

Tourism *fiji*

Annual Report 2014



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25 July 2019

Hon. Premila Kumar
Minister for Industry, Trade & Tourism,
Local Govt, Housing & Community Development
Level 3, Civic Towers
Victoria Parade
SUVA

Dear Honourable Minister,

RE: TOURISM FIJI ANNUAL REPORTS FOR 2014

On behalf of the Tourism Fiji board of Directors, I am pleased to present the Company's Annual Report for 2014 and as required under Section 58 of the Public Enterprise Act, 2019.

The Report incorporates the organisation's operational achievement and audited accounts for the year ending December 2014.

The Board of Directors, Management and staff would like to express their sincere appreciation to you and the Government for its on-going support and look forward to continuing this in 2020 and beyond.

Yours sincerely,



Andre Viljoen
CHAIRMAN



ABOUT TOURISM FIJI

Who are we?

Located in the heart of the South Pacific, Fiji is blessed with 333 tropical islands and is a popular tourism destination for visitors from around the world.

Tourism Fiji is a statutory body fully funded by the Fiji Government and is the destination marketing arm of the Fijian Government. Tourism Fiji is governed by the Tourism Fiji Act 2009 which specifies its role as: "Tourism Fiji is to ensure that the Fiji Islands is promoted and marketed as a tourist destination for the purpose of maximizing sustainable and long-term benefits to the Fiji Islands"

The tourism industry has contributed significantly to Fiji's economy and is the country's largest foreign exchange earner. The industry provides employment directly and indirectly to many Fijian people and is the fastest growing industry in terms of employment.

In 2014, Fiji welcomed a record 692,350 international visitors. Tourism earnings was valued at \$1.5bn by the Fiji Bureau of Statistics.

The importance of tourism to the Fiji economy drives Tourism Fiji to continue to deliver world-class marketing and promotional activities to attract more visitors to our shores.

Our Markets and Offices

Tourism Fiji has a global team that undertake marketing and promotional activities to attract international visitors to Fiji. Our offices are located in:

- Australia
- New Zealand
- North America (USA & Canada)
- South Korea

We have Market Representatives in:

- United Kingdom
- Europe
- China
- India

SUMMARY OF TOURISM FIJI'S PERFORMANCE 2014

The launch of the “Fiji – where happiness find you” brand in 2013 was well received by industry partners so the key focus for 2014 was to deliver a strong program of marketing activities to build on the brand proposition.

The organization set up four strategic pillars of focus for the year:

Pillar 1: Develop the ‘Fiji – where happiness finds you’ brand substance and delivery

- Overarching Brand Proposition
- Brand Activity
- Develop Niche Proposition
- Media/ PR effectiveness
- Further Develop the ‘Fiji – where happiness finds you’ brand positioning

Pillar 2: Enhance business capability

- Research
- Industry Communication
- Team Development
- Enhance business capability

Pillar 3: Grow industry focus through engagement/training

- MATAI Programme
- Fijian Tourism Expo (FTE)
- Trade Famils (educational)
- Grow industry focus through engagement/training

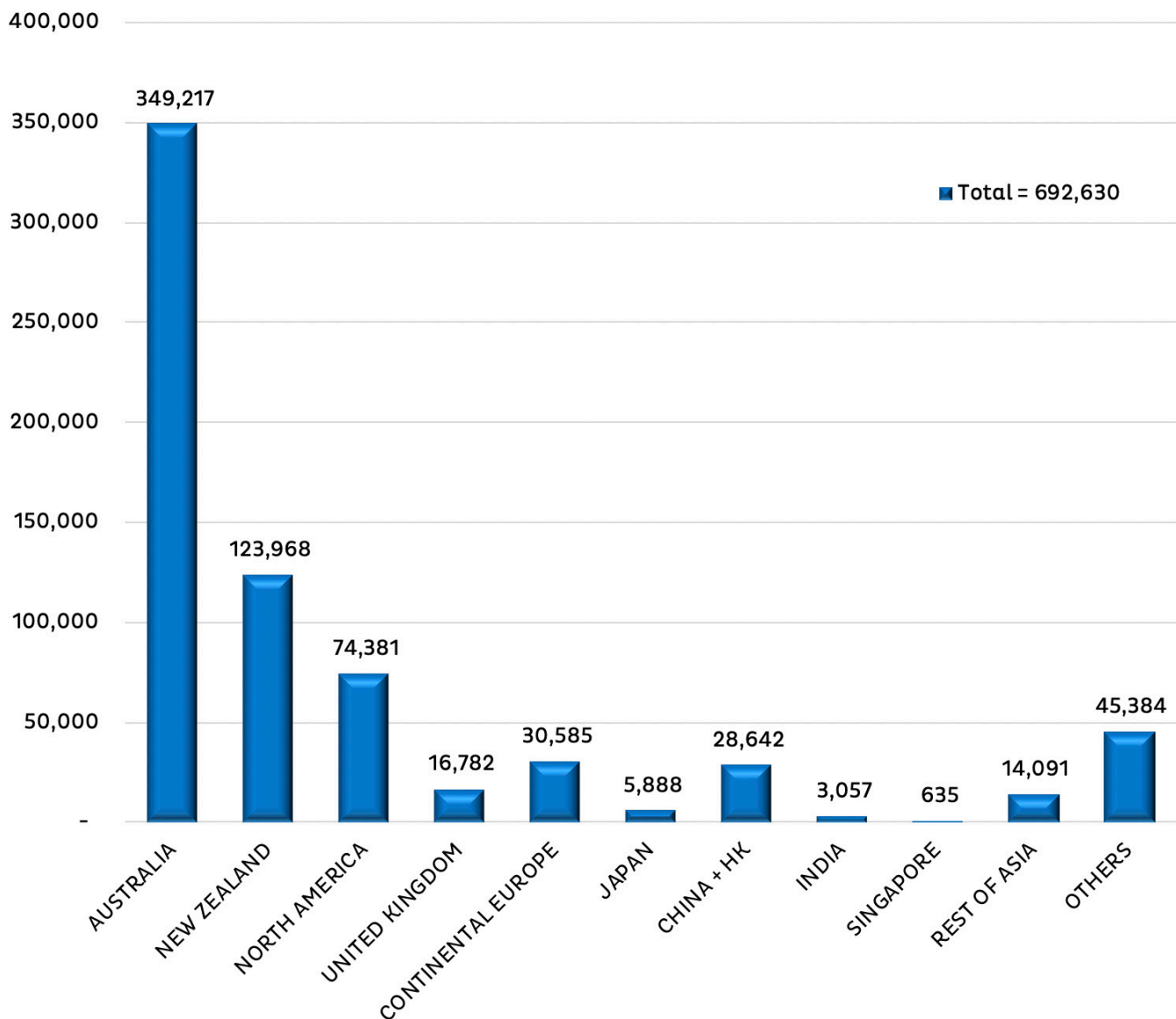
Pillar 4: Develop online capability and delivery

- New website
- Develop online capability and delivery

From a marketing perspective, key objectives were set around increasing the length of visitor stays, increasing visitors spend and increasing geographical distribution of visitors.

In May, Tourism Fiji also launched the first Fijian Tourism Expo (FTE). The Expo focused on showcasing the Fijian tourism industry by bringing international buyers and trade media to Fiji to directly engage with Fiji's tourism industry partners.

2014 VISITOR ARRIVALS IN NUMBERS



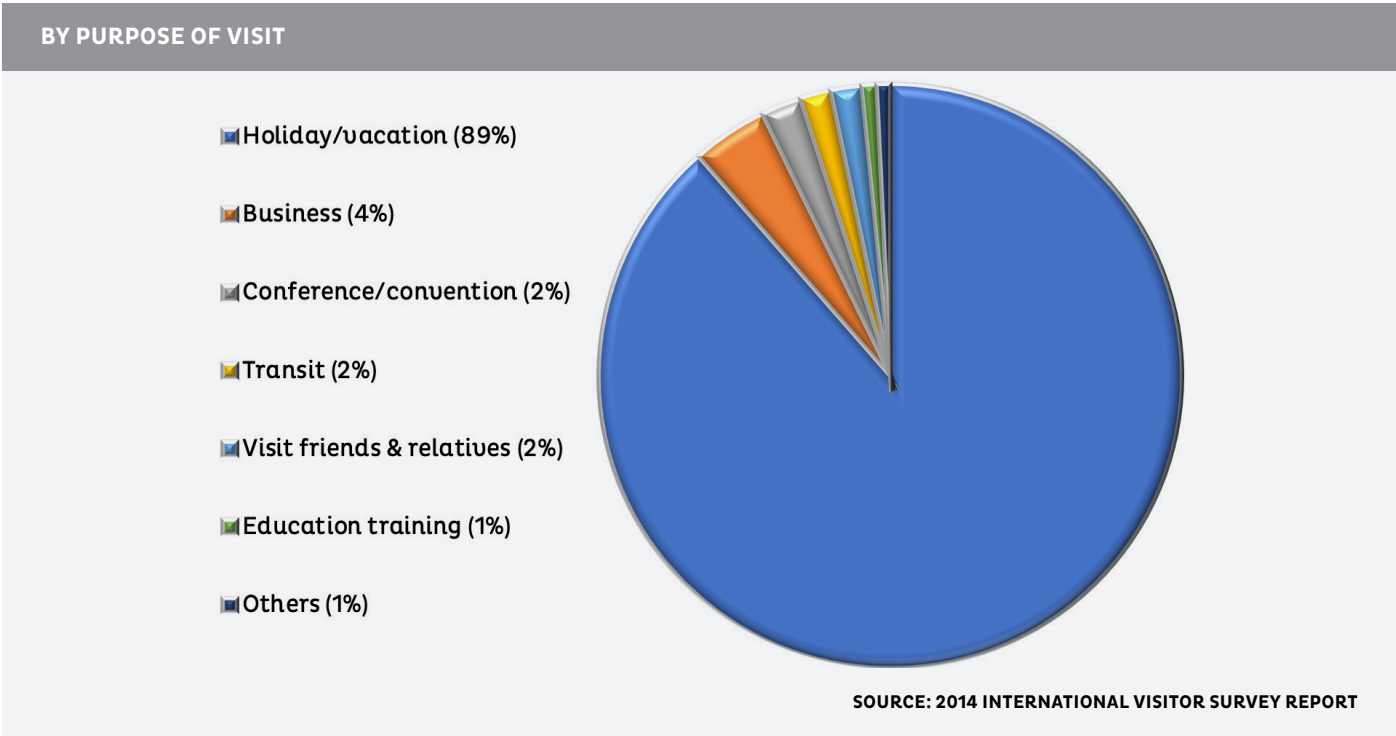
In 2014 visitor arrivals increased by 5% to reach a new record of 692,630 visitors arrivals. Visitor earnings also increased by 14% to reach \$1.5bn in 2014.

Australia contributed 50% of total arrivals, followed by New Zealand (18%), North America (11%), Continental Europe (4%), China + Hong Kong (4%), United Kingdom (2%), Rest of Asia (2%), Japan (1%), India & Singapore (0.5%) and all other countries at 7%.

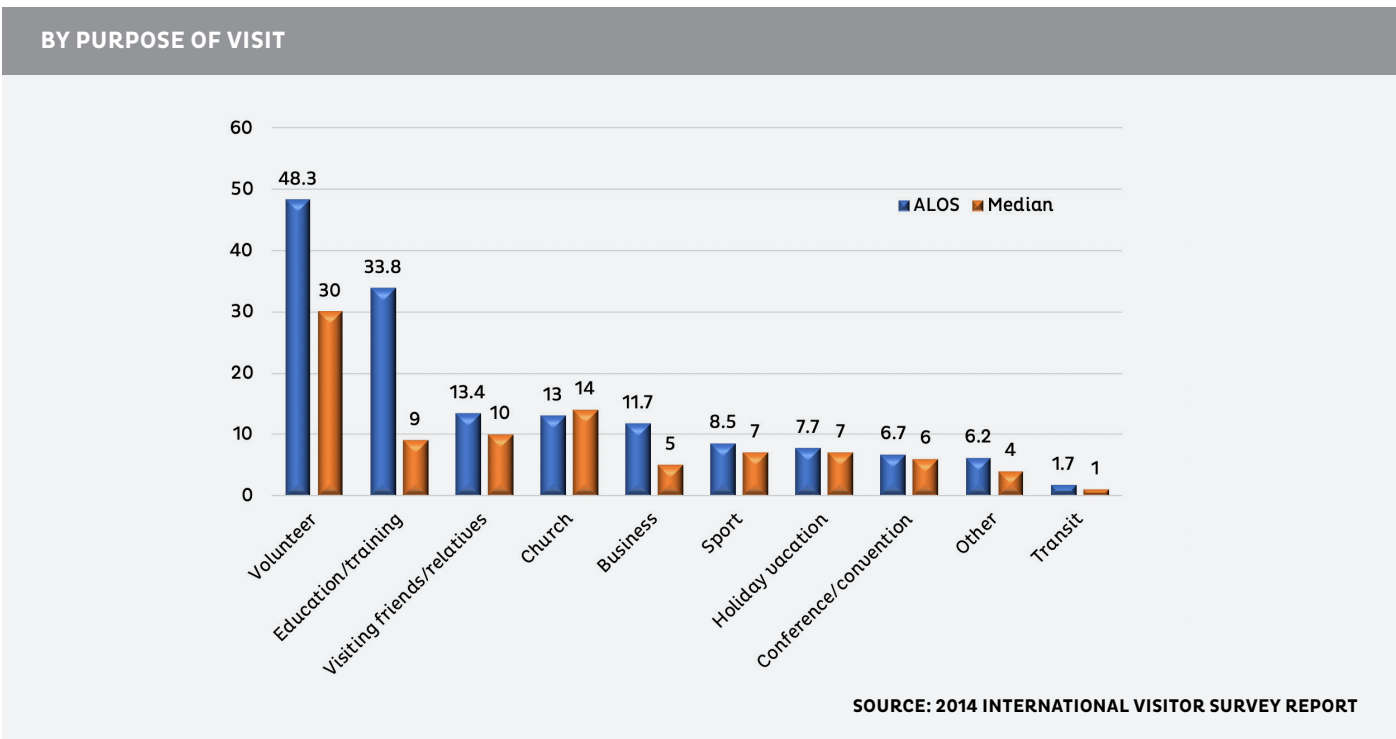
In terms of growth by volume, New Zealand contributed the most at 15,590 additional visitors followed by Australia (9,654), North America (6,813), China + Hong Kong (3,889) and United Kingdom, Continental Europe, India and Singapore contributing a combined 1,896. Markets that declined were Japan (1,442), Singapore (156) and all other countries (2,480).

2014 KEY VISITOR STATISTICS

In 2014 Tourism Fiji saw an increase in the percentage of visitors to Fiji coming for a holiday to 89%. Business travel was undertaken by 4% of visitors with the remaining visitors arriving for a number of different reasons.



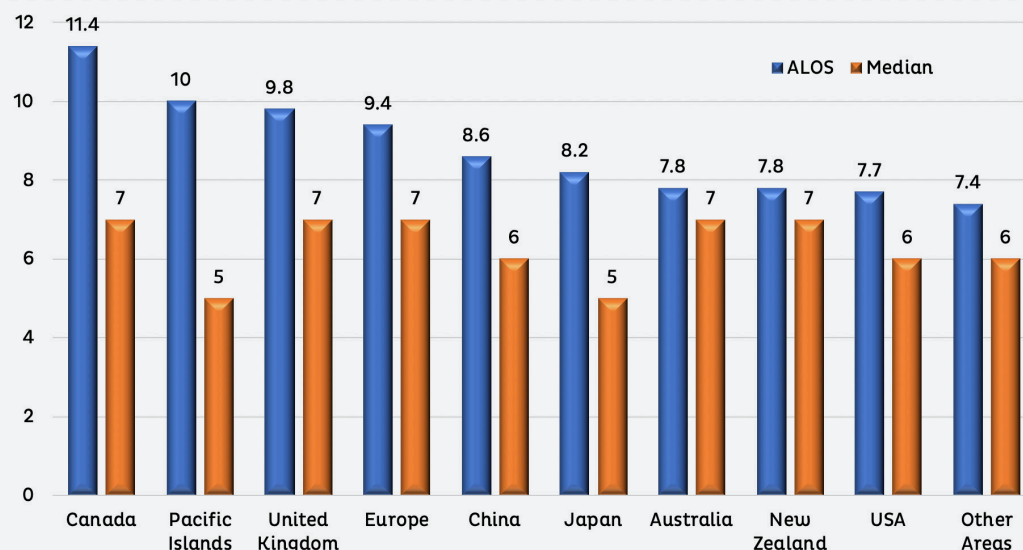
The average length of stay varied depending on purpose of visit, however, holidaymakers stayed for an average of 7 days which was consistent with the previous year



2014 KEY VISITOR STATISTICS

Length of stay varies by country with visitors from longer haul marketing tending to stay longer than their Australian and New Zealand counterparts, with the exception of the USA market who favour shorter than average stays

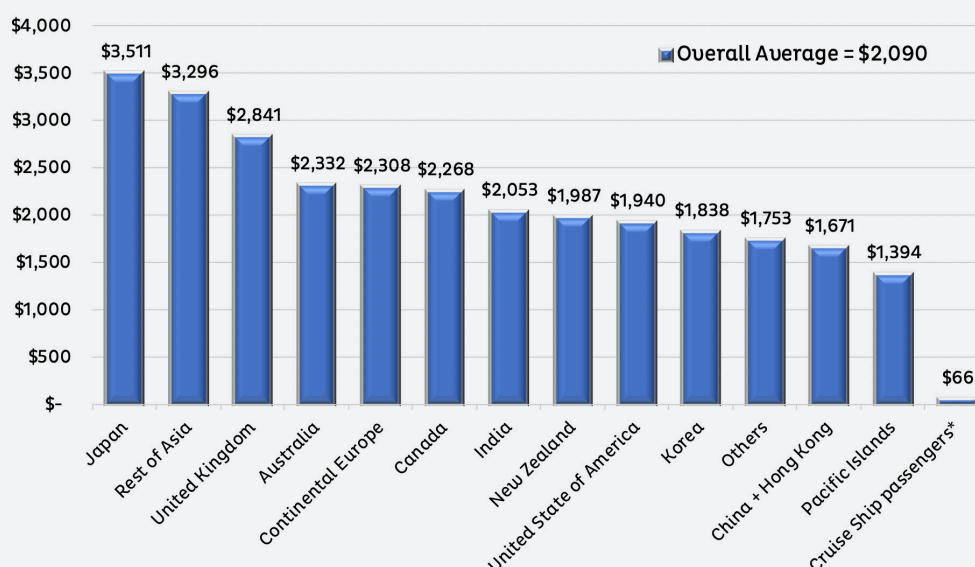
BY COUNTRY



SOURCE: 2014 INTERNATIONAL VISITOR SURVEY REPORT

Average spend grew in 2014 in most markets, except New Zealand. Overall average spend grew by 8% in 2014.

2014 AVERAGE SPEND BY COUNTRY



SOURCE: 2014 FIJI BUREAU OF STATISTICS VISITOR EARNINGS

ACTIVITIES UNDERTAKEN IN 2014

Fijian Tourism Expo

The inaugural Fijian Tourism Expo was successfully launched in 2014. The event was sold out with the attendance of:

- o 265 exhibitors
- o 145 buyers,
- o 49 trade services delegates,
- o 13 Media

Registrations opened in October 2013 and Tourism Fiji exceeded their targeted 100 exhibitor booths with a confirmed 111 booths and 265 sellers registered. One of the key highlights for visitors was the Ministry of Trade sponsored Fijian Made exhibition which showcased local products

Of the 36 hosted buyers, 6 were from Australia, 1 from HK/China, 11 from UK/EU, 5 from Korea, 7 from NZ and 6 from USA.

In conjunction with FTE, Tourism Fiji also ran a consumer campaign to win the Ultimate Wedding Package. The Pinterest “Win a Wedding” campaign for FTE performed well. 544 entries were received, with the reach of the campaign across Facebook and Pinterest totalling 1.4m people. Entries and posts on Facebook generated almost 25,000 ‘Likes’.



Niche Markets

Initial niche propositions were workshopped by the leadership team in December with a key focus on Weddings, Adventure, Golf and Diving. This work helped to shape PR and famil plans for the course of the year.

Strong PR results were achieved, with significant exposure in New Zealand via Weddings Magazine, The Cut (golf magazine) and Canvas (New Zealand Herald weekend supplement) being highlights.

The media famil programme focussed on showcasing many of Fiji's niche experiences through working with partners. In early February, a media famil in conjunction with the PGA International was held which included golf media representatives from Australia, New Zealand, USA and China.

In the US, the focus on Niche extended to attendance at a number of consumer shows, including the Adventure Show in Chicago and Santa Clara and also the Seattle Wedding Show.

Matai Programme

In November 2014, Tourism Fiji launched its new online travel agent specialist training programme. The new Fiji Matai Specialist Programme and website is the destination training programme for tourism partners selling Fiji.

“Matai” in Fijian means to be knowledgeable or an expert in something and the new programme was expected to enable Matai Agents and Matai Specialists to truly become ‘Happiness Specialists’ by joining the innovative programme.

The new site launched with improved navigation and included extensive educational content on Fiji. The intent is that members would also receive exclusive incentives, monthly e-newsletters featuring updates on Fiji and its tourism industry, eligibility for exciting familiarisation trips, online training updates and the chance to receive excellent programme rewards. As well as a new online home, the programme also unveiled a new logo.



ACTIVITIES UNDERTAKEN IN 2014

Brand Advertising

Tourism Fiji undertakes brand advertising within all our international markets to ensure that Fiji remains top-of-mind as a holiday destination and is perceived as a highly desirable and aspirational destination.

In 2014 Tourism Fiji undertook significant brand advertising, some highlights of which included:

- Brand Advertising on TV, press and online in the Australian and New Zealand markets in January 2014
- Brand Advertising through magazine and online in the USA marketing in January 2014

Social Media and Digital Marketing

Tourism Fiji markets itself heavily across digital channels such as its website and social media platforms. These are critical platforms not only for promoting the destination, but also for sharing valuable content with potential visitors to influence their decision to visit Fiji.

In 2014 Tourism Fiji continued to improve their website and also launched a number of social media campaigns, some highlights of which included:

- The “Pin your Wedding” campaign through Pinterest and Facebook

Trade Engagement

Tourism Fiji works closely with our trade partners to ensure they have the understanding, resources and distribution in place to effectively market and promote Fiji to potential visitors through their own activities. Through workshops, forums, meetings and presentations Tourism Fiji ensures that our trade partners are well-informed and equipped to promote Fiji to their clients.

In 2014 Tourism Fiji ran a number of workshops and training, some highlights of which included:

- Honeymoon incentive program with Hanatour in South Korea

Trade Partnerships

Through trade partnerships Tourism Fiji amplifies its activities via co-operative campaigns and joint ventures. These are undertaken in conjunction with airlines, retailers, wholesale partners and contributing industry.

In 2014 Tourism Fiji ran a number of trade co-operative campaigns, some highlights of which included:

- Tourism Fiji & Flight Centre joint campaign in February.
- HOOT tactical campaign to launch the new HOOT brand.

Trade Famils

Fiji provides a remarkable visitor experience that has to be seen to be believed. By providing our trade partners with an opportunity to experience the destination they are then able to use this knowledge and understanding of the destination to better sell holidays to Fiji.

In 2014, Tourism Fiji hosted a number of Trade Famils, some highlights of which were:

- PGA famil in February 2014
- Luxury/Honeymoon famil from South Korea in March 2014

Consumer Shows

Tourism Fiji attends travel and consumer shows to interact directly with consumers and travel partners to showcase the products and experiences available within the destination.

In 2014, Tourism Fiji attended several travel shows, some highlights of which were:

- ITB: The World's biggest trade/consumer travel fair
- Attendance at Flight Centre Expo in New Zealand

CORPORATE GOVERNANCE

Board of Directors and Executive Management - 2014

2014 Tourism Fiji Board of Directors	
Chairman	Stephan Pichler
Acting Deputy Chair	Elizabeth Powell (Term expired on 28 July 2014)
Director	Faiyaz Koya (Term expired on 8 August 2014)
Deputy Chair	Geoff Shaw
Director	Shaheen Ali
Director	Shane Cunning
Director	Lawrence Tikaram
Director	Josephine Smith-Moffat
2014 Tourism Fiji Executive Management	
Acting Chief Executive Officer	Kenneth Freer
Acting Director Global Marketing	Michelle Sinnott
Events Director	Sally Cooper
Global PR Manager	Patricia Mallam
Chief Financial Controller	Vimlesh Magan
Operations Manager	Thomas Valentine
Regional Director Australia	Carlah Walton
Regional Director New Zealand	Wayne Deed
Regional Director North America	Ruth Daly
Regional Director Korea	Daisy Park
Regional Representative - UK/Ireland	Jane West (Ceased as Rep Office)
Regional Director UK & Europe	Jane West (Change of role on 13 October 2014)
Regional Representative - India	Pranav Kapadia

OFFICE OF THE AUDITOR GENERAL



6-8th Floor, Ratu Sukuna House
2-10 McArthur St
P.O. Box 2214, Government Buildings
Suva, Fiji



Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: www.oag.gov.fj

File:1254

23 April 2019

Mr. Andre Viljeon
Board Chairman
Tourism Fiji
PO Box 9217

NADI

Dear Mr. Viljeon

AUDITED FINANCIAL STATEMENTS

TOURISM FIJI

FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2014

Audited financial statements for the Tourism Fiji for the year ended 31 December 2014 together with my audit report on them are enclosed.

Particulars of the errors and omissions arising from the audit have been forwarded to the Management for necessary actions.

Yours sincerely

Ajay Nand

AUDITOR GENERAL

cc: Mr. Matthew Stoeckel - Chief Executive Officer

Encl.

TOURISM FIJI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

TOURISM FIJI FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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TOURISM FIJI

DIRECTORS' REPORT

31 DECEMBER 2014

The Board of Directors present their report together with the financial statements of Tourism Fiji ("the entity") for the year ended 31 December 2014 and the auditors' report thereon.

Directors

The following were directors of the entity during the year and up to the date of this report:

Mr. Stefan Pichler	Chairman
Mr. Shane Cunning	Director
Mr. Lawrence Tikaram	Director
Ms. Elizabeth Powell	Acting Chairperson
Ms. Josephine Smith	Director
Ms. Jay Shree Raniga	Secretary
Mr. Faiyaz Koya	Director
Ms. Lisa Bolalevu / Ioane Naivalurua	Acting Secretary

State of Affairs

In the opinion of the Directors, the accompanying statement of the financial position gives a true and fair view of the state of affairs of the entity as at 31 December 2014 and the accompanying statement of comprehensive income, statement of changes in accumulated funds and the statement of cash flow gives a true and fair view of the results and cash flows of the entity for the year then ended.

Principal Activities

The principal activities of the entity during the financial year was developing marketing and sales objectives to stimulate increased visits to Fiji by people of other countries, coordinate overseas promotional activities and to ensure Fiji's marketing operations are innovative, effective and efficient to maximize available growth. There has been no change in the nature of these activities during the year.

Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the entity, the results of those operations or the state of affairs of the entity in the subsequent financial years.

Signed in accordance with a resolution of the directors

Dated at Nadi this 14th day of March 2019


Board of Director


Chief Financial Controller

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8th Floor, Ratu Sukuna House
2-10 McArthur St
P.O. Box 2214, Government Buildings
Suva, Fiji



Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: www.oag.gov.fj

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Tourism Fiji which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information as set out on notes 1 to 24.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Tourism Fiji as at 31 December 2014, and of its financial performance, its cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of Opinion

I conducted my audit in accordance with International Standards on Auditing ("ISAs"). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Tourism Fiji in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management and Directors for the Financial Statements

The directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as the directors and management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors and management are responsible for overseeing the Tourism Fiji's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Tourism Fiji's internal control.

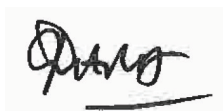
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management 's and directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Tourism Fiji' s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Tourism Fiji to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Fiji Visitors Bureau Act, 1985 and other statutory requirements, in my opinion:

- a) proper books of account have been kept by Tourism Fiji, so far as it appears from my examination of those books,
- b) the accompanying financial statements:
 - (i) are in agreement with the books of account; and
 - (ii) to the best of my information and according to the explanations given to me, give the information required. by the Fiji Visitor's Bureau Act, 1985 in the manner so required.



Ajay Nand
AUDITOR GENERAL



Suva
23 April, 2019

TOURISM FIJI
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2013 \$	2012 \$
Government grant		23,043,481	23,043,478
Co-operative promotion and advertising		1,760,707	1,731,122
Other operating income	5	65,818	56,739
		24,870,006	24,831,339
Employee salaries and benefits	6	(2,987,594)	(2,205,811)
Operating and administrative expenses	7(ii)	(1,647,067)	(1,461,573)
Selling and marketing expenses	7(i)	(25,648,334)	(18,260,814)
Depreciation expense	7(iii)	(148,734)	(114,936)
Surplus from operations		(5,561,722)	2,788,205
Finance income	8	15,693	16,532
Surplus for the year		(5,546,029)	2,804,737
Other comprehensive income			
Realised exchange (loss)/gain		52,699	(90,693)
Unrealised exchange loss		(89,730)	(67,554)
Total comprehensive income for the year		(5,583,061)	2,646,490

The accompanying notes form an integral part of the statement of comprehensive income.

TOURISM FIJI
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2013 \$	2012 \$
Accumulated Funds			
Balance at 1 January		9,600,608	6,954,116
Profit for the year		(5,583,061)	2,646,490
Balance at 31 December		4,017,547	9,600,606

The accompanying notes form an integral part of the statement of changes in accumulated funds.

TOURISM FIJI
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	2013 \$	2012 \$
Non-Current Assets			
Property, plant and equipment	9	475,443	453,147
Term Deposit	11	20,000	20,000
Refundable deposits	13	26,091	17,473
Total non-current assets		521,533	490,620
Current Assets			
Cash at bank and on hand	10	7,859,864	12,498,812
Prepaid expenses	12	635,312	99,031
Taxes refundable	14	547,298	188,236
Inventories	21	25,040	6,043
Other receivables and advances	15	389,886	211,603
Total current assets		9,457,401	13,003,725
Total Assets		9,978,934	494,345
Accumulated funds		4,017,547	9,600,606
Total Accumulated Funds		4,017,547	9,600,606
Current Liabilities			
Employee entitlements	16	237,810	247,183
Expenses accrued	17	3,944,568	2,817,242
Income in advance	18	39,927	95,426
VAT Payable	19	1,289,238	
Other payables and accruals	19	449,842	733,888
Total current liabilities		5,961,385	3,893,739
Total Liabilities		5,961,385	3,893,739
Total Accumulated Funds and Liabilities		9,978,932	13,494,345

The accompanying notes form an integral part of the statement of financial position.

For and on behalf of the Board and in accordance with the resolution of the directors.

.....
Board of Director

.....
Chief Financial Controller

TOURISM FIJI
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts from Government and related stakeholders		24,627,606	24,957,433
Cash payment to employees & other parties		(29,074,190)	(20,420,497)
Cash generated from operations		(4,446,582)	4,536,936
Interest received		15,693	16,532
Cash flows from operating activities		(4,430,890)	4,553,468
Cash flows from operating activities			
Acquisition of property, plant and equipment		(171,029)	(279,001)
Proceeds from sale of property, plant and equipment			28,500
Cash flows from operating activities		(171,029)	(250,501)
Effect of exchange rate changes on cash and cash equivalents		(37,032)	(158,961)
Net increase in cash		(4,638,948)	4,144,006
Cash and cash equivalents at 1 January		12,498,812	8,354,806
Cash and cash equivalents at 31 December	10	7,859,864	12,498,812

The accompanying notes form an integral part of the consolidated statement of cash flows.

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. Reporting entity

Tourism Fiji (the 'entity') is a statutory body fully funded by the Fiji government and is the marketing arm of the Ministry of Tourism. The entity has regional offices abroad including Australia, New Zealand, United States of America and Korea. The address of the entity's principal place of business is Suite 107 Colonial Plaza, Namaka, Nadi.

The principal activities of the entity include marketing objectives to stimulate increased visits to Fiji by people of other countries, coordinate overseas promotional activities and to ensure Fiji's marketing operations are innovative, effective, and efficient to maximise available growth

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by

The financial statements were approved by the Board of Directors on 05/10/17

(b) Functional and presentation currency

The financial statements are presented in Fiji dollars, which is the entity's functional currency.

(c) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 3 (b)	-	Property, plant & equipment
Note 3 (c)	-	Financial instruments
Note 3 (d)	-	Impairment
Note 3 (e)	-	Employee benefits
Note 3 (f)	-	Other payables and provisions

3. Significant accounting policies

The principal accounting policies adopted by the entity are stated to assist in a general understanding of the financial statements.

(a) Foreign currency

Foreign currency transactions

At the end of the financial period, transactions in foreign currencies are translated to Fiji dollars using the average exchange rates for the year. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Fiji dollars at the exchange rate at that date. The foreign currency gain or loss on translation are recognised in the statement of financial performance.

(b) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. These are included in the statement of financial performance.

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2014

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the entity and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as incurred.

Depreciation

Depreciation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The Depreciation rates for the current and comparative periods are as follows:

Motor vehicles	25%
Office equipment	5-50%
Furniture and fittings	5-25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(c) Financial instruments

(i) Non derivative financial instruments

The entity initially recognises loans and receivables and deposits on the date that they originate.

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The entity has the following non-derivative financial assets: held-to-maturity financial assets, loans and receivables and cash and cash equivalents.

Held-to-maturity financial assets

If the entity has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to maturity investments as available-for-sale, and prevent the entity from classifying investment securities as held-to-maturity for the current and the following two financial periods.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost less any impairment losses.

Loans and receivables comprise trade and other receivables (refer below).

Trade and other receivables

Trade receivables and other assets are measured at initial recognition at fair value. Subsequently, appropriate allowances for estimated irrecoverable amounts are recognised in the statement of financial performance when there is objective evidence that the asset is impaired.

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2014

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand for the purpose of the statement of cash flows.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. The entity's financial liabilities include trade and other payables. All financial liabilities, except for derivatives, are recognised initially at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

(d) Impairment

(i) Financial assets

A financial asset not carried at fair value through statement of financial performance is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the entity on terms that the entity would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The entity considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the entity uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows. Losses are recognised in statement of financial performance and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of financial performance.

(ii) Non-financial assets

The carrying amounts of the entity's non-financial assets, inventories and property plant and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The entity's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2014

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

Superannuation

Contributions are paid to a superannuation fund on behalf of employees to secure retirement benefits. Costs are included in the statement of financial performance.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in the statement of financial performance as the related service is provided.

An accrual is recognised for the amount to be paid under short-term benefits if the entity has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

(f) Other payables and provisions

Other payables are non-interest-bearing and are stated at cost. A provision is recognised in the statement of financial position when the entity has legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

(g) Revenue

(i) Co-operative promotion and advertising

Revenue from co-operative promotion and advertising is recognised in the statement of financial performance on an accrual basis.

(ii) Grant income

An unconditional government grant is recognised in statement of financial performance as grant income when the grant is received.

(h) Finance income and expenses

Financing income and expenses comprises of interest income on term deposit, bank charges and foreign currency gains or losses.

(i) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain events not wholly within the control of the entity.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(j) Comparative information

Comparative information has been restated where necessary to align with current year presentation.

Events after balance day effects have been shown against the retained earnings. The relevant adjustments are shown in the Statement of Accumulated Funds as well as in the individual branches accounts.

(k) Inventories

Inventories comprise of promotional items and are stated at cost. Costs include invoice price plus associated costs. Costs are assigned to individual items of inventory mainly on weighted average basis.

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2014

4. Financial risk management

Overview

The entity's operations expose it to financial risks that include liquidity risk, interest rate risk, market risk and credit risk.

The entity has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk

This note presents information about the entity's exposure to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the entity's risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the entity's receivables from customers and investment securities.

Other receivables

The entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the entity's customer base, including the default risk of the industry and country in which customers operate has less of an influence on credit risk.

Customers that fail to meet the entity's benchmark creditworthiness may transact with the entity only on a prepayment basis. The entity does not require collateral in respect of other receivables.

The entity establishes an allowance for impairment that represents its estimate of losses in respect of other receivables, deposits and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

			2014 \$	2013 \$
Credit risk concentrations are presented below:				
Other receivables and advances			389,886	211,603
Investments - Term deposits			20,000	20,000

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations.

TOURISM FIJI
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$	2014 \$	2013 \$	2013 \$
	Less than 1 Year	Less than 1 Year	Less than 1 Year	Less than 1 Year
Financial assets				
Cash at bank and on hand	7,859,864		12,498,812	
Other receivables and deposits	389,886		211,603	
Refundable deposits		26,091		17,473
Investments - term deposits		20,000		20,000
	8,249,750	46,091	12,710,415	37,473
Financial liabilities				
Other payables and accruals	449,842		733,888	
Expenses accrued	3,944,568		2,817,242	
Employee entitlements	237,810		247,183	
	4,632,220		3,798,313	

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

5. Other operating (expense) income

	2014 \$	2013 \$
Other income	31,754	175,898
Commission	34,064	17,620
	65,818	56,739

6. Personnel expenses

	2014 \$	2013 \$
Salaries and wages - Non-Key Management Personnel	1,429,869	1,002,077
Key management compensation - short term benefits	1,312,406	1,121,615
Superannuation contributions	154,775	75,146
Training and Productivity Authority of Fiji	11,109	6,973
	2,908,159	2,205,811
The average number of employees during the year was:	31	29

TOURISM FIJI
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2014

			2013 \$	2013 \$
7. (i) Selling and marketing expenses				
Advertising & branding			16,795,150	12,185,492
Information distribution			255,268	149,227
Promotional materials			174,699	215,401
Promotions			5,824,785	2,960,200
Public relations			660,775	1,021,141
Research and other marketing expenses			159,592	61,355
Co-operative promotion & advertising			454,454	66,929
Market representation			391,563	484,104
Global retainers			932,049	1,116,965
			25,648,334	18,260,814
(ii) Operating and administrative expenses				
Assets disposals				8,813
Exchange loss			5,213	6,284
Audit fees				9,645
Bad Debts				
Bank charges			20,902	8,931
Board members remuneration and other related costs			82,722	44,190
Cleaning materials			15,749	11,106
Electricity			36,123	38,538
Office expenses			46,884	57,417
General insurance			43,245	38,348
Medical insurance			18,301	24,640
Travel insurance			52	69
Maintenance grounds and buildings			7,303	6,080
Maintenance/Leasing of office equipment			159,123	105,418
Motor vehicle running expenses			75,871	36,258
Freight and postage			53,614	12,205
Printing and stationery			27,004	27,178
Rent			342,501	370,777
Staff relocation			6,832	41,606
Staff training			17,494	17,274
Subscription and advertising			14,662	40,944
Telephone, facsimile and emails			110,673	72,152
Travelling - local			38,175	23,070
Travelling - overseas			219,113	192,423
Uniforms			4,000	
Legal expenses			11,769	25,023
Professional Fees			177,520	164,701
SLA IT Agreement costs			72,851	20,434
Contingency			7,593	35,515
Disaster Recovery Costs			8,800	8,400
Industry Liaison			2,604	2,625
Fringe Benefit Tax			20,378	11,509
			1,647,062	461,573

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2014

(iii) Depreciation Expense						
Depreciation expense					148,734	114,936
8. (i) Selling and marketing expenses						
Finance Income						
Interest Income					15,693	16,532
9. Property, plant and equipment						
2014	Motor Vehicles	Office Equipment	Furniture & Fitting	IT Hardware	Renovation	Total
Cost						
Balance at 1 January 2014	350,798	113,190	123,400	288,398	267,090	1,142,876
Effects of change in exchange rates	1,921	(2,990)	303	454	(3,491)	(3,802)
Additions	101,897	12,375		56,460		170,732
Disposals	(64,634)			(122)		(64,756)
Balance at 31 December 2014	389,982	122,575	123,703	345,191	263,599	1,245,050
Depreciation						
Balance at 1 January 2014	172,044	70,059	103,892	177,330	166,403	689,728
Effects of change in exchange rates	2,153	(3,018)	251	89	(3,435)	(3,960)
	47,692	11,688	5,726	47,847	35,578	148,531
Disposals	(64,634)			(24)		(64,659)
Balance at 31 December 2014	157,255	78,729	109,869	225,242	198,546	769,640
Carrying amount						
Balance at 1 January 2014	178,754	43,131	19,508	111,068	100,687	453,148
Balance at 31 December 2014	232,727	43,846	13,834	119,949	65,053	475,410
2013	Motor Vehicles	Office Equipment	Furniture & Fitting	IT Hardware	Renovation	Total
Cost						
Balance at 1 January 2013	243,089	127,327	128,966	302,377	275,707	1,077,466
Effects of change in exchange rates	(939)	(377)	(1,294)	811	(8,617)	(10,416)
Additions	182,319	28,207	7,834	60,641		279,001
Disposals	(73,671)	(41,967)	(12,106)	(75,431)		(203,175)
Balance at 31 December 2013	350,798	113,190	123,400	288,398	267,090	1,142,876
Depreciation						
Balance at 1 January 2013	232,966	99,157	107,220	203,559	136,947	779,849
Effects of change in exchange rates	(1,220)	(378)	(993)	684	(6,470)	(8,377)
Depreciation	13,969	11,723	9,106	44,212	35,926	114,936
Disposals	(73,671)	(40,442)	(11,441)	(71,125)		(196,679)
Balance at 31 December 2013	172,044	70,060	103,892	177,330	166,403	689,729
Carrying amount						
Balance at 1 January 2013	10,123	28,170	21,746	98,818	138,760	297,617
Balance at 31 December 2013	178,754	43,130	19,508	111,068	100,687	453,147

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2014

			\$ 2014	\$ 2013
10. Cash and cash equivalents				
Cash on hand			693	1,000
Cash at bank			7,859,171	12,497,812
Cash and cash equivalents in the statement of cash flows			7,859,864	12,498,812
11. Term Deposit				
Term deposit			20,000	20,000
The term deposit represents a bank guarantee given by Westpac Banking Corporation as securities over the entity's transactions under the Customs Act. The guarantee is covered by a lien over the term deposit of \$20,000 held with the Bank. The term deposit matures on 14 November 2014.				
12. Prepaid expenses				
Head office			112,536	7,114
Sydney office			378,827	37,243
Auckland office			128,185	27,962
Los Angeles office			15,764	26,712
			635,312	99,031
13. Refundable Deposits				
Electricity deposit (HQ)			6,325	6,325
Equipment rental bond (HQ)				
Car park bond (Sydney)			1,351	1,404
Office rental bond			4,374	4,374
Office rental bond (LAX)			5,620	5,370
Office Rental Bond (Shanghai)			8,421	
			26,091	17,473
14. Taxes Receivables				
VAT receivable - Head Office			301,258	55,880
OST receivable - Sydney Office			246,041	132,356
OST receivable - Auckland Office			547,298	188,236
15. Other Receivables & Advances				
Head Office				
Participation fees owed			5,278	18,828
Fiji excellence awards				42,086
Refundable taxes			30,114	4,298
Other general advances			5,464	(1,201)
Interoffice clearing accounts			931	300
Rent receivable				
Sydney Office				
Participation fees owed				7,843
Other receivables			5,934	(1)
Auckland Office				
Participation fees owed			1,034	(2)
Advances				
LAX Office				
Participation fees owed				128,875
Advances			338,079	10,517
			961	
Korea Office				
Advances			2,095	60
			389,889	211,603

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NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2014

			\$ 2014	\$ 2013
16. Employee entitlements				
This consists of salaries, leave and superannuation dues. The breakdown is as follows:				
Salaries and annual leave dues			222,560	205,438
Superannuation			15,250	41,745
			237,810	247,183
17. Expenses due				
Operating expenses				
Head office			15,649	87,960
Sydney office			2,121	11,854
Auckland office			235	5,945
Los Angeles office			2,266	2,406
Total			20,271	108,165
Marketing expenses				
Head office			977,313	565,025
Sydney office			2,719,319	1,326,294
Auckland office			10,038	215,391
Los Angeles office			188,567	436,238
Tokyo office			0	103,385
Korea			29,060	166,129
Total			3,924,296	2,709,077
TOTAL EXPENSES DUE			3,944,568	2,817,242
18. Income received in advance				
Fiji office			24,500	57,024
Sydney office				32,369
NZ office			15,427	3,418
USA office				2,615
			39,927	95,426
19. Other payables & accruals				
Fiji Revenue Customs Authority				
TAG - Funds plus interest			109,142	109,142
VAT Payable			1,289,238	432,335
Others			340,699	192,411
			1,739,079	733,888
20. Related parties				
(a) Directors				
Mr. Stefan Pichler	Chairman			
Mr. Shane Cunning	Director			
Mr. Lawrence Tikaram	Director			
Ms. Elizabeth Powell	Acting Chairperson			
Ms. Josephine Smith	Director			
Ms. Jay Shree Raniga	Secretary			
Mr. Faiyaz Koya	Director			
Ms. Lisa Bolalevu / Ioane Naivalurua	Acting Secretary			

Directors fees are disclosed under Note 7 and key management compensation is disclosed under Note 6

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2014

20. Related parties (continued)				
(b) Transactions with key management personnel				
Key management personnel comprise the Chief Executive Officer, Director of Marketing, Director of Finance and Regional Directors in Australia, New Zealand, USA and Japan.				
Key management compensation is disclosed under Note 6.				
21. Inventories			\$ 2014	\$ 2013
Survival Kit			13772.56	
USB			3498.45	
Tags			2992.5	
Pens			652.42	
Bags			4,124	6,043
T-shirts				
Others				
			25,040	6,043
The valuation policy in respect of the above is set out in Note 3 (k).				
22. Contingencies				
There were no contingent asset or liabilities as at year end (2014: \$Nil)				
23. Commitments				
Operating lease commitments for non-cancellable rental agreement and other operating lease.				
Less than one year			132,342	356,462
Between one and two years			238,632	170,578
Between two and five years			65803	206,641
Total operating lease commitments			436,776	733,681
24. Events subsequent to balance date				
There are no events that requiring adjustment to or disclosure in the financial statements that occurred after the balance sheet date.				

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