

# Tourismfiji

## ANNUAL REPORT

2017 AUGUST - 2018 JULY





# Content

Letter From The Chairman	3
About Tourism Fiji	4
Summary Of Performance 2017-18	9-10
2017-18 Key Visitor Statistics	11-12
Overview Of Key Achievements	13-26

## LETTER FROM THE CHAIRMAN



### **Bula Vinaka!**

A huge priority for our team this year was to build capacity in our team to ensure we are well staffed and equipped to effectively promote Fiji. We completed an extensive recruiting process and firmly believe that we now have the right people in roles to take us further than ever before.

Tourism Fiji conducted a thorough research and found that we needed a revitalization of Fiji's brand to ensure our relevance and effectiveness in our core markets. In 2017, Tourism Fiji embarked on a rigorous global tender process to appoint a creative agency, out of the fifteen international companies that submitted their interests, we're pleased to note that Brand agency, Saatchi & Saatchi NZ were successful in the overall tender process, and we look forward to working with them.

This year our annual premier event, the Fijian Tourism Expo (FTE) 2018 was cancelled on Saturday 7 April due to Tropical Cyclone Keni. The decision was made to cancel with consultation with our Ministry of Industry, Trade and Tourism (MITT) event was scheduled for 10 - 12 April 2018. If we had not cancelled the event, we would have hosted 74 exhibitors and 162 buyers and media who had all registered for the event and we're confident that will deliver a great event next year.

**Vinaka Vakalevu,**

A handwritten signature in black ink, appearing to read 'Andre Viljoen'.

**Andre Viljoen**  
Chairman

# 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 2017/2018, Fiji welcomed a record 859,132 international visitors. Tourism earnings was valued at \$1.96bn 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 offices are located in :**

Australia • New Zealand • North America (USA & Canada)  
• UK & Europe • China

**We have Market Representatives in :**

Japan • India • Singapore





## WHAT WE ARE TRYING TO ACHIEVE

# Vision

Seen by the world as the jewel of the South Pacific;  
spearheading the growth of international  
Visitor Arrivals and Tourism Earnings

# Mission

We achieve our vision by highlighting the richness  
and diversity of our people, culture, land and sea,  
delivering increased visitor arrivals that create  
wealth for the nation

## WHAT WE ARE TRYING TO ACHIEVE

# Values

Our work is guided by values:

Conduct our business with integrity.

Be accountable for all decisions.

Demonstrate commitment to the vision.

Promote teamwork.

Foster innovative thinking.

Ensure transparency in all operations.

Socially and culturally responsible for all actions.



TOURISM FIJI STRUCTURE

## Board of Directors

---



Andre Viljoen  
Chairman



Shaheen Ali  
DIRECTOR



Dixon Seeto  
DIRECTOR



Meliki Tuinamuana  
DIRECTOR



Ajay Raniga  
DIRECTOR



Neeraj Chadha  
DIRECTOR

## Executive Management

---

August 2017 - July 2018

Matthew Stoeckel  
CHIEF  
EXECUTIVE OFFICER

Halstead Caldwell  
REGIONAL MANAGER  
AUSTRALIA

Jane West  
REGIONAL MANAGER  
UK/EUROPE

Sera Cawanibuka  
SENIOR MARKETING  
MANAGER

Michell Sinnott  
DIRECTOR  
OF MARKETING

Sonya Lawson  
REGIONAL MANAGER  
NEW ZEALAND

Vincent Zheng  
REGIONAL MANAGER  
CHINA

Makereta Qalo  
HUMAN RESOURCES  
MANAGER

Vimlesh Magan  
CHIEF  
FINANCIAL CONTROLLER

Ruth Daly  
REGIONAL MANAGER  
NORTH AMERICA

Katherine Koyamaibole  
REGIONAL MANAGER  
ASIA

Thomas Valentine  
OPERATIONS  
MANAGER



# Summary of Performance







# Summary of Tourism Fiji's Performance

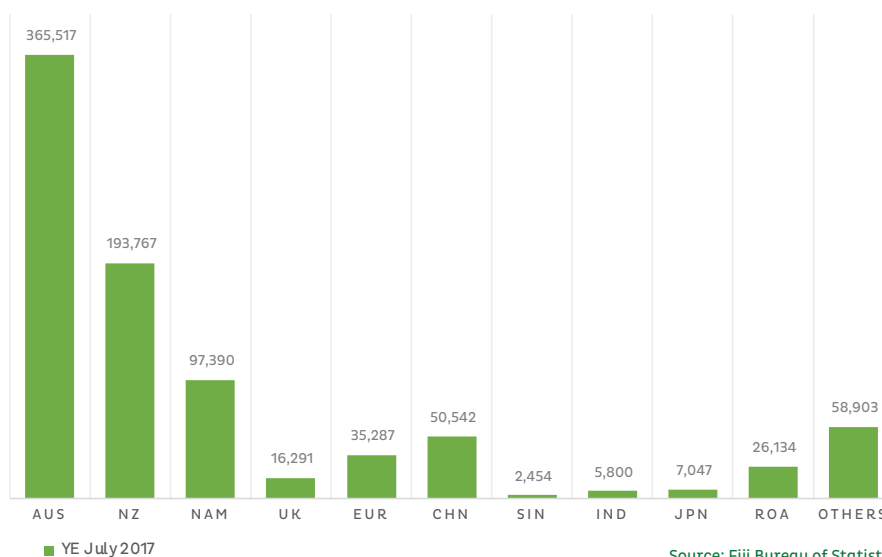
Financial Year 2017/2018 saw a record number of visitor arrivals with a total 859,132 international visitors throughout the year as reported by Fiji Bureau of Statistics.

This represents a YOY growth of 4.20%. The YOY change in visitor arrivals across each international market is provided in the table below.

Overall, there was growth in all markets with the exception of UK and Singapore which was attributed to an increase in competitor activity in the market. The introduction of the Narita to Nadi flight was a key driver in the strong increase in the Japan market.

Arrivals	Current Yr (Aug '16-Jul '17)	Previous Yr (Aug '17-Jul '18)	% Change
Australia	365,517	362,222	1%
New Zealand	193,767	174,924	11%
North America	97,390	89,037	9%
United Kingdom	16,291	16,936	-4%
Europe	35,287	33,412	6%
China + Hong Kong	50,542	50,293	0%
Singapore	2,454	1,694	45%
India	5,800	4,713	23%
Japan	7,047	6,392	10%
Rest of Asia	26,134	24,623	6%
Others	58,903	55,455	6%
<b>Total Visitors</b>	<b>859,132</b>	<b>819,701</b>	<b>5%</b>

## 2017 August - 2018 July Year on Year Visitor Arrivals



Source: Fiji Bureau of Statistics.

## 2017/2018 Progress Against Strategy

The financial year 2017/2018 was a year to kick start transformation. To compete for market share with other destinations, Tourism Fiji focused on building its capabilities to be more creative, innovative and effective. A big part of this was embracing new technology and media channels to market and promote the destination through the brand 'where happiness finds you'.

This transformation was aligned with Government's Fiji Tourism 2021 direction. The core of the transformation was to revitalize Fiji's brand. Alongside this, several other strategies were in place to position the industry for long-term sustainable growth.

### 1. Revitalise our Brand and Positioning:

- In FY 2017/18 Tourism Fiji began the process of revitalizing Fiji's brand to ensure it is still relevant and effective.
- Extensive research was undertaken to validate the brand to ensure Fiji will continue to inspire visitors and give them compelling reasons to visit Fiji over other destinations.
- The revitalized brand would transform consumer perceptions of Fiji as just a "fly and flop" destination by showcasing the depth and breadth of Fiji's outstanding experiences and product.

### 2. Introduce a Content Marketing Approach:

- Through a content-led approach Tourism Fiji seeks to engage and promote Fiji to consumers 365 days a year rather than only during traditional campaign periods, ensuring that Fiji remains top-of-mind for the target market.
- To do this, Tourism Fiji started to create and share digital content such as articles and video that inform, engage and entertains our target market. Tourism Fiji started to share these stories through new media channels that are more cost effective than traditional paid advertising media.

### 3. Develop World Class Assets:

- With the recognition that Tourism Fiji is competing on a world stage for visitors and a world class destination needs world class assets, Tourism Fiji started the process of developing new brand assets.

- With the revitalized brand, all Tourism Fiji's assets started the process of being refreshed and aligned. This included a new website project, developing new marketing collateral, campaign images and video, and refreshed merchandise.
- Tourism Fiji changed their processes to ensure that all content developed will be license free to ensure Tourism Fiji could use the assets in perpetuity

### 4. Build Team Capabilities:

- Tourism Fiji undertook an audit of Tourism Fiji's capabilities and identified the need for additional capabilities in Content Marketing, Social Media, Digital Marketing, Communications, Brand Management, Research and Insights and Events.
- New teams and positions were created to fulfil these capabilities and ensure Tourism Fiji had the resources required to implement its new direction.

### 5. Research and Performance Management:

- Tourism Fiji developed in-house capabilities to undertake analysis of the International Visitor Survey, as well as other information sources to ensure strategic decision making is well informed.

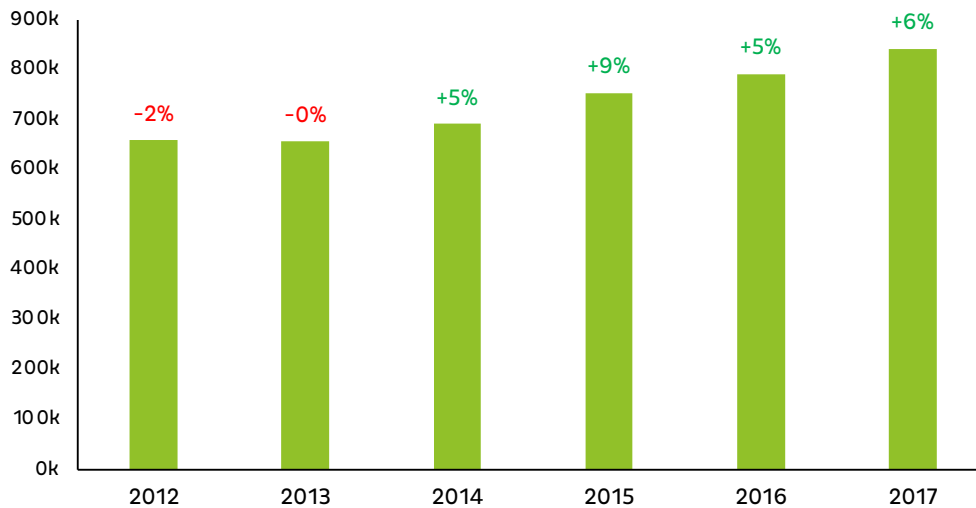
### 6. Develop Partnerships :

- In 2017, Tourism Fiji aligned its strategy with the directions set-out in the Draft Fijian Tourism 2021 Strategy.

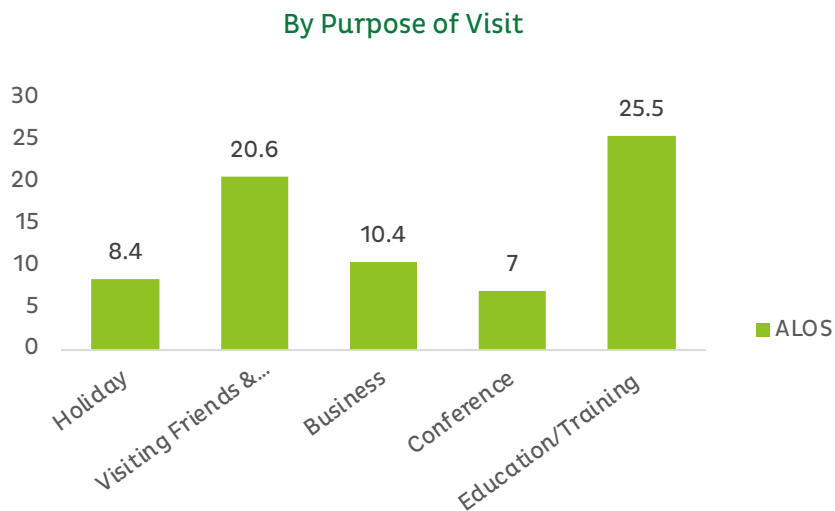


# Key Visitor Statistics

## 5-Year Visitor Arrival performance



## 2017/2018 Average Length of Stay

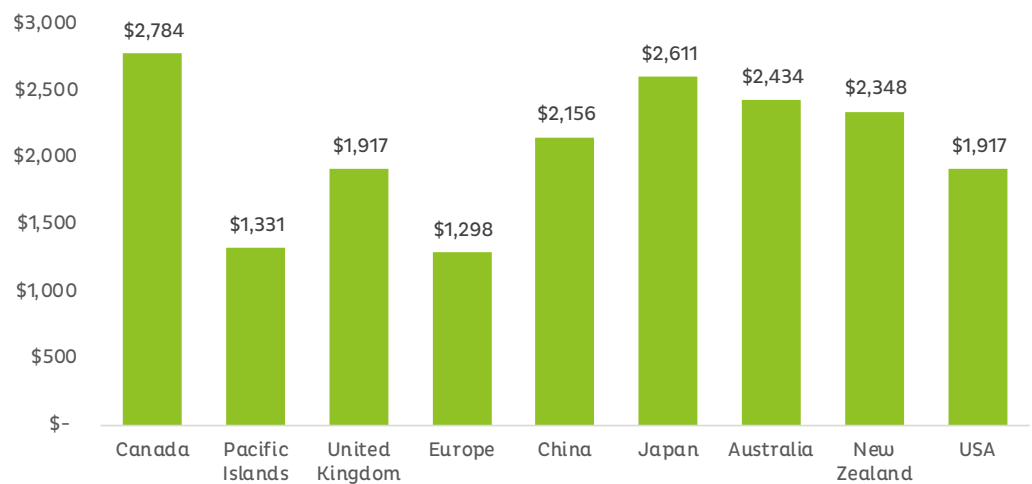


Source: : Fiji Bureau of Statistics.

Examining visitor arrivals based on purpose of visit, holiday visitors spend an average of 8.4 nights in Fiji per trip while those visiting for a conference spend 7 nights. Visiting friends and relatives and business travelers tend to spend longer in the country. Those travelling for education purposes tend to stay much longer with an average of 26 nights spent in Fiji in 2017/2018.

# Key Visitor Statistics

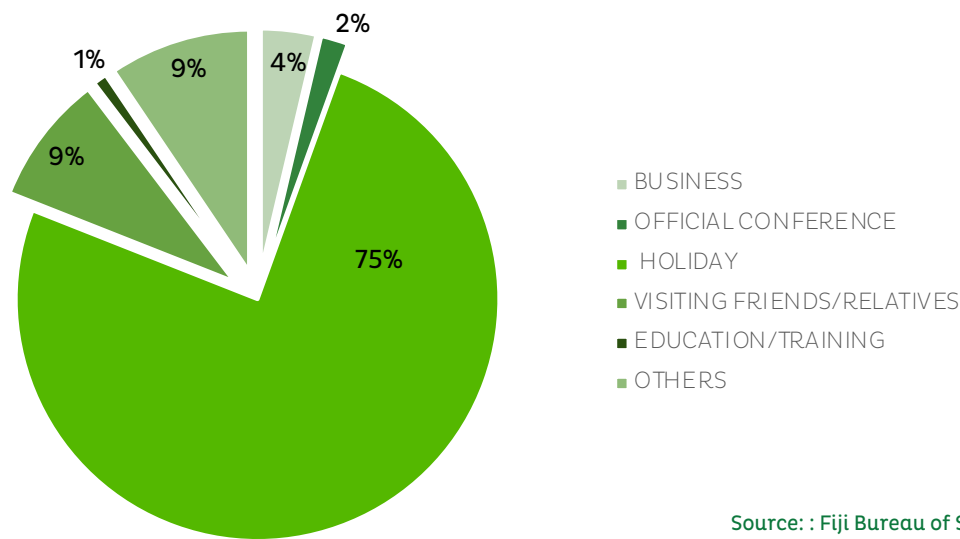
2017/2018 Average Spend by Country



Source: : Fiji Bureau of Statistics.

In 2017 / 2018, average spend per visitor was FJ\$2283. Visitors from Canada were the highest spenders at FJ\$2,784. In Australia, our largest market, average spend increased to \$2,434.

Visitor Arrivals by Purpose of Visit



Source: : Fiji Bureau of Statistics.

In 2017/2018, visitors travelling to Fiji for a holiday made up 75% of arrivals, highlighting the importance of holiday visitors to Fiji’s tourism industry. Visiting friends and relatives accounted for 9%, with business and conference making up 6% of visitors and “others” accounting for the rest.



# Overview of Key Performance

2017 AUGUST - 2018 JULY



# Global Activity for the Period

## Brand Revitalization

Following the outcome of research studies, Tourism Fiji identified that a revitalization of Fiji's brand and positioning was required to ensure its continued relevance and effectiveness in the core markets. Thus, effecting a global strategic priority where adding value and distinctiveness to the Fiji brand, that supports premium pricing. An additional allocation of funds for the Global Brand Revitalization was included in the FY2017/18 Budget for the project.

In 2017, Tourism Fiji embarked on a rigorous global tender process to appoint a creative agency. Fifteen international companies submitted their respective submissions to state why their agency would be the right for Tourism Fiji.

The five companies shortlisted for Phase 2 had to provide their submissions in response to the creative brief and present their ideas to the Tourism Fiji panel in Fiji.

Brand agency, Saatchi & Saatchi NZ was successful in the overall tender process. Tourism Fiji engaged Saatchi and Saatchi NZ to provide recommendations on the current brand identity. The brand agency undertook a thorough review of all creative assets and competitors to assess the effectiveness and relevance of the current "where happiness finds you" brand.

The agency identified the following improvements to the brand that would assist Tourism Fiji to execute its strategy:

1. Create greater visual/tonal distinction between Fiji and other beach holiday destinations that emphasized a positioning that's more aspirational and importantly, one that will support premium pricing.
2. Ensure greater flexibility in our brand platform to convey a range of experiences ensuring the key needs of each market are met. This was vital to change the perception that Fiji was a 'single visit' destination by showcasing the variety of experiences available throughout Fiji.
3. Lift the emotional value of Fiji in our communications, make our audience feel happy. The brand platform needed to be versatile enough to tailor specific messages that were targeted to each of our audiences across all our markets.
4. Create a more active, authentic expression of Fiji in our tone and manner.



## Brand Creative Development

Tourism Fiji and Saatchi & Saatchi NZ engaged the best suited Production Company and Director to deliver the assets for Tourism Fiji to use in perpetuity across all platforms. For the creative development, the key objective was to create a stronger expression of happiness that was uniquely Fijian.

Two scripts were developed that endeavored to capture the Spirit of Fiji and showcase the Bula Spirit.

### Bula:

Bula isn't just a greeting in Fiji. It goes deeper than that. The ubiquitous Bula is a genuine and infectious expression of our warmth and friendliness of the destination.

### Happiness:

This video was created and inspired by the sounds we hear in Fiji. Its intention was to create an emotional connection to Fiji through singing and also lift our profile as a more aspirational destination to visit. Singing is as infectious as the happiness it inspires. The song was an original that was choreographed by Igelese Ete and Damiano Logaivau and the Pasifika Voices.

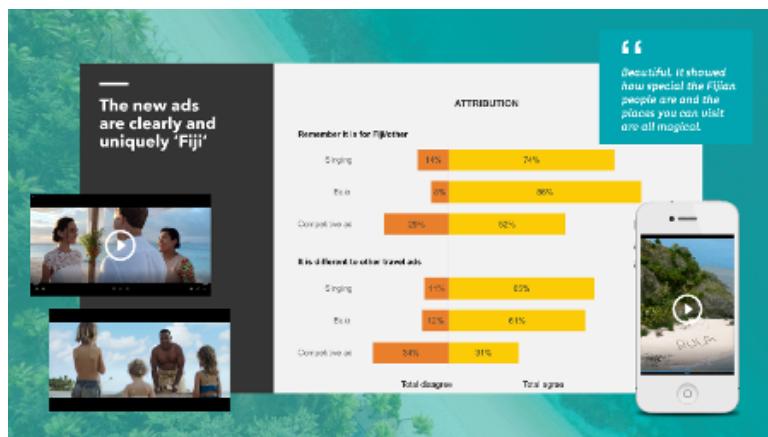
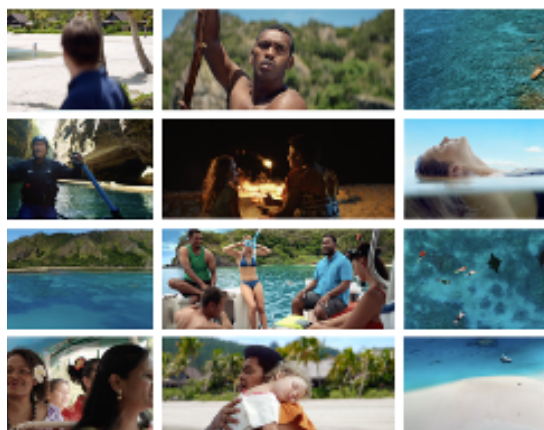
Research on the videos was extremely positive suggesting they stood out from other destinations and were distinctly Fijian.

The brand videos were developed in the 2017/2018 financial year and launched towards the end of 2018.

## Bula Mood Board



## Happiness Mood Board



## Industry Day 2017

The annual Industry Day was held in November 2017 in three locations across Fiji in a bid for our entire Tourism Fiji team to meet with our industry partners in their regions – Pacific Harbour, Nadi and up North in Savusavu. While we received overwhelmingly positive responses within relation to registrations, length and content of our presentations, it was also a chance to hear from industry the challenges they face and how we could better engage with and support them.

## Fijian Tourism Expo 2018

The Fijian Tourism Expo (FTE) 2018 was cancelled on Saturday 7 April at 2:38pm through an official announcement via the event software due to Tropical Cyclone Keni. The cancellation was undertaken with consultation between the Ministry of Industry, Trade and Tourism (MITT) as well as other key stakeholders. The event was scheduled for 10 – 12 April 2018 with 74 exhibitors and 162 buyers and media registered.

## Interhash 2018

Supported by Tourism Fiji, the Interhash 2018 commenced on 24 May and was attended by 1,700 visitors from more than 20 countries. For 10 years, Nadi Interhash had actively bid to host the event and were finally successful with the Interhash held in Nadi in 2018.

Fiji beat out much larger bidders like Indonesia and Malaysia and was the first country in the Pacific region to host such an event.



**INTERHASH COMES TO FIJI**

**INTERHASH 2018**  
24th - 27th May  
Prince Charles Park, Nadi  
DSM CENTRE your healthcare professional  
21st ANNIVERSARY FIJI

If you see large crowds of men and women wearing red dresses and even heels running through Lautoka's streets, know it is for a good cause. International running group Hash House Harriers will converge on Fijian paradise for their biennial International meet from May 24<sup>th</sup> to 27<sup>th</sup> 2018. Fiji won the right to host the event in Nadi beating out bids from Malaysia and Indonesia.

For the first time ever Fiji will host Interhash – the granddaddy of periodic international Hash House Harriers events. Over 1,500 hashers from 60-plus different countries will gather on western Viti Levu for the event's 21<sup>st</sup> anniversary.

Hash House Harriers is a global self-proclaimed "drinking club with a running problem," whose members meet, run and socialize. Hashers all go by nicknames, some of them even R-rated.

Money raised from the Red Dress Run, a signature event of the world's largest running club, will go toward the renovation of the Nadi Hospital. The red dress run will take on a historic route through the sugar city of Lautoka tracking along Marine Drive, the wharf area, a sugar cane mill, FSC compound, the hospital and finishing off at the Lautoka Club.

The event's home base will be Prince Charles Park in Nadi. With eight different run sites to choose from, hashers in their bold attire will charge through scenic countryside including the Sabeto Mountains and Womi and some urban areas on short, medium and long trails.

The hash closes with a ceremony and the announcement of the winner of the Interhash 2020.

*\*Compiled by EXPLORE FIJI. Fancier Fiji photo.*

**RUM Co. of Fiji R.A.T.U. PREMIUM-AGED RUM**  
AWARD WINNING RUMS FROM FIJI

AVAILABLE AT LEADING RESORTS, BARS AND COUNTRY CLUBS.

28 EXPLORE FIJI

# Regional updates

## AUSTRALIA

### Australian Bridal Service Wedding Expo

Australia's largest bridal expo since 1992 was held in Melbourne and Sydney in January 2018. In both cities, it was pegged as the prime bridal event for couples planning to get married. The Expo recorded visitations from over 6,000 brides and honeymooners in each city and was an excellent opportunity to push Fiji's wedding and honeymoon experiences.

### Flight Centre Expo

The Flight Centre Travel Expo in February 2018 was the largest consumer show in Australia with over 3 million subscribers to the Flight Centre Group Network. Tourism Fiji attended shows in Sydney, Melbourne and Brisbane to promote Fiji to over 60,000 attendees collectively.

### Matai Mega Conference 2018

Approximately 140 Matai agents from Australia, New Zealand and North America attended the 2018 Matai Mega Conference in Fiji to meet with Fiji's tourism industry and learn more about Fiji's tourism products. A number of networking events were arranged for agents and local trade to build strong relationships and pre/post famils were organized to be able to showcase Fiji's many regions and experiences.

## NEW ZEALAND

### Helloworld Rotorua Consumer Expo

Tourism Fiji New Zealand attended this full-day expo alongside 24 other destinations and global products. Two Fijian operators attended alongside Tourism Fiji to raise brand awareness of these resorts and drive conversion.

### Flight Centre Cooperative Campaign

A cooperative campaign with focus on families and Fiji Airway's special child fare coincided with the popular Flight Centre expos. During the campaign, a tactical press placement was also in place to supplement the activity. This resulted in an additional 922 passengers booking trips to Fiji.





Bridal Service Wedding Expo, Australia



Flight Centre Expo 2018, Australia



Matai Mega Conference 2018, Fiji



## NORTH AMERICA

### Virtuoso Awards

In August 2017, Fiji was named the 'Hottest Destination of the Year' by luxury consortia Virtuoso at the Annual Virtuoso Travel Week in Las Vegas. The award was the culmination of 6 years of marketing investment with the retail network and ongoing education and training of its travel agent members.

### San Francisco Rugby Integrated Consumer Campaign

In July 2018, Tourism Fiji North America ran an integrated campaign in San Francisco to coincide with the Rugby World Cup 7s tournament in the area. This campaign was a consumer campaign focusing on the San Francisco area leading up to and during the Rugby 7's tournament. Fiji Airways was a tactical partner and the paid campaign reached 44 million consumers promoting a \$777 fare from San Francisco to Nadi. The PR activities in the week leading up to the tournament gathered 75m earned impressions.

### Expedia 2017/2018 Campaign

An exceptionally popular cooperative campaign was in market with Expedia over 2017/2018. The campaign delivered 17.5m impressions with a 5% click through rate.

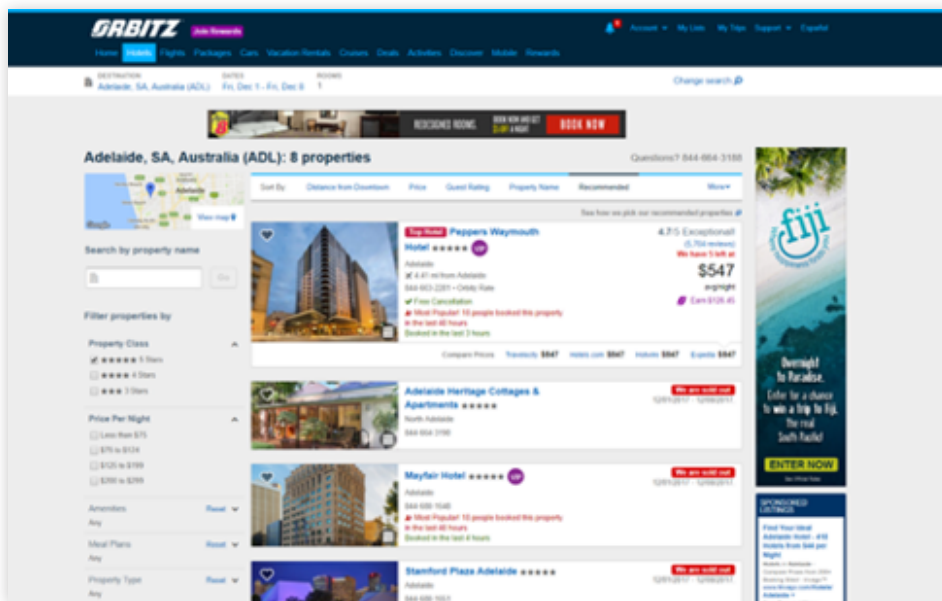


Annual Virtuoso Travel Week in Las Vegas, USA





San Francisco Rugby Integrated Consumer Campaign, San Francisco, USA



Expedia Campaign



## UNITED KINGDOM & EUROPE

### FTI Touristik South Pacific Trade Workshop

In March 2018, Tourism Fiji partnered with Fiji Airways and South Sea Cruises to run a dedicated 2-day workshop focusing exclusively on the South Pacific. The workshop was held in the FTI Touristik Head Office lounge in Munich and was attended by 62 agents.



FTI Touristik South Pacific Trade Workshop, Munich

### Fiji Bula Nights, Stuttgart & Zurich

In July 2018, Tourism Fiji ran two evening presentations in Stuttgart & Zurich. The evening events included a 3-course dinner, 10-15 minute presentations by partners and entertainment by the visiting VOU dance group. A total of 80 agents attended.

For these events, Tourism Fiji partnered with Fiji Airways, Outrigger Resorts, South Sea Cruises, Captain Cook Cruises and Nanuku Auberge Resort. The cultural entertainment was much appreciated, and Tourism Fiji received a lot of praise from the agents about the innovative event.



## CHINA

### China Luxury Traveler Social Campaign

Tourism Fiji China ran a social media campaign with popular WeChat channels Premium Traveler, Galerie North America and Galerie Europe to target China's luxury travelers. The campaign resulted in increased brand awareness and eventually an increase of Tourism Fiji's WeChat follow.

### Tuniu Campaign 2018

The Tuniu campaign was a 12-month campaign with OTA Tuniu, marketing directly to the family market through emphasizing family vacations. This consumer campaign brought about an average of 262 bookings every 2 months.

### China May Roadshow 2018

The China May Roadshow involved travel trade sales missions to Beijing, Shanghai, Hangzhou, Chengdu, Shenzhen and Hong Kong. A total of 193 agents visited the booths and a total of 8 tourism partners from Fiji attended the trade seminar.

## REST OF ASIA:

### SATTE India 2018

Tourism Fiji participated at SATTE, India's leading travel and tourism event in New Delhi at Pragati Maidan from 31 January – 2 February 2018. The Tourism Fiji booth was shared with Fiji Airways, Tour Managers and Rosie Holidays and saw over 300 agents at the Trade Show.

### Trade Partner Launch – Japan

Tourism Fiji launched a partnership with three agents that have exclusive tour brochures and sales activities for Fiji. These agents included JTB World Vacation, Playguidetour and Toho Travel. This activity had a strong impact in regard to increased brand awareness and sales conversions.

### Malaysia Agents Sales Mission

Tourism Fiji attended this trade event to support Fiji Airways GSA in Kuala Lumpur – Chiu Travel, 1-2 Fly, Harpers and Forever and Sunway for the Leisure and MICE markets. A total of 4 Fijian operators attended and 5 trade sellers.



# KPI Analysis

## KPI Analysis for 2017/18



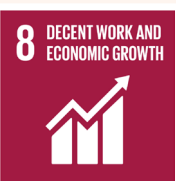



ANNUAL KPI PER REGION- 2017/2018	AUSTRALIA		NEW ZEALAND		NORTH AMERICA	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
<b>Visitor Arrivals</b>	369,466	329,909	186,294	165,195	97,941	86,612
<b>Cooperative Campaigns</b> No. of campaigns undertaken	10	17	12	17	8	11
<b>Consumer Campaigns</b> No. of campaigns undertaken	3	6	5	12	10	10
Website sessions to fiji.travel	237,657	324,917	8,600	162,884	260,000	699,696
<b>Media Files</b> No. of famils	12	19	10	18	11	14
<b>Trade Files</b> No. of famils	23	21	11	9	3	5
No. of pax	230	174	106	107	53	58
<b>Matai Program</b> No. of new registrations	895	871	330	359	160	529
No. of new specialists	340	514	227	227	120	345
<b>Roadshows</b> No. of roadshows undertaken	9	13	2	8	2	7
No. of Fijian operators	67	116	21	93	14	100
No. of agents attended	470	941	400	941	325	610
No. of Post roadshow reports (incl. participants evaluation)	9	11	2	5	2	7
<b>Consumer Shows</b> No. of shows attended	7	11	16	18	4	4
No. of Fijian Operators attended	53	70	48	83	10	18

CHINA+HK		UK/EUROPE		INDIA		SINGAPORE		JAPAN	
TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
55,322	45,562	52,859	46,315	5,656	5,324	1,754	2,212	37,218	28,594
28	23	20	28	6	5	1	2	1	11
3	5	6	16	4	2	2	3	2	2
10,000	19,305	105,000	150,685	60,000	106,310	28,000	37,444	4,000	7,253
2	7	13	15	3	2	6	2	2	3
2	6	12	7	4	0	1	3	2	4
40	57	47	23	32	0	10	29	20	34
120	9	300	315	315	240	200	15	80	5
120	7	180	156	100	93	80	6	40	4
4	3	6	13	1	2	1	5	1	3
16	5	3	44	10	6	3	13	3	20
350	137	115	856	400	550	100	165	50	288
4	3	6	12	1	2	1	3	1	1
0	2	8	10	1	-	1	1	2	1
0	-	1	5	N/A	-	1	0	2	1

# Sustainable Development Goals

## Tourism Fiji's Progress Towards Sustainable Development Goals

Since the United Nations launched the Sustainable Development Goals (SDGs), Tourism Fiji will be aligning its operations to ensure positive contribution towards the United Nations SDGs as an organization.

SDG 2017/18	POLICY	ACTION	TARGET	PROGRESS
 <b>3 GOOD HEALTH AND WELL-BEING</b>	<b>Ensure healthy lives and promote well-being for all at all ages</b>			
	Staff welfare is very important to Tourism Fiji.	Tourism Fiji also ensures that when staff do fall ill, they are well taken care of and cover their medical bills.	100% of Fiji based staff have health insurance.	This was achieved.
 <b>5 GENDER EQUALITY</b>	<b>Achieve gender equality and empower all women and girls</b>			
	Tourism Fiji is an equal employment opportunity employer.	Recruitment and promotion are purely based on merit and is free of bias or gender.	0 complaints.	In 2017 56% of our team were females while 44% were male. It's a good balance but we continue to provide equal opportunities to all, regardless of one's gender.
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>	<b>Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</b>			
	The work that Tourism Fiji does has a real and direct impact on the growth of visitor arrivals & tourism sector employment.	We have regular check-ins with staff and aim to ensure we have a positive, non-toxic working environment for our staff as well as promote these values to our tourism industry as well.	We aim to build our capacity and hire the right people in the roles, so we achieve high standards of work. This impacts on tourism numbers and employment in tourism industry as well.	On-going recruitment and capacity building to hire several roles in the organisation at the moment.
 <b>10 REDUCED INEQUALITIES</b>	<b>Reduce inequality within and among countries</b>			
	Tourism Fiji tried to ensure that we pay our staff a decent salary for the job required	We are working to get a survey report conducted to see if there are any gaps that need to be filled in this regard.	Ensure we identify how Tourism Fiji compared with other companies and ensure we make the relevant changes needed as best practice.	We are still making progress with this goal but are in a good spot
 <b>13 CLIMATE ACTION</b>	<b>Take urgent action to combat climate change and its impacts*</b>			
	Tourism Fiji fully understands the detrimental impacts that climate change has on the Pacific – our people, their way of life and futures.	As much as we can, we support Fiji's plight to raise awareness on the harmful impact of climate change.	Working with MITT to map out ways to be more proactive and contribute more to this space over the next few years.	Active conversations are ongoing.
 <b>15 LIFE ON LAND</b>	<b>Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b>			
	As much as we can, Tourism Fiji does its best to promote sustainability throughout our industry.	Tree planting exercises with media and trade famils that come to Fiji on a regular basis.	Incorporate at least 5 activities that promote biodiversity, sustainability and protection of the environment and forest.	Achieved this through partnership with industry stakeholders in 2017.



# Financial Statements

FOR THE YEAR ENDED 31 JULY 2018

# CONTENT

Directors Report	18-19
Independent Auditor's Report	20-22
Statement of Comprehensive Income	23
Statement of Changes in Accumulated Funds	24
Statement of Financial Position	25
Statement of Cash Flows	26
Notes to the Financial Statements	27-45



## OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



Level 1, Mocyl Plaza  
Karsanji St. Vatuwaqa  
P. O. Box 2214, Government Buildings  
Suva, Fiji



Telephone: (679) 330 9032  
E-mail: [info@auditorgeneral.sov.fj](mailto:info@auditorgeneral.sov.fj)  
Website: [www.oag.gov.fj](http://www.oag.gov.fj)



File: 1254

20 October 2022

Mr. Andre Viljoen  
The Chairman  
Tourism Fiji  
P O Box 9217  
**NADI**

Dear Mr. Viljoen

**TOURISM FIJI****AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018**

The audited financial statements for Tourism Fiji for the year ended 31 July 2018 together with my audit report on them are enclosed.

Particulars of errors and omission arising from the audit have been forwarded to the management of Tourism Fiji for necessary action.

Yours sincerely

Sairusi Dukuno  
**ACTING AUDITOR-GENERAL**

cc: ✓ Mr. Brent Hill– The Chief Executive Officer, Tourism Fiji.

Encl.



# DIRECTORS' REPORT

The Board of Directors present their report together with the financial statements of Tourism Fiji ("the entity") for the year ended 31 July 2016 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 Viljoen	Chairman
Mr. Geoffrey Shaw	Deputy Chairman (term expired on 9/05/2018)
Mr. Shaheen Ali	Director
Mr. Dixon Seeto	Director (deceased on 19/07/2019)
Mr. Ravinder Dhesi	Director (term expired on 09/08/2018)
Ms. Meliki Tuinamuana	Director (resigned on 31/03/2019)
Mr. Ajay Raniga	Director
Ms. Josephine Smith-Moffat	Director
Mr. Howard Politini	Director (term expired on 01/01/2017)
Mr. Lawrence Tikaram	Director (term expired on 21/01/2016)
Mr. Neeraj Chadha	Director (appointed on 09/08/2018)
Mr. Petaia Tuimanu	Director (appointed on 03/04/2019)
Ms. Tammie Tam	Director (appointed on 18/08/2020)
Ms. Loretta St Julian-Ooms	Director (appointed on 18/08/2020)

## 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 July 2018 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 Events subsequent to balance date.

## DIRECTORS' REPORT (CONT..)

### Events subsequent to balance date

- i. Fiji's tourism industry is without doubt facing its greatest challenge yet. COVID19 has brought Fiji's international tourism industry to a standstill. As the tourism industry contributes close to 40% of Fiji's GDP, Tourism Fiji recognizes its role in leading the market re-entry post COVID19 to get tourism business reopened, to get Fijians back at work and to boost the economy.

There is uncertainty on how long it will take to contain the virus before travel restrictions can be lifted and international visitors return to Fiji. The majority of resorts have already announced their closures. Smaller operators appear particularly impacted. This has caused significant job losses across the industry.

This challenge requires Tourism Fiji to be well-resourced in order to implement effective strategies and promotional programs that will most rapidly restore the tourism industry, which is so vital to the Fijian economy. Tourism Fiji, will commence its business promoting Domestically and then once the bubble will be active we will boom out to our short haul markets. Concurrently we will prepare for our long haul and Asia markets and we will activate our campaigns once board restrictions are uplifted. TF also believes in investment in new markets as well.

- ii. On 10th September 2018, Challenge Plaza , formerly know as Colonial Plaza was damaged by fire. Serious damages incurred at Tourism Fiji office and we lost considerable amount of assets and major records. Tourism Fiji had to reallocate temporarily to Nalagi conference rooms to manage its operations. Tourism Fiji managed to claim approximately \$505,027.73 as of now.
- iii. Other than the above mentioned events , there has not been any matter or circumstances occurring subsequent to the end of the financial year that has significantly affected or may significantly affect, the operations of the consolidated entity , the results of the operations or the state of affairs of the consolidated entity in future financials years.

Signed in accordance with a resolution of the directors.

Dated at Nadi this .....**29**....day of .....**August**.....2022.

  
**Board of Director**

  
**Chief Financial Officer**

# **INDEPENDENT AUDITOR'S REPORT**

## **TOURISM FIJI**

### **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 July 2018, the statement of comprehensive income, statement of changes in accumulated funds 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, in all material respects, the financial position of Tourism Fiji as at 31 July 2018, and of its financial performance and its cash flows for the period then ended in accordance with the International Financial Reporting Standards ("IFRS").

#### **Basis for Opinion**

I have 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.

#### **Other Information**

The Management and Directors are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and i do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statement or my knowledge obtained during the audit, or i conclude that there is a material misstatement of this other information, i am required to report the fact. i have nothing to report in this regard.

#### **Responsibilities of the Management and those Charged with Governance for the Financial Statements**

The management and Directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as the management and Directors 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 and Directors 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 and Directors either intend to liquidate Tourism Fiji or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing 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 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 Responsibilities for the Audit of the Financial Statements (CONT..)**

- 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 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 my opinion, the financial statements have been prepared in accordance with the requirements of the Tourism Fiji Act and other statutory requirements in all material respect, and;

- a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) The Tourism Fiji has kept financial records sufficient to enable the financial statements to be prepared and audited.



**Sairusi Dukuno**  
**ACTING AUDITOR-GENERAL**

**Suva, Fiji**  
**20 October, 2022**

## TOURISM FIJI

### Statement of Comprehensive Income

For the year ended 31 July 2018

	Notes	2018 \$	2017 \$
Government grant		40,532,714	33,392,405
Co-operative promotion and advertising		1,250,659	2,135,484
Other operating income	6	87,128	30,153
		<b>41,870,501</b>	<b>35,558,042</b>
Employee salaries and benefits	7	(5,430,760)	(3,187,634)
Operating and administrative expenses	8(ii)	(2,573,052)	(2,550,936)
Selling and marketing expenses	8(i)	(33,587,599)	(23,808,048)
Depreciation expense	8(iii)	(248,253)	(150,018)
Depreciation expense - right of use	8(iii)	(354,199)	-
<b>Surplus from operations</b>		<b>(323,362)</b>	<b>5,861,406</b>
Finance income	9	17,500	7,146
<b>Surplus for the year</b>		<b>(305,862)</b>	<b>5,868,552</b>
<b>Other comprehensive income</b>			
Realised exchange (loss)/gain		(206,100)	71,660
Unrealised exchange (loss)/gain		487,939	(42,867)
<b>Total comprehensive (loss) / income for the year</b>		<b>(24,023)</b>	<b>5,897,345</b>

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 July 2018

	2018	2017
Accumulated Funds	\$	\$
Balance at 1 January	16,329,916	10,432,571
Surplus/(deficit) for the year	(305,862)	5,868,552
Other comprehensive income	281,839	28,793
Balance at 31 December	<b>16,305,893</b>	<b>16,329,916</b>

## TOURISM FIJI

## Statement of Financial Position


For the year ended 31 July 2018

	Note	2018 \$	2017 \$
<b>Current Assets</b>			
Cash at bank and on hand	13	12,413,928	15,395,002
Prepaid expenses	15	3,227,926	682,142
Taxes refundable	17	1,171,237	798,442
Inventories	24	137,037	118,030
Other receivables and advances	18	51,273	467,988
<b>Total current assets</b>		<b>17,001,401</b>	<b>17,461,604</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	910,785	424,291
Intangible assets	11	402,137	-
Right of Use of Assets	12(i)	420,504	-
Term deposit	11	20,000	20,000
Refundable deposits	14	40,180	20,713
<b>Total non-current assets</b>		<b>1,793,606</b>	<b>465,004</b>
<b>TOTAL ASSETS</b>		<b>18,795,007</b>	<b>17,926,608</b>
<b>Accumulated Funds</b>			
Accumulated funds		16,305,893	16,329,916
<b>Total accumulated funds</b>		<b>16,305,893</b>	<b>16,329,916</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Employee entitlements	19	382,794	278,896
Expenses accrued	20	1,062,104	876,792
Income in advance	21	19,008	14,189
VAT Payable		-	256,561
Other payables and accruals	22	596,458	170,254
Lease liability	12(ii)	228,484	-
<b>Total current liabilities</b>		<b>2,288,848</b>	<b>1,596,692</b>
<b>Non-Current Liability</b>			
Lease liability	12(ii)	200,266	-
<b>Total non-current liabilities</b>		<b>200,266</b>	<b>-</b>
<b>Total liabilities</b>		<b>2,489,114</b>	<b>1,596,692</b>
<b>TOTAL ACCUMULATED FUNDS AND LIABILITIES</b>		<b>18,795,007</b>	<b>17,926,608</b>

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 Officer

## TOURISM FIJI

### Consolidated Statements of Cash Flows

For the year ended 31 July 2018

	Note	2016 \$	2016 \$
<b>Cash flows from operating activities</b>			
Cash receipts from Government and related stakeholders		42,205,992	35,622,458
Cash payment to employees & other parties		(44,045,859)	(31,206,302)
Cash generated from operations		(1,839,867)	4,416,156
Interest received		17,500	7,146
<b>Cash flows from operating activities</b>		<b>(1,822,367)</b>	<b>4,423,302</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(759,825)	(203,050)
Payment for development of intangible software		(402,137)	-
Proceeds from sale of property, plant and equipment		66,575	-
<b>Cash flows used in investing activities</b>		<b>(203,050)</b>	<b>(203,050)</b>
Cash flows from investing activities			
Payment of lease liability		(345,159)	-
<b>Cash flows used in investing activities</b>		<b>(345,159)</b>	<b>-</b>
Effect of exchange rate changes on cash and cash equivalents		281,839	28,793
Net (decrease) / increase in cash		(2,981,074)	4,249,045
Cash and cash equivalents at 1 August 2017		15,395,002	11,145,957
<b>Cash and cash equivalents at 31 July 2018</b>	<b>13</b>	<b>12,413,928</b>	<b>15,395,002</b>

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 July 2018

#### 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, United Kingdom, Europe, Korea and Representation in India. The address of the entity's principal place of business is Suite 107 Challenge 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 Accounting Standards Board and the requirements of the Laws of Fiji.

The financial statements were approved by the Board of Directors on 29/08/2022

##### (b) Basis of measurement

The IFRS financial statements have been prepared under the historical cost convention. In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Tourism Fiji's accounting policies and the reported amounts of assets, equity, liabilities, commitments, income and expenses.

##### (c) Functional and presentation currency

The financial statements are presented in Fiji dollars, which is the entity's functional currency. All financial information presented in Fijian dollar has been rounded off to the nearest dollar, except when otherwise indicated.

##### (d) 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.

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 2. BASIS OF PREPARATION (CONT'D)

##### (d) Use of estimates and judgments (CONT'D)

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

##### (e) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that Tourism Fiji will be able to meet its mandatory obligations.

#### 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has early adopted IFRS 9 (see 3(a)) and IFRS 16 (see 3(b)) from 1 August 2017. A number of other interpretations and amendments are also effective 1 August 2017 but they do not have a material effect on the Company's financial statements.

##### (a) IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9 Financial Instruments, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The adoption of this standard did not have any quantitative impact as at 1 August 2017.

##### (i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (fair value through other comprehensive income) and FVTPL (fair value through profit or loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of "loans and receivables".

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

For an explanation of how the Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 4 (c).

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 August 2017

	Original classification under IAS 39	New classification under IFRS 9	Original classification under IAS 39 \$	New classification under IFRS 9 \$
<b>Financial assets</b>				
Trade and other receivables (excluding Vat receivable)	Loans and receivables	Amortised cost	467,987	467,987
Cash and cash equivalents	Loans and receivables	Amortised cost	15,395,002	15,395,002
<b>Total financial assets</b>			15,862,989	15,862,989
<b>Financial liabilities</b>				
Trade and other payables	Other financial liabilities	Amortised cost	587,475	587,475
<b>Total financial assets</b>			587,475	587,475

**(ii) Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and loan commitments issued, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 4 (d).

For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 August 2017 results in no allowance for impairment.



## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (a) IFRS 9 Financial Instruments (CONT'D)

##### (iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- The Company has used the exemption not to restate comparative information prior periods with respect to classification and measurement (including impairment) requirements. Therefore comparative years have not been restated therefore is not comparable to the information presented for 2018 under IFRS
- The determination of the business model within which a financial asset is held is an assessments has been made on the basis of the facts and circumstances that existed at the date of initial application.

##### (b) IFRS 16 Leases

The Company early adopted IFRS 16 Leases with a date of initial application of 1 August 2017. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 August 2017 (Refer Note 3 (b) (iv)). The details of the changes in accounting policies are disclosed below.

##### (i) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3 (j).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 August 2017.

##### (i) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company decided to apply the recognition exemption to short-term leases of office space and to leases for which the underlying asset is of low value.

For leases of assets, which were classified as operating under IAS 17, the Company recognised right-of-use assets and lease liabilities.

**(a) Leases classified as operating leases under IAS 17**

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 August 2017. Right-of-use assets are measured at either:

- their carrying amounts as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application - the Company did not apply this approach; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments - the Company applied this approach to all leases

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied a single discount rate to a portfolio of leases with similar characteristics.
- adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with remaining terms less than 12 months from the date of initial application.
- excluded initial direct costs from measuring the right of use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**(a) Leases previously classified as finance leases**

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 August 2017 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date. The Company had no finance leases under IAS 17.

**(iii) As a lessor**

The Company does not have any leases where it acts as a lessor.

**(iv) Impact on financial statements**

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities of \$420,503 and \$428,750 respectively

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 August 2017. The weighted-average rate applied is 4.5%.

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### (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.

###### 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%

IT Hardware and Equipment 20-25%

Plant and Equipment 20-25%

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

**(c) Financial instruments****(i) Recognition and measurement**

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and measurement**Financial assets – policy applicable from 1 August 2017

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment – Policy applicable from 1 August 2017

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the



## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (ii) Classification and measurement (CONT'D)

##### **Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest - Policy applicable from 1 August 2017**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid

##### **Financial assets: Subsequent measurement and gains and loss- Policy applicable from 1 August 2017**

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is

##### **Financial assets – policy applicable before 1 August 2017**

The Company classified its financial assets into the loans and receivables category. Loans and receivables subsequent to initial recognition were measured at

##### **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

##### **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 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

**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 – Classification, subsequent measurement and gains and losses**

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.

**(iii) Derecognition****Financial assets**

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.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (iv) Offsetting

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

##### 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.

##### 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) Non-derivative financial assets

##### Policy applicable from 1 August 2017

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances as 12 month ECL for cash at bank balances, other receivables and local trade receivables as credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company's trade receivables primarily comprise of related parties. The Company applies the two stage approach to receivables from related parties to identify significant increases in credit risk. In calculating a provision for expected credit losses, the Company considers what is the probability of the related party defaulting during the term of the receivable. In assessing the risk of default, the Company considers the following qualitative factors:

- actual failure to pay within payment terms of the invoice;
- the related parties credit worthiness and financial position; and
- adverse changes to the overall viability of the related parties operations.

The Company considers an other receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired'

### **Credit-impaired financial assets**

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.

### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (i) Non-derivative financial assets (CONT'D)

###### Policy applicable before 1 August 2017

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.

**(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").

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (d) Impairment (CONT'D)

##### (ii) Non-financial assets (CONT'D)

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.

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**

**(ii) 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.



## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (i) Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 3 (b).

##### Policy applicable from 1 August 2017

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 August 2017.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

##### Policy applicable before 1 August 2017

For contracts entered into before 1 August 2017, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) **As a lessee**

**Under IFRS 16 - from 1 August 2017**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (j) Leases (CONT'D)

###### Leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

###### Under IAS 17 - before 1 August 2017

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

##### (k) 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.

##### (l) 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 (CONT'D)**

For the year ended 31 July 2018

**5. 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 debt 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.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The entity's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors, these limits are reviewed annually.



## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 5. FINANCIAL RISK MANAGEMENT

##### Risk management framework (CONT'D)

##### Other receivables (CONT'D)

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.

Credit risk concentrations are presented below:

	31 July 2018	31 July 2017
	\$	\$
Other receivables and advances	51,273	467,988
Investments - Term deposits	20,000	20,000

##### Expected credit losses assessment for trade receivables as at 1 August 2017 and 31 July 2018

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. The Company groups trade receivables on the basis of shared credit risk characteristics. A trade receivable balance therefore that is known to be impaired has a different risk profile compared with performing trade receivables. These specific impaired trade receivables have not been included in the calculating the loss allowance using the provision matrix and an individual provision has been calculated for these trade receivables at year end.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2018.

31 July 2018	Gross carrying amount	Weighted average loss rate	Loss allowance
	\$	\$	\$
1 to 30 days	0.45%	10,138	46
31 to 60 days	0.94%	25,115	235
61 to 90 days	1.24%	-	-
91 to 120 days	1.54%	-	-
		35,253	281
		-	-
Specifically impaired		35,253	281

Loss rates for performing trade receivables are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of trade receivables. Scalar factors are based on actual and GDP growth rates for Fiji.

#### Cash at bank

The Company held cash of \$12,412,913 (2017: \$15,395,000). Cash are held with banks which are rated A, AA+ and AA- based on S+P ratings.

Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects short term maturities of the exposures. The Company considers that its cash have low credit ratings of the counterparties.

On initial application of IFRS 9, the Company recognised Nil impairment allowance as at 1 August 2017 as the Company does not consider the impairment allowance to be material. The amount of the allowance did not change during 2018.

#### 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.

	31-Jul-18		31-Jul-17	
	\$	\$	\$	\$
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
<b>Financial assets</b>				
Cash at bank and on hand	12,412,913	-	15,395,002	-
Other receivables and deposits	51,273	-	467,988	-
Refundable deposits	-	40,180	-	20,713
Investments - term deposits	-	20,000	-	20,000
	12,464,186	60,180	15,862,989	40,713
<b>Financial liabilities</b>				
Other payables and accruals	587,475	-	170,254	-
Expenses accrued	1,052,471	-	876,792	-
Employee entitlements	382,178	-	278,896	-
	2,022,123	-	1,325,942	-

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 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.

	31-Jul-18	31-Jul-17
	\$	\$
<b>5. OTHER OPERATING (EXPENSE) INCOME</b>		
Other income	21,627	19,392
Commission	10,197	10,761
	<u>31,823</u>	<u>30,153</u>
<b>6. PERSONNEL EXPENSES</b>		
Salaries and wages - non key management personnel	3,238,881	1,683,998
Key management compensation - short term benefits	1,891,755	1,286,083
Superannuation contributions	280,008	209,119
Training and Productivity Authority of Fiji	19,500	8,434
	<u>5,430,144</u>	<u>3,187,633</u>
The average number of employees during the year was:	<u>59</u>	<u>48</u>

7.	(i) SELLING AND MARKETING EXPENSES	31-Jul-18 \$	31-Jul-17 \$
	Global Agency Engagement	1,276,911.48	
	Global Campaigns	702,832.40	
	Events	1,690,108.54	
	Industry Engagement	144,315.65	
	Niche	649,292.62	
	MICE	258,263.68	
	Global Brand Development	1,624,489.61	
	Collateral Production	15,888.33	
	Social Media	494,797.62	
	Strategic Global Partnership	4,144.52	
	Online	436,821.57	
	Tactical response Fund	2,263,608.63	
	InterHast 2018	150,197.25	
	Brand Advertising	11,886,838.01	
	Trade Partnership	5,178,384.89	
	Trade Engagement	377,726.12	
	Trade Events and Shows	1,943,911.27	
	Publicity and Media Events	2,134,779.30	
	Trade Famil	843,763.76	
	Consumer Shows and Event	842,777.23	
	Promotional Material	354,513.91	
	Administration	127,239.93	
	Rep Fees	194,991.54	
	Advertising & branding		12,452,622
	Information distribution		456,180
	Promotional materials		504,948
	Promotions		6,769,914
	Public relations		1,151,974
	Research and other marketing expenses		1,413,710
	Co-operative promotion & advertising		514,559
	Market representation		177,179
	Global retainers		366,962
		<u>33,596,598</u>	<u>23,808,049</u>

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

<b>7. (ii) OPERATING AND ADMINISTRATIVE EXPENSES</b>	<b>\$</b>	<b>\$</b>
Assets disposals	7,999	-
Exchange loss	262	112
Audit fees	2,046	9,266
Bad Debts	-	978
Bank charges	63,340	40,074
Board members remuneration and other related costs	36,881	93,072
Cleaning materials	18,145	8,120
Electricity	44,383	32,761
Office expenses	142,047	82,950
General insurance	56,199	62,457
Medical insurance	119,657	51,739
Travel insurance	2,674	3,711
Maintenance grounds and buildings	21,716	11,937
Maintenance/Leasing of office equipment	128,425	100,620
Motor vehicle running expenses	69,860	55,421
Freight and postage	81,841	24,853
Printing and stationery	38,437	45,757
Rent	66,848	359,555
Staff relocation	4,625	69,352
Staff training	97,564	17,787
Subscription and advertising	18,417	97,715
Telephone, facsimile and emails	255,062	230,568
Travelling - local	112,741	133,147
Travelling - overseas	231,606	25,295
Uniforms	222,324	1,837
Legal expenses	145,784	33,335
Professional fees	452,314	830,071
SLA IT agreement costs	24,678	86,069
Contingency	5,916	3,647
Disaster recovery costs	2,400	9,666
Industry liaison	-	13,660
Fringe Benefit Tax	40,460	15,403
Others	22,693	-
Interest Expense Right of Use Assets	25,779	-
Expected Credit Loss	1,015	-
Loss Allowance	281	-
	<u>2,564,419</u>	<u>2,550,938</u>



	31-Jul-18 \$	31-Jul-17 \$
<b>7. (iii) DEPRECIATION EXPENSE</b>		
Depreciation expense	248,253	150,018
<b>8. FINANCE INCOME</b>		
Interest Income	17,500	7,146
Finance Cost - Interest on Lease Liability	25,779	-
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		

31-Jul-18	Motor Vehicles \$	Plant & Machinery \$	Office Equipment \$	Furniture & Fitting \$	IT Hardware \$	Renovation \$	Total \$
<b>Cost</b>							
Balance at 1 August 2017	329,614	32,440	146,202	166,378	513,833	339,069	1,527,536
Effects of change in exchange rates	2,598	-	(3,575)	(4,660)	(4,660)	(4,924)	(15,222)
Additions	172,364	-	14,568	13,644	438,390	119,720	758,686
Disposals	126,667	-	19,450	15,375	80,303	-	241,795
Balance at 31 July 2018	377,909	32,440	137,745	159,987	867,259	453,865	2,029,205
<b>Depreciation</b>							
Balance at 1 August 2017	260,668	17,809	112,933	122,115	312,896	276,819	1,103,241
Effects of change in exchange rates	1,967	-	(1,686)	(3,420)	(3,420)	(4,709)	(11,269)
Disposals	76,105	8,110	14,097	8,446	126,054	15,212	248,024
Balance at 31 July 2018	116,386	-	18,848	13,750	72,592	-	221,576
Balance at 31 July 2018	222,354	25,919	106,496	113,391	362,938	287,323	1,118,420
<b>Carrying amount</b>							
Balance at 1 August 2017	68,946	14,631	33,270	44,263	200,936	62,249	424,295
Balance at 31 July 2018	155,555	6,521	31,250	46,596	504,321	166,542	910,785

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2018

#### 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

31-Jul-17	Motor Vehicles \$	Plant & Machinery \$	Office Equipment \$	Furniture & Fitting \$	IT Hardware \$	Renovation \$	Total \$
<b>Cost</b>							
Balance at 1 August 2016	3 32,910	32,440	136,493	142,567	384,472	293,265	1,337,908
Effects of change in exchange rates	(3,296)	-	474	1,093	228	2,868	1,366
Additions	-	-	9,235	22,718	129,132	42,936	204,021
Disposals	-	-	9,498	3,914	9,987	-	-
Balance at 31 July 2017	329,614	32,440	136,705	162,464	503,846	339,069	1,527,536
<b>Depreciation</b>							
Balance at 1 August 2016	201,887	9,699	99,256	115,909	274,176	249,959	950,884
Effects of change in exchange rates	(2,148)	-	457	1,013	416	2,601	2,338
Disposals	-	-	2,032	881	4,329	-	-
Balance at 31 July 2017	260,668	17,809	110,901	121,235	308,567	276,819	1,103,241
<b>Carrying amount</b>							
Balance at 1 August 2016	131,024	22,741	37,238	26,658	110,297	43,306	371,264
Balance at 31 July 2017	68,946	14,631	25,804	41,229	195,279	62,249	424,295

#### 10. LEASES

##### As a lessee

The Authority leases assets including office spaces and land for its depot and water source and storage locations. Information about leases for which the

<b>9. LEASES (CONT'D)</b>	<b>2018</b>
	<b>\$</b>
<b>(i) Right-of-use assets</b>	
Balance at 1 January	614,272
Additions during the year	159,311
Depreciation charge during the year	(353,079)
Balance at 31 December	420,504
<b>(ii) Lease liabilities</b>	
<b>Maturity analysis - contractual undiscounted cash flows</b>	
Less than one year	346,898
One to five years	662,656
More than five years	-
<b>Total undiscounted liabilities at 31 December 2019</b>	<b>1,009,554</b>
<b>Lease liabilities included in the statement of financial position at 31 July</b>	
Current	228,484
Non-current	200,266
<b>Total undiscounted liabilities at 31 December 2019</b>	<b>428,750</b>
<b>Amounts recognised in profit or loss</b>	
Interest on lease liabilities	25,779
Variable lease payments not included in the measurement of lease liabilities	66,848
	92,626
<b>Amounts recognised in the statement of cash flows</b>	
Total cash outflow for leases	345,159

<b>10. CASH AND CASH EQUIVALENTS</b>	<b>31-Jul-18</b>	<b>31-Jul-17</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	739	967
Cash at bank	12,412,174	15,394,035
	<b>12,412,913</b>	<b>15,395,002</b>

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2017

11. TERM DEPOSIT	31-Jul-18	31-Jul-17
	\$	\$
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.

### 12. PREPAID EXPENSES

Head office	2,989,316	26,181
Sydney office	348,928	146,046
Auckland office	158,451	310,925
Los Angeles office	19,856	187,612
UK office	92,593	2,301
Europe	4,919	9,077
China	16,015	
	<b>3,630,079</b>	<b>682,142</b>

### 13. REFUNDABLE DEPOSITS

Electricity deposit(HQ)	6,325	6,325
Standup Paddle and Paddleboard Championship Deposit		-
Car park bond (Sydney)	1,318	1,389
Office rental bond	9,856	7,115
Office rental bond (LAX)	6,041	5,884
Rental Bond China	16,640	
	<b>40,180</b>	<b>20,713</b>

### 14. TAXES RECEIVABLES

VAT receivable - Head Office	409,563	
Interest Withheld - Head Office	8,026	
GST receivable - Sydney Office	94,558	291,654
GST receivable - Auckland Office	260,821	244,656
VAT receivable - UK/Europe Office	389,269	262,132
	<b>1,162,237</b>	<b>798,442</b>

**15. OTHER RECEIVABLES AND ADVANCES**

	31-Jul-18 \$	31-Jul-17 \$
<b>Head Office</b>		
Participation fees owed	34,972	71,944
Fiji excellence awards	9,620	335,739
Refundable taxes		6,659
Other general advances	6,681	9,228
<b>Sydney Office</b>		
Participation fees owed		29,631
<b>Auckland Office</b>		
Participation fees owed		13,150
<b>LAX Office</b>		
Participation fees owed		1,637
Advances		-
<b>Uk/Europe</b>		
Advances		-
	<hr/> 51,273	<hr/> 467,988

**16. EMPLOYEE ENTITLEMENTS**

This consists of salaries, leave and superannuation dues. The breakdown is as follows:

Salaries and annual leave dues	305,975	208,895
Superannuation	76,202	70,001
	<hr/> 382,178	<hr/> 278,896



## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2017

	31-Jul-18 \$	31-Jul-17 \$
<b>17. EXPENSES DUE</b>		
<b>Operating expenses</b>		
Head office	179,867	15,667
Sydney office	17,421	2,451
Auckland office	744	14,498
Los Angeles office	11,823	8,445
China	20,928	
UK	-	2,695
Europe	-	
Total	43,756	43,756
<b>Marketing expenses</b>		
Head office	431,761	472,336
Sydney office	134,101	130,038
Auckland office	15,833	32,370
Los Angeles office	128,632	149,099
UK	107,832	6,014
China	1,950	20,150
Europe	1,579	23,029
Total	821,687	833,036
<b>Total Expenses Due</b>	<b>1,052,471</b>	<b>876,792</b>
<b>18. INCOME RECEIVED IN ADVANCE</b>		
Fiji office	19,008	4,092
Sydney office		-
NZ office		10,097
USA office	8,983	-
	27,991	14,189

**19. OTHER PAYABLES & ACCRUALS**

Fiji Revenue Customs Authority		
TAG - Funds plus interest	86,005	86,005
VAT Payable	-	256,561
Others	501,470	84,249
	<u>587,475</u>	<u>426,815</u>

**20. RELATED PARTIES****(a) Directors**

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

Mr. Andre Viljoen	Chairman
Mr. Geoffrey Shaw	Deputy Chairman
Mr. Shaheen Ali	Director
Mr. Dixon Seeto	Director
Mr. Ravinder Dhesi	Director
Ms. Meliki Tuinamuana	Director
Ms. Notue Touakin	Secretary
Mr. Ajay Raniga	Director

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

**(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, United Kingdom, Europe, USA and Korea.

Key management compensation is disclosed under Note 7.

## TOURISM FIJI

### Notes to the Financial Statements (CONT'D)

For the year ended 31 July 2017

#### 21. INVENTORIES

	31-Jul-18	31-Jul-17
	\$	\$
Survival Kit		292
USB	10,579	14,135
Tags	1,435	3,662
Pens	-	12,141
Bags	18,138	-
Caps	15,236	17,797
T-Shirts	39,756	34,856
TF Lanyards	1,774	5,551
TF Coaster	5,074	5,625
TF Lapel Pins	297	310
TF Sulus	3,528	-
TF Business Card Holder	7,341	-
TF Umbrellas	5,748	8,969
TF Passport Holders (Wallets)	6,481	
Sticky Notes	2,791	
Phone Accessories	4,090	-
Hats	2,941	
TF Notebooks	11,828	14,692
	<u>118,030</u>	<u>118,030</u>

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 31 July 2018 (2018: \$Nil)

#### 23. COMMITMENTS

Operating lease commitments for non-cancellable rental agreement and other operating lease.

Less than one year	346,898	1,216,662
Between one and two years	662,656	1,880,838
Between two and five years		1,477,968
Total operating lease commitments	<u>1,009,554</u>	<u>4,575,468</u>

## **24. EVENTS SUBSEQUENT TO BALANCE DATE**

Fiji's tourism industry is without doubt facing its greatest challenge yet. COVID19 has brought Fiji's international tourism industry to a standstill. As the tourism industry contributes close to 40% of Fiji's GDP, Tourism Fiji recognizes its role in leading the market re-entry post COVID19 to get tourism business reopened, to get Fijians back at work and to boost the economy.

There is uncertainty on how long it will take to contain the virus before travel restrictions can be lifted and international visitors return to Fiji. The majority of resorts have already announced their closures. Smaller operators appear particularly impacted. This has caused significant job losses across the industry.

This challenge requires Tourism Fiji to be well-resourced in order to implement effective strategies and promotional programs that will most rapidly restore the tourism industry, which is so vital to the Fijian economy. Tourism Fiji, will commence its business promoting Domestically and then once the bubble will be active we will boom out to our short haul markets. Concurrently we will prepare for our long haul and Asia markets and we will activate our campaigns once board restrictions are uplifted. TF also believes in investment in new markets as well.





Tourism **fiji**