Virgin Islands Recovery and Development Agency

Audited Financial Statements

For the Year Ended December 31, 2020

BDO

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For the Year Ended December 31, 2020

VIRGIN ISLANDS RECOVERY AND DEVELOPMENT AGENCY

For the Year Ended December 31, 2020
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Independent Auditor's Report

Virgin Islands Recovery and Development Agency
Tortola, British Virgin Islands

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Virgin Islands Recovery and Development Agency (the "Agency"), which comprise of the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board 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, the Board is responsible for assessing the Agency'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 Board either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

BDO Limited

Tortola, British Virgin Islands
July 2, 2021

VIRGIN ISLANDS RECOVERY AND DEVELOPMENT AGENCY

Statement of Financial Position
As at December 31, 2020
(Expressed in United States Dollars)

	Notes	2020 $	2019 $
ASSETS			
Non-current assets			
Property and equipment, net	4	406,493	788,104
Total non-current assets		406,493	788,104
Current assets			
Prepayments and deposits		133,351	135,456
Fixed deposit	6	10,060	10,040
Cash and cash equivalents	5	2,523,536	2,622,220
Total current assets		2,666,947	2,767,716
TOTAL ASSETS		3,073,440	3,555,820
LIABILITIES			
Non-current liabilities			
Lease financing	9	209,984	294,618
Lease liability	9	-	75,069
Total non-current liabilities		209,984	369,687
Current liabilities			
Trade and other payables	7	1,744,935	326,783
Lease financing	9	84,626	79,705
Lease liability	9	75,075	162,343
Total current liabilities		1,904,636	568,831
TOTAL LIABILITIES		2,114,620	938,518
Reserve			
Unrestricted		342,592	1,069,960
Restricted		616,228	1,547,342
TOTAL RESERVES		958,820	2,617,302
TOTAL LIABILITIES AND RESERVES		3,073,440	3,555,820

Approved on Behalf of the Board

Chairman

2 June, 2021 Date

The accompanying notes form an integral part of these financial statements

VIRGIN ISLANDS RECOVERY AND DEVELOPMENT AGENCY

Statement of Comprehensive Income
For the Year Ended December 31, 2020
(Expressed in United States Dollars)

	Notes	2020 $	2019 $
UNRESTRICTED RESERVES			
Revenues			
UK Government Operations Funding	8	1,221,775	2,549,308
BVI Government Operations Funding	8	1,200,000	1,502,179
Interest income	5	1,247	5,045
TOTAL REVENUES		2,423,022	4,056,532
Expenses			
Staff costs	10	934,706	2,881,008
Administrative expenses	11	1,801,257	564,454
Depreciation and lease amortisation	4	385,393	258,619
Finance costs	9	29,034	32,574
TOTAL EXPENSES		3,150,390	3,736,655
(DEFICIT) SURPLUS FROM UNRESTRICTED RESERVES		(727,368)	319,877
RESTRICTED RESERVES			
Revenues			
BVI Government Programme Funding	8	1,193,237	5,149,783
UK Government Programme Funding	8	-	226,694
CDB Programme Funding	8	7,165,424	-
Donor Funding	8	14,000	4,260
Interest income	5	3,741	4,109
TOTAL REVENUES		8,376,402	5,384,846
Expenses			
Programme expenses	8, 12	1,948,110	4,858,040
CDB Programme expenses	8, 12	7,359,406	-
TOTAL EXPENSES		9,307,516	4,858,040
(DEFICIT) SURPLUS FROM RESTRICTED RESERVES		(931,114)	526,806
TOTAL COMPREHENSIVE (LOSS) INCOME		(1,658,482)	846,683

The accompanying notes form an integral part of these financial statements

VIRGIN ISLANDS RECOVERY AND DEVELOPMENT AGENCY

Statement of Changes in Reserves
For the Year Ended December 31, 2020
(Expressed in United States Dollars)

2020:	Opening balance $	Surplus (Deficit) for the period $	Closing balance $
Unrestricted reserves			
UK Government operations funding reserve	751,920	(367,583)	384,337
BVI Government operations funding reserve	318,040	(359,785)	(41,745)
Total	1,069,960	(727,368)	342,592
Restricted reserves			
BVI Government Programme funding reserve	840,991	(751,132)	89,859
UK Government Programme funding reserve	702,091	-	702,091
CDB Programme funding reserve	-	(193,982)	(193,982)
Donor funding reserve	4,260	14,000	18,260
Total	1,547,342	(931,114)	616,228
	2,617,302	(1,658,482)	958,820

2019:	Opening balance $	Surplus for the period $	Closing balance $
Unrestricted reserves			
UK Government operations funding reserve	550,644	201,276	751,920
BVI Government operations funding reserve	199,439	118,601	318,040
Total	750,083	319,877	1,069,960
Restricted reserves			
BVI Government Programme funding reserve	340,476	500,515	840,991
UK Government Programme funding reserve	680,060	22,031	702,091
Donor funding reserve	-	4,260	4,260
Total	1,020,536	526,806	1,547,342
	1,770,619	846,683	2,617,302

<u>Deficit:</u>
The current year deficit is a result of the allocation of non-cash expenses such as depreciation and the impact of the accrual basis of accounting.

VIRGIN ISLANDS RECOVERY AND DEVELOPMENT AGENCY

Statement of Cash Flows
For the Year Ended December 31, 2020
(Expressed in United States Dollars)

	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in reserves	(1,491,983)	846,683
Adjustments to reconcile to cash from operations before working capital changes:		
Depreciation	385,393	258,619
Finance costs	29,034	32,574
Operating surplus from operations before working capital changes:	(1,244,055)	1,137,876
Decrease (Increase) in prepayments and deposits	2,105	(135,456)
Increase in fixed deposit	(20)	(10,040)
Increase in trade and other payables	1,418,152	226,107
Net cash flows from operating activities	176,182	1,218,487
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of property and equipment	(3,782)	(168,291)
Net cash flows used in investing activities	(3,782)	(168,291)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Principal paid on lease liabilities	(162,337)	(87,397)
Principal paid on lease financing	(79,713)	(75,074)
Interest paid	(29,034)	(32,574)
Net cash flows used in financing activities	(271,084)	(195,045)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(98,684)	855,151
CASH AND CASH EQUIVALENTS		
At beginning of year	2,622,220	1,767,069
At end of year	2,523,536	2,622,220

Non-cash operating and investing activities:

The fit out of the office space was completed in June 2019 and the Agency classified the balance of $467,474 included in other receivables in the prior period to leasehold improvements within property and equipment in the 2019 period (refer to Note 4) in accordance with IAS 16.

1 Organisation and objectives

The Virgin Islands Recovery and Development Agency (the "Agency") was established under the Virgin Islands Recovery and Development Act, 2018 (the "Act") which was gazetted on April 16, 2018.

The British Virgin Islands ("BVI") was significantly impacted by substantial flooding caused by a tropical wave in August 2017 and Hurricanes Irma and Maria during September 2017. These disasters caused widespread damage to infrastructure, social services and telecommunications throughout the BVI. In response to these disasters, the House of Assembly approved the Recovery to Development Plan (the "Plan") on October 23, 2018. The Plan sets out the Government of the Virgin Islands (the "Government") plans to help the BVI recover from the disasters with a view to returning the BVI to a state of normalcy in the short term and to a more sustainable and resilient state in the long term.

During the year the House of Assembly approved a revised Recovery to Development Plan (the "rRDP") which reduced the scope and scale of the Agency's activities.

The Agency was established with a five year mandate to serve as an independent arms-length body to ensure that the Plan is implemented in a timely and efficient manner and without undue interference or influence. The Act established the Agency as a body corporate whose functions include:

- Ensuring the timely and proper implementation and execution of the Plan;
- Administering the procurement of services and goods required to implement projects under the Plan and ensuring that projects under the plan are executed in manner that provides the greatest benefit relative to the cost;
- Managing the tendering process including evaluating bids and making recommendations;
- Providing policy advice, research, analysis and technical assistance to the Ministries of Government;
- Collaborating with Ministries and other implementation agencies;
- Preparing business cases for recovery, reconstruction and development projects; and
- Building capacity in skill sets required to execute the Plan by assisting Virgin Islanders to take advantage of business and employment opportunities arising out of implementation of the Plan.

Virgin Islands Recovery Trust

To assist with the implementation of the Plan, the Virgin Islands Recovery Trust (the "Trust") was established on November 30, 2018 through an Instrument of Trust entered into by the Government acting as the settlor (the "Settlor") and ATU General Trust (BVI) Limited acting as the trustee (the "Trustee"). In accordance with the Act, the Trust was established for the purpose of receiving all contributions for the recovery and development efforts pursuant to the Plan and the Trust shall principally fund projects and programmes under the Plan.

The Agency shall only be able to access the property of the Trust required for the implementation of the Plan and access to the property of the Trust by the Agency must be done through non-binding recommendations to the Trustee in relation to the manner in which the Trust's property is applied.

2 Significant Accounting Policies

(a) Presentation of financial statements

(i) International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The principal accounting policies adopted in preparation of the Agency's financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(ii) Accounting convention

The financial statements are prepared under the historical cost convention, except for the revaluation of certain financial instruments which are recognised at fair value.

2 Significant Accounting Policies (Continued)

(a) Presentation of financial statements (Continued)

(iii) Presentation and functional currency

The financial statements are presented in United States Dollars ("$"), which is the Agency's functional and presentation currency.

(iv) Significant accounting estimates and judgement

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. Management is also required to exercise its judgement in the process of applying the Agency's accounting policies. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are disclosed in Note 3.

(b) IFRS compliance and adoption

(i) Standards, amendments and interpretations to existing standards effective and relevant to the Agency

New standards, other amendments and interpretations that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the Agency are:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment – Disclosure Initiative - Definition of Material)
- Revisions to the Conceptual Framework for Financial Reporting
- *Interest Rate Benchmark Reform* (Amendments to IFRS 7, IFRS 9 and IAS 39)
- *Covid-19 Related Rent Concessions* (Amendments to IFRS 16)

(ii) Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Agency

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Agency.

- Amendments to IAS 1, Classification of liabilities as Current or Non-Current
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to IAS 37)
- *Annual Improvements to IFRS Standards 2018-2020* (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

2 Significant Accounting Policies (Continued)

(c) Financial Instrument

A financial instrument that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measuremen*t*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Agency's business model for managing them. The Agency initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the profit and loss ("FVTPL"), transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ('FVOCI"), it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Agency's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e., the date that the Agency commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at FVOCI with recycling of cumulative gains and losses
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortised cost

The category is the most relevant to the Agency. The Agency measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Agency's financial assets at amortised cost include cash and cash and cash equivalents and fixed deposit. Cash and cash equivalents consist of cash and deposits held at call with banks.

At the reporting date, the Agency does not have any financial assets classified as financial assets at fair value through profit or loss or through other comprehensive income.

2 Significant Accounting Policies (Continued)

(c) Financial Instrument (Continued)

(ii) Derecognition of financial assets

Financial assets are derecognised and removed from the statement of financial position when the rights to cash flows from financial assets expire, or the financial assets have been transferred and the Agency has transferred substantially all the risks and rewards of ownership of the financial assets. Any interests created or retained on the transferred financial assets are recognised separately as assets or liabilities.

On derecognition of financial assets, the difference between carrying amounts and the total of considerations received and cumulative gains or losses that had been recognised in other comprehensive income are recognised in profit or loss.

When the Agency retains substantially all of the risks and rewards of ownership for transferred financial assets, the financial assets continue to be recognised and the consideration received is recognised as a financial liability.

When financial assets are transferred and the Agency neither transfers nor retains substantially all of the risks and rewards of ownership of the financial assets, nor transferred control of the assets, the financial assets continue to be recognised to the extent of the continuing involvement in the financial assets.

When continuing involvement takes the form of guaranteeing the transferred assets, the continued involvement is measured at the lower of the carrying amount of the financial assets and the maximum amount of consideration received that the Agency could be required to repay.

(iii) Impairment of financial assets

For trade receivables, the Agency applies a simplified approach in calculating expected credit losses ("ECLs"). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Agency has established a provision matrix that is based on its historical credit loss experience.

(iv) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Agency's financial liabilities include trade and other payables, borrowings and lease liabilities.

Subsequent measurement

The Agency’s financial liabilities are measured at amortised cost using the effective interest rate method.

(v) Derecognition of financial liabilities

Financial liabilities are derecognised and removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expires. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid, is recognised in profit or loss.

Where financial liabilities are replaced with the same lender or the terms are substantially modified, the original financial liabilities are derecognised and new financial liabilities have been recorded.

2 Significant Accounting Policies (Continued)

(c) Financial Instrument (Continued)

(vi) Offsetting financial instruments

Financial assets and financial liabilities are off-set and the net amount presented in the statement of financial position when, and only when, the Agency has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(d) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated on the reducing balance methods to write off the cost of each asset over their estimated useful life as follows:

Leasehold improvements	50% per year
Motor vehicles	30% per year
Computer and accessories	25% - 50% per year
Furniture and fixtures	25% per year

At the end of each reporting period, the Agency is required to assess whether there is any indication that an asset may be impaired. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and losses on disposals are determined by comparing the proceeds with the carrying amounts of the assets and are recorded in the statement of comprehensive income.

(e) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

For these leases, the Agency recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

IFRS 16 was adopted 1 January 2020 without restatement of comparative figures. The following policies apply subsequent to the date of initial application, 1 January 2020.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Agency's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The lease liability is presented as a separate line in the statement of financial position.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Agency if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

2 Significant Accounting Policies (Continued)

(e) Leases (Continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Agency is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term as follows:

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2(d).

The right-of-use assets are included within property and equipment in note 4.

When the Agency revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

The Agency did not make any such adjustments during the periods presented.

When the Agency renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The Agency did not make any such renegotiations during the periods presented.

Nature of leasing activities (in the capacity as lessee)

The Agency leases office space in the BVI. The periodic rent is fixed over the lease term.

2 Significant Accounting Policies (Continued)

(e) Leases (Continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Agency has used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Agency allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(f) Revenue recognition

Revenue Streams, Performance Obligations and Revenue Recognition Policies

The Agency generates revenue from grants and contributions. Revenue streams from these include the following:

- BVI Government Funding
- UK Government Funding
- Donor Funding

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Funding and donations are recognised upon receipt of the transaction by the Agency.

Interest income and expenses are recognised on an accrual basis.

The Agency records investment transactions based on settlement date. Realised gain or loss on financial assets and financial liabilities at fair value through profit or loss is determined on the average cost basis.

(g) Taxation

In accordance with Section 28 of the Act, the Agency is exempt from the payment of all taxes, levies and licence fees on its income and operations and from the payment of all taxes, duties and rates on its property and documents. Taxes payable by the Agency pertain to payroll taxes. Certain investment income may be subject to withholding taxes at its source from the country of origin.

(h) Foreign currency

Transactions in foreign currency are initially translated into the functional currency at the exchange rates prevailing at the transaction date. At the statement of financial position date, financial assets and monetary liabilities expressed in foreign currencies are translated at the closing foreign currency rate. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation of year-end exchange rates of financial assets and monetary liabilities expressed in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

Foreign exchange gains or losses arising from translation of financial assets and financial liabilities at FVTPL or loss are recognised in the statement of comprehensive income within "Net realised gains (losses) on financial assets and financial liabilities at FVTPL.

Foreign exchange gains or losses relating to cash and cash equivalents are recognised in the statement of comprehensive income within "Net foreign currency gains (losses)".

3 Critical accounting estimates and judgements

In the application of the Agency's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(Expressed in United States Dollars)

3 Critical accounting estimates and judgements (Continued)

(a) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates, that the management has made in the process of applying the Agency's accounting policies and that have the most significant effect on the amounts recognised in the statement of financial position.

(i) Going concern

A key assumption in the preparation of financial statements is that the entity will continue as a going concern. The going concern assumption assumes that the Agency will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations. A significant amount of judgement has been required is assessing whether the entity is a going concern.

4 Property and equipment, net

The movements on the carrying amounts of the Agency's property and equipment are as follows:

December 31, 2020	Motor vehicles $	Computer and Accessories $	Furniture, Fixtures and Office Equipment $	Leasehold Improvements $	Right-of-use Assets $	Total $
Cost						
Balance at December 31, 2019	79,985	74,149	108,131	467,474	324,809	1,054,548
Additions	-	3,120	662	-	-	3,782
Disposals	-	-	-	-	-	-
Balance at December 31, 2020	79,985	77,269	108,793	467,474	324,809	1,058,330
Accumulated depreciation						
Balance at December 31, 2019	23,389	25,749	19,235	116,869	81,202	266,444
Depreciation and amortisation	15,162	14,097	18,426	175,303	162,405	385,393
Balance at December 31, 2020	38,551	39,846	37,661	292,172	243,607	651,837
Carrying amount						
Balance at December 31, 2020	41,434	37,423	71,132	175,302	81,202	406,493

December 31, 2019	Motor vehicles $	Computer and Accessories $	Furniture, Fixtures and Office Equipment $	Leasehold Improvements $	Right-of-use Assets $	Total $
Cost						
Balance at December 31, 2018	49,990	43,984	-	-	-	93,974
Additions	29,995	30,165	108,131	-	324,809	493,100
Transfer from other receivable	-	-	-	467,474	-	467,474
Balance at December 31, 2019	79,985	74,149	108,131	467,474	324,809	1,054,548
Accumulated depreciation						
Balance at December 31, 2018	4,299	3,526	-	-	-	7,825
Depreciation and amortisation	19,090	22,223	19,235	116,869	81,202	258,619
Balance at December 31, 2019	23,389	25,749	19,235	116,869	81,202	266,444
Carrying amount						
Balance at December 31, 2019	56,596	48,400	88,896	350,605	243,607	788,104

(Expressed in United States Dollars)

5 Cash and cash equivalents

	2020 $	2019 $
Restricted cash	2,247,898	1,749,926
Unrestricted cash	275,355	872,170
Cash on hand	283	124
Total cash and cash equivalents	2,523,536	2,622,220

Unrestricted cash represents amounts held for the purpose regarding the Agency's operations.

Restricted cash represents amounts held for specific projects. These amounts are not allowed to be used for any other purpose other than what it has been allocated.

As at December 31, 2020 cash balances bear interest at a rate of 0.25% (2019: 0.25%). During the year ended December 31, 2020 the Agency earned interest income of $4,738 (2019: $9,114) on cash and cash equivalents.

6 Fixed deposit

As at December 31, 2020, the Agency has a one-year fixed deposit placed at a financial institution which earns interest at a rate of 0.35% (2019: 0.55%) per annum.

7 Trade and other payables

	2020 $	2019 $
CDB Programme expenses payable	1,643,495	-
Operational expenses payable	25,050	17,176
Capital expenses payable	8,777	204,235
Accrued liabilities	35,000	56,908
Payroll tax liabilities	32,613	48,464
	1,744,935	326,783

8 Reserves

Unrestricted

2020	UK Government $	BVI Government $	Donors $	Total $
Revenue				
Funding	1,221,775	1,200,000	-	2,421,775
Interest income and other income	-	1,247	-	1,247
Total	1,221,775	1,201,247	-	2,423,022
Expenses				
Administrative expenses	908,726	892,531	-	1,801,257
Staff Costs	471,555	463,151	-	934,706
Depreciation and amortisation	194,429	190,964	-	385,393
Finance costs, lease	14,648	14,386	-	29,034
Total	1,589,358	1,561,032	-	3,150,390
Surplus	(367,583)	(359,785)	-	(727,368)

(Expressed in United States Dollars)

8 Reserves (Continued)

Unrestricted (Continued)

2019	UK Government $	BVI Government $	Donors $	Total $
Revenue				
Funding	2,549,308	1,502,179	-	4,051,487
Interest income	3,174	1,871	-	5,045
Total	2,552,482	1,504,050	-	4,056,532
Expenses				
Staff Costs	1,812,810	1,068,198	-	2,881,008
Administrative expenses	355,170	209,284	-	564,454
Depreciation and amortisation	162,730	95,889	-	258,619
Finance costs, lease	20,496	12,078	-	32,574
Total	2,351,206	1,385,449	-	3,736,655
Surplus	201,276	118,601	-	319,877

Unrestricted Reserves

Unrestricted reserves represent the assets acquired and liabilities incurred for the purpose regarding the Agency's operations.

Government of the Virgin Islands

During the year ended December 31, 2020, the Government contributed an amount of $1,200,000 (2019: $1,502,179) to the Agency to fund operational expenses.

The Agency and the Government of the Virgin Islands through the Ministry of Finance ("MoF") entered into a Memorandum of Understanding ("MoU") dated January 25, 2020 which sets out the Virgin Islands Government funding to be made available for the Plan and how the Agency will be accountable to the Virgin Islands Government in respect of its use of the funding.

The Agency will provide the MoF with a rolling 5- year operational budget and subject to approval by Cabinet and pursuant to section 19 (8) of the Act, the MoF will provide funding as per the approved estimates to the Agency. The annual payments for 2020 and 2019 are expected to be $1,200,000 per year. Where there is an underspend or saving against budgeted operational costs, this saving should be rolled over into the next fiscal year. Funding amounts are subject to revision and dependent on fulfilment of provisions of the MoU, any revisions to budgets, actual expenditure needs and continuing availability of the resources of the Government.

Government of the United Kingdom

The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Foreign, Commonwealth & Development Office ("FCDO") entered into a MoU with the Agency during the period ended December 31, 2019. Under the terms of the MoU, the FCDO will make available to the Agency an amount up to £6,850,106 for technical assistance. The amount is expected to be allocated across three years and paid annually in tranches.

The funding amount is subject to revision and is dependent on the fulfilment of the provisions of the MoU, any revisions to the budget, actual expenditure, and the continuing available resources to the FCDO.

The initial objective of funding for the Agency's operational cost was to ensure rapid growth to the required size to deliver the plan for recovery. The revised Recovery to Development Plan ("rRDP") has reduced the scope and scale of the Agency's deliverables. As such the level of funding by the FCDO was no longer required and transition to the Government of the Virgin Islands being the sole contributor to the Agency's operational cost was accelerated. During the year ended December 31, 2020 the FCDO contributed $1,221,775 (£940,057) (2019: $2,549,308 £2,007,750) to the Agency to fund operational expenses.

(Expressed in United States Dollars)

8 Reserves (Continued)

Unrestricted Reserves (Continued)

Restricted

2020	UK Government $	BVI Government $	CDB $	Donors $	Total $
Revenue					
Funding	-	1,193,237	7,165,424	14,000	8,376,402
Interest income	-	3,741	-	-	3,741
Total	-	1,196,978	7,165,424	14,000	8,376,402
Expenses					
Programme expenses	-	1,948,110	7,359,406	-	9,307,516
Total	-	1,948,110	7,359,406	-	9,307,516
Deficit	-	(751,132)	(193,982)	14,000	(931,114)

2019	UK Government $	BVI Government $	CDB $	Donors $	Total $
Revenue					
Funding	226,694	5,149,783	-	4,260	5,380,737
Interest income	172	3,937	-	-	4,109
Total	226,866	5,153,720	-	4,260	5,384,846
Expenses					
Programme expenses	204,835	4,653,205	-	-	4,858,040
Total	204,835	4,653,205	-	-	4,858,040
Surplus	22,031	500,515	-	4,260	526,806

Restricted Reserves

Restricted reserves represent the assets acquired and liabilities incurred for specific programme funding. Restricted reserves are restricted based on the designation of the assets and liabilities. These reserves are allocated to specific asset accounts including cash and cash equivalents. These reserves are not allowed to be used for any other purpose other than what they have been allocated for. Under the Act, all programme funding received for the recovery and development efforts pursuant to the Plan has to be deposited to the Trust, from which the Agency must access the funding for the implementation of the Plan.

Government of the Virgin Islands

Under the MoU with the Government of the Virgin Islands, the Agency will provide the MoF with a rolling 5- year capital budget (Implementation Schedule) based on priorities approved by Cabinet. The MoF will provide capital funding to the Agency on a quarterly basis supported by the Agency's reporting commitments. On an annual basis the Agency has provided an updated Implementation Schedule. The Implementation Schedule has not been approved by the Government. In the absence of an approved Implementation Schedule the Agency has funded approved RDP projects with Government of the VI funds (as well as other funding sources) as follows: Caribbean Development Bank ("CDB") funding (based on the CDB Loan Variation to the Agreement that lays out the role of the Agency for CDB funded projects) and funds from the $10M of Government of VI funds deposited in the Trust (30 November 2018) based on the Deed of Contribution.

During the year ended December 31, 2020, the Government contributed an amount of $1,193,237 (2019: $5,149,783) for programme funding. The funding was received by the Agency from the Trust for capital projects.

(Expressed in United States Dollars)

8 Reserves (Continued)

Restricted Reserves (Continued)

Government of the United Kingdom

Under the MoU with the Government of the United Kingdom, the Agency will receive funding for capital projects. During the year ended December 31, 2020, the United Kingdom of Great Britain and Northern Ireland acting through the FCDO contributed an amount of $nil (2019: $226,694) to the Agency for programme funding.

Government of the Virgin Islands CDB, RRL Loan Funded

Several projects that are part of the CDB Programme were funded by the Rehabilitation and Reconstruction Loan ("RRL"). Loan funding was made available to the Government of the Virgin Islands for the implementation of the RRL. During the year ended December 31, 2020, an amount of $7,165,424 (2019: $nil) was contributed to the Agency. The funding was received by the Agency from the Trust.

Donor funding

Donor funding is funding provided by non-governmental sources in relation to specific capital programmes or projects under the Plan. During the year ended December 31, 2020 amounts of $14,000 (2019: $4,260) were received directly by the Agency from Donors. Additional funding was received directly in the Trust from Donors (refer to Note 15).

9 Lease

Lease liabilities - Office space

In November 2018, the Agency entered into an agreement with the BVI International Arbitration Centre (the "BVIIAC") for the fit out and sub lease of office space for the Agency's occupancy. Under the terms of the agreement, the Agency sub-leases office space from the BVIIAC at an initial rent of $37 per square foot. Lease payments for office space commenced on 12 June 2019 with a lease term of two years.

Right-of-use asset

Refer to Note 4 for the carrying amounts of the right-of-use asset and the movements during the year.

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period.

	2020 $	2019 $
Lease liability	75,075	237,412
Less: current portion of lease	(75,075)	(162,343)
Non-current portion of lease	-	75,069

	2020 $	2019 $
Beginning balance	237,412	324,809
Interest expense	8,744	7,652
Less: lease payments	(171,081)	(95,049)
Ending balance	75,075	237,412

(Expressed in United States Dollars)

9 Lease (Continued)

Lease liabilities (Continued)

The maturity analysis of the undiscounted lease liabilities is disclosed below.

	2020 $	2019 $
Up to 3 months	42,772	42,772
Between 3 and 12 months	33,273	128,316
Between 1 and 2 years	-	71,287
	76,045	242,375

Leasehold improvements financing

Under the terms of the lease agreement, the Agency will also pay a total of $550,000 to cover the cost associated with the fit out of the premises in sixty-six (66) monthly instalments of $8,333. Payments commenced on October 1, 2019. In the event that after execution, the sub lease is terminated by any party prior to the payment of the build cost in full, the remaining amount shall become immediately due and payable by the Agency. The liability for fit out costs was initially recognised at an amount of $467,474 which represents the present value of the cumulative fit out payments using an imputed rate of interest of 6%.

At December 31, 2018, the fit out of the office space was incomplete and a corresponding receivable of $467,474 was recognised due from BVIIAC. During the year ended December 31, 2019, the fit out was completed and the receivable was transferred to leasehold improvements.

Set out below are the carrying amounts of borrowings and the movements during the year.

	2020 $	2019 $
Leasehold improvements financing	294,610	374,323
Less: current portion of leasehold improvements financing	(84,626)	(79,705)
Non-current portion of leasehold improvements financing	209,984	294,618

	2020 $	2019 $
Beginning balance	374,323	449,397
Interest	20,290	24,922
Less: payment of principal during the period	(100,003)	(99,996)
Ending balance	294,610	374,323

The maturity analysis of the leasehold improvements financing is disclosed below.

	2020 $	2019 $
Up to 3 months	25,000	25,000
Between 3 and 12 months	75,000	75,000
Between 1 and 2 years	100,000	100,000
Between 2 and 5 years	125,000	225,000
	325,000	425,000

(Expressed in United States Dollars)

9 Lease (Continued)

Lease liabilities (Continued)

The following are the amounts recognised in profit and loss.

	2020	2019
	$	$
Depreciation expenses of right-of-use assets	162,405	81,202
Interest expenses on leasehold improvement financing	20,290	24,922
Interest expenses on lease liabilities	8,744	7,652
Total amount recognised in profit and loss	191,439	113,776

The Agency had total cash outflows for leases of $242,050 (2019: $162,471). The Agency also had non-cash additions to right-of-use assets and lease liabilities of $nil (2019: $324,809).

10 Staff costs

	2020	2019
	$	$
Salaries, allowances and benefits	688,997	2,547,633
Payroll taxes	123,978	156,679
National health insurance	61,054	69,836
Social security	42,792	48,445
Staff relocation expense	14,982	35,000
Recruitment and training expense	2,903	23,415
	934,706	2,881,008

11 Administrative expenses

	2020	2019
	$	$
Project management	1,331,887	-
Professional fees	128,987	269,376
Staff welfare	120,842	-
Office expenses	107,416	91,959
Board costs	36,251	57,037
Public relations and communications	34,968	64,487
Other	22,791	4,310
Travel and accommodation	10,905	26,779
Capacity building	4,214	-
Bank charges	2,996	3,036
Rent expense	-	47,470
	1,801,257	564,454

Project management expenses included within administrative expenses in the current year were included in staff costs for the prior year.

(Expressed in United States Dollars)

12 Programme expenses

	2020 $	2019 $
Alexander Ogilvie Shirley Grounds	782,892	630,528
Virgin Gorda Sports Complex	430,706	448,514
Road Town Police Station	159,257	5,684
Dismantling incinerator	120,490	89,396
Temporary Housing	103,386	298,715
Sea Markers	60,193	359,703
Redevelopment of Elmore Stoutt High School	56,548	-
Temporary school units	48,422	602,669
Repair to damaged homes	48,030	152,851
Bregado Flax Junior School Internal Walls	43,750	134,299
East End Police Station and Marine Base	24,925	8,914
West End Ferry Terminal	16,306	58,557
Virgin Gorda Baths	14,979	199,361
National sewage programme	11,123	-
VHF network design and build	11,019	28,161
Judge and AG residences	4,750	-
Other	3,889	8,574
Anegada Recreational Grounds	2,639	-
Removal of derelict boats	1,496	41,962
Tortola Landfill	980	-
Jost Van Dyke Police Barracks	627	732,752
Incinerator scrubber	494	6,992
Marine Survey	490	145,218
Anegada Police Station	367	-
Jost Van Dyke Primary School	204	-
Virgin Gorda Administration Building	148	24,265
Virgin Gorda Police Barracks	-	727,866
Debris Clearance	-	75,107
Elmore Stoutt High School demolition	-	38,569
Central Administration Complex	-	18,023
Government Building	-	10,000
Bregado Flax Educational Centre	-	7,393
External clearance/temporary office space	-	2,458
New Incinerator	-	983
Cane Garden Bay Dinghy Dock	-	767
Debris site fence repairs and signage	-	221
	1,948,110	4,858,502

12 Programme expenses (Continued)

Alexander Ogilvie Shirley Grounds

The Alexander Ogilvie Shirley athletics grounds was designated a priority project which involves renovating the grounds to meet international accreditation standards as a Level 2 ground which would facilitate the housing of national and international events. The project involves preparation of the grounds prior to the installation of the new track, repairs to make the perimeter secure thereby increasing income generation, installation of bathroom facilities and lights and repairs to the spectator stand and clubhouse pavilion. The track activity was completed and the grandstand was opened during the year and is in use. During the year ended December 31, 2020, the Agency incurred costs of $782,892 (2019: $630,528) in relation to the project.

The lighting is due to be installed and the completion of the pavilion is outstanding.

Virgin Gorda Sports Complex

The purpose of this project is to re-establish recreational facilities for children and youth and improve education through sport. Phase one of this project involved rehabilitation of the main court. Works on the restroom facilities under phase two were completed during the year. During the year ended December 31, 2020, the Agency incurred costs of $430,706 (2019: $448,514) in relation to the project.

Additional activities to be done include installation of the rubberised court surface, work on the car park, equipment foundation and installation, and chain link fencing and gates. This project is expected to be completed by the second quarter of 2021.

Road Town Police Station

The purpose of this project is to ensure a functioning law enforcement institution and communication network to restore a sense of safety and improved communication. Repairs and renovations were implemented and the police station is now fully functional. During the year ended December 31, 2020, the Agency incurred costs of $159,257 (2019: $5,684) in relation to the project.

Minor repairs to improve the appearance and conditions of work remain outstanding. This project was completed within the first quarter of 2021.

Dismantling Incinerator

The purpose of this project is to ensure comprehensive waste management with effective waste collection, disposal, and exportation centered around recycling. An old incinerator was still in place and needed to be removed. The removal of the incinerator was completed during the year. During the year ended December 31, 2020, the Agency incurred costs of $120,490 (2019: $89,396) in relation to the project.

Temporary Housing

The temporary housing project involves building temporary homes for four of the most vulnerable households and installation of utilities. During the year ended December 31, 2020, the Agency incurred costs of $103,386 (2019: $298,715) in relation to the project. The project was substantially completed during the year.

Sea Markers

The purpose of this project is to restore the port facilities in Anegada and improve safety and access for tourists and facilitate the importation of goods. During the year ended December 31, 2020, the Agency incurred costs of $60,193 (2019: $359,703) in relation to the project. The final sea markers were installed during the year and the project is complete.

Redevelopment of Elmore Stoutt High School

A new budget was agreed to meet the increased scope of this project. In December, several stakeholder consultation meetings were held towards ensuring that a broad cross-section of requirements are met in planning. During the year ended December 31, 2020, the Agency incurred costs of $56,548 (2019: $nil) in relation to the project.

12 Programme expenses (Continued)

Temporary school units

Most of the primary, secondary and further education buildings and facilities in the Virgin Islands were significantly damaged in the 2017 disasters. This resulted in children and youth having to resort to shift systems for sharing facilities and learning in inferior and tented classrooms, with limited recreational facilities. The purpose of this project is to provide immediate improvements to the condition of classrooms and facilities to improve conditions of learning, whilst efforts continue to rebuild the permanent network of school buildings.

During the year ended December 31, 2020, the Agency incurred costs of $48,422 (2019: $602,669) in relation to the project.

Repair to damaged homes

As a result of the significant damage to the housing stock by the hurricanes this project was implemented to assist with the rebuilding of houses for vulnerable families. During the year ended December 31, 2020, the Agency incurred costs of $48,030 (2019: $152,851) in relation to the project.

Virgin Gorda Baths

The Baths at Virgin Gorda, an important tourist destination suffered damage to ticket booth, toilets and bar shaded area. The project works include beach and rest stop shades, new decks, pump and electrical installation. During the period year ended December 31, 2020, the Agency incurred costs of $14,979 (2019: $199,361) in relation to the project. This projected was completed in the first quarter of 2020.

13 CDB Programme expenses

	2020 $	2019 $
Water Network Improvement	3,265,520	-
Government Buildings	1,958,538	-
Bregado Flax Educational Centre	1,084,748	-
Roads, Slopes and Coastal Defence	820,464	-
Consultancy	210,445	-
Magistrates Court Rehabilitation	17,950	-
West End Terminal Development	1,094	-
Other	647	-
	7,359,406	-

Water network improvement

This project consists of the construction/installation of a variety of elements in three locations:

Carrot Bay

- Construction of 2 water tanks with nominal capacity of 340,437 US Gallons (1,288.69 m^3) each, with ancillary piping and fittings along the distribution system of Carrot Bay.
- Supply and installation of bulk flow meters, data loggers, pressure sensors, and pressure reducing valves.
- Supply and Installation of 11 Gate valves along the distribution system of Carrot Bay.
- Supply and installation of 86 customer water meters at Carrot Bay, which is the equivalent of about 30% of the total amount of the residential households.
- Restoration of the roads, drains, kerbs and all areas affected by the construction works.

13 CDB Programme expenses (Continued)

Water network improvement (Continued)

Long Bush

- Construction of 1 water tank with nominal capacity of 816,819 US Gallons (3,092.54m3), with ancillary piping and fittings along the distribution system of Long Bush.
- Supply and installation of bulk flow meters, data loggers, pressure sensors, and pressure reducing valves.
- Supply and Installation of 21 Gate valves along the distribution system of Long Bush.
- Supply and installation of 239 customer water meters at Long Bush, which is the equivalent of about 30% of the total amount of the residential households;
- Restoration of the roads, drains, kerbs and all areas affected by the construction works.

Zion Hill

- Construction of 1 water tank with nominal capacity of 104,100 US Gallons (394.06 m^3), with ancillary piping and fittings along the distribution system of Zion Hill.
- Supply and installation of bulk flow meters, data loggers and pressure sensors, and pressure reducing valves.
- Supply and Installation of 16 Gate valves along the distribution system of Zion Hill.
- Supply and installation of 188 customer water meters at Zion Hill, which is the equivalent of about 30% of the total amount of the residential households.
- Restoration of the roads, drains, kerbs and all areas affected by the construction works.

Government Buildings

This project is the extensive refurbishment and restoration of three government buildings on Virgin Gorda. The damage to each building varied and for one building the entire roof had to be replaced.

- North Sound Administration Building. The electrical safety of the building was compromised by water damage. The majority of the works are to the building internals and include minor repairs to the roof. Construction started in June 2020.
- Flax Building, The Valley. This building was the most damaged, the roof to the building was completely replaced,

  and an extensive refurbishment of all the rooms was completed.
- Vanterpool Building, The Valley. This building was the least damaged, however the repairs were still extensive. This includes the refurbishment and restoration to good working order of the septic tank system.

Bregado Flax Educational Centre

This project is to rehabilitate the damaged buildings while adding resiliency through the installation of a concrete roof. The buildings to be refurbished are Block 4, Block 3, Block 2 and the Administration building. Construction of this project started in June 2020 and is still underway.

Roads, Slopes and Coastal Defence

This includes several sub-projects which consist of the refurbishment of several roads geographically dispersed and of varying size and complexity. Estimated construction period range from six to eight months. Total overall budgeted project cost amount to $7,474,220.

13 CDB Programme expenses (Continued)

Roads, Slopes and Coastal Defence (Continued)

Fish Bay Road

The Fish Bay Road works encompass the new construction of 313m of roadway. Other associated works include construction of storm-water drainage systems comprising lined roadside drains with metal gratings, reinforced concrete box culverts, storm-water drainage outfall and sidewalks.

Little Dix Hill

The Little Dix Hill works encompass 32m of slope stabilization. Other associated works include construction of storm-water drainage systems comprising lined roadside drains and pavement rehabilitation.

Hope Hill to Sabbath Hill

The Hope Hill to Sabbath Hill works encompass 122m of slope stabilization and 130m of road reconstruction. Other associated works include construction of storm-water drainage systems comprising lined roadside drains and storm-water drainage outfall.

Great Mountain 1

The Great Mountain 1 Works encompass 22m of slope stabilization and attendant road reconstruction. Other associated works include the construction of kerb walls to the road edge, and refurbishment and reinstallation of road furniture.

Great Mountain 2

The Great Mountain 2 Works encompass the reconstruction of 120m of roadway. Other associated works include the construction of a stormwater drainage system comprising lined roadside drains to be connected to an existing outfall, reinforced concrete box culverts, bridges, ghut training works and slope stabilization works.

Bob’s Gas Station

The Bob’s Gas Station works encompass 34m of slope stabilization and 35m of road reconstruction. Other associated works include construction of storm-water drainage systems comprising lined roadside drains to be connected to an existing storm-water drainage outfall.

Long Trench

The Long Trench works encompass 127m of slope stabilization and attendant road reconstruction. Other associated works include construction of kerb walls to road edge and refurbishment and reinstallation of road furniture.

Windy Hill/ Ballast Bay

The Windy Hill/Ballast Bay works encompass the reconstruction of 120m of roadway. Other associated works include construction of storm-water drainage systems comprising lined roadside drains, reinforced concrete pipe culverts, bridges, storm-water drainage outfall, shoreline protection and slope stabilization works.

14 Financial risk management

Financial risk factors

The Agency’s activities expose it to a variety of financial risks; market risk (foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Agency’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Agency’s financial performance.

(Expressed in United States Dollars)

14 Financial risk management (Continued)

Financial risk factors (Continued)

Risk management is carried out by management under policies approved by the Board. The management identifies, evaluates and hedges financial risks in close co–operation with the Board. The Board provides guidance for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Financial assets of the Agency include cash and cash equivalents. Financial liabilities include trade and other payables, borrowings and lease liabilities.

(a) Market risk

Market risk arises from the Agency's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (foreign currency risk) or other market factors (other price risk).

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In the normal course of business, the Agency may enter into transactions denominated in foreign currencies. As a result, the Agency is subject to transaction and translation exposure from fluctuations in foreign exchange rates.

(ii) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will cause fluctuations to the fair values and cash flows of the Agency's financial instrument holdings. Floating rate instruments expose the Agency to cash flow interest rate risk whereas fixed rate instruments expose the Agency to fair value interest rate risk.

(iii) Cash flow interest rate risk

The Agency’s exposure to the risk of changes in market interest rates relates primarily to the Agency’s cash and cash equivalents. As at December 31, 2020 approximately 84% (2019: 74%) of the Agency's assets were held in bank accounts, with floating interest rates.

With all other variables held constant, given a 25 basis point increase in the market interest rate, the Agency’s surplus would increase by $6,309 (2019: $6,555). A decrease of 25 basis points in the market interest rate, with all other variables held constant, would decrease the Agency’s surplus by an equal amount.

(b) Credit risk

Credit risk arises from fixed deposits, cash and cash equivalents.

The Agency’s cash and cash equivalents and fixed deposits are held by financial institutions with the following rating per Standard & Poor’s ratings:

	2020	2019
	$	$
A+	1,449,483	-
BB+	1.083,830	2,632,136
Unrated	283	124
	2,533,596	2,632,260

(Expressed in United States Dollars)

14 Financial risk management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Agency may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Agency is exposed to liquidity risk from its financial liabilities which include trade and other payables, borrowings and lease liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet its current operating and programme requirements. The Agency is not exposed to significant liquidity risk within this period as it maintains sufficient cash and cash equivalents to meet its current and foreseeable future obligations. The Agency's ability to meet its obligations is dependent on funding provided by the BVI Government, UK Government, and Donors.

The table below shows the Agency's aging of its contractual repayment period to its creditors as of December 31, 2020:

December 31, 2020	On demand $	Within one year $	Total $
Trade and other payables	-	1,744,935	1,744,935
	-	1,744,935	1,744,935

December 31, 2019	On demand $	Within one year $	Total $
Trade and other payables		326,783	326,783
		326,783	326,783

15 Property held by Trust

On November 30, 2018, the Government of the Virgin Islands contributed $9,995,000 via a deed of contribution to the Trust towards the charitable purposes of the Trust, which are to fund the objects and purpose of the Plan. At December 31, 2020 $4,086,399 (2019: $290,939) was held in the form of cash in a non-interest bearing account at a third-party financial institution. Additionally, an amount of $nil (2019: $4,500,000) is held on demand at a third-party financial institution and earns interest of 1.65% per annum. These assets do not represent assets of the Agency as explained in Note 1. During the year ended December 31, 2020 amounts of $75,950 (2019: $nil) were received directly in the Trust from Donors.

16 Commitments

As explained in note 12, the Agency enters into various contracts for the execution of projects under the Plan. At December 31, 2020 the Agency had commitments of $7,611,820 (2019: $988,934) relating to the completion of various projects under the Plan.

As explained in note 9, the Agency entered into an agreement for the cost associated with the fit out of office space that the Agency is desirous of leasing.

The Agency entered into various professional service contracts for auditing, payroll and website development and maintenance services. As at December 31, 2020, total commitments under these contracts amounted $25,435 (2019: $196,782).

17 Risk and uncertainties

Implications of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2020 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

On March 25,2020, the Government of the Virgin Islands issued a mandatory curfew for all BVI residents, with the exception of essential workers, in efforts to control, suppress or prevent the spread of the virus. As a result of the mandatory curfew, the Agency responded by working remotely. During the period of the curfew, the Agency remained fully operational. The initial BVI's curfew was extended to April 18, 2020 and adjusted during the year in response to the developments related to COVID-19.

As of the date of issuance of the financial statements, the Agency’s operations have not been significantly impacted, however, the Agency continues to monitor the situation. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of yearend; however, due to significant uncertainty surrounding the situation, management's judgement regarding this could change in the future.

18 Subsequent events

Termination of lease

The agreement with the BVIIAC for the fit out and sub lease of office space for the Agency’s occupancy was ended on January 15, 2021.

New lease

On January 1, 2021 the Agency entered into an agreement with Tortola Pier Park Limited for the lease of office space for the Agency’s occupancy. Under the terms of the agreement, the Agency leases office space from the landlord at an initial rent of $25 and $30 per square foot for the Second and First floors respectively. The annual payment due on the lease are $34,594 for the Second Floor and $30,185 for the First Floor. The lease term is for an initial period of one year with the renewal option subject to negotiation.