



Tourism **fiji**

Annual Report 2013

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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 2013

On behalf of the Tourism Fiji board of Directors, I am pleased to present the Company's Annual Report for 2013 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 2013.

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 2013, Fiji welcomed 658,000 international visitors. The value of tourism earnings across the year was estimated by Bureau of Statistics as \$1.3bn

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 2013

The highlight for 2013 was the launch of the much-anticipated global brand campaign, Fiji – where happiness finds you. This was successfully launched across all markets. The repositioning was developed following extensive research and consultation with local and international stakeholders.

The objective of the rebranding was to globally position Fiji as a unique destination that embodied the following pillars:

- The people - make you smile and feel happy
- The place - a serene and tropical environment where happiness finds you
- The experience - a unique and authentic Fijian culture

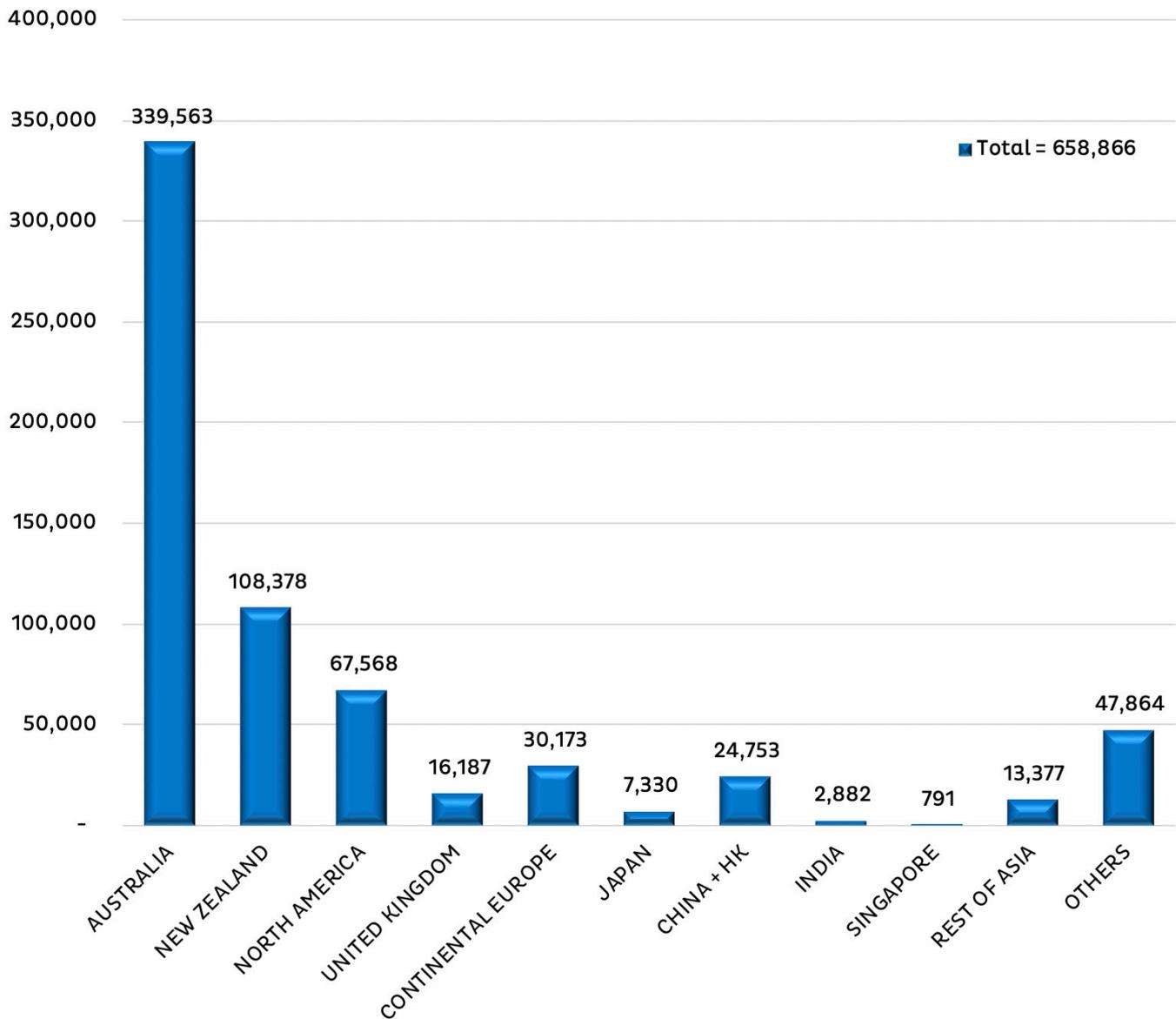
To strengthen the Tourism Fiji team and support organizational strategy, structural changes occurred across the organization during 2013. Regional Directors in Australia and New Zealand were appointed and a new role of Director of Global Marketing was created in Tourism Fiji's Head Office. Tourism Fiji's office in Europe was also closed in 2013.

Importantly a further structural change was undertaken to centrally manage the marketing activities of the organization from the Head Office in Fiji.

In June 2013 Fiji's national carrier made the announcement to change their name from Air Pacific to Fiji Airways. The rebrand took the organization back to its previous 1951 name and this coincided with them also welcoming three brand-new A330 aircraft.

In 2012 Fiji was impacted by several natural disasters. This included two major floods and Cyclone Evan. However, the impact of these natural disasters was felt by the tourism industry in 2013. The consequence being a slight decline in the visitor numbers recorded in 2012.

2013 VISITOR ARRIVALS IN NUMBERS



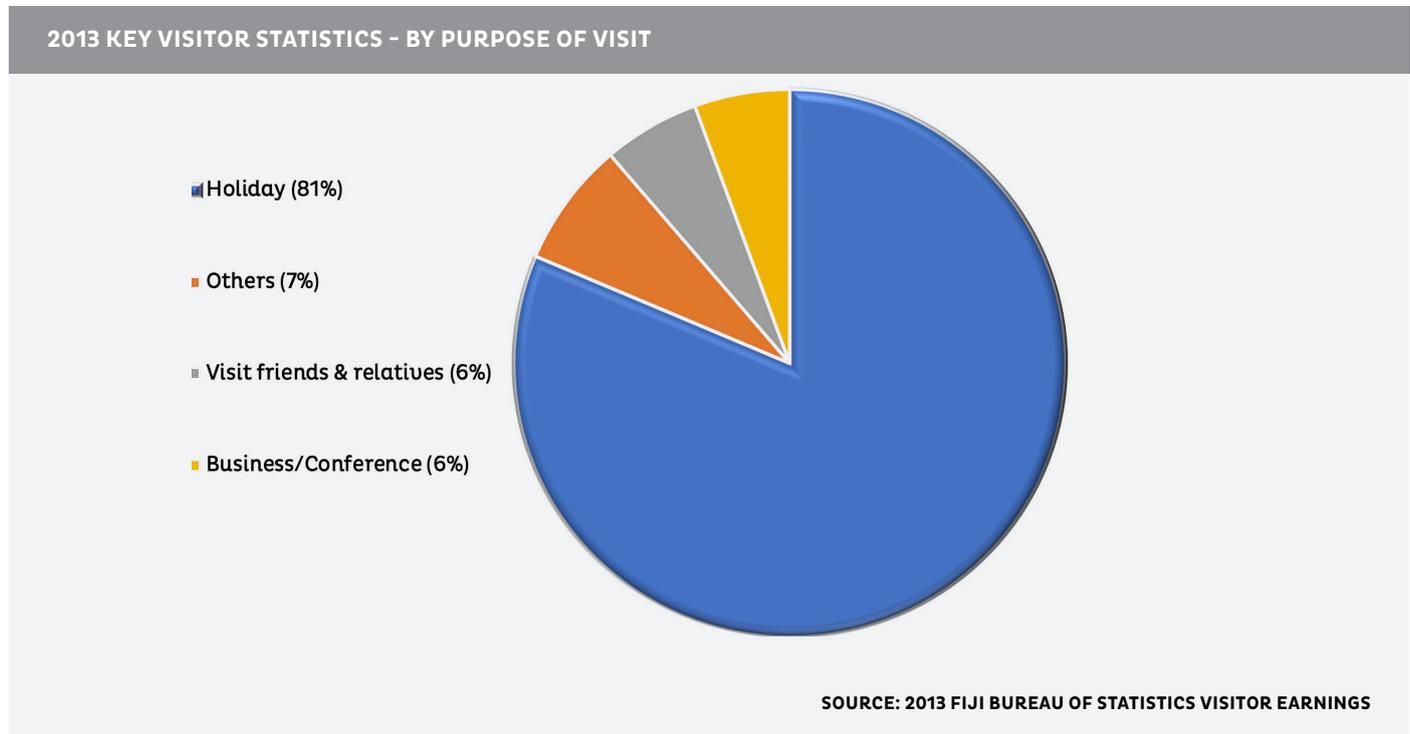
In 2013 Fiji received 658,866 international visitor arrivals, representing a 0.4% decline from the previous year. However, encouragingly visitor earnings had a slight 1% increase in 2013 contributing \$1.312bn to the economy.

In 2013, visitor arrivals from Australia contributed 52% of total arrivals, followed by New Zealand (16%), North America (10%), Continental Europe (5%), China + Hong Kong (4%), United Kingdom (2%), Rest of Asia (2%), Japan (1%), India & Singapore (0.5%) and all other countries at 7%.

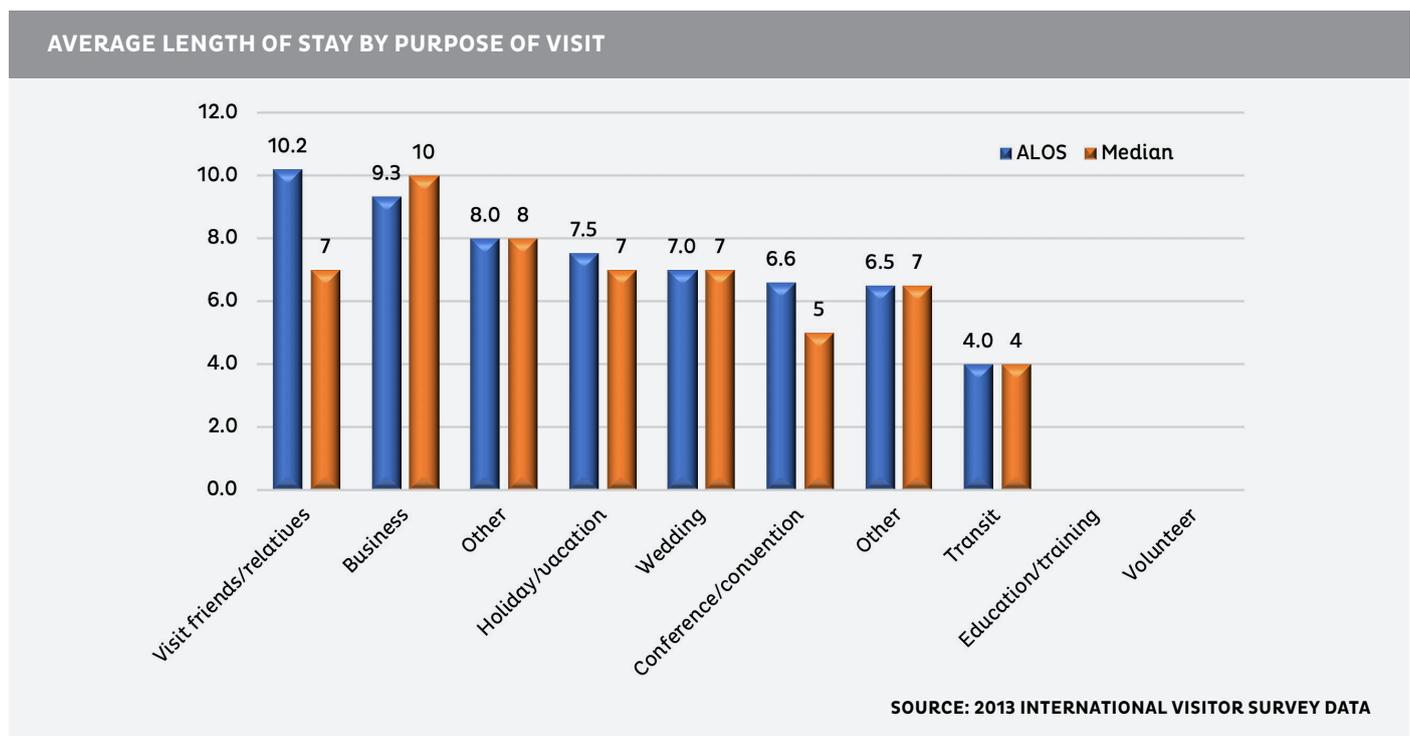
In terms of growth by volume, Australia contributed the most at 2,272 additional visitors followed by New Zealand (2,256), Continental Europe (846), India (375), Japan (261), Singapore (223) and all other countries (2,454). Markets that declined were North America (2,336), China + Hong Kong (3,151), Rest of Asia (4,035) and UK (889).

2013 KEY VISITOR STATISTICS

In 2013 81% of our visitors arrived for a holiday, with 6% visiting friends and relatives and 6% travelling for business.

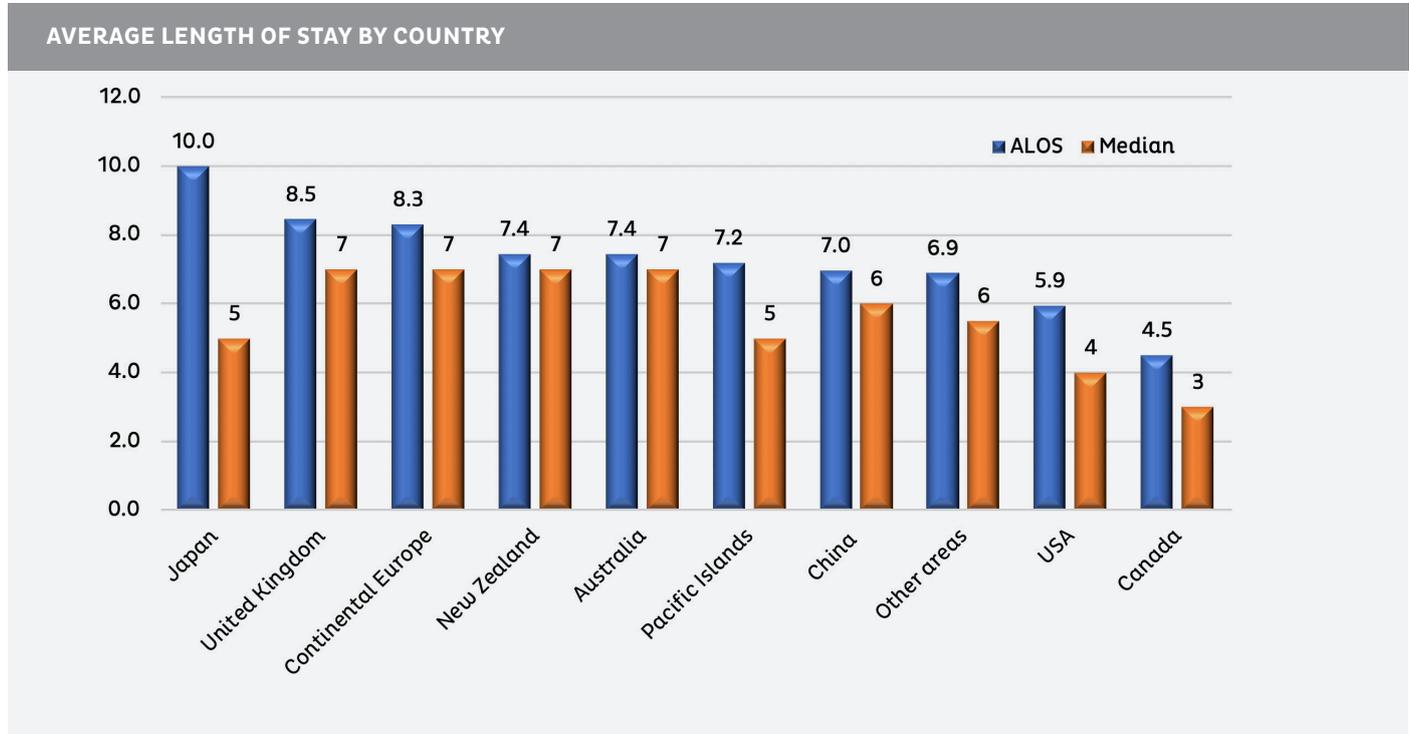


The average length of stay varied depending on purpose of travel, with most holiday makers staying around 7 nights.

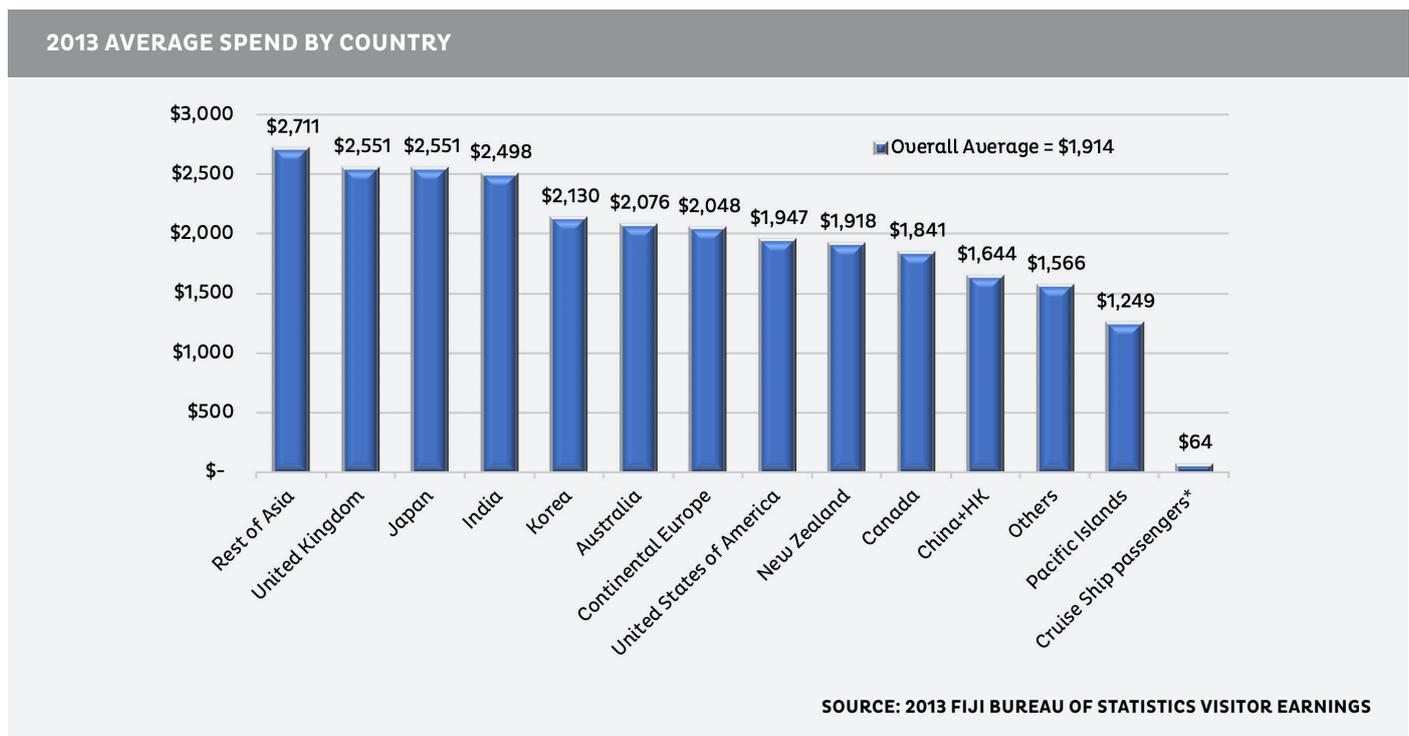


2013 VISITOR ARRIVALS IN NUMBERS

Length of stay varies by country with visitors from the UK & Europe staying longer than their short haul counterparts, and visitors from North America and Canada tending to choose shorter visits.



Visitor spend varied across regions. Visitors from the UK and Asia, with the exception of China and Hong Kong, spent higher amounts than average.



OVERVIEW OF KEY ACHIEVEMENTS

Brand launch

Tourism Fiji's focus for 2013 was the implementation of Fiji's new brand positioning across its international markets. The new positioning of "Fiji: Where happiness finds you" was successfully launched in 2012 following an extensive brand review. Research undertaken for the review had identified the need for a message that showed differentiation and a clear identity for Fiji. The research had showed that most travelers knew Fiji for its beautiful beaches and as a relaxing, tropical destination. While these brand associations were not a bad thing, the need was identified for a stronger point of difference.

Importantly, the research also highlighted the strength of Fiji's warm and welcoming hospitality as a defining characteristic of the destination.

The research showed there was something about the genuine warmth and welcoming nature of Fijian people that enriched peoples' visit to Fiji and left an enduring impact. With that the new brand was launched, Fiji: Where Happiness Finds You.



Global Branding

- When You Think About It, The Whole World's Looking For Happiness.
- But Actually, It's The People Who Are Trying The Least - Who Have The Most Of It.
- Our Strategy: Show The World That Fiji Will Make Them Happier Than Anywhere Else.

GLOBAL BRANDING

Creative Brand Expression

We want something that's **ours**.
That **no-one else can own**.
And that can last **forever**.

So what is unique and compelling about Fiji?

The Place: A tropical island that relaxes and relieves stress.
The Experiences: Relieve stress and build relationships.
The People: Make you smile and feel happier.

These three things combine to create a unique experience that provides one benefit in more abundance than anywhere else.

The happiness proposition was made up of three distinct elements that combined to create Happiness for the visitor. This is demonstrated in the diagram on the right.

In 2013, new creative was rolled out, and Tourism Fiji launched their new website in April 2013. The creative took a fresh approach, showcasing people and experience, and used contemporary new branding. Some examples of this are below:



In 2013, the new positioning was implemented across each of Tourism Fiji's international markets. The major launch investments occurred in our short haul markets of Australia and New Zealand, with our long-haul markets focusing more on trade and PR activity. The results of the short-haul launch activities are highlighted below.

Australia

- Activity: A "Happiness Campaign" was launched just before International Day of Happiness in March 2013 for four weeks. The aim was to build a consumer database, share the Fiji message through social media and achieve engagement from around 100,000 followers.
- Result: The campaign reached 119,666 Australian fans and the content was talked about by 5,260 people in Australia.

New Zealand

- Activity: A digital advertising campaign was implemented at IRB Hertz Sevens in Wellington on 1 & 2 February 2013.
- Result: The advertising reached an audience of approximately 760 million people globally on TV while 77,000 people also attended the 2-day tournament.
- Activity: The new brand was also launched at the Flight Centre Expos in Christchurch and Auckland.
- Result: More than 20,000 visitors attended each show where the new branding was present.

MARKETING ACTIVITIES IN 2013

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 2013 Tourism Fiji rolled out new brand assets across its marketing collateral.

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 2013 Tourism Fiji launched a new website and focussed on growing social media followers.

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 2013 Tourism Fiji ran a number of workshops and training sessions, some highlights of which included:

- Training 30 London Trailfinders personnel in August 2013

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 2013 Tourism Fiji ran a number of trade co-operative campaigns, some highlights of which included:

- Tourism Fiji and Air Pacific Flight Centre campaign resulted in 22,000 booked passengers in and out of Australia
- Go Holidays Fabulous Fiji campaign with Harvey World Travel, Air Pacific and Starwood Fiji in New Zealand resulted in 800 passengers

Trade Shows and Events

Tourism Fiji participates at tradeshow within key international markets to engage and network with a large representation of the trade travel to develop new relationships and identify new partnerships with organizations. Tourism Fiji also hosts roadshows that bring buyers together with invited tourism industry representatives from Fiji.

In 2013 Tourism Fiji ran a number of trade shows and event, some highlights of which included:

- Wedding Workshops in Australia, March 2013
- Bula Marau NZ Roadshow, March 2013
- Bula Marau USA and Canada Roadshow, April 2013
- Bula Marau India, Jan 2013

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 2013, Tourism Fiji hosted a number of Trade Famils, some highlights of which were:

- November Mega Educational – 150 Australian agents
- USA Health & Wellness famil in August 2013
- Indian agents famil in October 2013

Consumer Shows and Events

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

In 2013, Tourism Fiji attended a number of consumer shows and event, some highlights of which included:

- ITB: The World's biggest trade/consumer travel fair
- Attendance at Japanese consumer show in conjunction with Pacific Island Center

CORPORATE GOVERNANCE

Board of Directors and Executive Management - 2013

2013 Tourism Fiji Board of Directors	
Chairman	David Pflieger (Term expired on 1 May 2013)
Director	Elizabeth Powell (Appointed Acting Chair on 18 March 2013)
Director	Shane Cunning
Director	Lawrence Tikaram
Director	Josephine Smith-Moffat
Director	Faiyaz Koya
Board Secretariat	Jay Shree Raniga
2013 Tourism Fiji Executive Management	
Chief Executive Officer	Rick Hamilton
Director Global Marketing	Kenneth Freer
Events Director	Sally Cooper
Chief Financial Controller	Vimlesh Magan
Manager Fiji	Thomas Valentine
Regional Director Australia	Paresh Pant (Term expired on 30 June 2013)
Regional Director Australia	Carlah Walton
Regional Director New Zealand	Sala Toganivalu (Term expired on 31 March 2013)
Regional Director New Zealand	Wayne Deed
Regional Director North America	Ilisaveci Matatolu (Term expired on 31 May 2013)
Acting Regional Director North America	Sera Cawanibuka
Regional Director Korea	Daisy Park
Regional Representative - UK/Ireland	Jane West
Regional Representative - India	Pranav Kapadia
Regional Representative - Europe	Karin Zwires (Term expired on 22 November 2013)



OFFICE OF THE AUDITOR GENERAL



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File:1254

26 May 2017

Mr. Andre Viljeon
Board Chairman
Tourism Fiji
PO Box 9217

NADI

Dear Sir

**TOURISM FIJI
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Audited financial statements for Tourism Fiji for the year ended 31 December 2013 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

A handwritten signature in black ink, appearing to read 'Ajay Nand', with a horizontal line underneath.

Ajay Nand
AUDITOR GENERAL

Encl.

Cc: CEO - Tourism Fiji

TOURISM FIJI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

**TOURISM FIJI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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TOURISM FIJI

DIRECTORS' REPORT

31 DECEMBER 2013

The Board of Directors present their report together with the financial statements of Tourism Fiji ("the entity") for the year ended 31 December 2013 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. Andre Viljeon	Chairman
Mr. Truman Bradley	Chairman (Term expired on 09/06/2016)
Mr. Geoff Shaw	Deputy Chairman
Mr. David Pflieger	Chairman (Term expired on 01/05/2013)
Mr. Shaheen Ali	Director
Mr. Dixon Seeto	Director
Mr. Howard Politini	Director
Mr. Shane Cunning	Director (Term expired on 21/01/2016)
Mr. Lawrence Tikaram	Director (Term expired on 21/01/2016)
Ms. Josephine Smith	Director (Term expired on 21/01/2016)
Ms. Elizabeth Powell	Director (Term expired June 2014)
Mr. Faiyaz Koya	Director (Term expired on 08/08/2014)

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 2013 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.

Notwithstanding the opinions and representations contained in the above Director's Report, the accompanying financial statements of Tourism Fiji (TF) as of and for the year ended 31 December 2013 represent the state of affairs, results and cash flow of Tourism Fiji during a period when the undersigned were not directors of Tourism Fiji and consequently, the undersigned have no knowledge of such matters. The accompanying financial statements were not subjected to an audit or review by the undersigned and accordingly we are unable to, nor do we purport to express an opinion, a conclusion, nor provide any assurance regarding their accuracy

Signed in accordance with a resolution of the directors

Dated at Nadi this.....10th.....day of.....May.....2017

.....
Chairman

.....
Director

OFFICE OF THE AUDITOR GENERAL



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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 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly the financial position of Tourism Fiji as at 31 December 2013, and of its financial performance and its cash flows 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 (ISA). 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 Tourism Fiji in accordance with the International Ethics Standards Board for Accountant's 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 management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and Fiji Visitors Bureau Act, 1985 and for such internal control as the 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, management is responsible for assessing the 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 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.

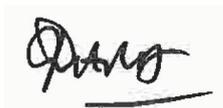
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of going concern basis of accounting and, based on the audit evidence obtained, 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 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 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
26 May, 2017

TOURISM FIJI
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 \$	2012 \$
Government grant		23,043,478	23,043,479
Co-operative promotion and advertising		1,731,122	928,690
Other operating income	5	56,739	209,077
		24,831,339	24,181,246
Employee salaries and benefits	6	(2,205,811)	(2,183,391)
Operating and administrative expenses	7(ii)	(1,461,573)	(1,719,961)
Selling and marketing expenses	7(i)	(18,260,814)	209,077
Depreciation expense	7(iii)	(1 14,936)	(153,800)
Surplus from operations		2,788,205	209,077
Finance income	8	16,532	7,911
Surplus for the year		2,804,737	2,925,549
Other comprehensive income			
Realised exchange (loss)/gain		(90,693)	34,455
Unrealised exchange loss		(67,554)	(273,902)
Total comprehensive income for the year		21,646,490	2,686,102

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 2013

	Notes	2013 \$	2012 \$
Accumulated Funds			
Balance at 1 January		6,954,116	4,268,014
Profit for the year		2,646,490	2,686,102
Balance at 31 December		9,600,606	6,954,116

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 2013

	Notes	2013 \$	2012 \$
Non-Current Assets			
Property, plant and equipment	9	453,147	297,617
Term Deposit	11	20,000	20,000
Refundable deposits	13	17,473	16,297
Total non-current assets		490,620	333,914
Current Assets			
Cash at bank and on hand	10	12,498,812	8,354,806
Prepaid expenses	12	99,031	261,616
Taxes refundable	14	188,236	703,290
Inventories	21	6,043	9,665
Other receivables and advances	15	211,603	418,958
Total current assets		13,003,725	9,748,335
Total Assets		13,494,345	10,082,249
Accumulated funds		9,600,606	6,954,116
Total Accumulated Funds		9,600,606	6,954,116
Current Liabilities			
Employee entitlements	16	247,183	154,811
Expenses accrued	17	2,817,242	2,230,238
Income in advance	18	95,426	147,011
Other payables and accruals	19	733,888	596,073
Total current liabilities		3,893,739	3,128,133
Total Liabilities		3,893,739	3,128,133
Total Accumulated Funds and Liabilities		13,494,345	10,082,249

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

.....
 Chairman

.....
 Director

TOURISM FIJI
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts from Government and related stakeholders		24,957,433	24,311,260
Cash payment to employees & other parties		(20,420,497)	(19,694,741)
Cash generated from operations		4,536,936	4,616,519
Interest received		16,532	7,911
Cash flows from operating activities		4,553,468	4,624,430
Cash flows from operating activities			
Acquisition of property, plant and equipment		(279,001)	(25,182)
Proceeds from sale of property, plant and equipment		28,500	
Cash flows from operating activities		(250,501)	(25,182)
Effect of exchange rate changes on cash and cash equivalents		(158,961)	(239,447)
Net increase in cash		4,144,006	4,359,801
Cash and cash equivalents at 1 January		8,354,806	3,995,005
Cash and cash equivalents at 31 December	10	12,498,812	8,354,806

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 2013

1. Reporting entity

Report on the Audit of the Financial Statements

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 International

The financial statements were approved by the Board of Directors on 25/4/17

(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 judgements, 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.

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

FOR THE YEAR ENDED 31 DECEMBER 2013

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

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 recognized 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.

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)

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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

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.

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.

(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.

TOURISM FIJI

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

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(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.

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.

TOURISM FIJI

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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.

	2013 \$	2013 \$
Credit risk concentrations are presented below:		
Other receivables and advances	211,603	418,958
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.

	2013 \$	2013 \$	2012 \$	2012 \$
	Less than 1 Year	Less than 1 Year	Less than 1 Year	Less than 1 Year
Financial assets				
Cash at bank and on hand	12,498,812		8,354,806	
Other receivables and deposits	211,603		418,958	
Refundable deposits		17,473		16,297
Investments - term deposits		20,000		20,000
	12,710,415	37,473	8,773,764	36,297
Financial liabilities				
Other payables and accruals	733,888		596,073	
Expenses accrued	2,817,242		2,230,238	
Employee entitlements	247,183		154,811	
	3,798,313		2,981,122	

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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

	2013	2012
	\$	\$
Other income	39,119	175,898
Commission	17,620	33,179
	56,739	209,077

6. Personnel expenses

	2013	2012
	\$	\$
Salaries and wages - Non-Key Management Personnel	1,002,077	1,092,531
Key management compensation - short term benefits	1,121,615	1,014,740
Superannuation contributions	75,146	68,802
Training and Productivity Authority of Fiji	6,973	7,318
	2,205,811	2,183,391
The average number of employees during the year was:	29	31

TOURISM FIJI
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
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	2013 \$	2013 \$
7. (i) Selling and marketing expenses		
Advertising & branding	12,185,492	11,145,796
Information distribution	149,227	217,011
Promotional materials	215,401	186,491
Promotions	2,960,200	3,468,517
Public relations	1,021,141	1,166,748
Research and other marketing expenses	61,355	362,619
Co-operative promotion & advertising	66,929	76,999
Market representation	484,104	582,275
Global retainers	1,116,965	
	18,260,814	17,206,456
(ii) Operating and administrative expenses		
Assets disposals	8,813	14,075
Exchange loss	6,284	2,421
Audit fees	9,645	70
Bank charges	8,931	17,663
Board members remuneration and other related costs	44,190	82,410
Cleaning materials	11,106	8,141
Electricity	38,538	42,533
Office expenses	57,417	27,127
General insurance	38,348	65,443
Medical insurance	24,640	48,330
Travel insurance	69	1,359
Maintenance grounds and buildings	6,080	10,898
Maintenance/Leasing of office equipment	105,418	95,546
Motor vehicle running expenses	36,258	46,340
Freight and postage	12,205	19,198
Printing and stationery	27,178	33,535
Rent	370,777	346,860
Staff relocation	41,606	8,926
Staff training	17,274	12,346
Subscription and advertising	40,944	22,797
Telephone, facsimile and emails	72,152	91,181
Travelling - local	23,070	39,316
Travelling - overseas	192,423	160,746
Uniforms		130
Legal expenses	25,023	9,596
Professional Fees	164,701	460,788
SLA IT Agreement costs	20,434	26,809
Contingency	35,515	15,177
Disaster Recovery Costs	8,400	10,200
Industry Liaison	2,625	
Fringe Benefit Tax	11,509	
	1,461,573	1,719,961

TOURISM FIJI
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2013

(iii) Depreciation Expense						
Depreciation expense					1,14,936	153,800
8. (i) Selling and marketing expenses						
Finance Income						
Interest Income					16,532	7,911
	Motor Vehicles	Office Equipment	Furniture & Fitting	IT Hardware	Renovation	Total
9. (i) Selling and marketing expenses						
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)
	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
2012	Motor Vehicles	Office Equipment	Furniture & Fitting	IT Hardware	Renovation	Total
Cost						
Balance at 1 January 2012	241,183	165,908	153,356	468,321	275,341	1,304,109
Effects of change in exchange rates	1,906	(368)	293	(1,527)	366	670
Additions		1,170	130	23,884		25,184
Disposals		(39,383)	(24,813)	(188,301)		(252,497)
Balance at 31 December 2012	243,089	127,327	128,966	302,377	275,707	1,077,466
Depreciation						
Balance at 1 January 2012	191,472	127,334	113,476	330,930	100,398	863,610
Effects of change in exchange rates	891	(353)	238	(1,023)	224	(23)
Depreciation	40,603	11,092	12,033	53,747	36,325	153,800
Disposals		(38,916)	(18,527)	(180,095)		(237,538)
Balance at 31 December 2012	232,966	99,157	107,220	203,559	136,947	779,849
Carrying amount						
Balance at 1 January 2012	49,711	38,574	39,880	137,391	174,943	440,499
Balance at 31 December 2012	10,123	28,170	21,746	98,818	138,760	297,617

TOURISM FIJI
NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2013

			\$ 2013	\$ 2013
10. Cash and cash equivalents				
Cash on hand			1,000	773
Cash at bank			12,497,812	8,354,033
Cash and cash equivalents in the statement of cash flows			<u>12,498,812</u>	<u>8,354,806</u>
11. Term Deposit				
Term deposit			<u>20,000</u>	<u>20,000</u>
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			7,114	5,686
Sydney office			37,243	194,338
Auckland office			27,962	33,071
Los Angeles office			26,712	28,521
			<u>99,031</u>	<u>261,616</u>
13. Refundable Deposits				
Electricity deposit (HQ)			6,325	5,325
Car park bond (Sydney)			1,404	1,536
Office rental bond			4,374	4,374
Office rental bond (LAX)			5,370	52,062
			<u>17,473</u>	<u>16,297</u>
14. Ties Receivables				
VAT receivable - Head Office				225,757
OST receivable - Sydney Office			55,880	49,810
OST receivable - Auckland Office			132,356	427,723
			<u>188,236</u>	<u>703,290</u>
15. Other Receivables & Advances				
Head Office				
	Participation fees owed		18,828	27,244
	Fiji excellence awards		42,086	139,515
	Refundable taxes		4,298	2,866
	Other general advances		(1,201)	7,215
	Interoffice clearing accounts		300	300
	Rent receivable			2,665
Sydney Office				
	Participation fees owed		7,843	133,022
	Other receivables		(1)	190
Auckland Office				
	Participation fees owed		(2)	
	Advances			
LAX Office				
	Participation fees owed		128,875	92,408
	Advances		10,517	13,533
Korea Office				
	Advances		60	
			<u>211,603</u>	<u>418,958</u>

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NOTES TO THE FINANCIAL STATEMENTS (CON'T)
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	\$ 2013	\$ 2013
16. Employee entitlements		
This consists of salaries, leave and superannuation dues. The breakdown is as follows:		
Salaries and annual leave dues	205,438	146,616
Superannuation	41,745	8,195
	247,183	15,4811
17. Expenses due		
Operating expenses		
Head office	87,960	21,294
Sydney office	11,854	20,537
Auckland office	5,945	11,335
Los Angeles office	2,406	2,366
Total	108,165	55,532
Marketing expenses		
Head office	565,025	1,319,640
Sydney office	1,326,294	54,937
Auckland office	215,391	12,330
Los Angeles office	436,238	684,414
Tokyo office		103,385
Korea	166,129	
Total	2,709,077	2,174,706
TOTAL EXPENSES DUE	2,817,242	2,230,238
18. Income received in advance		
Fiji office	57,024	27,359
Sydney office	32,369	119,652
NZ office	3,418	
USA office	2,615	
	515,426	147,011
19. Other payables & accruals		
Fiji Revenue Customs Authority		483,396
TAG - Funds plus interest	109,142	109,142
VAT Payable	432,335	
Others	192,411	3,535
	733,888	596,073
20. Related parties		
(a) Directors		
Mr. Andre Viljeon	Chairman	
Mr. Truman Bradley	Chairman (Term expired on 09/06/2016)	
Mr. Geoff Shaw	Deputy Chairman	
Mr. David Pflieger	Chairman (Term expired on 01/05/2013)	
Mr. Shaheen Ali	Director	
Mr. Dixon Seeto	Director	
Mr. Howard Politini	Director (Term expired on 21/01/2016)	
Mr. Shane Cunning	Director (Term expired on 21/01/2016)	
Mr. Lawrence Tikaram	Director (Term expired on 19/03/2016)	
Ms. Elizabeth Powell	Director (Term expired June 2014)	
Mr. Faiyaz Koya	Director (Term expired on 08/08/2014)	

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

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NOTES TO THE FINANCIAL STATEMENTS (CON'T)
FOR THE YEAR ENDED 31 DECEMBER 2013

20. Related parties (continued)				
(b) Transactions with key management personnel			1,000	773
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.				
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.				
21. Inventories				
			\$ 2013	\$ 2012
Bags			6,043	165
T-shirts				8,124
Others				1,376
Los Angeles office			6,043	9,665
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 (2013: \$Nil)				
23. Commitments				
Operating lease commitments for non-cancellable rental agreement and other operating lease.				
Less than one year			356,462	318,254
Between one and two years			170,578	161,325
Between two and five years			206,641	43,169
Total operating lease commitments			733,681	522,748
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				

Tourism **fiji**