

NEGRIL CHAMBER OF COMMERCE LIMITED
FINANCIAL STATEMENTS
JUNE 30, 2018

I N D E X

	<u>PAGE</u>
DIRECTORS' REPORT	1
INDEPENDENT AUDITORS' REPORT	2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 12
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS	
COMPANY OPERATING ACCOUNT	1
COMPANY ADMINISTRATIVE AND GENERAL EXPENSES	11

HEW, CHIN & CO.
CHARTERED ACCOUNTANTS

NEGRIL CHAMBER OF COMMERCE LIMITED

DIRECTORS:

SECRETARY:

REGISTERED OFFICE: P.O. Box 3055, Negril, Westmoreland

REPORT OF THE DIRECTORS

The Directors have submitted their report together with the accounts for the year ended JUNE 30, 2018.

The net surplus for year before charging depreciation amounted to:

	1,026,472
Less: Depreciation	<u>(748,196)</u>
DEFICIT BEFORE TAXATION	278,275
Less: Taxation based on the result of the year Income tax 25%	<u>-</u>
DEFICIT AFTER TAXATION	278,275
Surplus brought forward	<u>14,760,620</u>
<u>DEFICIT CARRIED FORWARD</u>	<u>\$ 15,038,895</u>

INDEPENDENT AUDITORS' REPORT
To the Members of
NEGRIL CHAMBER OF COMMERCE LIMITED

We have compiled the financial statements of Negril Chamber of Commerce set out on pages 3 to 11, which comprises the company's statement of financial position as at June 30, 2018, the company's statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

A compilation is the presentation, in financial statement format, of information presented by management and representation made by them.

We have not audited these financial statements and therefore we do not express an opinion on them.

HEW, CHIN & CO.
CHARTERED ACCOUNTANTS

Montego Bay,
JAMAICA.

NEGRIL CHAMBER OF COMMERCE LIMITED

Statement of Financial Position

JUNE 30, 2018

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	8,295,668	8,817,035
Investments	4	-	67,500
Owed by related party	5	4,959,008	4,338,169
NVP Health Fund (Issa)	5b	10,400,006	-
Accounts Receivables	6	548,440	2,352,101
Total current assets		<u>24,203,122</u>	<u>15,574,804</u>
CURRENT LIABILITIES			
Accounts payable	7	3,358,959	6,442,985
Taxation payable	8	-	222,133
Total current liabilities		<u>3,358,959</u>	<u>6,665,118</u>
Net current assets		20,844,163	8,909,687
NON-CURRENT ASSETS			
Property, plant and equipment	10	5,155,782	5,903,979
Total assets less current liabilities		<u>25,999,945</u>	<u>14,813,665</u>
EQUITY			
Members' fund	9(a)	60,044	60,044
Reserve	9(b)	25,939,901	14,753,621
Total equity		<u>25,999,945</u>	<u>14,813,665</u>

The financial statements on pages 3 to 12 were approved for issue by the Board of Directors and signed on its behalf by:

..... DIRECTOR

Donald Grizzle

..... DIRECTOR

Sophie Roumel

The accompanying notes form an integral part of the financial statements.

NEGRIL CHAMBER OF COMMERCE LIMITED

Statement of Comprehensive Income

Year ended JUNE 30, 2018

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		\$	\$
Gross operating revenue		13,045,839	12,931,830
Cost of operating revenue		(5,225,218)	(3,527,726)
Gross operating profit		7,820,621	9,404,104
Administrative and other expenses		(7,543,977)	(5,253,708)
		276,644	4,150,397
Finance income		81,611	446,269
Finance cost		(79,980)	(98,108)
Profit/(loss) from operations before taxation		278,275	4,498,558
Taxation		-	(513,268)
Profit/(loss) for the year, being total comprehensive surplus/(deficit)		278,275	3,985,290

The accompanying notes form an integral part of the financial statements.

NEGRIL CHAMBER OF COMMERCE LIMITED
Company Statement of Changes in Equity
Year ended JUNE 30, 2018

	Members' Fund	Building Reserve	Health Fund Reserve	Accumulated Deficit	Special Projects Surplus	Total
Balance at June 30, 2016	60,044	6,445,128	-	(12,952,338)	17,282,540	10,835,374
Total comprehensive profit for the year	-	-	-	3,985,290	-	3,985,290
Balance at June 30, 2017	60,044	6,445,128	-	(8,967,048)	17,282,540	14,820,664
Total comprehensive profit for the year	-	-	10,901,006	278,275	-	11,179,281
Balance at June 30, 2018	60,044	6,445,128	10,901,006	(8,688,773)	17,282,540	25,999,945

The accompanying notes form an integral part of the financial statements.

NEGRIL CHAMBER OF COMMERCE LIMITED
Company Statement of Cash Flows
Year ended JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the year	278,275	3,985,290
Adjustment for:		
Depreciation	748,196	748,196
	<u>1,026,472</u>	<u>4,733,486</u>
(Increase)/decrease in current assets:		
Accounts receivable	1,803,662	(2,347,101)
Owed by related party	(11,020,846)	-
Increase/(decrease) in current liabilities:		
Accounts payable	(3,077,028)	945,581
Taxation Payable	(222,133)	513,268
Special grant amortization	-	-
	<u>(11,489,873)</u>	<u>3,845,234</u>
Cash provided by (used in) operations		
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	0	(1,017,999)
Investments		
Net cash used in investing activities	<u>0</u>	<u>(1,017,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Health Fund Reserve	10,901,006	-
Investments	67,500	-
Net cash used in investing activities	<u>10,968,506</u>	<u>(1,017,999)</u>
Net increase/(decrease) in cash and cash equivalents	(521,367)	1,809,235
Cash and cash equivalents at beginning of the year	<u>8,817,035</u>	<u>5,989,801</u>
Cash and cash equivalents at end of the year	<u><u>8,295,668</u></u>	<u><u>8,817,035</u></u>
Represented by:		
Cash and cash equivalents	<u>8,295,668</u>	<u>8,817,035</u>
	<u><u>8,295,668</u></u>	<u><u>8,817,035</u></u>

The accompanying notes form an integral part of the financial statements.

NEGRIL CHAMBER OF COMMERCE LIMITED
Notes to the Financial Statements
Year ended JUNE 30, 2018

1. Incorporation and Identity

Negril Chamber of Commerce Limited is a company limited by guarantee and does not have a share capital. The liability of each member is restricted to \$0.10. The company is incorporated and domiciled in Jamaica. The registered office of the company is Negril, P.O. Box 3055, Negril Westmoreland.

The main activity of the company is to promote Negril as a prime tourist destination under the name Negril Chamber of Commerce.

2. Basis of Preparation and Significant Accounting Policies

Basis of Preparation and Statement of Compliance.

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

a. Basis of Preparation:

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention and the relevant requirements of the Jamaican Companies Act.

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

b. Revenue Recognition:

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is recognized when services have been performed and there is acceptance by the customer. No revenue is recorded if there are significant uncertainties regarding recovery of the consideration due, the associated costs. Revenue is shown net of Consumption Tax, returns, rebates and discounts. Interest income is recognised as it accrues, unless collectability is in doubt.

c. Foreign Currency Translation.

1. Functional and Presentation Currency.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. (The Functional Currency) The financial statements are presented in Jamaican dollars, which is the company's functional and presentational currency.

NEGRIL CHAMBER OF COMMERCE LIMITED

Notes to the Financial Statements

JUNE 30, 2018

c. 11. Transactions and Balances.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains or Losses arising from settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities dominated in foreign currencies are recognized in the statement of comprehensive income.

d. Plant, Machinery and Equipment.

Plant, machinery and equipment and other assets are carried at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is calculated on the straight line basis at rates estimated to write off the cost of the assets over their expected useful lives. Annual rates used are as follows:

Buildings	2.5%
Furniture, fixtures and equipment	10%
Motor vehicles	20%
Computer systems	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses and disposal of plant, machinery and equipment are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income. Repairs and maintenance expenditure are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company.

e. Impairment of Non-Current Assets.

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

f. Receivables and Payables

Receivables and payables are carried at original invoice amounts. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount. Bad debts are written-off during the year in which they are identified.

NEGRIL CHAMBER OF COMMERCE LIMITED
Notes to the Financial Statements
JUNE 30, 2018

g. Cash and Short-term Deposits.

Cash and short-term deposits consist of cash on hand, deposits held on call with banks and other short-term highly liquid investments with less than 90 days' maturity from the date of acquisition. These are carried in the statement of financial position at cost.

h. Borrowings

Bank and other loans are recorded at proceeds received. Finance charges, including direct issue costs are accounted for on an accrual basis in the statement of comprehensive income and are added to the carrying amount of the loan to the extent that they are not settled in the period in which they arise.

i. Employee Benefits

Annual Leave Entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. At year end the company had no liability for annual leave as a result of services rendered by employees.

j. Financial Instruments.

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

Financial Assets

The company's financial assets comprise cash, investments, bank balances, deposits and accounts receivables. The particular recognition methods are disclosed in the individual policy statement associated with each item.

Financial Liabilities

The company's financial liabilities comprise trade payables, loans, and other liabilities. They are initially measured at a fair value, and subsequently measured at amortised cost using the effective interest method.

k. Taxation

The company has not completed its registration under the Department of Friendly Societies and therefore regular taxes are applicable until this registration is complete.

NEGRIL CHAMBER OF COMMERCE LIMITED
Notes to the Financial Statements
JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
3. Cash and Cash Equivalents		
This comprises:		
J\$ Current Account	165,742	1,145,414
US\$ Savings Account	5,762,362	7,216,742
J\$ Health fund accounts	1,423,435	-
US\$ Health fund accounts	812,447	-
Cash on Hand/ Other	131,683	454,878
	<u><u>8,295,668</u></u>	<u><u>8,817,035</u></u>

4. Investments

The investment balance carried forward from previous years was deemed unsubstantiated and was fully written off.

Tourism Action Plan Limited**(a) Unsecured non-interest bearing**

convertible debenture stock	-	24,500
Trade receivables	-	-
 (b) 250 ordinary shares @ \$1.00 each (unquoted)	 -	 250
Other (Unquoted)		
(2) 101,000 ordinary shares \$1 each	-	135,000
	-	159,750
 Impairment loss	 -	 (92,250)
	-	67,500

5. Owed by Related Party

This represents amounts owed by Negril Vendor's Plaza from transactions done on their behalf by NCC net of NVP payments on NCC's behalf.

The NVP Health Fund represents amount advanced to the Negril Vendor's Plaza by director Lee Issa, with repayment designated for the Health Fund.

	2018	2017
	<u>\$</u>	<u>\$</u>
Negril Vendors Plaza	4,959,008	4,338,169
NVP Health Fund (Issa)	10,400,006	-
	<u><u>4,959,008</u></u>	<u><u>4,338,169</u></u>

6. Accounts Receivable

JPS Meter Deposit	5,000	5,000
Membership Dues Receivables	231,840	1,230,000
Negril Guide	311,600	616,101
Gala Tickets	-	391,000
Auction Receivables	-	66,250
T-Shirt - Clean up	-	43,750
	<u><u>548,440</u></u>	<u><u>2,352,101</u></u>

NEGRIL CHAMBER OF COMMERCE LIMITED
Notes to the Financial Statements
JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
7. Accounts Payable & Accruals	\$	\$
Payroll Tax Payable	-	202,862
Payroll Interest and Penalties	1,468,885	1,389,992
GCT Interest & Penalties	667,074	1,406,170
Accountant Fees Payable	233,000	1,648,500
NWC	-	439,764
Rogiers Ticket	150,000	150,000
Other Payables	840,000	1,205,698
	<u>3,358,959</u>	<u>6,442,985</u>

8. Taxation

The company is not applicable for registration under the Department of Friendly Societies and therefore regular taxes are applicable, however members dues are treated as exempt. Subject to agreement with the Commissioner, taxable losses available for set-off against future profits is \$1,778,667. Consultation is being done regarding fund raisers for charitable projects.

	<u>2018</u>	<u>2017</u>
9. Share Capital and Reserves		
(a) Members' Fund		
This represents members contribution and fund-raising before incorporation of the company.		
	<u>60,044</u>	<u>60,044</u>
(b) Reserves Comprise:		
Building Reserve		
Grant through the Tourism Action Plan and member's contribution to the Vendors Plaza	6,445,128	6,445,128
Revenue:		
Retained deficit	(8,688,773)	(5,672,038)
Special projects surplus	17,282,540	17,282,540
	<u>15,038,895</u>	<u>18,055,630</u>

NEGRIL CHAMBER OF COMMERCE LIMITED
Notes to the Financial Statements
JUNE 30, 2018

10. Property, Plant and Equipment	<u>LAND</u>	<u>BUILDINGS</u>	<u>EQUIPMENT</u>		<u>FURNITURE AND FIXTURES</u>		<u>COMPUTERS</u>	<u>TOTAL</u>
			<u>OWNED</u>	<u>PROJECTS</u>	<u>OWNED</u>	<u>PROJECTS</u>		
<u>Cost</u>								
At June 30, 2017	1,018,000	8,852,511	2,837,986	5,268,838	211,450	256,631	667,649	18,095,065
Additions	-	-	-	-	-	-	-	-
At June 30, 2018	<u>1,018,000</u>	<u>8,852,511</u>	<u>2,837,986</u>	<u>5,268,838</u>	<u>211,450</u>	<u>256,631</u>	<u>667,649</u>	<u>18,095,065</u>
<u>Accumulated Depreciation</u>								
At June 30, 2017	-	4,572,569	2,837,986	4,662,801	211,450	256,631	667,649	13,209,086
Charge for year	-	221,313	-	526,884	-	-	-	748,197
At June 30, 2018	<u>-</u>	<u>4,793,882</u>	<u>2,837,986</u>	<u>5,189,685</u>	<u>211,450</u>	<u>256,631</u>	<u>667,649</u>	<u>13,957,282</u>
<u>New Book Value</u>								
At June 30, 2018	<u>1,018,000</u>	<u>4,058,629</u>	<u>-</u>	<u>79,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,137,783</u>
At June 30, 2017	<u>1,018,000</u>	<u>4,279,942</u>	<u>-</u>	<u>606,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,885,979</u>

NEGRIL CHAMBER OF COMMERCE LIMITED

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NEGRIL CHAMBER OF COMMERCE LIMITED**Company Operating Account****JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Income</u>		
Member's Subscription	2,272,236	2,930,845
Trust Fund Donations	-	4,760
West End Road Project	1,343,733	-
Other Income	312,473	420,152
Exchange Income/ (Loss)	81,611	446,269
Fundraising Income		
Negril Guide	5,375,602	5,894,253
Luncheon/ Gala & Other Fundraising	3,741,795	3,681,821
	<u>13,127,450</u>	<u>13,378,099</u>
<u>Direct expenses</u>		
Negril Guide	1,882,643	2,221,152
Fund raising expense	522,203	-
Quarterly Luncheon/ Gala	1,449,210	1,306,574
Road project expenses	1,317,463	
Recycling expense	53,700	-
Total direct expenses	<u>5,225,218</u>	<u>3,527,726</u>
Net Income	7,902,232	9,850,373
Administrative and other expenses (page 111)	<u>(7,623,957)</u>	<u>(5,351,815)</u>
Surplus/ (Deficit)	<u>278,275</u>	<u>4,498,558</u>

NEGRIL CHAMBER OF COMMERCE LIMITED
Company Administrative and Other Expenses
JUNE 30, 2018

	2018	2017
	\$	\$
Salaries and related benefits	1,779,505	1,484,003
Rent	-	41,760
Bad debt written off	1,803,662	-
Advertising and promotions	31,600	46,250
Printing, postage and stationary	66,730	60,091
Accounting Fees	803,175	774,750
Legal and professional fees	461,755	-
Insurance	139,800	291,875
Transport & Travel	18,230	424,696
Depreciation	748,196	748,196
Bank Charges	79,980	98,108
NEA Expenses	-	90,000
Annual returns	312,000	-
Meeting expense	9,000	-
NVP Donations	1,148,500	-
Donations & Subscriptions	13,651	262,500
Special Project - Coral Research	-	222,000
General office	47,722	241,331
Cleaning & Maintenance	61,172	110,000
Telephone	99,279	-
Other Expenses	-	456,255
Total administrative and other expenses	<u>7,623,957</u>	<u>5,351,815</u>

NEGRIL CHAMBER OF COMMERCE LIMITED

INCOME TAX COMPUTATION

YEAR OF ASSESSMENT 2018

			\$
Net (deficit)/surplus per accounts			278,275
ADJUSTMENTS			
Add:	Depreciation	748,196	
			748,196
			<u>1,026,472</u>
Less:	Capital Allowance		(221,313)
	Membership dues 2018	(2,272,236)	
	Accrued Income (see note 1)		
	Negril Guide Receivables	(311,600)	
		-	
			(2,583,835)
Tax Losses c/f			<u>(1,778,677)</u>
Losses set off Restricted to 50% of Profit			-
			<u>(1,778,677)</u>
TAX PAYABLE			-
Losses c/f			<u>(1,778,677)</u>

CAPITAL ALLOWANCE COMPUTATION

	COST	RATE	WDV	ADDS/DIS POSAL	ANNUAL ALLOWANCE	W.D.V C/FWD
Buildings	8,852,511	2.5%	4,058,629	-	221,313	3,837,316
Equipment	8,106,824	10.0%	-	-	-	-
Furniture & Fi	468,081	10.0%	-	-	-	-
Computers	267,060	20.0%	-	-	-	-
			4,058,629	-	221,313	3,837,316

NOTE 1

Due to the non-profit nature of the Chamber of Commerce, these accruals are considered non-obligatory and is therefore based on the goodwill of the member. No legal action will be engaged to recover these amounts. They are therefore reversed for tax purposes.