231,494
JTB overseas marketing	2,173,932	1,948,878
Kingston and St. Andrew	505,752	168,743
Montego Bay	255,021	109,465
National projects	1,247,955	1,089,403
Negril	175,028	21,092
Ocho Rios	77,252	65,913
Portland	1,505	16,626
South coast	43,127	51,994
	<u>4,731,196</u>	<u>4,179,509</u>

## Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 8. Operating Expenses

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Auditors' remuneration	1,500	1,365
Board expenses	3,731	883
Collections	156,794	136,339
Depreciation	2,407	1,920
Directors' fees	843	994
General Consumption Tax	3,979	138
Information technology	3,995	3,779
Loss on disposal of property, plant and equipment	-	219
Marketing	5,842	3,846
Other management fees	3,500	2,725
Professional fees	3,048	625
Project management fees	62,472	48,503
Property expenses	15,176	11,404
Provision for bad debts - airlines	69	-
- other	-	12,448
Staff costs (Note 9)	95,796	93,291
Other	11,369	10,015
	<u>370,521</u>	<u>328,494</u>

### 9. Staff Costs

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	65,742	62,829
Statutory deductions	5,348	5,621
Other	24,706	24,841
	<u>95,796</u>	<u>93,291</u>

## Tourism Enhancement Fund

### Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

#### 10. Operating Lease Commitments

The Fund leases various office spaces under non-cancellable operating leases agreements. 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:

	2015 \$'000	2014 \$'000
Not later than 1 year	13,282	9,283
Later than 1 year and not later than 5 years	27,398	37,130
	<u>40,680</u>	<u>46,413</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 \$'000	Computer & Equipment \$'000	Office Equipment \$'000	Motor Vehicle \$'000	Total \$'000
At Cost -					
At 1 April 2013	2,537	2,125	1,121	6,204	11,987
Additions	279	1,288	114	-	1,681
Disposals	(57)	(365)	(466)	-	(888)
At 31 March 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
Depreciation -					
At 1 April 2013	1,183	1,678	503	1,877	5,241
Charge for the year	291	301	87	1,241	1,920
Relieved on disposal	(40)	(363)	(266)	-	(669)
At 31 March 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
Net Book Value -					
31 March 2015	1,498	1,074	2,954	1,845	7,371
31 March 2014	1,325	1,432	445	3,086	6,288

## Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Long Term Receivables

- (a) Under an agreement dated 7 December 2007, as amended, with the JN 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 2015 was \$257,745,000 (2014 - \$260,000,000) and provision for impairment was \$91,361,000 (2014 - \$96,997,000).

- (b) Under an agreement dated 19 June 2014, with the Jamaica National Building Society Small Business Loans Limited (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 2015 was \$20,000,000. There is no provision for impairment against these loans.

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Long term receivables	277,745	260,000
Less: Provision for impairment	<u>(91,361)</u>	<u>(96,997)</u>
	186,384	163,003
Interest receivable	<u>1,893</u>	<u>3,772</u>
	<u><u>188,277</u></u>	<u><u>166,775</u></u>

## Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 14. Trade and Other Receivables

	2015 \$'000	2014 \$'000
Trade receivables – airlines	835,804	1,001,125
– cruise ships	19,339	24,883
Less: Provision for bad debts – airlines	<u>(193)</u>	<u>(124)</u>
	854,950	1,025,884
Other receivables	15,132	6,475
Taxation recoverable	78	4
Prepayments	<u>575</u>	<u>265</u>
	<u>870,735</u>	<u>1,032,628</u>

### 15. Cash and Cash Equivalents

	2015 \$'000	2014 \$'000
Cash at bank and in hand	284,530	28,839
Short-term deposits	2,002,877	1,957,648
Interest receivable	<u>7,514</u>	<u>21,153</u>
	<u>2,294,921</u>	<u>2,007,640</u>

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

	2015 %	2014 %
Jamaican dollar deposits	6.5	10.0
United States dollar deposits	<u>2.6</u>	<u>3.8</u>

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

	2015 \$'000	2014 \$'000
Cash at bank and in hand	284,530	28,839
Short-term deposits	<u>2,002,877</u>	<u>1,957,648</u>
	<u>2,287,407</u>	<u>1,986,487</u>

## Tourism Enhancement Fund

### Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

#### 16. Trade and Other Payables

	2015 \$'000	2014 \$'000
Accounts payable and accrued charges	154,568	16,446
Due to Tourism Product Development Company Limited	39,151	30,786
Gratuities	8,333	9,104
	<u>202,052</u>	<u>56,336</u>

#### 17. Related Party Transactions and Balances

During the year, funding for projects amounting to approximately \$4.56 billion (2014 – \$4.10 billion) was provided to other government institutions/bodies:

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

	2015 \$'000	2014 \$'000
Due from related party -		
Tourism Product Development Company Limited	<u>133</u>	<u>-</u>
Due to related party -		
Tourism Product Development Company Limited	<u>39,151</u>	<u>30,786</u>

(b) Key management compensation:

	2015 \$'000	2014 \$'000
Salaries and other short term benefits		
Salaries	16,703	19,917
Gratuities	3,212	4,977
Other short-term benefits	<u>2,927</u>	<u>4,512</u>
	<u>22,842</u>	<u>29,406</u>
Directors' emoluments –		
Fees	<u>843</u>	<u>994</u>



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