Virgin Islands Recovery and Development Agency

Audited Financial Statements

For the Year Ended December 31, 2021

Virgin Islands Recovery and Development Agency

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For the Year Ended December 31, 2021

VIRGIN ISLANDS RECOVERY AND DEVELOPMENT AGENCY

For the Year Ended December 31, 2021
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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, 2021, 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, 2021, 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
November 4, 2022

VIRGIN ISLANDS RECOVERY AND DEVELOPMENT AGENCY

Statement of Financial Position
As at December 31, 2021
(Expressed in United States Dollars)

	Notes	2021 $	2020 $
ASSETS			
Non-current assets			
Property and equipment, net	4	130,233	406,493
Total non-current assets		130,233	406,493
Current assets			
Prepayments and deposits		138,201	133,351
Fixed deposit	6	10,060	10,060
Cash and cash equivalents	5	444,261	2,523,536
Total current assets		592,522	2,666,947
TOTAL ASSETS		722,755	3,073,440
LIABILITIES			
Non-current liabilities			
Lease financing	9	-	209,984
Total non-current liabilities		-	209,984
Current liabilities			
Trade and other payables	7	887,133	1,744,935
Lease financing	9	-	84,626
Lease liability	9	-	75,075
Total current liabilities		887,133	1,904,636
TOTAL LIABILITIES		887,133	2,114,620
Reserves			
Unrestricted		306,097	342,592
Restricted		(470,475)	616,228
TOTAL RESERVES		(164,378)	958,820
TOTAL LIABILITIES AND RESERVES		722,755	3,073,440

Approved on Behalf of the Board

______________________ Chairman

31 | 10 | 2022 ______ 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, 2021
(Expressed in United States Dollars)

	Notes	2021 $	2020 $
UNRESTRICTED RESERVES			
Revenues			
UK Government Operations Funding	8	300,000	1,221,775
BVI Government Operations Funding	8	1,783,000	1,200,000
Interest income	8	957	1,247
TOTAL REVENUES		2,083,957	2,423,022
Expenses			
Staff costs	10	830,499	934,706
Administrative expenses	11	1,247,354	1,801,257
Depreciation and lease amortisation	4	42,599	385,393
Finance costs	9	-	29,034
TOTAL EXPENSES		2,120,452	3,150,390
DEFICIT FROM UNRESTRICTED RESERVES		(36,495)	(727,368)
RESTRICTED RESERVES			
Revenues			
UK Government Programme Funding	8	761,763	-
BVI Government Programme Funding	8	600,158	1,193,237
CDB Programme Funding	8	7,136,865	7,165,424
Donor Funding	8	15,000	14,000
Interest income	8	868	3,741
TOTAL REVENUES		8,514,654	8,376,402
Expenses			
Programme expenses	8, 12	2,324,141	1,948,110
CDB Programme expenses	8, 13	7,277,216	7,359,406
TOTAL EXPENSES		9,601,357	9,307,516
DEFICIT FROM RESTRICTED RESERVES		(1,086,703)	(931,114)
TOTAL COMPREHENSIVE LOSS		(1,123,198)	(1,658,482)

VIRGIN ISLANDS RECOVERY AND DEVELOPMENT AGENCY

Statement of Changes in Reserves
For the Year Ended December 31, 2021
(Expressed in United States Dollars)

2021:	Opening balance $	Surplus (Deficit) for the period $	Closing balance $
Unrestricted reserves			
UK Government operations funding reserve	384,337	-	384,337
BVI Government operations funding reserve	(41,745)	(36,495)	(78,240)
Total	342,592	(36,495)	306,097
Restricted reserves			
BVI Government Programme funding reserve	89,859	(1,096,140)	(1,006,281)
UK Government Programme funding reserve	702,091	134,788	836,879
CDB Programme funding reserve	(193,982)	(140,351)	(334,333)
Donor funding reserve	18,260	15,000	33,260
Total	616,228	(1,086,703)	(470,475)
	958,820	(1,123,198)	(164,378)

2020:	Opening balance $	Surplus 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

Deficit:
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, 2021
(Expressed in United States Dollars)

	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in reserves	(1,123,198)	(1,658,482)
Adjustments to reconcile to cash from operations before working capital changes:		
Depreciation	42,599	385,393
Effect of lease modification	(113,181)	-
Finance costs	-	29,034
Operating deficit from operations before working capital changes:	(1,193,780)	(1,244,055)
(Increase) decrease in prepayments and deposits	(4,850)	2,105
Increase in fixed deposit	-	(20)
(Decrease) increase in trade and other payables	(857,802)	1,418,152
Net cash flows (used in) from operating activities	(2,056,432)	176,182
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of property and equipment	(22,843)	(3,782)
Net cash flows used in investing activities	(22,843)	(3,782)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Principal paid on lease liabilities	-	(162,337)
Principal paid on lease financing	-	(79,713)
Interest paid	-	(29,034)
Net cash flows used in financing activities	-	(271,084)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,079,275)	(98,684)
CASH AND CASH EQUIVALENTS		
At beginning of year	2,523,536	2,622,220
At end of year	444,261	2,523,536

The accompanying notes form an integral part of these financial statements

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 2020 the House of Assembly approved a revised Recovery to Development Plan (the “RDP”) 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 a 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

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Agency.

(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.

(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.

2 Significant Accounting Policies (Continued)

(c) Financial Instrument (Continued)

(i) Financial assets (Continued)

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 FVTPL or FVOCI.

(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.

2 Significant Accounting Policies (Continued)

(c) Financial Instrument (Continued)

(iii) Impairment of financial assets

For trade receivables, the Agency applies a simplified approach in calculating expected credit losses ("ECLs"). Therefore, the Agency 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 FVTPL, 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 EIR 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.

(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.

2 Significant Accounting Policies (Continued)

(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.

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.

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.

2 Significant Accounting Policies (Continued)

(e) Leases (Continued)

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.

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.

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 FVTPL 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.

2 Significant Accounting Policies (Continued)

(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.

(a) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates, that 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. The Agency was established with a five year mandate and shall be dissolved at the end of five years unless otherwise determined by the Cabinet, with the approval of the House of Assembly. The Agency has recommended to extend its lifespan to December 31, 2026. Approval from the Cabinet and House of Assembly is pending.

(Expressed in United States Dollars)

4 Property and equipment, net

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

December 31, 2021	Motor vehicles $	Computer and Accessories $	Furniture, Fixtures and Office Equipment $	Leasehold Improvements $	Right-of-use Assets $	Total $
Cost						
Balance at December 31, 2020	79,985	77,269	108,793	467,474	324,809	1,058,330
Additions	-	17,741	5,102	-	-	22,843
Disposals	-	-	-	(467,474)	(324,809)	(792,283)
Balance at December 31, 2021	79,985	95,010	113,895	-	-	288,890
Accumulated depreciation						
Balance at December 31, 2020	38,551	39,846	37,661	292,172	243,607	651,837
Charge	11,731	15,886	14,982	-	-	42,599
Disposals	-	-	-	(292,172)	(243,607)	(535,779)
Balance at December 31, 2021	50,282	55,732	52,643	-	-	158,657
Carrying amount						
Balance at December 31, 2021	29,703	39,278	61,252	-	-	130,233

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

(Expressed in United States Dollars)

5 Cash and cash equivalents

	2021 $	2020 $
Restricted cash	334,852	2,247,898
Unrestricted cash	109,246	275,355
Cash on hand	163	283
Total cash and cash equivalents	444,261	2,523,536

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, 2021 cash balances bear interest at a rate of 0.25% (2020: 0.25%). During the year ended December 31, 2021, the Agency earned interest income of $1,825 (2020: $4,738) on cash and cash equivalents.

6 Fixed deposit

As at December 31, 2021, the Agency has a one-year fixed deposit placed at a financial institution which earns interest at a rate of 0.15% (2020: 0.35%) per annum.

7 Trade and other payables

	2021 $	2020 $
CDB Programme expenses payable	443,702	1,643,495
Operational expenses payable	2,677	25,050
Capital expenses payable	318,575	8,777
Other payable	50,000	-
Accrued liabilities	38,184	35,000
Payroll tax liabilities	33,995	32,613
	887,133	1,744,935

8 Reserves

Unrestricted Reserves

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

2021	UK Government $	BVI Government $	Donors $	Total $
Revenue				
Funding	300,000	1,783,000	-	2,083,000
Interest income and other income	-	957	-	957
Total	300,000	1,783,957	-	2,083,957
Expenses				
Administrative expenses	179,648	1,067,706	-	1,247,354
Staff Costs	119,611	710,888	-	830,499
Depreciation and amortisation	741	41,858	-	42,599
Total	300,000	1,820,452	-	2,120,452
Deficit	-	(36,495)	-	(36,495)

(Expressed in United States Dollars)

8 Reserves (Continued)

Unrestricted Reserves (Continued)

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
Deficit	(367,583)	(359,785)	-	(727,368)

Government of the Virgin Islands

During the year ended December 31, 2021, the Government contributed an amount of $1,783,000 (2020: $1,200,000) 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, 2019 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 2021 and 2020 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, 2018. Under the terms of the MoU, the FCDO will make available to the Agency an amount up to £6,850,106. The amount is expected to be allocated across three years and paid annually in tranches.

The funding is subject to revision and is dependent on the fulfilment of the provisions of the MoU, any revisions to the budget, actual expenditure and need and the continuing available resources to the FCDO. The funding amount will be used solely for costs included as part of the budget approved by the FCDO for the delivery of the outputs and outcomes as outlined in the MoU.

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 RDP has reduced the scope and scale of the Agency's deliverables. As such 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, 2021, the FCDO contributed $300,000 (£215,691) (2020: $1,221,775 £940,057) to the Agency to fund operational expenses. As at December 31, 2021, the FCDO contributed a cumulative amount of $5,141,442 (2020: $4,841,442) to the Agency.

(Expressed in United States Dollars)

8 Reserves (Continued)

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 exceeding US $20,000 received for the recovery and development efforts pursuant to the Plan has to be deposited with the Trust, from which the Agency must access the funding for the implementation of the Plan.

2021	UK Government $	BVI Government $	CDB $	Donors $	Total $
Revenue					
Funding	761,763	600,158	7,136,865	15,000	8,513,786
Interest income	-	868	-	-	868
Total	761,763	601,026	7,136,865	15,000	8,514,654
Expenses					
Programme expenses	626,975	1,697,166	7,277,216	-	9,601,357
Total	626,975	1,697,166	7,277,216	-	9,601,357
Deficit	134,788	(1,096,140)	(140,351)	15,000	(1,086,703)

2020	UK Government $	BVI Government $	CDB $	Donors $	Total $
Revenue					
Funding	-	1,193,237	7,165,424	14,000	8,372,661
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)

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 with the Trust (30 November 2018) based on the Deed of Contribution.

During the year ended December 31, 2021, the Government contributed an amount of $600,158 (2020: $1,193,237) 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, 2021, the United Kingdom of Great Britain and Northern Ireland acting through the FCDO contributed an amount of $761,763 (2020: $nil) 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, 2021, an amount of $7,136,865 (2020: $7,165,424) 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, 2021, amounts of $15,000 (2020: $14,000) 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. During the year ended December 31, 2021, the agreement between the Agency and BVIIAC came to an end and the lease liability and associated right-of-use asset were derecognized resulting in an expense of $6,127 being recognized in the Statement of Comprehensive Income within "lease modification" in "Administrative expenses".

In January 2021 the Agency entered in an agreement with Tortola Pier Park Limited ("TPPL"). Under the terms of the agreement, the Agency sub-leases office space from TPPL at an initial rent of $25 per square foot for the Second Floor and $30 per square foot for the First Floor. The lease is accounted for as a short-term lease.

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 year.

	2021 $	2020 $
Lease liability	-	75,075
Less: current portion of lease	-	(75,075)
Non-current portion of lease	-	-

	2021 $	2020 $
Beginning balance	75,075	237,412
Effect of lease modification	(75,075)	-
Interest expense	-	8,744
Less: lease payments	-	(171,081)
Ending balance	-	75,075

(Expressed in United States Dollars)

9 Lease (Continued)

Lease liabilities (Continued)

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

	2021 $	2020 $
Up to 3 months	-	42,772
Between 3 and 12 months	-	33,273
	-	76,045

Leasehold improvements financing

Under the terms of the lease agreement with the BVIIAC, 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. 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% with a corresponding asset recognized in leasehold improvements.

The agreement between the Agency and BVIIAC came to an end on January 15, 2021. The leasehold improvements and leasehold improvements financing balances were derecognized with an overall impact of income of $108,880 being recorded within “lease modification” in “Administrative expenses”.

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

	2021 $	2020 $
Leasehold improvements financing	-	294,610
Less: current portion of leasehold improvements financing	-	(84,626)
Non-current portion of leasehold improvements financing	-	209,984

	2021 $	2020 $
Beginning balance	294,610	374,323
Effect of lease modification	(294,610)	-
Interest	-	20,290
Less: payment of principal during the period	-	(100,003)
Ending balance	-	294,610

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

	2021 $	2020 $
Up to 3 months	-	25,000
Between 3 and 12 months	-	75,000
Between 1 and 2 years	-	100,000
Between 2 and 5 years	-	125,000
	-	325,000

(Expressed in United States Dollars)

9 Lease (Continued)

Leasehold improvements financing (Continued)

The following are the amounts recognised in profit and loss.

	2021 $	2020 $
Depreciation expenses of right-of-use assets	-	162,405
Effect of lease modification	(108,880)	-
Short term lease	84,087	-
Interest expenses on leasehold improvement financing	-	20,290
Interest expenses on lease liabilities	-	8,744
Total amount recognised in profit and loss	(24,793)	191,439

The Agency had total cash outflows for leases of $nil (2020: $242,050).

10 Staff costs

	2021 $	2020 $
Salaries, allowances and benefits	636,752	688,997
Payroll taxes	97,773	123,978
National health insurance	55,933	61,054
Social security	38,841	42,792
Staff relocation expense	1,200	14,982
Recruitment and training expense	-	2,903
	830,499	934,706

11 Administrative expenses

	2021 $	2020 $
Project management	929,471	1,331,887
Office expenses	114,846	107,416
Professional fees	85,168	128,987
Rent expense	84,087	-
Board costs	59,018	36,251
Capacity building	41,388	4,214
Other	16,973	22,791
Public relations and communications	16,908	34,968
Bank charges	5,550	2,996
Travel and accommodation	2,825	10,905
Staff welfare	-	120,842
Lease modification	(108,880)	-
	1,247,354	1,801,257

(Expressed in United States Dollars)

12 Programme expenses

		2021	
	UK Government	BVI Government	
December 31, 2021	**$**	**$**	**Total**
Virgin Gorda Sports Complex	-	241,044	241,044
Tortola Landfill	-	40,430	40,430
Temporary school units	-	14,681	14,681
TBL Airport	-	980	980
Road Town Police Station	188,579	-	188,579
Renewable Energy Installations	83,186	253,623	336,809
Removal of derelict boats	-	9,000	9,000
Redevelopment of Elmore Stoutt High School	-	160,641	160,641
Other	-	8,293	8,293
Judge and AG residences	-	475,030	475,030
East End Police Station and Marine Base	355,210	-	355,210
Dismantling of incinerator	-	8,702	8,702
Bregado Flax Education Centre	-	390	390
Anegada Recreational Grounds	-	169,568	169,568
Anegada Police Station	-	234,739	234,739
Alexander Ogilvie Shirley Grounds	-	80,045	80,045
	626,975	1,697,166	2,324,141

(Expressed in United States Dollars)

12 Programme expenses (Continued)

		2020	
December 31, 2020	**UK Government $**	**BVI Government $**	**Total**
Judge and AG residences	-	4,750	4,750
East End Police Station and Marine Base	-	24,925	24,925
Virgin Gorda Sports Complex	-	430,706	430,706
Anegada Police Station	-	367	367
Road Town Police Station	-	159,257	159,257
Anegada Recreational Grounds	-	2,639	2,639
Redevelopment of Elmore Stoutt High School	-	56,548	56,548
Alexander Ogilvie Shirley Grounds	-	782,892	782,892
Tortola Landfill	-	980	980
Temporary school units	-	48,422	48,422
Removal of derelict boats	-	1,496	1,496
Dismantling of incinerator	-	120,490	120,490
Other	-	3,889	3,889
Temporary Housing	-	103,386	103,386
Sea Markers	-	60,193	60,193
Repairs to damaged homes	-	48,030	48,030
Bregado Flax Junior School Internal Walls	-	43,750	43,750
West End Ferry Terminal	-	16,306	16,306
Virgin Gorda Baths	-	14,979	14,979
National sewage programme	-	11,123	11,123
VHF network design and build	-	11,019	11,019
Jost Van Dyke Police Barracks	-	627	627
Incinerator scrubber	-	494	494
Marine Survey	-	490	490
Virgin Gorda Administration Building	-	148	148
Jost Van Dyke Primary School	-	204	204
	-	1,948,110	1,948,110

12 Programme expenses (Continued)
Judge and AG residences

This project includes full replacement of roof and structural elements, windows, doors, drywall, new kitchen cabinetry, closets, electrical, plumbing, air conditioning and exterior works.

During the year ended December 31, 2021, the Agency incurred costs of $475,030 (2020: $4,750) in relation to the project.

The project is expected to be completed in the first quarter of 2022.

East End Police Station and Marine Base

The fencing, gates and drains activity for the Marine Base reached practical completion in July 2021 with final works for the motorized gates and installation of drainage grills and security spikes completed.

During the year ended December 31, 2021, the Agency incurred costs of $355,210 (2020: $24,925) in relation to the project.

The contract for the provision of mechanical and electrical design services for the main building was awarded in May 2021. Preparation of tender documents for the reconstruction and retrofitting of the building are ongoing.

Renewable Energy Installations

The purpose of this project is renewable energy installations. In June 2021 all required approvals were received from British Virgin Islands Electricity Corporation and Town and Country Planning Department for the grid-tie system installed at the Lenora Delville Primary School in March 2021.The approval processes for the Ivan Dawson school interconnections following installation of the solar system have now been completed. Installation of the photovoltaic system at the Jost Van Dyke clinic was completed in September 2021 followed by the required inspections in October 2021 facilitating full approval of this activity.

During the year ended December 31, 2021, the Agency incurred costs of $336,809 (2020: $nil) in relation to the project.

Funding has been received for additional renewable energy installations at the Enis Adams and Francis Lettsome Primary Schools and in a mobile containerized power box which is envisioned will be used for educational purposes.

Virgin Gorda Sports Complex

The purpose of this project is to re-establish recreational facilities for children and youth and improve education through sports. Phase one of this project involved rehabilitation of the main court. Works on the restroom facilities under phase two were completed during the 2020. Additional activities including installation of the rubberised court surface reached practical completion in May 2021.

During the year ended December 31, 2021, the Agency incurred costs of $241,044 (2020: $430,706) in relation to the project.

Additional activities to be done include work on the car park which is scheduled to be completed by the first quarter of 2022.

Anegada Police Station

Works on the Anegada Administration Building began in March 2021. In July, works were completed in the water heater room, handrails, landscaping, plumbing and electrical works, repair of the cistern and tile works. This work brought the project to practical completion in July 2021. During the year ended December 31, 2021, the Agency incurred costs of $234,739 (2020: $367) in relation to the project.

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, 2021, the Agency incurred costs of $188,579 (2020: $159,257) in relation to the project.

This project was completed in April 2021.

12 Programme expenses (Continued)

Anegada Recreational Grounds

The basketball court surfacing activity has been completed, with the court demarcation and backboards and hoops installed in April 2021. In November 2021, work on the perimeter fencing reached practical completion. In December 2021, work on the snag list continued to finalise this activity. Installation of playground equipment at the site is scheduled to be completed in 2022. During the year ended December 31, 2021, the Agency incurred costs of $169,568 (2020: $2,639) in relation to the project.

Redevelopment of Elmore Stoutt High School

In December 2021, work began on the slab demolition and design services for installation of structures at the main campus. Demolition is scheduled to be completed by the end of January 2022, setting the stage for procurement and construction of the buildings. During the year ended December 31, 2021, the Agency incurred costs of $160,641 (2020: $56,548) in relation to the project.

13 CDB Programme expenses

	2021 $	2020 $
Water Network Improvement	1,194,766	3,265,520
Government Buildings	1,365,594	1,958,538
Bregado Flax Educational Centre	837,237	1,084,748
Roads, Slopes and Coastal Defence	3,349,671	820,464
Consultancy	328,109	210,445
Magistrates Court Rehabilitation	39,850	17,950
West End Terminal Development	52,123	1,094
Eslyn Henley Special Needs	107,807	-
Other	2,059	647
	7,277,216	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 18 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.

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 25 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.

13 CDB Programme expenses (Continued)

Water network improvement (Continued)

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 17 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 involves 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 and achieved practical completion in April 2021.
- Flax Building, The Valley. This building was the most damaged, the roof of the building was completely replaced, and an extensive refurbishment of all the rooms was completed. Construction started in June 2020 and achieved practical completion in March 2021.

  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. Construction started in November 2020 and achieved practical completion in December 2021.

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 achieved practical completion in May 2021.

Roads, Slopes and Coastal Defence

This project 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 of signed contract amount is $6,656,000.

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. Construction of this project started in October 2021 and is currently ongoing.

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. Construction of this project started in October 2020 and achieved practical completion in April 2021.

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. Construction of this project started in September 2020 and achieved practical completion in March 2021.

13 CDB Programme expenses (Continued)

Roads, Slopes and Coastal Defence (Continued)

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. Construction of this project started in July 2020 and achieved practical completion in January 2021.

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. Construction of this project started in October 2020 and achieved practical completion in June 2021.

Road above 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. Construction of this project started in October 2020 and achieved practical completion in April 2021.

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. Construction of this project started in August 2021 and achieved practical completion in December 2021.

Ballast Bay - The 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. Construction of this project started in October 2020 and achieved practical completion in June 2021.

Asphaltic Works (6 sites) – The Asphaltic Works (6 sites) project consists of asphaltic concrete surfacing 50mm thick to six (6) existing rigid pavement sites, including tack coat: Great Mountain 1 (240m^2), Great Mountain 2 (1,024m^2), Lower Fort Hill (217m^2), Little Dix Hill (384m^2), Hope Hill to Sabbath Hill (1,180m^2) and Ballast Bay (720m^2). This project started in August 2020 and achieved practical completion in October 2021.

Asphaltic Works (Fish Bay) – The Asphaltic Works (Fish Bay) project consists of asphaltic concrete surfacing 50mm thick to existing road pavement at Fish Bay Road (4,100m^2). This project is out to tender and bids are expected at 30 June 2022.

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.

Risk management is carried out by management under policies approved by the Board. 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.

(Expressed in United States Dollars)

14 Financial risk management (Continued)

Financial risk factors (Continued)

(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, 2021 approximately 61% (2020: 82%) 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 $1,111 (2020: $6,309). 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:

	2021 $	2020 $
A+	89,339	1,449,483
BB+	364,819	1,083,830
Unrated	163	283
	454,321	2,533,596

(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.

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 Government of the VI, UK Government, and Donors.

(Expressed in United States Dollars)

14 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The table below shows the Agency's aging of its contractual repayment period to its creditors as of December 31, 2021:

December 31, 2021	On demand $	Within one year $	Total $
Trade and other payables	-	837,133	837,133
	-	837,133	837,133

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

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 RDP. At December 31, 2021 $3,646,412 (2020: $4,086,399) was held in the form of cash in a non-interest bearing account at a third-party financial institution. Additionally, an amount of $2,741,937 (2020: $nil) is held on demand at a third-party financial institution. These assets do not represent assets of the Agency as explained in Note 1. During the year ended December 31, 2021, amounts of $7,667,995 (2020: $75,950) were received directly in the Trust. Access to property by the Agency is in accordance with the requirements as detailed in Note 1.

	2021 $	2020 $
Government of the Virgin Islands	1,454,861	-
FCDO	813,813	-
CDB RRL	5,399,321	-
Donors	-	75,950
	7,667,995	75,950

16 Commitments

As explained in note 12, the Agency enters into various contracts for the execution of projects under the RDP. At December 31, 2021 the Agency had commitments of $6,981,069 (2020: $7,611,820) relating to the completion of various projects under the RDP.

The Agency entered into various professional service contracts for auditing, payroll and website development and maintenance services. As at December 31, 2021, total commitments under these contracts amounted $27,850 (2020: $25,435).

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 2019 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.

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 statement of financial position 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

Management evaluated all activity of the Agency from January 1, 2022 through the issuance date of the financial statements and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.