



CAYMAN ISLANDS
GOVERNMENT

OWNERSHIP AGREEMENTS



2015/16
THE YEAR ENDING
30 JUNE 2016

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OWNERSHIP AGREEMENTS

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC ACCOUNTS AND MANAGEMENT AND
FINANCE LAW (2013 REVISION)

PREFACE

This volume of documents contains Ownership Agreements between the Cabinet and each Statutory Authority and Government Company.

Although Statutory Authorities and Government Companies are legally separate from the Government, they are all owned by the Government on behalf of the people of the Cayman Islands. This ownership relationship exists regardless of whether ownership is reflected in the form of shares or a formal capital holding.

Like any owner, the Government expects the organisations it owns to perform within agreed boundaries. The purpose of the Ownership Agreement is to specify the ownership performance that the Cabinet and the Board of each Statutory Authority or Government Company have agreed the Authority or Company will seek to achieve during the 2015/16 financial year.

Ownership performance is the performance that an owner of an organisation expects and can be categorised into five areas:

- Nature and Scope of Activities
- Strategic Goals and Objectives
- Financial Performance
- Maintenance of Human and Physical Capability
- Risk Management

Each of these five dimensions of performance is specified in the Ownership Agreement.

In addition, the Ownership Agreement specifies any ownership financial flows between the Authority or Company and the Government namely:

- Equity Investments
- Capital Withdrawals
- Dividend or Profit Distributions
- Government Loans
- Government Guarantees

The Government also has a purchase relationship with some Statutory Authorities and Government Companies. This performance is specified in a separate document Purchase Agreement.

OWNERSHIP AGREEMENT
BETWEEN THE
CAYMAN ISLANDS GOVERNMENT
AND
AUDITORS OVERSIGHT AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND
FINANCE LAW (2013 REVISION)

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1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the Board of the *Auditors Oversight Authority* have agreed the *Auditors Oversight Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Auditors Oversight Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Auditors Oversight Authority regulates and supervises auditors who audit the accounts of market traded companies, as defined under the Auditors Oversight Law (AOL), and includes subjecting such auditors to its systems of oversight, quality assurance, investigation and penalties.

SCOPE OF ACTIVITIES

The current scope of the Auditors Oversight Authority's activities extends generally to market traded companies admitted to trading on a regulated market which is defined by the AOL as the Cayman Islands Stock Exchange, a market regulated by a member state of the European Union specified by the Auditors Oversight Authority and any other market specified by the Auditors Oversight Authority under circumstances specified under the AOL. It is anticipated the Auditors Oversight Authority will conduct inspections of auditing firms who voluntarily subject themselves to the Auditors Oversight Authority's oversight or who will be subject to the Auditors Oversight Authority's oversight as a matter of public policy.

Customers and Location of Activities

The Auditors Oversight Authority's current services are provided to auditors who audit market traded companies and to the public. As stated above it is anticipated the scope of the Auditors Oversight Authority's oversight activities will expand. The Auditors Oversight Authority is located in Grand Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Auditors Oversight Authority* for the 2015/16 financial year are as follows:

- Complete our second round of inspections of firms subject to our oversight.
- Possibly engage (depending on availability) one or more full time Caymanian staff; one of whom may be considered suitable to transition into the role of Managing Director of AOA thus replacing the current Managing Director.
- Commence a program of billing auditing firms subject to AOA oversight with costs of oversight with a view to recovering 100% of our costs of oversight by 2017/18.
- Complete obtaining equivalency status with the European Union and Japan so auditor oversight authorities in the European Union and Japan can rely on AOA inspections.
- Commence entering into memoranda of understandings (MOUs) with various overseas audit regulatory authorities and professional accountancy bodies.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Auditors Oversight Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	315,000	315,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	169,600	10,000
SURPLUS/DEFICIT FROM OUTPUTS	484,600	325,000
OTHER EXPENSES	508,800	356,400
NET SURPLUS DEFICIT	(24,200)	(31,400)
TOTAL ASSETS	239,500	263,700
TOTAL LIABILITIES	(8,000)	(8,000)
NET WORTH	231,500	255,700
CASH FLOWS FROM OPERATING ACTIVIITES	(22,400)	(25,000)
CASH FLOWS FROM INVESTING ACTIVIITES	0	(3,000)
CASH FLOWS FROM FINANCING ACTIVIITES	0	(69,300)
CHANGE IN CASH BALANCES	(22,400)	41,300

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	28.9:1	31.7:1
TOTAL ASSETS : TOTAL LIABILITIES	29.9:1	32.9:1

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	2.25	1.25
STAFF TURNOVER (%)	0	0
SENIOR MANAGER	24 months	12 months
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF		

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	239,500	263,700
ASSET REPLACEMENTS : TOTAL ASSETS	0	0
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	8,400	10,200
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1,800	1,800
CHANGES TO ASSET MANAGEMENT POLICES	None	None

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Failure to identify Violations (as defined in the Rules) when such Violations exist in audits conducted by auditors registered with AOA and their work has been inspected by, or on behalf of AOA	None	Adopt a robust system of oversight over inspections of audits	Not measurable - result would be loss of credibility in the eyes of other audit regulators and loss of reputation of the Cayman Islands as a stable and reliable place to do business

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Auditors Oversight Authority* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	484,600	325,000
OPERATING EXPENSES	508,800	356,400
NET SURPLUS/DEFICIT	(24,200)	(31,400)

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	239,500	263,700
LIABILITIES	8,000	8,000
NET WORTH	231,500	255,700

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVIITES	(22,400)	(25,000)
CASH FLOWS FROM INVESTING ACTIVIITES	0	(3,000)
CASH FLOWS FROM FINANCING ACTIVIITES	0	69,300

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Auditors Oversight Authority	0
Capital Withdrawals from Auditors Oversight Authority	0
Dividend or Profit Distributions to be made by Auditors Oversight Authority .	0
Government Loans to be made to Auditors Oversight Authority	0
Government Guarantees to be issued in relation to Auditors Oversight Authority	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ¹	65,000
Remuneration² Payments made to Key Management Personnel	218,000
Remuneration Payments made to Senior Management	110,000

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6
NUMBER OF KEY SENIOR MANAGEMENT (MD)	1

¹ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

² Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Auditors Oversight Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Auditors Oversight Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Wayne Panton, JP

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

Chairman of the Board

Auditors Oversight Authority

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



AUDITORS OVERSIGHT AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Auditors Oversight Authority for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Auditors Oversight Authority

30th June 2015

AUDITORS OVERSIGHT AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2016

These financial statements have been prepared by the Auditors Oversight Authority in accordance with the provisions of the Public Management and Finance Law (2013 Revision) and in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants.

AUDITORS OVERSIGHT AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2016

	Notes	Budget 2015/16
Revenue		
Sale of goods and services	1	484,600
Other revenue		0
Total Revenue		484,600
Expenses		
Personnel costs	2	230,000
Supplies and consumables	3	119,000
Depreciation and Amortisation	5	1,800
Other Operating expenses		158,000
Total Expenses		508,800
Surplus or (Deficit) for the period		(24,200)

AUDITORS OVERSIGHT AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2016

	Contributed Capital	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014	100,000	187,100	287,100
Changes in net worth for 2013/14			
Prior Year Adjustments			
Restated balance	100,000	187,100	287,100
Changes in net worth for 2014/15			
Equity Investment from Cabinet			
Capital withdrawals by Cabinet			
Dividends payable to Cabinet			
Net revenue / expenses recognised directly in net worth			
Surplus/(deficit)for the period 2014/15		(31,400)	(31,400)
Total recognised revenues and expenses for the period		(31,400)	(31,400)
Balance at 30 June 2015 carried forward	100,000	155,700	255,700

	Contributed Capital	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2015 brought forward	100,000	155,700	255,700
Changes in net worth for 2014/15			
Prior Year Adjustments			
Restated balance	100,000	155,700	255,700
Changes in net worth for 2015/16			
Equity Investment from Cabinet			
Capital withdrawals by Cabinet			
Dividends payable to Cabinet			
Net revenue / expenses recognised directly in net worth			
Surplus/(deficit)for the period 2015/16		(24,200)	(24,200)
Total recognised revenues and expenses for the period		(24,200)	(24,200)
Balance at 30 June 2016	100,000	131,500	231,500

AUDITORS OVERSIGHT AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2016

	Notes	Budget 2015/16
Current Assets		
Cash and cash equivalents	4	231,100
Trade receivables		0
Other receivables		0
Prepayments		0
Total Current Assets		231,100
Non-Current Assets		
Trade receivables		0
Other receivables		0
Property, plant and equipment	5	8,400
Intangible Assets		0
Total Non-Current Assets		8,400
Total Assets		239,500
Current Liabilities		
Trade payables	6	0
Other payables and accruals	6	8,000
Total Current Liabilities		8,000
Total Liabilities		8,000
Net Assets		231,500
NET WORTH		
Contributed capital		100,000
Accumulated surpluses/(deficits)		131,500
Total Net Worth		231,500

AUDITORS OVERSIGHT AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2016

	Notes	Budget 2015/16
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Receipts</i>		
Sale of goods and services to Cabinet		315,000
Sale of goods and services - third party		169,600
Other receipts		
<i>Payments</i>		
Personnel costs		(230,000)
Supplies and consumables - Statutory Agencies and Government Companies		(6,500)
Supplies and consumables - third party		(162,500)
Other payments		(108,000)
Net cash flows from operating activities	7	(22,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		
Proceeds from sale of property, plant and equipment		
Net cash flows from investing activities		0
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Repayment of Surplus/Dividends or Capital withdrawal		
Net cash flows from financing activities		0
Net increase/(decrease) in cash and cash equivalents		(22,400)
Cash and cash equivalents at beginning of period		253,500
Cash and cash equivalents at end of period		231,100

AUDITORS OVERSIGHT AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

Note 1: Sales of Goods & Services	
Revenue type	Budget 2015/16
Fees and Charges	169,600
General Sales	0
Other Goods & Services Revenue	0
Sale of goods and services to Cabinet	315,000
Sale of goods and services to Other Ministries and Portfolios	0
Total sales of goods and services	484,600

Note 2: Personnel costs	
Description	Budget 2015/16
Salaries, wages and allowances	210,000
Health care CINICO	10,000
Pension	
Other personnel related costs	10,000
Total Personnel Costs	230,000

Note 3: Supplies and consumables	
Description	Budget 2015/16
Supplies and Materials	5,000
Purchase of services	28,000
Lease of Property and Equipment	6,500
Travel and Subsistence	65,000
Other	14,500
Total Supplies & consumables	119,000

AUDITORS OVERSIGHT AUTHORITY

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016**

Note 4: Cash and cash equivalents			
	Currency Amount	Exchange Rate to \$CI	Budget 2015/16
Cash on hand	231,100	1.0000	231,100
CI\$ Account		1.0000	0
TOTAL			231,100

Note 5: Property, plant & equipment			
Cost of Property, plant & equipment			
	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 July 2014	9,800		9,800
Additions		3,000	3,000
Balance as at 30 June 2015	9,800	3,000	12,800
	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 July 2015	9,800	3,000	12,800
Additions			0
Balance as at 30 June 2016	9,800	3,000	12,800
Accumulated Depreciation and impairment losses			
	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 July 2014	800		800
Depreciation Expense 2014/15	800	1,000	1,800
Balance as at 30 June 2015	1,600	1,000	2,600
	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 July 2015	1,600	1,000	2,600
Depreciation Expense 2015/16	800	1,000	1,800
Balance as at 30 June 2016	2,400	2,000	4,400
Net Book value 30 June 2015	8,200	2,000	10,200
Net Book value 30 June 2016	7,400	1,000	8,400

AUDITORS OVERSIGHT AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 6: Trade payables, other payables & Accruals			
	Current	Non-Current	Budget 2015/16
Creditors Third party			0
Creditors Ministries/Portfolios			0
Payroll Deductions			0
Accrued Expenses	8,000		8,000
Other payables			0
Total trade payables other payables and accruals	8,000	0	8,000

Note 7: Reconciliation of net cash flows from operating activities to surplus/(deficit)	
Description	Budget 2015/16
Surplus/(deficit) from ordinary activities	(24,200)
Non-cash movements	
Depreciation & Amortisation	1,800
Changes in current assets and liabilities:	
(Increase)/decrease in other current assets - Cabinet	
(Increase)/decrease in other current assets - Ministries Portfolios	
(Increase)/decrease in other current assets - Other	
(Increase)/(decrease) in current liabilities - Ministries Portfolios	
(Increase)/(decrease) in current liabilities - Other	
Net cash flows from operating activities	(22,400)

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN AIRWAYS LIMITED

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND
FINANCE LAW (2013 REVISION)

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1. Purpose
2. Nature and Scope of Activities
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Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Airways Limited* have agreed the *Cayman Airways Limited* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Airways Limited* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

Cayman Airways Limited's activities involve providing scheduled passenger and cargo flights to, from and within the Cayman Islands.

SCOPE OF ACTIVITIES

The scope of the *Cayman Airways Limited* activities is as follows:

The company leases four 737-300 aircraft which provide international connection as well as service to Cayman Brac. The company provides fee based air transportation as well as air cargo services.

The company also owns two Twin Otter aircraft through a wholly owned subsidiary – Cayman Airways Express. The aircraft provide service between Grand Cayman and the sister islands of Cayman Brac and Little Cayman.

The company additionally leases one Embraer EMB120 aircraft which provides service between Grand Cayman and the sister island of Cayman Brac.

The lease of the Embraer is an interim measure as the Company expects to purchase a Saab 340 for this route. The Saab is expected to provide an improved level of service and reduce operating costs compared to the Twin Otters and B737-300 jets. There is an expected reduction in both the Twin Otter flights and the B737-300 Cayman Brac flights, once the Saab 340 is introduced

The airline generates additional revenue by providing handling services to other airlines at Owen Roberts Airport in Grand Cayman.

The Company's operations are broken in several distinct categories under an "Airlift Framework". This framework features significantly in the Company's operational planning and funding models and is defined as follows:

Airlift Framework Category	Definition
Core	Routes/Flights/Operations that CAL dominates and knows the market well Routes/Flights/Operations that provide good economic return or at least break-even
Strategic Domestic	Domestic Routes/Flights that are purchased by, and operated on behalf of, the Government
Strategic Tourism	International Routes/Flights that have national tourism importance which are purchased by, and operated on behalf of the Government
Surplus	Assumes prior 3 categories are being adequately serviced (without displacement and not affecting required redundancy to maintain reliability of service). Includes operations which must provide good economic return

Strategic Domestic and Strategic Tourism are operations which are considered critical for the Cayman Islands, but do not provide sufficient economic justification themselves for an airline to operate. Accordingly, the Government purchases these operations from the Company. During periods of economic slow-down, the Government may also purchase certain of the Core operations from the Company as well.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Cayman Airways Limited* are provided to the following Customers both locally and internationally:

The services provided by *Cayman Airways Limited* are provided through scheduled jet service between Grand Cayman, Cayman Brac, Little Cayman, Miami, Tampa, New York, Chicago, Dallas, Washington DC, Havana, Kingston, Montego Bay, La Ceiba and Panama.

Additional routes continue to be evaluated in conjunction with the Ministry of Tourism and the Cayman Islands Department of Tourism to facilitate decision making on any potential opportunities.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Airways Limited* for the 2015/16 financial year are as follows:

- The mission of Cayman Airways is to be the premier choice of safe, reliable, and enjoyable air transportation to all markets we serve, in the best interests of the Cayman Islands. A national airline of which we can all be immensely proud of, one which reflects a top quality airline, delivering top quality service; an organization which is attracting the best and brightest Caymanian talent and developing its people and the airline to reach their full potential.
- The Airline is major employer within the Cayman Islands and must strive to attract and develop the best and brightest Caymanian talent. The Airline offers several unique employment opportunities in specialised fields and will continue to create an environment of opportunity for Caymanians. This role has an immeasurable socio-economic impact on the Cayman Islands and is crucial to continued national development and growth. The Airline will therefore, as it continues to target cost reductions, do so in a manner that places emphasis on the retention and provision of services and employment locally, versus overseas when possible.
- The Airline will continue the process of restructuring and operational reform in order to drive revenue, reduce costs, and achieve the maximum levels of efficiency where possible.
- Utilizing the Airlift Framework as a funding model, the Airline and Government shall have a common objective to ensure that the Airline is adequately funded to undertake the core and strategic roles defined in the Airlift Framework. Adequate levels of Government funding and the Airline's continued efforts to operate at maximum efficiency are necessary to ensure that no deficit between revenue and expenses arises.
- After years of historical losses, the Airline is faced with a severe deficiency of working capital. The Government and the Airline must together strive to create adequate levels of working capital in order to ensure that Airline has the ability to invest where necessary to improve efficiency and viability. This working capital deficiency may from time to time require external borrowings or equity injections from the Government in order to ensure the Airline's continued viability. The Airline therefore aims to have its historical debt (formal and informal), refinanced in a manner that improves cash flow and provides adequate levels of working capital to be realised, in order to increase the viability and efficiency of the Airlines of the operations.
- Should a deficit (revenue) arise due to unbudgeted situations during the course of the year, which are beyond the Airline's control, the Government may be asked to provide supplementary funding in order to ensure that the Airline maintains an ability to meet its operating obligations and fulfil the government's strategic objectives for the Airline. The Airline will do all possible to avoid this scenario and will keep the Government promptly educated on all situations that may lead to a need for additional funding within the budget year.

- The Airline is a major contributor to the Cayman Islands economy both directly and indirectly through employment and the purchase of goods and services within the Cayman Islands. The Airline is also a strategic tool used by the Government to drive economic activity, particularly in the tourism industry by providing guaranteed airlift and competitive market environment. This includes providing direct air service to the leading tourist source markets, targeted by the Cayman Islands Department of Tourism. The Airline will therefore continue to work with the Cayman Islands Department of Tourism to realise the maximum benefit from the Department of Tourism's marketing efforts by aligning capacity with the demand generated from the Department of Tourism's efforts .
- The total economic impact or contribution to the Cayman Islands by Cayman Airways (from studies going back more than ten years), is over CI\$150M per annum. The Airline must therefore continue to balance its efforts to operate at peak efficiency with its efforts to create the maximum economic impact possible. The Airline's value on a macroeconomic level outweighs the Government's annual investment through this purchase agreement. Whilst this is an overriding value and an excellent return on investment, the Airline's economic contribution must continue to be provided in the most efficient manner. The Airline and the Government must therefore maintain alignment through consultation in the budget year to ensure the correct balance between the Airline's performance and the Airline's contribution to the local economy.
- Whilst the Airline is equipped with the full infrastructure of a typical Airline, the Airline is challenged to cover all its fixed costs from operating revenues, because of its relatively small size and the relatively small markets served (economies of scale). The Airline must therefore seek out opportunities within the surplus category of the Airlift Framework that increases passenger and cargo throughput, in order to maximise efficiency and reduce dependence on Government funding. This should include the exploration of strategic partnerships with other airlines and potential industry partners, to reduce costs and enhance revenue potential, but in a manner that does not degrade the Airline's strategic value to the Cayman Islands. The Airline expects to continue working with the public sector as well as to embark on joint initiatives with the private sector to coordinate marketing and advertising efforts. A key objective of the Airline is to stimulate incremental visitation through increased visitor arrivals and incremental room nights.
- Fuel is the most volatile and unpredictable cost facing the Airline. The company intends to continue to monitor and aggressively pursue alternatives to minimize the costs of fuel. Cayman Airways however expects to continue to be faced with high fuel prices and extreme volatility for the budget year. The Airline optimistically expects fuel prices to be between US\$85 and US\$100 per barrel for the budget year and has budget fuel expense and associated revenue from airfares accordingly. It must be noted that the Airline is not always able to pass on increases in fuel, without negatively affecting demand and overall revenues. The Airline will therefore strive to recoup fuel increases from the consumer to the maximum extent possible, but will be limited in its efforts so as to not negatively impact the Airline's overall revenue performance nor the Airline's strategic value the local economy and tourism industry.

- The Airline has historically been operating with several outdated or manual systems to manage and control some of its commercial and operating functions. The Airline will continue to strive to implement technological advances that will improve the Airlines operating and financial performance.
- The National Flag Carrier will continue to explore commercial agreements with select international carriers where deemed beneficial to the Cayman Islands. The commercial agreements may range from connected websites to full code share agreements. Cayman Airways is committed to working closely with foreign carriers flying into the Cayman Islands, provided that the foreign carrier provides direct economic benefit to the country or serves to provide additional visitation opportunities.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Airways Limited* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	17,305,800	17,805,799
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,200,000	1,200,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	54,322,437	53,769,493
SURPLUS/DEFICIT FROM OUTPUTS	72,828,237	72,775,292
OTHER EXPENSES	71,875,075	71,776,154
NET SURPLUS DEFICIT	953,162	999,138
TOTAL ASSETS	28,525,555	25,317,738
TOTAL LIABILITIES	67,145,064	69,990,410
NET WORTH	(38,619,509)	(44,672,672)
CASH FLOWS FROM OPERATING ACTIVITIES	5,516,266	(2,092,851)
CASH FLOWS FROM INVESTING ACTIVITIES	(6,539,372)	(700,715)
CASH FLOWS FROM FINANCING ACTIVITIES	878,416	2,882,753
CHANGE IN CASH BALANCES	(144,690)	89,187

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1:10.4	1:9.4
TOTAL ASSETS : TOTAL LIABILITIES	1:2.4	1:2.8

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	390	363
STAFF TURNOVER (%)	5%	5%
SENIOR MANAGER	14 Years	14 Years
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF		

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	28,525,555	25,317,738
ASSET REPLACEMENTS : TOTAL ASSETS	4:1	36:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1.51:1	1.45:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	2.21:1	5:1
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Infrastructure	0
Technology	379,428
Aircraft/Engines	6,159,944

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Fuel Prices	Risk profile increased due to volatility in fuel prices	Given difficulty in hedging this is managed primarily through price negotiating and operations.	+/- CI\$2,000,000
Capital Structure	Improvement over prior year	Better cash management and improved financial performance targeted	None

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Airways Limited* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	72,828,237	72,775,292
OPERATING EXPENSES	(71,875,075)	(71,776,154)
NET SURPLUS/DEFICIT	953,162	999,138

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	28,525,555	25,317,738
LIABILITIES	67,145,064	69,990,410
NET WORTH	38,619,509	44,672,672

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES	5,516,266	(2,092,851)
CASH FLOWS FROM INVESTING ACTIVITIES	(6,539,372)	(700,715)
CASH FLOWS FROM FINANCING ACTIVITIES	878,416	2,882,753

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman Airways Limited	5,100,000
Capital Withdrawals from Cayman Airways Limited	0
Dividend or Profit Distributions to be made by Cayman Airways Limited.	0
Government Loans to be made to Cayman Airways Limited	0
Government Guarantees to be issued in relation to Cayman Airways Limited	Up to CI\$19M for CIG approved borrowing to address informal debt <i>(possible)</i>
Related Party Payments (Non Remuneration) made to Key Management Personnel ³	0
Remuneration⁴ Payments made to Key Management Personnel	628,000
Remuneration Payments made to Senior Management	1,280,000

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6
NUMBER OF KEY SENIOR MANAGEMENT (MD)	14

³ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Airways Limited undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Airways Limited will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Moses Kirkconnell, JP

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

Chairman of the Board

Cayman Airways Limited

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



CAYMAN AIRWAYS LIMITED

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman Airways Limited for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Cayman Airways Limited

30th June 2015

CAYMAN AIRWAYS LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2016

The Company's financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies are:

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Cayman Airways Express, a company incorporated in the Cayman Islands. All significant intercompany accounts and transactions have been eliminated on consolidation.

Passenger revenue: Passenger ticket sales are initially recorded as a current liability in an unearned transportation liability account until transportation is provided. This current liability is released as revenue is earned, sales are refunded, or billings from other airlines are received.

Aircraft maintenance:

- (a) Routine maintenance and annual periodic maintenance
All routine aircraft maintenance expenses are expensed as incurred. These estimated costs are recorded as maintenance, materials and repairs in the statement of loss.
- (b) Periodic major maintenance and overhauls
- (c) Liability for overhauls and periodic major maintenance is recognised at the time the Company becomes obligated for such costs. The actual cost of periodic major maintenance and overhauls is capitalized and depreciated over the estimated useful life (which will normally be the expected interval to the next scheduled major maintenance or overhaul).

Property, plant and equipment: Property, plant and equipment is initially recorded at cost. Cost includes all direct attributable costs of bringing the asset to working condition for its intended use. The Company capitalises borrowing costs which are directly attributable to the acquisition of an asset and which are incurred in respect of the period of time before an asset is introduced into use or service.

Property, plant and equipment and other long lived, non-current assets, are reviewed annually at each balance sheet date for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount are written down to the recoverable amount, being the higher of market value or value in use (on a discounted cash flow basis), and the resulting impairment loss recorded in the statement of operations. To the extent that a previously recognised impairment loss no longer exists or decreases, the carrying amount of the asset will be increased to the lower of recoverable amount or depreciated cost and the resulting reversal of impairment loss will be recorded in the statement of operations.

CAYMAN AIRWAYS LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Depreciation: Property, plant and equipment are depreciated to estimated residual value using the straight-line method over their estimated useful lives as follows:

Type of Property Plant and Equipment	Estimated Useful Life
Aircraft Airframe and Related Overhauls	
Owned aircraft airframe and related overhauls	12-000-30,000 flight hours or 250-300 months
Airframe and related components	
Other Property Plant and Equipment	
Buildings	20 – 50 years
Rotables	12 Years
Flight equipment	10 years
Ground Equipment	7 years
Other property, plant and equipment	3 – 5 years

Leasehold improvements to aircraft are depreciated over the remainder of the lease. Land is not depreciated.

The residual value for the aircraft engines is US\$50,000 per engine. The residual value for flight equipment is 5%. All other property, plant and equipment have no salvage value.

Where impairment losses have been recorded against property, plant and equipment, the recoverable amount is depreciated to estimated residual value using the straight-line method over the remaining estimated useful life.

Cash and cash equivalents: For the purpose of the statement of cash flows, cash and cash equivalents includes balances with bankers, all of which are on demand or at short notice, net of short-term overdrafts.

Foreign currency translation: The accounting records of the Company are maintained in United States dollars. Monetary assets and liabilities in a foreign currency are translated into United States dollars at the prevailing rates of exchange at year end. Revenue receipts and expense payments are translated into United States dollars at the prevailing exchange rate on the respective dates of transactions. The rate of exchange between United States dollars and Cayman Islands Dollars is fixed at US\$1.00: CI\$0.84. All amounts are CI Dollars unless otherwise noted.

Employee benefits: In accordance with the Cayman Islands National Pensions Law, 1996 (the “Law”) those of Company’s employees that are located in the Cayman Islands participate in a defined contribution pension plan. Employees are required to contribute an amount up to 5% of their annual salaries to the plan during the year and the Company matches such contributions up to 5%. The Company’s US based employees are eligible to participate in a 401K defined contribution pension plan. Contributions are matched by the Company, to a maximum of 3% of the employee’s basic salary. Independent trustees administer both of these plans. The pension contributions paid by the Company under these plans are expensed in the statement of loss.

In addition, the Company’s employees participate in a private health insurance plan. The Company contributes part of the cost and such contributions paid by the Company are expensed in the statement of loss.

CAYMAN AIRWAYS LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Cash and cash equivalents: For the purpose of the statement of cash flows, cash and cash equivalents includes balances with bankers, all of which are on demand or at short notice, net of short-term overdrafts.

Foreign currency translation: The accounting records of the Company are maintained in United States dollars. Monetary assets and liabilities in a foreign currency are translated into United States dollars at the prevailing rates of exchange at year end. Revenue receipts and expense payments are translated into United States dollars at the prevailing exchange rate on the respective dates of transactions. The rate of exchange between United States dollars and Cayman Islands Dollars is fixed at US\$1.00: CI\$0.84. All amounts are CI Dollars ('000) unless otherwise noted.

Employee benefits: In accordance with the Cayman Islands National Pensions Law, 1996 (the "Law") those of Company's employees that are located in the Cayman Islands participate in a defined contribution pension plan. Employees are required to contribute an amount up to 5% of their annual salaries to the plan during the year and the Company matches such contributions up to 5%. The Company's US based employees are eligible to participate in a 401K defined contribution pension plan. Contributions are matched by the Company, to a maximum of 3% of the employee's basic salary. Independent trustees administer both of these plans. The pension contributions paid by the Company under these plans are expensed in the statement of loss.

In addition, the Company's employees participate in a private health insurance plan. The Company contributes part of the cost and such contributions paid by the Company are expensed in the statement of loss.

CAYMAN AIRWAYS LIMITED
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2016

	BUDGET 2015/16	PROJECTED 2014/15
Revenue		
Sale of Outputs to Cabinet	17,305,800	17,805,799
Passenger (Sched)	49,093,696	48,239,039
Cargo (Sched)	2,751,842	2,649,839
Cargo (Charter)	-	-
Passenger (Charter)	561,120	601,030
Handling	965,379	1,314,601
Other	2,150,400	2,164,984
TOTAL REVENUES	72,828,237	72,775,292
Operating Expenses		
Salaries	17,637,827	16,988,196
Benefits & Other Staff Costs	4,444,123	4,241,819
Fuel & Oil	16,663,707	17,597,805
Maintenance Reserves	856,879	1,242,214
Landing & Parking	1,784,787	1,847,197
Aircraft Services	8,127,866	8,182,757
Meal & Beverage	1,114,877	1,153,238
Commissions & CC	3,172,920	3,293,217
Navigation & Overfly	818,803	765,324
Other Maintenance	2,921,813	2,663,726
Maintenance Costs "C" Checks	1,889,997	1,588,271
Aircraft Rental	1,731,240	2,512,047
Facilities Rental	653,410	633,638
Communications	583,512	575,159
Depreciation	2,956,772	2,235,316
General & Admin.	1,886,962	1,807,569
Advertising & Promo	258,720	243,122
Customs Overtime	299,950	306,847
Other Expenses	3,125,910	2,812,286
Total Operating Expenses	70,930,075	70,689,748
Surplus from Operating Activities	1,898,162	2,085,544
Interest Expense	945,000	1,086,406
Other Expense (Income)		
Total Non-Operating Revenue and Expenses	945,000	1,086,406
Surplus before extraordinary items	953,162	999,138
Extraordinary expenses		
Total Extraordinary Items		
Net Surplus/(Deficit) after extraordinary items	953,162	999,138

CAYMAN AIRWAYS LIMITED**FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Budget	2014/15 Projected
Opening balance net worth	-44,672,672	-50,521,810
Net Surplus	953,162	999,138
Property Revaluation		
Equity Injection	5,100,000	4,850,000
Closing balance net worth	-38,619,510	-44,672,672

CAYMAN AIRWAYS LIMITED
FORECAST BALANCE SHEET
AS AT 30 JUNE 2016

	2015/16 Budget	2014/15 Projected
Current Assets		
Cash and cash equivalents	74,689	219,379
Accounts receivable	3,886,571	3,847,864
Prepaid Expenses	420,000	420,000
Security Deposits	547,714	816,514
Parts Held for Resale		
Total Current Assets	4,928,974	5,303,757
Non-Current Assets		
Property, plant and equipment	23,596,581	20,013,981
Other non-current assets		
Total Non-Current Assets	23,596,581	20,013,981
Total Assets	28,525,555	25,317,738
Current Liabilities		
Bank overdraft		
Accounts payable	35,218,788	33,591,240
Unearned Transport Liability	9,224,300	9,553,900
Deferred revenue	2,347,628	2,269,338
Current Portion of LTD	4,405,774	4,405,774
Cayman Departure Tax		
Total Current Liabilities	51,196,490	49,820,252
Non-Current Liabilities		
Borrowings	15,948,574	20,170,158
Maintenance Reserve		
Total Non-Current Liabilities	15,948,574	20,170,158
Total Liabilities	67,145,064	69,990,410
TOTAL ASSETS LESS TOTAL LIABILITIES	-38,619,509	-44,672,672
NET WORTH		
Contributed Capital	87,611,758	82,511,758
Asset revaluation reserve		
Accumulated surpluses	-126,231,266	-127,184,430
Total Net Worth	-38,619,508	-44,672,672

CAYMAN AIRWAYS LIMITED
**FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2016**

	2015/16 Budget	2014/15 Projected
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Surplus/(Deficit)	953,162	999,138
Add Back		
Depreciation	2,956,772	2,235,316
Changes in Working Capital		
(Increase)/Decrease in Current Assets	230,094	269,800
Increase/(Decrease) in Current Liabilities	1,376,238	-5,597,105
Net cash flows from operating activities	5,516,266	-2,092,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale or Purchase of non-current assets	-6,539,372	-700,715
Net cash flows from investing activities	-6,539,372	-700,715
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings and Repayment of borrowings	-4,221,584	-1,967,247
Shareholder Equity Injection	5,100,000	4,850,000
Net cash flows from financing activities	878,416	2,882,753
Net increase/(decrease) in cash and cash equivalents	-144,690	89,187
Cash and cash equivalents at beginning of period	219,379	130,192
Cash and cash equivalents at end of period	74,689	219,379

CAYMAN AIRWAYS LIMITED
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

Note 1 – General

The Budget represents the expected results for the year ending June 30, 2016. The estimations are based upon the strategic plan for the airline and management's best estimates of the future events. Actual results will differ from estimates and the differences could be significant.

The budget includes the consolidated results of both Cayman Airways and Cayman Express (Cayman Airways Express is the wholly-owned subsidiary of Cayman Airways that operates inter-island service utilizing Twin Otter aircraft).

All amounts are CI Dollars unless otherwise noted.

Note 2 - Flights and Block Hours

The total number of flights for 2015-16 is projected at 5,200 (2014-15 forecasted: 5,000) for the jet service and 4,176 (2014-15 forecasted: 4,000) for the express service.

The total number of block hours for 2015-16 is projected at 7,770 (2014-15 forecasted: 7,000) for the jet service and 3,466 (2014-15 forecasted: 3,000) for the express service.

Note 3 – Passenger Revenue

Passenger Revenue is expected to be **\$49,094K**. Budget assumes a 1.8% growth (\$855k) in passenger ticket revenue against the last 12 months.

Note 4 – Cargo Revenue

Cargo Revenue includes fees for carrying cargo on both scheduled passenger flights (belly freight) and all-cargo freighter flights.

Cargo Revenue for the year ending June 30, 2016 is expected to be **\$2,752K**.

Note 5 – Charter Passenger Revenue

Charter Passenger Revenue represents the fees derived from renting the aircraft and crew to a charter operator. The charter operator takes the risk of selling the tickets to passengers.

Charter Revenue for the year ending June 30, 2016 is expected to be **\$561K**.

CAYMAN AIRWAYS LIMITED

NOTES TO THE FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

Note 6 – Handling Revenue

Cayman Airways provides handling services for US Airways, Air Canada, United/Continental Airlines, WestJet, and Delta on a scheduled basis and other airlines on an ad hoc at Owen Roberts International Airport in Grand Cayman.

Note 7 - Other Income

Other Income includes aircraft Bar Sales, Maintenance services, penalties, revenue from the In-Flight Magazine, Butterfield credit card mile payments and Membership Fees for frequent flyer programme.

Other Income for the year ending June 30th, 2016 is expected to be **\$2,150K**.

Note 8 – Salaries

Salaries and Wages for the year ending June 30, 2016 are expected to be **\$17,638**, up 3.8% over prior year. This increase is mainly a result of new staff budgeted for the expected purchase of a new Saab aircraft to service the Sister Island of Cayman Brac.

Note 9 – Other Staff Costs

Other Staff Costs include overtime, work permits, travel, pension, uniforms, training and health insurance. Other Staff Costs for the year ending June 30, 2016 is expected to be **\$4,444K**, up 4.8% over prior year. This increase is mainly a result of new staff budgeted for the expected purchase of a new Saab aircraft to service the Sister Island of Cayman Brac.

Note 10 – Fuel

Fuel cost for year 2015/16 is budgeted at **\$16,664**, down from prior year's projection of \$17,598k. Fuel prices are expected to remain generally low during much of the budget year, ranging from US\$55 to US\$70 per barrel.

Note 11 – Maintenance Reserves

The company will have to pay monthly reserves, for scheduled maintenance of leased engines, as "additional rent."

The budget amount for 2015/16 of **\$857k** is down by 31% (CI\$385K) over prior year. These savings are a result of the Company purchasing 3 previously leased 737-300 jets, thereby reducing the necessity to lease jet engines.

Note 12 – Landing and Parking

Landing and Parking expenses are the charges that the airports impose on carriers for use of the runways and parking the aircraft.

Landing and Parking projected for the year ending June 30th, 2016 is **\$1,785K**. It is driven largely by schedule.

NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

Note 13– Aircraft Services

Aircraft Services includes the costs of services the airline has contracted out to other companies as well as some terminal access charges at certain airports. Charges include ground handling, customer service, baggage handling, maintenance inspection, grooming, lavatory, security, porter fees, and lounge usage charges. These charges vary significantly for each airport.

Projected Aircraft Services for the year ending June 30th, 2016 is **\$8,128K**.

Note 14 – Meal and Beverage

Projected Meal and Beverage expense for the year ending June 30, 2016 is **\$1,115K**. Elimination of most meals on flights less than 2 hours (except for business class) has resulted in savings.

Note 15 – Commissions and Credit Card Expense

Commissions and Credit Card expense includes commissions paid to travel agents, fees for processing credit card charges, and booking fees.

Budgeted Commission and Credit Card expense for the year ending June 30th, 2016 is **\$3,173K**.

Note 16 – Navigation and Overfly

Navigation and Overfly are the fees incurred for flying through certain airspace (for example Cuba and Jamaica).

Navigation and Overfly expense for the year ending June 30th, 2016 is budgeted at **\$819K**.

Note 17 - Other Maintenance

Other Maintenance expense includes the cost of repairing rotatable (reusable) parts for the aircraft, the cost of purchasing expendable (single use only) parts, and the cost of leasing parts.

Budgeted Other Maintenance expense for the year ending June 30th, 2016 is **\$2,921K**.

Note 18 – Aircraft Rental

Aircraft Rental expense is the cost of renting an aircraft and major components (engines etc.).

Budgeted expectations are for 2015/16 to have an expense of **\$1,731K**, down by 31% (C/\$781K) over prior year. These savings are a result of the Company purchasing 3 previously leased 737-300 jets and the expected purchase of a Saab 340 to replace the currently leased Embraer EMB120 aircraft.

Note 19 – Facilities Rental

Facilities Rental for the year ending June 30, 2015 is forecasted at \$634K. Budgeted expenses for 2015/16 call for an insignificant increase to **\$653K**.

Note 20 – Communications

Communication costs include local and long distance telephone charges, line charges for the reservation system, and messaging costs.

Forecasted Communication costs for the year ending June 30, 2015 are \$575K. A slight decrease is expected in 2015/16 to **\$584K**.

Note 21 – Depreciation

The primary component of depreciation during the budget year will be the amortization of aircraft.

Forecasted Depreciation Expense for the year ending June 30, 2015 is \$2,235K. The 2015/16 budget calls for depreciation in the amount of **\$2,957K**.

Note 22 – General and Administration

General and Administrative expenses include postage, stationary, facility maintenance, utilities, equipment rental, bank fees and other similar expenses.

The 2015/16 budget calls for **\$1,887K** in this cost.

Note 23 – Advertising and Promotion

Budgeted Advertising and Promotion expense for the year ending June 30th, 2016 is **\$259K**.

Note 24 – Customs Overtime

Customs Overtime represents the charges levied by the Customs service in Grand Cayman, Cayman Brac, and Kingston for flights that operate outside of normal office hours. It has now been set at a fixed rate per flight.

Forecasted Customs Overtime expense for the year ending June 30th, 2015 is \$307K. For the 2015/16 budget year, this amount is essentially unchanged at **\$300K**.

Note 25 – Other

Other Expenses is mostly accounted for by insurance, legal and professional fees and other similar expenses.

Forecasted Other Expenses for the year ending June 30th, 2015 are \$2,812K. The budget for 2015/16 expects these costs to increase to **\$3,126K**.

Note 26 – Interest Expense

Forecasted Interest Expense for the year ending June 30th, 2015 is \$1,086K. The 2015/16 budget allows for a small reduction to **\$945K** as the Company continues to pay down its outstanding debt balance and improved financial performance allows for less use of an overdraft facility.

Interest rates are assumed to remain stable during the budget year 2015/16 for the repayment of the loans.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS AIRPORTS
AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND
FINANCE LAW (2013 REVISION)

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2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Airports Authority* have agreed the *Cayman Islands Airports Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Islands Airports Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Cayman Islands Airports Authority (CIAA) was established by the Airports Authority Law, 2004 as a Statutory Authority on July 1, 2004. The CIAA has been charged with the task of providing a safe environment for the movement of passengers and aircrafts while facilitating the highest level of customer service experience.

SCOPE OF ACTIVITIES

The CIAA was created with the responsibility for constructing, controlling, and managing airports; providing and maintaining runways, taxiways and terminals for the efficient operation of airports; providing facilities for customs and immigration services; health and security checks; and for incidental and connected purposes.

CUSTOMERS AND LOCATION OF ACTIVITIES

The CIAA currently owns and manages two international airports, Owen Robert International Airport (ORIA) and Charles Kirkconnell International Airport (CKIA) located in Cayman Brac. The CIAA provides services to local and international airlines, , local and international charter aircraft, private aircraft, local businesses, government departments, and the travelling public.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Airports Authority* for the 2015/16 financial year are as follows:

PROVIDING EXCEPTIONAL CUSTOMER SERVICE

- Develop standards of performance in customer service
- Implement operational and quality metrics (quality management) and set target levels of performance
- Improve facilities at the airport – interim and final plans for relieving congestion
- Create and maintain a culture of service excellence

GROWING THE BUSINESS

- Develop standards of performance in business development
- Implement operational and quality metrics (quality management) and set target levels of performance
- Develop a revenue growth plan and set targets of achievement
- Develop a marketing plan that will drive business growth and customer satisfaction

CREATING A SAFE AND SECURE ENVIRONMENT

- Maintain and exceed compliance with international regulations
- Developing Operational Efficiencies
- Develop an airport emergency response plan
- Develop the cultures of safety and security throughout the organisation

DEVELOPING QUALITY TALENT MANAGEMENT

- Implement the approved organisation chart
- Develop a comprehensive training program
- Develop a talent management program
- Develop a reward and recognition program

EMPLOYEE ENGAGEMENT

- Implement standards and metrics around employee engagement and set target levels of performance
- Establish and cement a performance management process with clear levels of performance
- Establish management routines that drive employee engagement

SOLID MANAGEMENT ROUTINES

- Develop the team concept at leadership level and drive throughout the organisation
- Measure, report, act
- Review policies and processes throughout the business to ensure proper rules are in place and required governance is established and maintained.
- Ensure that the management team of the organisation is aligned in all they say and do.

BUSINESS CULTURE

- Establish regular financial performance discussion at management level
- Drive a culture of cost efficiency
- Develop and maintain business processes around procurement, spend management, revenue collection and revenue growth

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Islands Airports Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	Nil	Nil
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	7,289	7,161
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	25,826	22,335
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	22,537	19,962
NET SURPLUS DEFICIT	10,578	9,534
TOTAL ASSETS	92,160	79,868
TOTAL LIABILITIES	20,147	18,433
NET WORTH	72,013	61,435
CASH FLOWS FROM OPERATING ACTIVITIES	13,121	13,845
CASH FLOWS FROM INVESTING ACTIVITIES	(27,591)	(5,147)
CASH FLOWS FROM FINANCING ACTIVITIES	(21)	(21)
CHANGE IN CASH BALANCES	(14,491)	8,678

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1.91:1	4.75:1
TOTAL ASSETS : TOTAL LIABILITIES	4.5:1	4.3:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	197	178
STAFF TURNOVER (%)	10%	10%
SENIOR MANAGER	6.5	6.5
PROFESSIONAL AND TECHNICAL STAFF	12.8	12.8
ADMINISTRATIVE STAFF	5	5
SIGNIFICANT CHANGES TO PERSONNEL MANAGEMENT SYSTEM	New HRIS to become operational. New Training management system to be established as well.	Implementation of new structure. The CIAA's HRIS ceased to function early 2014 and presented a number of challenges relating to HR administration and Payroll.

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	60,490	30,924
ASSET REPLACEMENTS : TOTAL ASSETS		
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS		
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	27,591	5,147
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Phase 1 of the ORIA expansion works	17.1m

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Islands Airports Authority* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	33,115	29,496
OPERATING EXPENSES	22,537	19,962
NET SURPLUS/DEFICIT	10,578	9,534

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	92,160	79,868
LIABILITIES	20,147	18,432
NET WORTH	72,013	61,435

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES	13,121	13,845
CASH FLOWS FROM INVESTING ACTIVITIES	(27,591)	(5,147)
CASH FLOWS FROM FINANCING ACTIVITIES	(21)	(21)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman Islands Airports Authority	Nil
Capital Withdrawals from Cayman Islands Airports Authority	Nil
Dividend or Profit Distributions to be made by Cayman Islands Airports Authority.	Nil
Government Loans to be made to Cayman Islands Airports Authority	Nil
Government Guarantees to be issued in relation to Cayman Islands Airports Authority	Nil
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁵	Nil
Remuneration⁶ Payments made to Key Management Personnel	948,312
Remuneration Payments made to Senior Management	930,312

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	15
NUMBER OF KEY SENIOR MANAGEMENT (MD)	7

⁵ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁶ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Islands Airports Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Airports Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transport

On behalf of Cabinet

Chairman of the Board

Cayman Islands Airports Authority

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman Islands Airports Authority for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Cayman Islands Airports Authority

30th June 2015

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2016

Background Information

The Cayman Islands Airports Authority ("the Authority") is a statutory body established on June 14, 2004 under The Airports Authority Law, 2004, and began operations on July 1, 2004. The registered office of the Authority is P.O. Box 10098 APO, Grand Cayman, Cayman Islands, KY1-1001. The Authority had 202 employees as of June 30, 2016 (2015: 176 employees).

The Authority is principally engaged in the general management and operation of airports, air traffic, and navigation, within the Cayman Islands as set out in the aforementioned law. The Authority currently operates two airports, one on the island of Grand Cayman and the other on the island of Cayman Brac.

The operations of the Authority are regulated by the Civil Aviation Authority ("CAA") of the Cayman Islands.

Significant Accounting Policies

The significant accounting policies adopted by the Authority in these financial statements are as follows:

a) Basis of accounting

The financial statements of the Authority are prepared on the accrual basis under the historic cost convention in accordance with International Financial Reporting Standards.

b) Depreciation

Property plant and equipment are depreciated on the straight-line basis over the estimated useful lives. The estimated useful lives of the other assets are as follows:

Computer	3 Years
Furniture and Fixtures	5 years
Motor Vehicles	5 Years
Equipment	10 Years
Building, Runways, Aprons and Car Parks	20- 40 Years
Other Assets	3-10 Years

c) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the balance sheet date. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates ruling at the time of those transactions. Gains and losses on exchange are credited or charged in the statement of income and expenditure.

2. Significant Accounting Policies (continued)

d) Use of estimates

The preparation of financial statements, in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

f) Cash and cash equivalents

Cash and cash equivalents include cash on demand and at short notice and all deposits placed for not more than three months.

g) Revenue Recognition

The Authority recognizes revenues in the period in which they are earned. For example, taxes, rent and aircraft handling revenues are recognized when the related service is provided

h) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

i) Financial Instruments

(i) Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise of cash and cash equivalents, accounts receivables and prepaid expenses

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise long and short-term debt.

(ii) Recognition

The Authority recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognised in the statements of operating revenues and expenses

2 Significant Accounting Policies (continued)

(iii) De-recognition

A financial asset is derecognised when the Authority realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(iv) Measurement

Financial instruments are measured initially at cost, which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are measured at their estimated fair value.

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Financial liabilities are subsequently measured at amortized cost, being the amount at which the liability was initially recognized less any principal repayments plus any amortization (accrued interest) of the difference between that initial amount and the maturity amount.

3. Financial Risk Management

a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counter- parties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Financial assets that potentially subject the Authority to credit risk consist principally of, trade receivables, and other receivables. Credit risk with respect to these receivables is limited because the Authority has a policy in place that is monitored by management on a consistent basis to ensure the timely collection of receivables. Accordingly, the Authority has no significant concentrations of credit risk.

b) Interest rate price risk

The Authority has loans with Government. Details of rates and maturities are presented in Note 7.

c) Liquidity Risk

The Authority has loans with Government. Details of rates and maturities are presented in Note 7. CIAA is subject to minimal liquidity risk. Liquidity risk is the risk that CIAA will not be able to meet its financial obligations as they fall due. CIAA's approach to managing liquidity is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and restricted investments. To minimize these risks, CIAA has invested in liquid fixed deposits and cash equivalents that if necessary can be sold to generate cash flow. Additionally, long-term investments have been laddered in manner that will allow for sufficient liquidity in subsequent periods, to meet long-term obligations as they become due.

d) Fair values

The carrying amount of cash deposits, other receivables and accounts payables approximate their fair value due to their short-term maturities. Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2016

			Jun-16 Budget	Jun-15 Est. Actual
		Note	CI\$'000	CI\$'000
Revenue				
Operations		4	33,115	29,496
Interest			0	0
Total Operating Revenue			33,115	29,496
Operating Expenses				
Personnel costs			11,861	10,055
Administrative & Overhead			7,163	6,403
Depreciation		3	3,504	3,497
			22,528	19,955
Financial cost			9	7
Surplus/(deficit)			10,578	9,534

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016

	2015-2016	2014-2015
	Budget	Est Actual
	CI\$'000	CI\$'000
Opening Net worth	61,435	51,901
Surplus	10,578	9,534
Revaluations	0	0
	10,578	9,534
Dividends	0	0
	72,013	61,435

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST BALANCE SHEET
FOR THE YEAR ENDING 30 JUNE 2016

	<u>Note</u>	<u>Budget 2016</u>	<u>Forecast 2015</u>	<u>change</u>
ASSETS				
Current assets				
Cash and cash equivalents	1	12,952,930	27,837,009	(14,884,079)
Accounts receivable	2	4,596,405	5,174,030	(577,625)
Other current assets		<u>127,930</u>	<u>194,419</u>	<u>(66,489)</u>
		<u>17,677,265</u>	<u>33,205,458</u>	<u>(15,528,193)</u>
Non current assets				
Accounts receivable	2	13,994,000	15,739,000	(1,745,000)
Property, plant and equipment	3	<u>60,489,903</u>	<u>30,923,687</u>	<u>29,566,216</u>
TOTAL ASSETS		<u>92,161,168</u>	<u>79,868,145</u>	<u>12,293,023</u>
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued expenses		8,413,572	6,686,765	1,726,808
Current portion of long-term debt		15,606	15,606	-
Security Deposits		79,960	79,960	0
Other Employee Entitlements		<u>213,850</u>	<u>205,625</u>	<u>8,225</u>
		<u>8,722,988</u>	<u>6,987,957</u>	<u>1,735,033</u>
Non current liabilities				
Long-term debt		378,736	399,736	(21,000)
Pension Liability		<u>11,045,000</u>	<u>11,045,000</u>	<u>-</u>
		<u>11,423,736</u>	<u>11,444,736</u>	<u>(21,000)</u>
		<u>20,146,724</u>	<u>18,432,692</u>	<u>1,714,033</u>
TOTAL LIABILITIES				
Contributed capital		32,285,400	32,285,400	0
Retained earnings		<u>39,729,044</u>	<u>29,150,054</u>	<u>10,578,990</u>
Equity		<u>72,014,444</u>	<u>61,435,453</u>	<u>10,578,990</u>
		<u>92,161,168</u>	<u>79,868,145</u>	<u>12,293,023</u>

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2016

	Budget	Est. Actual
	2015/2016	2014/2015
Net Operating Cashflow	13,121	13,845
Investing Activities		
<i>Outflows</i>		
Fixed assets - ongoing operations	6,600	3,386
<i>Fixed assets - Airport Expansion project</i>	20,991	1,760
	27,591	5,147
Net Cashflow from Financing activities	-27,591	-5,147
Financing Activities		
Inflows	0	0
<i>Outflows</i>		
Loan repayment	21	21
	21	21
Net Cashflow from Financing activities	-21	-21
Net (decrease)/increase in cash and cash equivalent	-14,491	8,678
Cash and cash equivalents at beginning of year	26,350	17,672
Cash and cash equivalents at end of the period	11,859	26,350

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 1 – Cash & Cash Equivalents

	<u>2016</u>	<u>2015</u>	<u>change</u>
Cash on hand	12,728	12,728	-
Current and call accounts	9,809,004	11,404,738	(1,595,734)
Fixed deposit accounts	2,036,995	14,932,335	(12,895,340)
	11,858,727	26,349,801	(14,491,074)

Note 2 – Accounts Receivable

Includes \$17.5 m CAL debt. \$10.5 M of which is being recovered at a rate of \$1.75m per annum over 6 years while the remaining \$7m is being discussed.

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 3 – Property, plant & Equipment

Cost of Property, plant & equipment

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2014	9,013,951	8,890,578	27,076,597	1,222,889	1,019,541	8,678,537	1,037,516	2,743,079	59,682,688
Additions									0
Disposals and Derecognition									0
Revaluation									0
Transfers									0
Balance as at 30 June 2015	9,013,951	8,890,578	27,076,597	1,222,889	1,019,541	8,678,537	1,037,516	2,743,079	59,682,688

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2015	9,013,951	8,890,578	27,076,597	1,222,889	1,019,541	8,678,537	1,037,516	2,743,079	59,682,688
Additions	3,750	196,316	1,741,142	64,341	81,988		607,311	30,798,423	33,493,272
Disposals and Derecognition						-846,074			-846,074
Revaluation									0
Transfers						423,037			423,037
Balance as at 30 June 2015	9,017,701	9,086,895	28,817,739	1,287,231	1,101,530	8,255,499	1,644,826	33,541,501	92,752,922

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2014		5,333,694	17,064,679	949,590	672,657	4,089,303	649,078		28,759,001
Transfers									0
Impairment Reserve 2014/15 (closing balance)									0
Depreciation Expense 2014/15									0
Eliminate on Disposal or Derecognition 2014/15									0
Balance as at 30 June 2015	0	5,333,694	17,064,679	949,590	672,657	4,089,303	649,078	0	28,759,001

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2015	0	5,333,694	17,064,679	949,590	672,657	4,089,303	649,078	0	28,759,001
Transfers									0
Impairment change 2015/16									0
Depreciation Expense 2015/16		0	0	0	0	548,447	0		548,447
Eliminate on Disposal or Derecognition 2015/16									0
Balance as at 30 June 2015	0	5,333,694	17,064,679	949,590	672,657	4,637,750	649,078	0	29,307,448

Net Book value 30 June 2015	9,013,951	3,556,885	10,011,919	273,299	346,884	4,589,233	388,437	2,743,079	30,923,687
Net Book value 30 June 2016	9,017,701	3,753,201	11,753,060	337,641	428,873	3,617,749	995,748	33,541,501	63,445,474

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 4 – Revenue

	Jun-16	Jun-15
	CI\$'000	CI\$'000
	Budget	Est. Actual
Passenger based aeronautical fees	19,741	16,448
Aircraft movement based fees	3,701	3,468
Non-aeronautical revenues	2,778	2,754
Passenger facility charges	6,895	6,826
	33,115	29,496

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS DEVELOPMENT BANK

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Development Bank* have agreed the *Cayman Islands Development Bank* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Islands Development Bank* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The activities of the Cayman Islands Development Bank remain the same and they involve: mobilising and providing finance for and promoting and facilitating the expansion and strengthening of the economic development of the Cayman Islands.

SCOPE OF ACTIVITIES

The scope of the lending activities of the Cayman Islands Development Bank is primarily to:

1. Provide finance in order to promote and facilitate development in the Islands, with particular reference to Small Businesses especially in construction, electronics, commerce and tourism, and housing and human resource development.
2. Provide an advisory service to give advice and disseminate Information about matters relating to:
 - a) Housing, mortgage finance and the maintenance of dwellings
 - b) Advice in education and counselling in education
 - c) Agricultural, industrial and tourism development.
3. Promote agricultural, tourism and industrial development in the Islands.

Act as administering agent for the Cayman Islands Government for the Government Guaranteed Student Loan Scheme, Government Guaranteed Home Mortgage Scheme and Disbursement of Scholarship Funds.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the Cayman Islands Development Bank are provided in Grand Cayman, Cayman Brac and Little Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Development Bank* for the 2015/16 financial year are as follows:

Strategic Goals

- To continue to operate as a prudently managed, efficiently operated and highly respected development financial institution while producing sound financial and operating results.
- To focus on the development of the Islands by identifying, funding and implementing programmes, projects and services that will assist Caymanians in improving themselves and their communities especially those with bankable propositions who do not have ready access to conventional financing.

Objectives

The Objectives of the Cayman Islands Development Bank during the fiscal year 2015/16 are to:

- Enlarge the lending portfolio by adding new quality loans especially in the areas of tertiary education and housing, such that its investment will be sound and that the income generated contribute significantly to meeting the Bank's operating costs.
- Through joint collaboration with the University College of the Cayman Islands, institute entrepreneurship programmes.
- Approach local financial institutions with the aim of obtaining debt restructuring and long-term financing of the Bank's existing external loan facilities. Such restructuring to include obtaining additional funding for on-lending to our customers. This additional funding will be drawn down in tranches to address the Bank's short to mid-term borrowing needs.
- Ensure that the programmes administered on behalf of the Cayman Islands Government and other agencies are also managed in an efficient and effective manner.
- Assist in the development of the Sister Islands by providing increased financing for housing and human resources training.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Islands Development Bank* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	526,317	526,317
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	42,951	48,451
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,132,692	2,440,290
SURPLUS/DEFICIT FROM OUTPUTS	-	-
OTHER EXPENSES	2,735,933	3,025,946
NET SURPLUS DEFICIT	(33,972)	(10,888)
TOTAL ASSETS	39,806,377	38,592,629
TOTAL LIABILITIES	29,290,395	29,542,675
NET WORTH	10,515,982	9,049,954
CASH FLOWS FROM OPERATING ACTIVITIES	(118,575)	1,083,088
CASH FLOWS FROM INVESTING ACTIVITIES	(546)	(15,546)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,188,434)	(4,719,566)
CHANGE IN CASH BALANCES	1,069,313	(3,652,024)

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	5:1	4:1
TOTAL ASSETS : TOTAL LIABILITIES	1:1	1:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	13	13
STAFF TURNOVER (%)	Nil	Nil
SENIOR MANAGER	6	6
PROFESSIONAL AND TECHNICAL STAFF	10	10
ADMINISTRATIVE STAFF	7	7

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	39,806,377	38,592,629
ASSET REPLACEMENTS : TOTAL ASSETS	Nil	15,000
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	452,968:1,311,653	500,570:1,311,653
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	Nil	Nil
CHANGES TO ASSET MANAGEMENT POLICES	Nil	Nil

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Default on loan payments	Planned focus on reducing loan delinquency levels and improving collections	Increased focus on approving loans that are beneficial to the portfolio and an increased focus on collections	Reduced Loan Interest Income

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Islands Development Bank* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	2,701,960	3,015,058
OPERATING EXPENSES	2,735,932	3,025,946
NET SURPLUS/DEFICIT	(33,972)	(10,888)

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	39,806,377	38,592,629
LIABILITIES	29,290,395	29,542,675
NET WORTH	10,515,982	9,049,954

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES	(118,575)	1,083,088
CASH FLOWS FROM INVESTING ACTIVITIES	(546)	(15,546)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,188,434)	(4,719,566)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman Islands Development Bank	1,500,000
Capital Withdrawals from Cayman Islands Development Bank	-
Dividend or Profit Distributions to be made by Cayman Islands Development Bank .	-
Government Loans to be made to Cayman Islands Development Bank	-
Government Guarantees to be issued in relation to Cayman Islands Development Bank	-
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁷	-
Remuneration⁸ Payments made to Key Management Personnel	435,600
Remuneration Payments made to Senior Management	372,000

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	5
NUMBER OF KEY SENIOR MANAGEMENT (MD)	4

⁷ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁸ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Islands Development Bank undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Development Bank will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Wayne Panton, JP

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

Tracy Ebanks

General Manager/CEO

Cayman Islands Development Bank

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



AYMAN ISLANDS DEVELOPMENT BANK

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman Islands Development Bank for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Tracy Ebanks

General Manager/CEO

Cayman Islands Development Bank

30th June 2015

CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2016

Incorporation and Principal Functions: The Cayman Islands Development Bank (CIDB) was established under the Cayman Islands Development Bank Law (2004 Revision) which came into force on 1 March, 2002.

The principal function of CIDB is to mobilise, promote, facilitate, and provide finance for the expansion and strengthening of the economic development of the Islands. The Bank does this by providing financing for tertiary education, housing, agriculture and the development of small businesses.

Significant Accounting Policies: The financial statements of the CIDB have been prepared in accordance with International Accounting Standards under the historical cost convention. The significant accounting policies adopted by the Bank are as follows:

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand, cash at bank and deposit accounts with terms of maturity within three months or less from the date of acquisition.

Deposit Accounts: Deposit accounts reflect term deposits, which are placed with approved financial institutions. Such deposits have maturity between three (3) months and twelve (12) months from the date of acquisition.

Loans and Advances to Customers and Provision for Loan Losses: Loans are stated net of allowance for credit losses. The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the statement of comprehensive income. Specific provisions for loan losses are determined for loans that are likely to become uncollectible in light of the borrowers' inability to repay the debt. The Bank assesses the security held in determining the provisions assigned. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Income Recognition: Interest income is recorded on the accrual basis for all loans. CIDB's policy is to cease accruing interest on loans when the principal and interest payments are contractually 90 days in arrears (classified as non- performing loans). Any accrued and uncollected interest on non-performing loans is reversed against income for the current period. Thereafter, interest income is recognised on a cash basis, but only after prior write-offs and specific provisions for losses have been recovered.

CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Depreciation of Property and Equipment: Property and equipment are recorded at acquisition cost and are depreciated using the straight-line method at rates considered adequate to write off the cost of the assets over their estimated useful lives as follows:

Office Furniture/Equipment	5 years
Computer Equipment	3 years
Motor Vehicle	5 years
Building	20 years

Foreign Currency Transactions: Transactions in currencies other than the Cayman Islands dollar are converted at exchange rates ruling at the date of the transactions. Also, assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the statement of financial position date. Resulting gains and losses on exchange are recognized in the Statement of Comprehensive Income.

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF COMPREHENSIVE INCOME
AS AT 30TH JUNE 2016

	2015/16	2014/15
	Target	Target
	\$	\$
Revenue		
Outputs Funded by Cabinet	526,317	526,317
Services provided to the Ministry of Education	42,951	48,451
Operations	2,132,692	2,440,290
Total Operating Revenue	2,701,960	3,015,058
Operating Expenses		
Personnel	1,034,611	1,050,309
Accommodation Costs	164,093	166,831
Office Expenses	48,503	43,832
Directors Fees	4,200	4,200
Computer Maintenance and Licensing Fees	61,800	60,800
Marketing, Advertising and Promotions	7,919	7,919
Depreciation	47,603	48,784
Professional Fees/Consultancy	76,200	96,675
Provision for Loan Losses	200,000	400,000
Loss on Foreign Exchange Conversion	2,000	2,000
Interest Expense	1,089,003	1,144,596
Total Operating Expenses	2,735,932	3,025,946
Net Income (loss) from Operations	-33,972	-10,888

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2016

Opening Balance Retained Earnings (Accumulated Losses)		-687,740	- 676,852
Net Income (Loss) for the Year		-33,972	- 10,888
Transfer to Reserves		-	-
Prior Year Adjustment		-	-
Closing Balance Retained Earnings (Accumulated Losses)		-721,712	-687,740
Opening Balance Reserves		48,509	48,509
Transfer from Operations		-	-
Closing Balance Reserves		48,509	48,509
Opening Balance Contributed Capital		9,689,185	5,789,185
Movement in Contributed Capital		1,500,000	3,900,000
Closing Balance Contributed Capital		11,189,185	9,689,185
Total		10,515,982	9,049,954

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

						2014/15	2014/15
						Target	Target
				NOTE		\$	\$
Assets							
Cash and Cash Equivalents				2		7,073,410	6,004,097
Deposit Accounts						173,507	172,961
Prepayments						18,000	18,000
Loans, Deposit Interest and Other Receivable						99,945	149,945
Loans and advances to customers, net of allowance for credit losses				3		31,988,547	31,747,055
Property and equipment				4		452,968	500,571
TOTAL ASSETS						39,806,377	38,592,629
Liabilities							
Bank Overdraft				2		-	-
Accounts Payable and Accruals						216,003	190,004
Due to Related Parties						845,877	745,877
Interest payable – loans and bonds						251,239	284,952
Current Portion of Long -Term Debt				6		311,566	311,566
Post Retirement Benefit Pension Obligations						-	33,000
Loans from CDB				5		1,246,270	1,557,836
Credit facility				6		26,419,440	26,419,440
Total Liabilities						29,290,395	29,542,675
Equity							
Contributed Capital				7		11,189,185	9,689,185
Reserve Fund				8		48,509	48,509
Retained Earnings (Accumulated Losses)						- 721,712	- 687,740
Total Equity						10,515,982	9,049,954
TOTAL LIABILITIES AND EQUITY						39,806,377	38,592,629

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2016

	2015/16	2014/15
	Target	Target
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss) for the Year	- 33,972	- 10,888
Items not Affecting Cash:		
Depreciation	47,603	48,784
Loan loss expense	200,000	400,000
Gain on sale of property and equipment	-	-
Transfer to reserve fund	-	-
	213,631	437,896
Changes in Non-Cash Working Capital Balances Relating to Operations		
Decrease/(increase) in prepayments	-	-
Decrease/ (Increase) in Loans, Deposit Interest and Other Receivable	50,000	50,000
Increase (Decrease) in due to related parties	100,000	100,000
(Increase) Decrease in loans and advances to customers	- 441,491	560,910
Increase (Decrease) in post retirement pension obligation	- 7,000	-
Increase (Decrease) in Accounts Payable & Accruals	- 2	- 50,000
Increase (Decrease) in interest payable – loans and bonds	- 33,713	- 15,718
Net Cash Provided by (Used in) Operating Activities	- 118,575	1,083,088
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in Fixed deposits	- 546	- 546
Purchase of property and equipment	-	- 15,000
Proceeds from disposal of property and equipment	-	-
Net Cash Provided by (Used in) Investing Activities	- 546	- 15,546
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt issued and other borrowed funds	-	26,419,440
Repayments of debt issued and other borrowed funds	- 311,566	- 35,039,006
Bonds (repaid) raised	-	-
Capital injection	1,500,000	3,900,000
Net Cash Provided by (Used in) Financing Activities	1,188,434	- 4,719,566
Net Increase (Decrease) in Cash and Cash Equivalents	1,069,313	-3,652,024
Cash and Cash Equivalents at Beginning of the Period	6,004,097	9,656,121
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	7,073,410	6,004,097

CAYMAN ISLANDS DEVELOPMENT BANK
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

NOTE 1 – OPERATING REVENUES

	2015/16	2014/15
	Target	Target
	\$	\$
Interest Income	2,091,492	2,429,090
Outputs funded by Cabinet	526,317	526,317
Services provided to the Ministry of Education	42,951	48,451
Other Income	41,200	11,200
Total	2,701,960	3,015,058

NOTE 2 – CASH AND CASH EQUIVALENTS

	2015/16	2014/15
	Target	Target
	\$	\$
Current and call accounts	7,073,410	6,004,097
Bank overdraft	-	-
Total	7,073,410	6,004,097

NOTE 3 – LOANS AND ADVANCES TO CUSTOMERS

	2015/16	2014/15
	Target	Target
	\$	\$
Principal amounts owed by customers	38,156,030	37,714,538
Less: Provision for loan losses	- 6,167,483	- 5,967,483
Total	31,988,547	31,747,055

CAYMAN ISLANDS DEVELOPMENT BANK
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

NOTE 4 – PROPERTY & EQUIPMENT

	2015/16	2014/15
	Target	Target
<u>Office Furniture and Equipment</u>		
Opening Book Value/Cost	104,782	104,782
Additions	-	-
Disposal		
Depreciation	- 104,782	- 104,782
Closing Book Value	-	-
<u>Computer Hardware and Software</u>		
Opening Book Value/Cost	369,506	354,506
Additions	-	15,000
Disposal	-	-
Depreciation	- 365,527	- 358,731
Closing Book Value	3,979	10,775
<u>Motor Vehicle</u>		
Opening Book Value/Cost	21,300	21,300
Additions	-	-
Disposal	-	-
Depreciation	- 21,300	- 21,300
Closing Book Value	-	-
<u>Real Property – Office Space</u>		
Opening Book Value/Cost	816,065	816,065
Additions	-	-
Disposal	-	-
Depreciation	- 367,076	- 326,270
Closing Book Value	448,989	489,795
Total Net Book Value	452,968	500,570

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

NOTE 5 – LOANS FROM CARIBBEAN DEVELOPMENT BANK

The CIDB acts as executing agent for two (2) lines of credit from the Caribbean Development Bank (CDB). In January 2013 one of the loans held with CDB was fully repaid.

	2014/15	2013/14
	Target	Forecast (Restated)
	\$	\$
Opening balance	1,869,403	2,180,969
Drawdowns	-	-
Repayments	- 311,566	- 311,566
Closing balance	1,557,837	1,869,403

NOTE 6 – OTHER LONG-TERM LIABILITIES

On June 30, 2005, the CIDB issued two (2) Variable Rate Development Bonds totalling US\$12 million (CI\$10 million). The offering was fully subscribed. Additional funding of CI\$16.6 million was secured in the fiscal year 2007/2008 for on-lending; this bond was later refinanced in April 2010 with a local financial institution. One of the bonds issued in June 2005 matured in June 2010; the Management of the Bank successfully negotiated with over 95% (US\$5.8 Million) of the bondholders to extend the bond for another 5 years to June 30, 2015. In July 2010 and January 2011 the Bank obtained proceeds under two US\$5 Million bonds with a local financial institution. There is no planned additional borrowing for year ending June 30, 2015. Management expects to consolidate all remaining bonds and seek amortized payments of principal and interest over 10 to 15 years, except for US\$10 Million (US\$5 Million maturing July 23, 2015 and US\$5 Million maturing January 10, 2016), which will be repaid in 2014/15 fiscal year.

	2015/16	2014/15
	Target	Target
	\$	\$
US\$ 5.8 million bond due June 30, 2015 Variable Rate at 6 month US\$ LIBOR plus 2.75%	-	-
US\$ 6 million bond due June 30, 2015 Variable Rate at 6 month US\$ LIBOR plus 1%	-	-
US\$ 5 million bond due July 23, 2015 Variable Rate U.S. LIBOR, plus 2.75%	-	-
US\$ 5 million bond due January 10, 2016 Variable Rate U.S. LIBOR, plus 2.75%	-	-
US\$ 20 million bond Due April 27, 2015 Variable Rate U.S. LIBOR, plus 2.35%	-	-
Refinanced facilities - 15 years at 3.55%	26,419,440	26,419,440
Closing balance	26,419,440	26,419,440

CAYMAN ISLANDS DEVELOPMENT BANK
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

NOTE 7 – EQUITY CAPITAL

The authorized capital of the Cayman Islands Development Bank is CI\$50 million. The paid-up capital is exclusively subscribed for by the Cayman Islands Government as follows:

		2015/16		2014/15
		Target		Target
		\$		\$
Opening balance		9,689,185		5,789,185
Capital contributed		1,500,000		3,900,000
Closing balance		11,189,185		9,689,185

NOTE 8 – RESERVE FUND

Under Section 20 of the CIDB Law (2004 Revision), the Bank is required to maintain a Reserve Fund equivalent to 20% of its net income until the total amount standing to the credit of such reserve is equivalent to the paid-up portion of the authorized capital of the Bank.

The Reserve Fund is comprised as follows:

		2015/16		2014/15
		Target		Target
		\$		\$
Opening balance		48,509		48,509
Transfer from net income		-		-
Closing balance		48,509		48,509

There are no transfers to reserve fund for both years as the Bank is projected to make a loss for year ending June 30, 2015 and year ending June 30, 2016.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS MONETARY
AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Monetary Authority* have agreed the *Cayman Islands Monetary Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Islands Monetary Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Cayman Islands Monetary Authority's activities involve monetary, regulatory, co-operative and advisory services.

SCOPE OF ACTIVITIES

The scope of the Cayman Islands Monetary Authority activities is as follows:

- The issue and redemption of currency notes and coins
- The management of the currency reserve
- The regulation and supervision of financial services business
- The monitoring of compliance with money laundering regulations
- The provision of assistance to overseas regulatory authorities
- Advising Government on the Authority's monetary, regulatory and cooperative functions
- Advising Government whether the Authority's regulatory functions and cooperative functions are consistent with functions discharged by an overseas regulatory authority
- Advising Government whether the regulatory laws are consistent with the laws and regulations of foreign jurisdictions
- Representing the interest of the Cayman Islands at international forums and advising Government on recommendations of those organizations.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Cayman Islands Monetary Authority* are provided to the following Customers both locally and internationally:

Customers of Monetary Authority include the Government, Cabinet, the Private Sector and the General Public.

The services provided by the Cayman Islands Monetary Authority are provided mainly in the Cayman Islands to both local and foreign and companies operating within the financial services industry. In order to effectively regulate some of the licensees, some services must be performed at overseas locations. CIMA attends and

participates in conferences worldwide. CIMA customers also include other International Regulatory Bodies, and other Financial Associations both local and overseas.

In its Currency function, CIMA customers include the Banks and local residents and visitors. There are a number of Government Departments to whom CIMA provides services, the main one being the collection of fees from the financial services industry on behalf of the Government.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Monetary Authority* for the 2015/16 financial year are as follows:

1. to further modify CIMA's organisational structure so that it can more effectively achieve its mission in meeting statutory objectives (including pending additional functions), and international standards;
2. to intensify CIMA's international cooperation and involvement so as to: ensure that the Authority does its part in maintaining the safety and sound regulation of the international financial system; enable Cayman to continue to contribute to the development of international rules and standards that affect this jurisdiction, and to enhance the jurisdiction's reputation;
3. to further modernise regulation and enhance supervision in order to ensure that Cayman is prepared for the pending IMF and CFATF assessments thus demonstrating that Cayman continues to meet evolving international regulatory standards and best practices that are relevant to our business;
4. to conduct visits to key jurisdictions to not only enhance relationships with regulators in these jurisdictions which is beneficial to CIMA in carrying out its own regulatory and cooperative functions but to also facilitate activity from these countries by ensuring that the regulators (and investors and service providers) recognise that Cayman has a robust regulatory framework;
5. to continue to enhance collaboration with the Government and private sector to facilitate mutual goals related to the further development the Cayman Islands as an international financial centre;
6. to increase CIMA's effectiveness and cost-efficiency through implementation of operational, technological and HR enhancements;
7. to continue to preserve the value and integrity of the currency and currency reserves;
8. Maintain recruitment efforts (to expediently fill vacancies and new positions).

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Islands Monetary Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	10,665	9,065
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	12,025	12,151
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	21,690	21,216
NET SURPLUS DEFICIT	1,000	0
TOTAL ASSETS	124,166	121,816
TOTAL LIABILITIES	99,894	98,544
NET WORTH	24,272	23,272
CASH FLOWS FROM OPERATING ACTIVITIES	1,227	4,703
CASH FLOWS FROM INVESTING ACTIVITIES	(388)	(1,389)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CHANGE IN CASH BALANCES	838	3,315

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1.03:1	1.02:1
TOTAL ASSETS : TOTAL LIABILITIES	1.24:1	1.24:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	199	185
STAFF TURNOVER (%)		
SENIOR MANAGER	8.0	12.5
PROFESSIONAL AND TECHNICAL STAFF	9.0	8.4
ADMINISTRATIVE STAFF	0	0

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	2,305,500	2,672,268
ASSET REPLACEMENTS : TOTAL ASSETS	17%	52%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	26%	31%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	194%	47%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Various IT Projects	388,483

Note: These projects are being funded from the Authority's Capital Expenditures Reserve

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Continuing negative impact of the economic downturn	On-going	Regular monitoring of the performance and composition of the Investment Portfolio. Implementing cost savings measures	unquantifiable; (Poorer performance on the Investment Portfolio.)
Loss and absence of Critical staff	On-going	Regular training, succession planning, regular performance assessments and recognition	Unquantifiable
Limited resources resulting in an inadequate regulatory framework and supervision processes. (The underpinning of Cayman as a reputable, international and successful regulator of financial services, in addition to having a strong legal framework, policies and practices; is heavily reliant on experienced and high calibre human resources in sufficient numbers and a robust, secure and efficient information systems and technology infrastructure.) This in turn places the Islands' reputation at stake from an inability to supervise financial services at the level required of an international regulator. Further impairment to the reputation of the Cayman Islands (as a jurisdiction of choice for financial services) could impact the stability of the Cayman economy including the loss of Government revenues, potential failure of financial institutions in the Cayman Islands, financial losses for consumers and unemployment.		Continue to work along with Government with respect to legislative framework and budget. Continue regular review of systems and processes and take full advantage of IS technology to achieve highest efficiency. Amend CIMA's organizational structure. Facilitate more focused HR soft skills training for persons. Take full advantage of the online learning portals for all regulatory staff. Establishing partnerships with local professionals and firms to conduct subject matter expert training. Outsource tasks/projects where efficient and or necessary. Maintain recruitment efforts (to expediently fill vacancies and new position. Continue to develop and implement proposals on enhancement measures to attract and retain highly qualified and experienced.	Unquantifiable

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Inadequate regulatory framework (i.e. limited in range, level and or scope) that, as outlined above, leads to a threat to the Islands' reputation with significant potential dangers. e.g. insufficient legislation and or rules and or policies required for compliance with international standards (that are established to promote and ensure a sound financial system through effective regulation, supervision and risk management of the financial sector) can lead to: Unsafe and unsound practices or activities that pose risks to the financial system that in turn could impact the stability of the Cayman economy The Cayman Islands not receive a sufficiently favourable assessment (IMF and or CFATF) that is necessary in dispelling misconceptions about the character or integrity of the financial industry and of the islands as an international financial centre and is useful in attracting beneficial, legal quality financial activity.	On-going	Enhance framework and prepare for IMF and CFATF Assessments by: Recruiting a qualified individual to drive the preparation process including identification of areas for legislative and/or policy changes. Continuing internal CIMA process in identifying and addressing areas for legislative and other regulatory requirements changes. Continuing to work with the Cayman Islands Government's AML Unit on the national risk assessment.	Unquantifiable
Inadequate legislation (outdated, delayed or lack of legal requirements) resulting in an impaired regulatory framework that, as outlined above, leads to a threat to the Islands' reputation with significant potential dangers. E.g. inadequate enforcement powers (i.e. limited in range, level and or scope) hinders CIMA's ability to take timely, effective, proportionate and dissuasive actions to address unsafe and unsound practices or activities that pose risks to the financial system.	On-going	Continue to work along with Government with respect to legislative framework and budget. Retain and build on existing technical expert knowledge and expertise and attract new high calibre staff to ensure proactive oversight and enforcement.	Unquantifiable

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Increasing responsibilities with no corresponding enhancement of resources limits CIMA's ability to carry out effectively and comprehensively the responsibilities of its regulatory functions.		Continue to work along with Government with respect to legislative framework and budget. Continue regular review of systems and processes and take full advantage of IS technology to achieve highest efficiency. Outsourcing tasks/projects where efficient and or necessary. Defer (relatively) less urgent and or critical work.	
Failure to achieve and stay current with Industry developments, requirements, and standards (due to inadequate funding and or resources) resulting in: - Inability or impaired ability in identifying and analyzing risk trends at both the individual financial entity and system wide level. - Negative impact on jurisdiction reputation as a leading IFC		Continue involvement in and assessment of new or revised international regulatory standards by: Sending high-level delegations to meetings of IOSCO, IAIS, Basel, GFICS, CGBS, GICIS, ASBA and FSB. Developing a cadre of representatives from the Legal, Compliance, Policy and Supervisory divisions with specialised knowledge, skills and experience capable of proactive engagement with standard setters and other regulators. Amending CIMA's organizational structure to enable a greater focus and efficiency in identifying, analysing and addressing developments.	Unquantifiable
Continued scrutiny and demands by international and or regional organizations or individual foreign jurisdictions, such as the G20, EU and the United States and misinformed allegations from these and other institutions (e.g. Tax Justice Network) can harm the reputation of the jurisdiction and consequently threaten business activity.	On-going	Continue dialogue with, and engagement in the work of standard-setting bodies and international and regional organisations Send high-level delegations to meetings of IOSCO, IAIS, Basel, GFICS, CGBS, GICIS, ASBA and FSB. Conduct Visits to Key Jurisdictions	Unquantifiable
Increased completion from other jurisdictions (potential risk to market confidence & sound financial system)	On-going	Monitor and analyze jurisdictional developments Develop proposals for enhancing or amending regulatory regime for implementation and or submission to Government for its consideration.	Unquantifiable

5.

SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Islands Monetary Authority* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	22,690	21,216
OPERATING EXPENSES	21,690	21,216
NET SURPLUS/DEFICIT	1,000	0

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	124,166	121,816
LIABILITIES	99,894	98,544
NET WORTH	24,272	23,272

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	1,227	4,703
CASH FLOWS FROM INVESTING ACTIVIITES	(388)	(1,389)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman Islands Monetary Authority	0
Capital Withdrawals from Cayman Islands Monetary Authority	0
Dividend or Profit Distributions to be made by Cayman Islands Monetary Authority.	0
Government Loans to be made to Cayman Islands Monetary Authority	0
Government Guarantees to be issued in relation to Cayman Islands Monetary Authority	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁹	0
Remuneration¹⁰ Payments made to Key Management Personnel	144,000
Remuneration Payments made to Senior Management	2,378,701

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6
NUMBER OF KEY SENIOR MANAGEMENT (MD)	16

⁹ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹⁰ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Islands Monetary Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Monetary Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Wayne Panton

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

Chairman of the Board

Cayman Islands Monetary Authority

30th June 2015



CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman Islands Monetary Authority for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Cayman Islands Monetary Authority

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2016

Organization and Objectives: The Cayman Islands Monetary Authority (the “Authority”) was established under The Monetary Authority Law, 1996 (the “Law”) on 1 January 1997. Under the Monetary Authority Law (2013 Revision) (the “Law (2013 revision)”), the primary objectives of the Authority are (a) to issue and redeem currency notes and coins and to manage the Currency Reserve, (b) to regulate and supervise the financial services business (c) to provide assistance to overseas regulatory authorities, and (d) to advise the Cayman Islands Government on regulatory matters.

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

Basis of Preparation: The financial statements of the Authority are prepared in accordance with International Financial Reporting Standards, on the accrual basis under historical cost convention.

Foreign Currency

The reporting currency is Cayman Islands Dollars. Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Operating Statement. Assets and liabilities are translated at the exchange rate in effect at the date of these financial statements

Use of Estimates. The preparation of financial statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise cash and cash equivalents, long and short-term investments, accounts and interest receivable, and other receivables and prepayments.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise accounts payable and accrued expenses.

Recognition

The Authority recognises financial instruments on its balance sheet on the date it becomes a party to the contractual provisions of the instrument.

Measurement

Financial instruments are measured initially at cost, which is the fair value of the consideration given or received.

The financial assets classified as cash and cash equivalents, accounts and interest receivable, and other receivables and prepayments are carried at historical cost, which is considered to approximate to fair value due to the short-term or immediate nature of these instruments.

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Short-term investments are valued, on a monthly basis at their amortised cost. Long term investments are valued at quoted market value. Unrealised gains or losses are recorded in the Operating Statement.

The Authority's financial liabilities are carried at historical cost, which is the fair value of the consideration expected to be paid in the future for goods and services received whether or not billed to the Authority, due to their short-term maturities.

Investments

The principal investment objectives of the Authority are security, liquidity and income. The investment portfolio is managed by independent fund managers in accordance with investment guidelines established by the Board of Directors, in accordance with the Law (2013 Revision).

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of current and call deposits and fixed deposits maturing within 90 days from the date of acquisition.

Stock of Notes and Coins for Circulation

The stock of unissued currency notes is stated at cost. Only the cost of notes issued into circulation is expensed, on a "first in first out" basis. All associated cost such as shipping, handling and insurance are expensed immediately.

Stocks of Numismatic Items

Stocks consist of gold and silver bullion arising from the melt-down of numismatic coins (the gold and silver bullion content of the following categories of numismatic coins: coins for resale, museum items and coins awaiting melt-down). Bullion stocks are stated at year-end market values for gold and silver bullion and unrealised gain/loss are recorded in the *Operating Statement*.

Numismatic Coins in Circulation

No liability for redeeming numismatic coins is recognised in the financial statements, since the amount of redemption cannot be reasonably estimated and the probability of material redemption is remote. Redemption costs and sales proceeds are recorded in the *Operating Statement* as incurred.

Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation. Additions or improvements to assets during the year, which significantly add to the value of, or extend the useful life of such assets, are capitalised as part of the cost. Depreciation is calculated on the straight-line method of 20% per annum for Furniture & Fixtures, Leasehold Improvements, Motor Vehicle and Office Equipment (with the exception of the DRC Equipment calculated at 33.33%); and 14.29% to 33.33% per annum for Computer Hardware and Software.

Employee Benefits:

Pension Plans: The Authority makes pension contributions for its eligible employees to the Public Service Pensions Fund, which is administered by the Public Service Pensions Board. The Fund has both a defined benefit and a defined contribution element. There are a small number of employees who participate in other private plans, which are all defined contribution schemes.

Under defined contribution plans, the Authority pays fixed contributions and has no obligation to pay further contributions if the fund does not have sufficient assets to pay employee benefits relating to employee service in the

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

current and prior periods. The Authority recognises contributions to a defined contribution plan when an employee has rendered services in exchange for those contributions.

Under defined contribution plans, the Authority pays fixed contributions and has no obligation to pay further contributions if the fund does not have sufficient assets to pay employee benefits relating to employee service in the current and prior periods. The Authority recognises contributions to a defined contribution plan when an employee has rendered services in exchange for those contributions.

A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the Statement of Financial Position date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. The pension costs are assessed using the Projected Unit Credit Method. Under this method the cost of providing pensions is charged in the Statement of Comprehensive Income so as to spread the regular cost over the service lives of employees in accordance with advice of the actuary, (who is due to carry out a full valuation of the plans every year). The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on high quality corporate bonds at the time of the accounting date which have terms to maturity approximating the terms of the related liability.

Obligations for contributions to defined contribution and defined benefits pension plans are recognized as pension expense in the Statement of Comprehensive Income as incurred.

Other Benefits: Other employee benefits include maternity leave, sick leave, vacation days and performance awards. Vacation days accumulate and vest and therefore a liability is accrued each year. The accrued vacation liability is included in the other liabilities and payables.

Demand Liabilities: Demand Liabilities represents the value of notes and coins in circulation. These liabilities are fully funded by the Currency Reserve Assets. Under the Law (2013 Revision), the Currency Reserve Assets represent external and local assets that: shall only be used to satisfy demand liabilities; shall be segregated from all other assets of the Authority; and shall not be chargeable with any liability arising from any other business of the Authority.

Allocation of profits

Under Section 9 and 10 of the Law (2013 revision), the net profits of the Authority, after provision for all expenditure and reserves, shall be allocated such that the Currency Reserve Assets represent at least 100% of Demand Liabilities and the General Reserve represents at least 15% of Demand Liabilities. Any surplus not allocated in accordance with the above shall be transferred to the General Revenue of the Cayman Islands Government.

General Reserve

The Authority maintains a General Reserve in accordance with Section 8 of the Law (2013 revision), to provide additional funding if necessary for Demand Liabilities and obligations arising from other business of the Authority. In accordance with section 8 of the Law (2013 revision) the General Reserve shall represent at least 15% of Demand liabilities.

Currency Issue Reserve

The Currency Issue Reserve will be adjusted as these notes are issued until the stock is exhausted. The Currency Issue Reserve will then remain at \$375k.

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Capital and Operational Expenditures Reserves

Under Section 9 of the Law (2013 revision), the net profits of the Authority for any financial year shall include, but shall not be limited to, the income from the investments of the Authority, and the profit from the sales of investments belonging to the Authority, and shall be determined by the Authority after meeting or providing for all expenditure for that year and making such provisions for contingencies and the establishment of such additional reserves as it may consider desirable. The Capital Expenditures Reserve has been established for the implementation and acquisition of key capital projects such E-Reporting, Document Management and various other IT Projects. The Operational Expenditures Reserve will fund the operating costs associated with these key projects.

Contributed Capital

The authorised capital of the Authority is \$100 million; with The Cayman Islands Government being the sole subscriber. In 1998, the Government made a commitment to increase the Contributed Capital of the Authority to a minimum of \$10 million by yearly transfers of approximately \$0.5 million from Operating Surplus. In December 2009, Section 7 (5) of the Monetary Authority Law (2008 Revision) was amended by the Monetary Authority (Amendment Law, 2009), to allow Cabinet to vary the amount of paid-up capital held by the Authority, and where the capital is reduced any excess shall be transferred by the Authority to the Government. In June 2010 the Cayman Islands Government withdrew \$8.25 million.

Revenue recognition

The Authority's main source of income is derived from the services it provides to the Government of the Cayman Islands. Commencing in 2012-13, Output funding to CIMA was reduced; this reduction was supplemented by reclassifying as Entity revenue, CIMA Transactional Fees charged for administrative services provided by the Authority to the Financial Services Industry. In 2013-14 the Output Funding was further reduced in anticipation of the new revenue stream for CIMA, the Directors Registration and Licensing Fees, for which the Law and Regulations came into effect in June 2014. In addition, the Authority's other sources of income are generated from its investments, bank balances, and other currency transactions. The Authority recognises revenue in the period in which it is earned.

Leases

Those in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Operating Statement on a straight line basis over the period of the lease.

CAYMAN ISLANDS MONETARY AUTHORITY
FORCAST STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30TH JUNE 2016

	Note	2015/16 Budget \$	2014/15 Forecast \$	2013/14 Actual \$
REVENUE				
Outputs		10,665,000	9,065,000	9,865,000
CIMA Transaction Fees		4,700,000	4,700,000	4,739,530
Directors Fees		6,500,000	6,700,000	4,498,800
Investment/Interest Income		450,000	400,000	398,407
Other Income		375,000	350,500	396,120
Total Operating Revenue		22,690,000	21,215,500	19,897,857
OPERATING EXPENSES				
Personnel	1	15,611,639	13,976,893	14,005,568
Supplies & Consumables	2	5,323,110	6,585,044	4,607,850
Depreciation	3	755,251	653,563	599,778
Total Operating Expenses		21,690,000	21,215,500	19,213,196
 Surplus from Operating Activities		 1,000,000	 0	 684,661

CAYMAN ISLANDS MONETARY AUTHORITY
FORCAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2016

	Note	2015/16 Budget \$	2014/15 Forecast \$	2013/14 Actual \$
Opening balance net worth		23,272,151	23,272,151	22,587,490
Surplus		1,000,000	0	684,661
Capital contribution		0	0	
Distribution of Surplus		0	0	0
Capital withdrawal		0	0	0
Currency Issue Reserve		0	0	0
Closing balance net worth		24,272,151	23,272,151	23,272,151

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	Note	2015/16 Budget \$	2014/15 Forecast \$	2013/14 Actual \$
<i>Currency Reserve Assets</i>				
<i>Current Assets</i>				
Call Deposits	4	3,501,349	3,494,360	5,044,995
Short-Term Investments		77,244,517	75,848,517	75,004,271
Fixed Deposits	4	1,552,311	1,548,439	1,544,578
Interest Receivable , Deposits		85,000	85,000	129,404
Stocks	6	3,100,000	3,500,000	2,320,275
<i>Non-Current Assets</i>				
Long-Term Investments		19,311,128	18,962,129	18,581,485
Total Currency Reserve Assets		104,794,305	103,438,445	102,625,008
<i>Operating Assets</i>				
<i>Current Assets</i>				
Current and Call Deposits	4	12,508,012	11,680,438	6,819,063
Accounts Receivable	5	4,338,333	3,805,000	6,001,951
Other Receivables and Prepayments	5	220,000	220,000	846,007
<i>Non-Current Assets</i>				
Intangible Assets	7	1,841,704	2,113,438	1,546,667
Fixed Assets	7	463,797	558,830	390,350
Total Operating Assets		19,371,846	18,377,706	15,604,038
TOTAL ASSETS		124,166,151	121,816,151	118,229,046
<i>Liabilities</i>				
Demand Liabilities, Currency in Circulation		93,750,000	92,500,000	91,720,110
Defined Benefit Pension Liability	9	2,194,000	1,994,000	1,694,000
Unearned Revenue		3,250,000	3,350,000	488,299
Due to the C.I. Government		0	0	0
Other Liabilities and Payables	8	700,000	700,000	1,054,486
TOTAL LIABILITIES		99,894,000	98,544,000	94,956,895
<i>Reserves and Capital</i>				
General Reserve	11	20,377,373	19,963,890	18,525,077
Currency Issue Reserve		375,000	375,000	375,000
Capital Expenditures Reserve		1,001,813	390,296	1,779,109
Operational Expenditures Reserve		189,616	214,616	264,616
Total Reserves		21,943,802	20,943,802	20,943,802
Contributed Capital		2,328,349	2,328,349	2,328,349
Total Reserves and Capital		24,272,151	23,272,151	23,272,151
TOTAL LIABILITIES, RESERVES and CAPITAL		124,166,151	121,816,151	118,229,046

CAYMAN ISLANDS MONETARY AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES
AS AT 30TH JUNE 2016

	2015/16	2014/15	2013/14
	Budget	Forecast	Actual
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Outputs to Cabinet	10,131,667	7,687,500	10,698,333
Sale of Goods & Services to Others	11,478,085	18,818,828	6,715,515
Investment Income	450,000	444,404	355,996
Payments			
Personnel Costs	(15,411,639)	(13,676,892)	(13,245,568)
Suppliers and Other Operating Expenses	(4,926,195)	(8,125,425)	(4,489,766)
Net change of Investments	(1,745,000)	(1,224,890)	(4,154,445)
Net change in Demand Liabilities	1,250,000	779,890	4,491,123
Change in other assets	0	0	0
<i>Net cash flow from Operating activities</i>	<u>1,226,918</u>	<u>4,703,415</u>	<u>371,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets	(388,483)	(1,388,813)	(1,035,166)
Proceeds on Disposal of Fixed Assets	0	0	0
<i>Cash flows from investing activities</i>	<u>(388,483)</u>	<u>(1,388,813)</u>	<u>(1,035,166)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution received from CI Government	0	0	0
Capital Withdrawal by CI Government	0	0	0
Repayment of Surplus	0	0	0
<i>Cash flow from Financing Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>
Opening Balance - Cash and Cash Equivalents	16,723,237	13,408,635	14,072,613
Net Change in cash	<u>838,435</u>	<u>3,314,602</u>	<u>(663,978)</u>
Closing Balance - Cash and Cash Equivalents	<u>17,561,672</u>	<u>16,723,237</u>	<u>13,408,635</u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

	2015/16	2014/15	2013/14
	Budget	Forecast	Actual
	\$	\$	\$
NOTE 1. PERSONNEL COSTS			
Salaries, wages, allowances	13,366,165	11,824,875	11,516,057
Pension expense	978,040	865,552	851,945
Movement on Defined Benefit Pension	200,000	300,000	760,000
Health care and other personnel costs	1,067,434	986,466	877,566
Total Personnel Costs	15,611,639	13,976,893	14,005,568

NOTE 2. SUPPLIES AND CONSUMABLES			
Supplies and Consumables	2,515,083	2,884,520	2,675,334
Purchase of services	1,309,461	1,240,007	931,729
Operating lease rentals	1,320,043	1,139,650	890,617
Other Supplies and Consumables	178,523	1,320,868	251,955
Total Supplies and Consumables	5,323,110	6,585,045	4,749,635

NOTE 3. DEPRECIATION			
Vehicles	0	0	0
Furniture and fittings	23,344	16,145	6,256
Computer hardware and software	161,575	150,806	130,695
Intangible Assets	524,315	443,344	416,832
Office equipment	43,405	42,626	45,995
Leasehold improvements	2,612	642	0
Total Depreciation	755,251	653,563	599,778

Assets are depreciated on a straight line basis as follows:	Years
Vehicles	5
Furniture and fittings	5
Computer hardware and software	3 to 7
Office equipment	3 to 7

CAYMAN ISLANDS MONETARY AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Forecast \$	2013/14 Actual \$
NOTE 4. CASH AND CASH EQUIVALENTS			
Operating Current and Call Accounts, and Cash on hand	16,009,361	15,174,798	11,864,057
Short Term Deposits including call accounts	1,552,311	1,548,439	1,544,578
Total Cash and Cash Equivalents	17,561,672	16,723,237	13,408,635

NOTE 5. ACCOUNTS RECEIVABLE			
Outputs to Cabinet	3,555,000	3,021,667	1,644,167
Outputs to other government agencies	0	0	0
Outputs to Others	0	0	0
Asset sales	0	0	0
Other Accounts Receivable	783,333	786,418	4,367,038
Total Gross	4,338,333	3,808,085	6,011,205
Less provision for doubtful debts	0	(3,085)	(9,254)
Total Net Accounts Receivable	4,338,333	3,805,000	6,001,951

NOTE 6. INVENTORIES			
Raw Materials (including Consumable Stores)	3,100,000	3,500,000	2,320,275
Work in Progress	0	0	0
Total Inventories	3,100,000	3,500,000	2,320,275

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

**NOTE 7: Fixed Assets and
Intangible Assets**

	Opening Balance	Addition	Disposals	Revaluation	Depreciation	Closing Balance 30-Jun-16 Book Value Actual
	\$	\$	\$	\$	\$	\$
Vehicles	0	0	0	0	0	0
Furniture & Fittings	54,708	0	0	0	(23,344)	31,364
Computer Hardware	380,029	115,000	0	0	(161,575)	333,454
Intangible Assets	449,710	1,937,211	0	0	(524,315)	1,862,606
Office equipment	111,710	0	0	0	(43,405)	68,305
Other Assets – Leasehold Improvements	12,383	0	0	0	(2,612)	0
WIP	1,663,728	(1,663,728)				
Total	2,672,268	388,483	0	0	(755,251)	2,305,500

	Cost or Revalued Amount \$	Accumulated Depreciation \$	30-Jun-16 Book Value Actual \$	30-Jun-15 Book Value Actual \$
Vehicles	22,600	(22,600)	0	0
Furniture & Fittings	800,312	(748,046)	52,266	54,708
Computer Hardware	1,666,249	(1,332,794)	333,455	380,029
Intangible Assets	5,012,334	(3,251,297)	1,761,037	449,710
Office equipment	650,512	(582,207)	68,305	111,710
Other Assets – Leasehold Improvements	883,865	(874,094)	9,771	12,383
Work in Progress	0	0	0	1,663,728
Total	9,035,872	(6,811,038)	2,224,834	2,672,268

CAYMAN ISLANDS MONETARY AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Forecast \$	2013/14 Actual \$
NOTE 8. PAYABLES			
Trade Creditors	150,000	150,000	201,501
Accruals and other Payables	550,000	550,000	852,985
Total Other Liabilities and Payables	700,000	700,000	1,054,486

	2015/16 Budget \$	2014/15 Forecast \$	2013/14 Actual \$
NOTE 9. EMPLOYEE ENTITLEMENTS (CURRENT)			
Defined Benefit Pension Liability	2,194,000	1,994,000	1,694,000
	0	0	0
Total Employee Entitlements	2,194,000	1,994,000	1,694,000

	2015/16 Budget \$	2014/15 Forecast \$	2013/14 Actual \$
NOTE 10. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Operating surplus</i>	1,000,000	0	684,661
Adjustments for:-			
Depreciation	755,251	653,563	599,778
Disposal of Fixed Assets	0	0	0
Net change in :-			
Defined Benefit Assets and other Assets	200,000	300,000	760,000
Interest Receivable	0	44,404	(42,411)
Accounts Receivable	(533,333)	2,196,951	(1,885,704)
Other Receivables and Prepayments	0	626,007	(703,969)
Stocks	400,000	(1,179,725)	(67,557)
Unearned Revenue	(100,000)	2,861,701	488,299
Other liabilities and payables	0	(354,486)	201,414
Investments	(1,745,000)	(1,224,890)	(4,154,445)
Demand Liabilities	1,250,000	779,890	4,491,123
Net cash flows from operating activities	1,226,918	4,703,415	371,189

CAYMAN ISLANDS MONETARY AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30TH JUNE 2016

Note 11- General Reserve	2015/16 Budget \$	2014/15 Forecast \$	2013/14 Actual \$
General Reserve			
Opening Balance:	19,963,890	18,525,077	17,263,042
Transfers in:			
From Net Income			188,247
Transfer from Capital Expenditures Reserve	388,483	1,388,813	1,035,166
Transfer from Operational Expenditures Reserve	25,000	50,000	38,622
Closing Balance	20,377,373	19,963,890	18,525,077
Demand Liabilities (closing balance)	93,750,000	92,500,000	91,720,110
15% of Demand Liabilities	14,062,500	13,875,000	13,758,017

OWNERSHIP AGREEMENT

BETWEEN THE
CAYMAN ISLANDS GOVERNMENT
AND

CAYMAN ISLANDS NATIONAL
INSURANCE COMPANY LIMITED (CINICO)

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands National Insurance Company Limited (CINICO)* have agreed the *Cayman Islands National Insurance Company Limited (CINICO)* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Islands National Insurance Company Limited (CINICO)* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

CINICO's activities involve both the provision of health insurance and the administration of health benefits on behalf of the Ministry of Health, Sports, Youth, and Culture and the Ministry of Finance and Economic Development.

CINICO is a licensed Class A insurance company, and as such, must abide by the relevant laws for health insurance companies in the Cayman Islands. All Class A insurance companies are regulated by the Cayman Islands Monetary Authority, which includes the submission and approval of a business plan.

The business plan of the Cayman Islands National Insurance Company Ltd., contains a guaranteed commitment by the Shareholder (The Cayman Islands Government) that the CINICO's required capitalization as a Class A Health Insurer will be maintained in accordance with the requirements of the Cayman Islands Monetary Authority.

SCOPE OF ACTIVITIES

The scope of the *Cayman Islands National Insurance Company Limited* activities is as follows:

- Provision of health insurance to civil servants, pensioners, other government entities, seamen and veterans.
- Provision of health insurance under the Standard Health Insurance contract (March 2013), for third party individuals and their dependents
- Provision of health insurance under the Standard Health Insurance contract (March 2013), for third party individuals and their dependants, per Class A Licence requirements
- Provision of health insurance on behalf of the Ministry of F&ED, for health benefits (non-Tertiary) of seamen and veterans
- Administration on behalf of the Ministry of Home Affairs, Health and Culture for local and overseas health benefits of indigents since February 1, 2004.
- Administration on behalf of the Ministry of Home Affairs, Health and Culture for overseas health benefits of seamen and veterans since July 1, 2007.
- Administration on behalf of the Ministry of Finance and Economic Development (if required) for health benefits of Advance Patients since February 1, 2004.
- Co-Administration with NAU of DCFS (Needs Assistance Unit of the Department of Children and Family Services) on behalf of the Ministry of FE&D for the HIPAP (Health Insurance Premium Assistance Program) - SHIC Policy beginning July 1st, 2015

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by CINICO are provided to civil servants, pensioners, other government entities, seamen and veterans, indigents, advance patients and third party individuals subscribing to the Standard Health Insurance Contract. The services are provided from offices at the Cayman Centre, George Town.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands National Insurance Company Limited (CINICO)* for the 2015/16 financial year are as follows:

In 2013, the company developed a 5 year strategic plan from 2013 to 2018. The Company's strategic goals are as follows:

- To provide affordable health insurance to the residents of the Cayman Islands that facilitates access to quality healthcare”;
- To maintain CINICO's status as a dynamic and financially stable insurance company that supports its stakeholders in a sustainable manner”;
- To identify and evaluate options for broadening the scope of the Company's products and services”;
- To be an “Employer of Choice” recognized as a company providing a high quality work environment”.

Objectives/Projects

In respect to each strategic goal, the following projects would be completed or commenced in 2015/16 which will better facilitate the achievement of the strategic goals above.

Strategic Goal #1:

Project 2 - Overseas Network Management and Cost Containment Administration Services: Complete the implementation of overseas network cost containment services with United Healthcare (completed 2014) and Ascension.

Project 3 - Development of additional health insurance plans: There is a potential scope for expanding the health insurance products to create an additional revenue stream, provide a wider range of products to meet the expressed wishes of Civil Servants and SHIC members, and respond to changing needs in the healthcare market in the Cayman Islands.

Project 4 – Development of Non-US Preferred Provider Networks locally and internationally:

Project 6 – Documentation of Management of Overseas Costs: Update as necessary the policy and procedures manual to reflect how oversight of the costs of overseas care will be implemented and documentation maintained to support this operating procedure.

Strategic Goal #2:

Project 2 – NGS 55: To implement a new payment protocol regarding the ASO function (NGS 55 output) performed for the Ministry of Health that would mitigate future financial exposure to CINICO.

Project 4 – Key quality control measures and internal audit requirements: Identify key quality control measures and internal audit requirements for all parties with whom CINICO contracts for services and establish a reporting protocol.

Project 5 – Co-ordination of Benefits: Development and implementation of a co-ordination of benefits procedure.

Project 6 – Subrogation Procedure: Development and implementation of a subrogation procedure.

Strategic Goal #3:

Project 1 – Preventive Care: Development and promotion of a ‘Wellness and Lifestyle management program’.

Project 2 – New lines of business: Determination and prioritisation by the Board of which additional lines of business should be pursued, instruction of the appropriate feasibility studies, and early engagement with the sole shareholder on policy and legal considerations for the mission and scope of business of the company.

Project 3 – Member communication / Enhanced perception: Develop and implement a program, including improving functionality of CINICO’s website, to improve communication to member and enhance their perception of CINICO.

Strategic Goal #4:

Project 1 – Enhanced Quality of Customer Service: Institute a program of customer service training and product / procedures education for CINICO staff.

Project 2 – Succession Planning and Cross-Training: Develop a staff training plan which includes a technical education program and “buddy system” of cross training.

Project 3 – Employee Benefits: Implementation of new contracts and a new benefits scheme that will retain already existing high quality employees and attract new employees to CINICO as an employer of “choice”.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Islands National Insurance Company Limited (CINICO)* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	29,706,436	27,939,153
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	35,168,285	35,312,444
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	4,548,068	3,278,859
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	71,165,896	66,375,948
NET SURPLUS DEFICIT	(1,743,107)	154,508
TOTAL ASSETS	26,738,563	27,122,736
TOTAL LIABILITIES	14,446,471	13,087,536
NET WORTH	12,292,092	14,035,200
CASH FLOWS FROM OPERATING ACTIVITIES	290,447	(5,860,601)
CASH FLOWS FROM INVESTING ACTIVITIES	(49,000)	(130,617)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CHANGE IN CASH BALANCES	241,447	(5,991,218)

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	184	205
TOTAL ASSETS : TOTAL LIABILITIES	185	207

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	22	21
STAFF TURNOVER (%)	0	5.4
SENIOR MANAGER	6	5
PROFESSIONAL AND TECHNICAL STAFF	2	1
ADMINISTRATIVE STAFF	5	5

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	26,738,563	27,122,736
ASSET REPLACEMENTS : TOTAL ASSETS	22%	38%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	14%	23%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	356%	363%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	
Software purchases, computers, data warehousing, furniture and leasehold improvements.	49,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Claim losses higher than what can be supported by revenues	Expansion of functions of Local case manager Completed transition to a new third party administrator ("TPA") and system infrastructure Pro-active management of members with chronic disease. Improved control and follow up of local and overseas referrals. Full utilization of MedDecision and Milliman (Medical case management). Full utilization of Verrisk – claim analytics Improved overseas network access and discounts Full adoption of the Wellness program Reinsurance program now includes local losses (previous year was only restricted to overseas losses)	• Care Management Company engaged to manage & control overseas cases. • CINICO direct provider contracts. • Improved overseas discounts as a result of completion of an RFP in 2013. • Utilization of CINICO in-house, Medical Case Management Unit (MCMU) • Improved control and follow-up of local and overseas referrals through MeDecision and Milliman guidelines. • Reinsurance arrangement in place to limit the Company's risk to large claims (30100 Group only). • Weekly meetings with case management company. • Capital preservation policy • Monthly Risk & Appeals committee meetings • Full utilization of Verisk – claim analytics • Quarterly meetings with overseas network provider	Not quantifiable.
TPAs not delivering against expectations	Robust contract stipulating functions, penalties, rights, termination clauses, performance guarantees, etc.	Weekly meetings with TPA Monitoring of performance against contract	Not quantifiable
Risk that our reinsurance company will be unable to pay its liabilities		Reinsurance reviewed every year. As part of the review creditworthiness is looked at. Our current reinsurer has an AM Best rating of A+ XV stable.	Approximately \$500k- \$1m based on historical amounts.

Risk that government would not honour its liabilities under the ASO agreement (Output NGS 55)		• Creation of an ASO agreement between CINICO and Government • HIPAP – Health Insurance Premium Assistance Program • SHIC-Challenger Plan-Plan for Persons deemed Uninsurable per HIC.	• \$4 million to \$8 million • HIPAP-\$500K • SHIC-Challenger - \$500K

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Islands National Insurance Company Limited (CINICO)* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	69,422,789	66,530,456
OPERATING EXPENSES	71,165,897	66,375,947
NET SURPLUS/DEFICIT	(1,743,107)	154,508

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	26,738,5633	27,122,736
LIABILITIES	14,446,471	13,087,536
NET WORTH	12,292,092	14,035,200

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES	290,447	(2,371,268)
CASH FLOWS FROM INVESTING ACTIVITIES	(49,000)	(130,617)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman Islands National Insurance Company Limited (CINICO)	0
Capital Withdrawals from Cayman Islands National Insurance Company Limited (CINICO)	0
Dividend or Profit Distributions to be made by Cayman Islands National Insurance Company Limited (CINICO).	
Government Loans to be made to Cayman Islands National Insurance Company Limited (CINICO)	
Government Guarantees to be issued in relation to Cayman Islands National Insurance Company Limited (CINICO)	
Related Party Payments (Non Remuneration) made to Key Management Personnel ¹¹	
Remuneration¹² Payments made to Key Management Personnel	
Remuneration Payments made to Senior Management	409,734

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3

¹¹ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹² Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Islands National Insurance Company Limited (CINICO) undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands National Insurance Company Limited (CINICO) will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Marco Archer, JP

Minister of Finance and Economic Development

On behalf of Cabinet

Chairman of the Board

Cayman Islands National Insurance Company Limited (CINICO)

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman Islands National Insurance Company Limited (CINICO) for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Cayman Islands National Insurance Company Limited (CINICO)

30th June 2015

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
STATEMENT OF ACCOUNTING POLICES
FOR THE YEAR ENDING 30TH JUNE 2016

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's policies.

Critical accounting estimates and judgements

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The item which may have the most effect on the Company's financial statements is set out below

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

The provision for claims incurred is necessarily based on estimates due to the fact that the ultimate disposition of claims incurred prior to the balance sheet date, whether reported or not, is subject to the outcome of events that have not yet occurred. Any estimate of future events includes estimation uncertainty, and, consequently, the amounts recorded in respect of unpaid losses may change significantly in the short term. Management engage independent actuaries to assist them in making such estimates, based on the Company's own loss history and relevant industry data.

Insurance and reinsurance contracts - classification

Insurance and reinsurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
STATEMENT OF ACCOUNTING POLICES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on policies issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Insurance/reinsurance assets and liabilities

The Company assesses its insurance/reinsurance assets for impairment on a regular basis, and if there is objective evidence that the insurance/reinsurance asset is impaired, the Company reduces the carrying amount of these assets to their recoverable amounts. The impairment loss is recognised in the statements of income and comprehensive income. Insurance/reinsurance liabilities are recognised when incurred/due.

Claims

Claims paid and outstanding claims are recorded based on claims reported to the Company by its third party administrator and case manager and includes amounts for all losses reported but not settled and loss adjustment expenses as well as reserves for losses which have been incurred but not yet reported at the balance sheet date. The Company records its estimated liability gross of any amounts recoverable under its own reinsurance. Recoverable amounts, under the reinsurance contract, if any, are estimated and reported separately as assets. The reinsured portion, if any, of reserves for losses is estimated in a manner consistent with the estimation of reserves for losses on the reinsured policies.

Cash and cash equivalents

Cash and cash equivalents is comprised of cash and interest bearing deposits with original maturities of three months or less.

Premiums

Premiums are accounted for on a pro-rata basis over the periods covered by the insurance policy. Premiums for privately insured persons are payable monthly in advance on the first day of the month. Premiums for Government insured persons are payable monthly. Premiums received in advance are deferred and included in Premiums received in advance in the balance sheet. Reinsurance premiums ceded are similarly recognized on a pro-rata basis based on the contractual premium rate and number of insureds covered under the reinsurance policy.

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
STATEMENT OF ACCOUNTING POLICES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

It is the Company's policy to lapse any policies where the premiums are unpaid for generally around forty five days after the due date.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statements of income and comprehensive income on a straight-line basis over of the period of the lease.

Disclosures about fair value of financial instruments

With the exception of balances in respect of insurance contracts, the carrying amounts of all financial instruments approximate their fair values due to their short-term maturities.

Depreciation

Fixed assets are carried at cost less depreciation and impairment. Depreciation is calculated on a straight-line basis over their expected useful lives of these assets. The following depreciation rates have been estimated by management to approximate the expected useful life of each class of assets:

Office Equipment	5 years
Computer and Telecommunications Equipment	3 years
Leasehold Improvements	Over the term of the lease
System Development Costs	Various

The assets' useful lives are reviewed at each balance sheet date and adjusted where appropriate.

Income taxes

There is presently no taxation imposed on the Company by the Government of the Cayman Islands. As a result, no tax liability or expense has been recorded in the accompanying financial statements.

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
STATEMENT OF ACCOUNTING POLICES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Administrative Services Only Fees

Administrative Services Only Fees ("ASO") are recognised as earned on a pro-rata basis over the period for which the services are provided.

Investment and other income

Investment and other income are accrued as earned.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Cayman Islands dollars, which is the Company's presentation and functional currency.

Revenue and expense transactions denominated in currencies other than the Cayman Islands dollar have been translated using exchange rates ruling at the dates of those transactions. Assets and liabilities denominated in currencies other than the Cayman Islands dollar have been translated using year-end foreign exchange rates. Gains or losses on translation of foreign currency transactions are included in general and administrative expenses.

Liability adequacy test

At each balance sheet date, a liability adequacy test is performed to ensure the adequacy of the provision for claims incurred. In performing this test, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities are used. Any deficiency over the remaining term of insurance contracts is recognized immediately by establishing a provision for losses arising from liability adequacy tests.

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
FORECAST OPEATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2016

	Notes	Budget 2015/16	Forecast 2014/15
Revenue			
Revenue from Civil Servants & Dependents		34,613,071	34,774,604
Revenue from Ministry of Health – Seamen & Veterans		8,355,446	8,016,365
Revenue from Portfolio of Civil Service - Pensioners		21,350,990	19,942,547
Revenue from Other	1	5,066,081	3,766,940
Total Revenue		69,385,590	66,500,456
Incurring Claims	2	65,056,187	60,320,156
Claims administration Fees	3	3,033,421	2,828,223
Indigent Fund Fees	4	246,551	239,270
Administration expenses	5	2,829,738	2,988,299
Total Expenses		71,165,897	66,375,947
Underwriting Income		(1,780,307)	124,509
Investment Income		37,200	30,000
Net Income		(1,743,107)	154,508

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
FORECAT STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2016

	<u>2015/16</u>	<u>2014/15 - Forecast</u>
Net Income	(1,743,107)	154,508
Equity - Beginning of Year	14,035,199	13,880,691
Equity received/ (Capital withdrawal)		
Equity – End of Year	12,292,092	14,035,199
Required minimum capital	3,000,000	3,000,000
Accumulated Deficit	(13,801,159)	(12,058,052)
Additional Paid-in-Capital	23,093,251	23,093,251
Equity - End of Year	12,292,092	14,035,199
Off Balance Sheet Equity		-
Equity - End of Year for Statutory purposes	12,292,092	14,035,199

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
FORECAST BALANCE SHEET
FOR THE YEAR ENDING 30TH JUNE 2016

	Notes	<u>2015/16</u>	<u>2014/15 Forecast</u>
<u>Assets</u>			
Cash		11,619,181	11,377,734
Premium receivable		7,000,000	7,500,000
Advance claims, ASO claims and fees receivable		5,100,000	5,500,000
Other receivables and other assets		2,800,000	2,400,000
Fixed assets	6	219,382	345,002
Total Assets		26,738,563	27,122,736
<u>Liabilities</u>			
Accounts payable		20,000	20,000
Premiums received in advance		169,087	153,715
Accruals and other liabilities		3,270,000	2,700,000
Provision for claims incurred		10,987,384	10,213,822
Total Liabilities		14,446,471	13,087,536
<u>Equity</u>			
Initial Paid-in-Capital		3,000,000	3,000,000
Additional Paid-in-Capital		23,093,251	23,093,251
Retained Earnings		(13,801,159)	(12,058,052)
Total Equity		12,292,092	14,035,191
Total Liabilities & Equity		26,738,563	27,122,736

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2016

	<u>2015/16</u>	<u>2014/15 - Forecast</u>
<u>Operating activities:</u>		
Net Income/(Loss)	(1,743,107)	154,508
Non Cash adjustments	2,033,554	(6,015,109)
Cash flows from operating activities	290,447	(5,860,601)
<u>Investing activities:</u>		
Purchase on fixed assets	(49,000)	(130,617)
Cash flows from investing activities	(49,000)	(130,617)
<u>Financing activities:</u>		
Equity investment	-	-
Additional paid-in capital	-	-
Cash flows from financing activities	-	-
Net cash inflow	241,447	(5,991,218)
Opening cash balances	11,377,734	17,368,952
Closing cash balances	11,619,181	11,377,734

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

1	<u>Revenue from Other</u>				2015/16	2014/15 - Forecast
	Premium from Standard Health Insurance contracts				6,094,210	4,662,259
	ASO fees				555,213	537,840
	Reinsurance premium				(1,583,342)	(1,413,400)
					5,066,081	3,786,699
	ASO fees ("Administrative Services Only) are earned for the administration of the overseas Indigent claims on behalf of the Ministry of Health, Youth Sports and Culture and are assessed based on \$37 per Indigent member per month (\$36 for 2014/15).					
	CINICO has contracted with IRM, an underwriting agent of Munich Re (Canada) to provide specific excess loss reinsurance coverage on a per covered person basis for members in Group 30100 (Civil servants and their dependants; retired civil servants and their dependants; and employees and dependants of several Statutory Authorities and Government Companies). The reinsurance premium is assessed on a per member per month rate.					
2	<u>Incurred Claims</u>				2015/16	2014/15 - Forecast
	Claims - HSA				42,723,076	38,449,602
	Claims paid - Cayman Airways				540,000	540,000
	Claims - Non - HSA				20,431,698	24,247,101
	Repricing fees				1,854,523	1,955,706
	Reinsured Claims				(1,266,674)	(1,060,050)
	Claims paid				64,282,624	64,132,359
	Movement in reserves				773,562	(3,812,203)
	Total Incurred claims				65,056,186	60,320,156
3	Claims administration fees are payable to various third parties and comprise of the following: Claims adjudication, claims administration costs and Case management fees are based on a per member per month fee. Claims administration fees also include administration for the wellness program including wellness rewards, and case management administration software access to Milliman guidelines.					
4	Segregated Fund fees are payable to the Health Insurance Commission. Fees are assessed on a monthly basis based on the type of insurance coverage - \$10 for single coverage and \$20 for single with dependant(s) coverage.					

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

5	<u>Administration expenses</u>				<u>2015/16</u>	<u>2014/15 - Forecast</u>
	Salaries				1,446,921	1,296,084
	Other Employee Exp.				404,343	490,453
	Rent /Utilities/Maintenance				280,835	270,797
	Depreciation				174,620	474,348
	Office Equip / Supplies				29,000	28,000
	Legal costs				40,000	72,118
	Class A licence fees/other				75,000	75,000
	Director fees				29,800	30,845
	Marketing/Sales/Promotion				80,000	55,000
	Actuarial consulting				70,000	49,931
	Audit fees				97,000	97,000
	Currency exchange losses				(45,000)	(48,000)
	Training expenses				33,000	10,000
	Bank charges				30,000	30,000
	Other				84,220	56,723
	Total				2,829,738	2,988,299

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

6	Fixed assets	<u>System Development Costs</u>	<u>Leasehold Improvements</u>	<u>Office Equipment</u>	<u>Computer & Telecoms Equipment</u>	<u>Total</u>
	Cost at July 1, 2014	706,450	277,101	107,431	263,032	1,354,014
	Additions	66,843	410	4,478	58,886	130,617
	Disposals					
	Cost at June 30, 2015	773,293	277,511	111,909	321,918	1,484,631
	Accumulated depreciation at July 1, 2014	255,808	124,370	52,766	232,338	665,282
	Depreciation for period	368,741	62,038	16,838	26,730	474,347
	Disposals					
	Accumulated depreciation at June 30, 2015	624,549	186,408	69,604	259,068	1,139,629
	Carrying value at June 30, 2015	148,744	91,103	42,305	62,850	345,002
	Cost at June 30, 2015	773,293	277,511	111,909	321,918	1,484,631
	Additions	0	10,000	4,000	35,000	49,000
	Disposals					
	Cost at June 30, 2016	773,293	287,511	115,909	356,918	1,533,631
	Accumulated depreciation at July 1, 2015	624,549	186,408	69,604	259,068	1,139,629
	Depreciation for period	68,184	61,966	16,804	27,665	174,619
	Disposals					
	Accumulated depreciation at June 30, 2016	692,733	248,374	86,408	286,733	1,314,248
	Carrying value at June 30, 2016	80,559	39,136	29,500	70,185	219,382

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS NATIONAL MUSEUM

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands National Museum* have agreed the *Cayman Islands National Museum* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Islands National Museum* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The *Cayman Islands National Museum* activities involve the regulation and supervision of auditors who audit in accordance with The Auditors Oversight Law, 2011 the accounts of market traded companies.

SCOPE OF ACTIVITIES

The scope of the *Cayman Islands National Museum* activities is as follows:

- Collection and preservation of material evidence to our culture, history and heritage, including:
 - collection, documentation and preservation of material
 - protection, scientific research of, and limited public access to Museum collections, and materials of Caymanian heritage
- Public access to, and educational services from, displays, exhibitions, library, publications research collections and programmes of the Museum including:
 - providing exhibitions and displays and general public access to them and Museum facilities
 - provision of a land-based Maritime Heritage Trail and Shipwreck Preserves
 - provision of restaurants, shops and other facilities for the use by the public and in furtherance of the mission and purposes of the Museum
 - Liaising with local and international groups having similar objectives, for loan or exchange of artifacts and exhibits, and the exchange of knowledge and information
- Services to the Ministry and to Government generally in:
 - overseeing that the Museum fulfils its mission and purposes
 - providing requests for information to further the cultural well-being of the Cayman Islands
 - assisting in the creation of National Culture Policies and plans; and any necessary legislation
 - Providing reports and other documentation requested specifically by our Ministry, Cabinet and other Government Departments generally.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Cayman Islands National Museum* are provided only in the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands National Museum* for the 2015/16 financial year are as follows:

CNM 1 – Collections and Curations

- Continue to collect, conserve and protect material evidence of artistic, historic, or scientific significance to the Cayman Islands, both terrestrial and underwater;
- Incorporate research findings on collections, terrestrial and underwater archaeological sites into public exhibitions, programmes and publications when possible;
- Liaise with local and international groups having similar objectives, for loan or exchange of artefacts and exhibits, and the exchange of knowledge and information;

CNM 2 – Operations, Education and Exhibits

- Enhance the effectiveness of the Board in support of the vision, mission and goals.
- Establish a new organizational structure, review current staff roles/responsibilities, fill new/vacant posts and implement appropriate decision-making structures, etc. in support of the Museum's vision, mission, and core values;
- Facilitate planning for the construction of a purpose built facility.
- Provide exhibitions and displays and general public access to them;
- Continue to provide with our partners a land-based Maritime Heritage Trail;
- Continue to partner with CNCF, National Trust, National Archive and National Gallery to promote our Islands' cultural heritage.
- Continue to partner with National Archive, National Trust and the Department of Environment on maritime related issues and programmes;
- Assist the Dept. of Tourism and other related organizations/institutions in marketing the cultural product of these Islands;
- Continue to partner with various organizations in the protection, research, legislation, and educational activities relating to islands maritime heritage e.g. shipwrecks;
- Provide a Traditional Arts Programme (including Traditional Thatch Work Apprenticeship Programme) for Caymanian masters and apprentices;
- Coordinate the following special events: Looky Ya (monthly), International Museums Day (May), Museum Anniversary (Nov.), Museum Friends Christmas Party (Dec.);
- Assist the Sister Islands and the districts in Grand Cayman with Museum related issues and activities as needed; and
- Provide a cafe, shop and other facilities for the use of the public

CNM 3 – Ministry Support

- Continue to prepare and support government's requests for information to further the cultural well-being of the Cayman Islands;
- Provide reports and other documents requested by the Ministry; and
- Assist the Ministry in creating national cultural policies and plans; and any necessary legislation.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision)) for the *Cayman Islands National Museum* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	820,800	887,173
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	91,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	224,018	166,120
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	0	0
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	3,078,376	3,286,237
TOTAL LIABILITIES	223,652	227,286
NET WORTH	2,854,724	2,854,754
CASH FLOWS FROM OPERATING ACTIVITIES	161,588	304,090
CASH FLOWS FROM INVESTING ACTIVITIES	0	(240,000)
CASH FLOWS FROM FINANCING ACTIVITIES	0	240,000
CHANGE IN CASH BALANCES	161,588	304,090

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	5:1	1494%
TOTAL ASSETS : TOTAL LIABILITIES	14:1	1683%

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	7	10
STAFF TURNOVER (%)	10%	10%
SENIOR MANAGER	13 Years	12 Years
PROFESSIONAL AND TECHNICAL STAFF	11 Years	10 Years
ADMINISTRATIVE STAFF	5 Years	4 Years

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	2,130,755	2,545,931
ASSET REPLACEMENTS : TOTAL ASSETS	0	0
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0	0
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0	0
CHANGES TO ASSET MANAGEMENT POLICES	See notes to risk management	See notes to risk management

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
N/A	N/A

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
1. Loss or damage to the non-renewable National Collection by:	No		N.B. see note (h) on accounting policies regarding the Collection
a) Fire	No	Sufficient fire extinguishers that are regularly serviced. Hired security during after-hours events i.e. street dances Determine the feasibility of installing fire sprinklers in the Museum and any purpose built facilities.	Replacement or restoration cost of items lost or damaged as a result of the event
b) Hurricane or Severe Storm Due to the close proximity to the water the National Collection is at risk throughout the year	No	Annual hurricane preparedness exercises and updating of the plan and supplies Removal and/or safe storage of artefacts when a hurricane is approaching Continuous internal and external building maintenance	Replacement or restoration cost of items lost or damaged as a result of the event
c) Pest infestation The building's materials and construction increase its vulnerability	No	Regular pest control management	Replacement or restoration cost of items lost or damaged as a result of the event
d) Insurance	No	Basic insurance coverage is in place for the buildings and their contents. Need to review and revise as needed Seek the expertise of a certified art appraiser to establish the replacement values of the Museum's National Art Collection for insurance purposes	Financial loss of the replacement value of the Museum's art collection and other measurable items

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
2. Inadequate shelving and storage facilities and inactive conservation programme result in gradual deterioration of the National Collection	No	The collection is in new rental storage post Ivan Plan and build a purpose-built facility to accommodate the current and future needs of the National Collection	Replacement or restoration cost of items lost or damaged as a result of the event
3. The Museum needs specialized staff in the areas of conservation, curation, collections management, design, archaeology, business, public relations, programmes and operations.	No	Staffs are being encouraged to undertake studies and obtain qualifications. The Museum is working to improve professional staffing of the organization to create a positive professional environment and to address the specialized needs of the Museum.	Inability to professionally manage, research, care for, curate, interpret, and exhibit the Museum's collections – resulting in replacement or restoration cost of items lost.

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Islands National Museum* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	1,044,818	1,086,620
OPERATING EXPENSES	1,044,818	1,086,620
NET SURPLUS/DEFICIT	0	0

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	3,078,376	3,643,279
LIABILITIES	223,652	144,328
NET WORTH	2,854,724	3,498,951

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	161,588	206,286
CASH FLOWS FROM INVESTING ACTIVITIES		(100,000)
CASH FLOWS FROM FINANCING ACTIVITIES		100,000

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman Islands National Museum	0
Capital Withdrawals from Cayman Islands National Museum	0
Dividend or Profit Distributions to be made by Cayman Islands National Museum .	0
Government Loans to be made to Cayman Islands National Museum	0
Government Guarantees to be issued in relation to Cayman Islands National Museum	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ¹³	0
Remuneration ¹⁴ Payments made to Key Management Personnel	0
Remuneration Payments made to Senior Management	0

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	3
NUMBER OF KEY SENIOR MANAGEMENT (MD)	4

¹³ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹⁴ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Islands National Museum undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands National Museum will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Alden McLaughlin, MBE, JP

Premier

Minister of Home Affairs, Health and Culture

On behalf of Cabinet

Chairman of the Board

Cayman Islands National Museum

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



CAYMAN ISLANDS NATIONAL MUSEUM

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman Islands National Museum for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Cayman Islands National Museum

30th June 2015

CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2016

Financial statements are prepared in accordance with United States generally accepted accounting principles. The following is a summary of the significant accounting policies adopted by the Museum:

(a) Use of estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

(b) Admissions, membership dues, fundraising income and donations

Income earned on admissions, membership dues, fundraising, and donations are recorded in the period in which the payment is received.

(c) Government grants

Government grants are provided on a quarterly basis for financial support and are recorded when received. Certain grants cover staff costs and related expenditures of the Museum. Grant income and expenditures are recorded gross in the financial statements

(d) Product sales, rental income, interest and other income

Income on the sale of goods is recognised in the statements of activities at the point of the sale. Rental income, interest and other income are recognised on an accrual basis.

(e) Inventories

Inventories consist of products sold in the Museum Shop and valued on an average cost basis less an allowance for obsolete and slow moving items.

(f) Fixed assets

Fixed assets are recorded at cost and depreciated on a straight line basis over an expected future life of five years.

(g) Cash and cash equivalents

Cash and cash equivalents include cash at bank and fixed deposits with original maturities of three months or less.

(h) Collections, exhibits and artifacts

Consistent with the practice followed by many museums, collections, exhibits and artifacts purchased and donated are not recorded in the statements of financial position. The costs of all objects purchased are recorded as an expense in the statements of activities. Objects acquired by gift or donations are not recorded in these financial statements since it is difficult to obtain an objective measurement or valuation of these items. Proceeds from the sale of collections, exhibits and artifacts are used exclusively for the purchase of

other objects.

CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
AS AT 30TH JUNE 2016

(i) Donated services

A substantial number of unpaid volunteers make significant contributions of their time to develop the Museum's programmes. The value of this contributed time is not reflected in these financial statements since objective measurement or valuation is not considered practicable.

(j) Foreign exchange

Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated at the exchange rates ruling at the time of those transactions. Assets and liabilities included in these financial statements are translated at the rates of exchange prevailing at the date of the statements of financial position. Gains and losses on exchange are taken to the statements of activities.

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

	Notes	Budget
		2015/16
Revenue		
Sale of goods and services	15	983,703
Investment revenue	16	115
Donations	17	61,000
Other revenue		0
Total Revenue		1,044,818
Expenses		
Personnel costs	18	435,500
Supplies and consumables	19	447,730
Depreciation	7	161,588
Impairment of property, plant and equipment		0
Impairment of inventory		0
Finance costs & overdraft interest	20	0
Litigation costs	21	0
(Gains)/losses on foreign exchange transactions	22	0
Gains/(losses) on disposal/valuation of property, plant and equipment		0
Extraordinary items		0
Other Operating expenses		0
Total Expenses		1,044,818

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014	1,077,837	287,800		1,389,087	2,754,724
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	1,077,837	287,800		1,389,087	2,754,724
Changes in net worth for 2014/15					
Gain/(loss) on property revaluation	0	0	0	0	0
Gain/(loss) on revaluation of investments	0	0	0	0	0
Exchange differences on translating foreign operations	0	0	0	0	0
Equity Investment from Cabinet	100,000	0	0	0	100,000
Capital withdrawals by Cabinet	0	0	0	0	0
Repayment of surplus/Dividends to Cabinet	0	0	0	0	0
Net revenue / expenses recognised directly in net worth	100,000	0	0	0	100,000
Surplus/(deficit)for the period 2014/15				0	0
Total recognised revenues and expenses for the period	100,000	0	0	0	100,000
Balance at 30 June 2015 carried forward	1,177,837	287,800		1,389,087	2,854,724
Balance at 30 June 2015 b/f	1,177,837	287,800		1,389,087	2,854,724
Changes in net worth for 2014/15					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	1,177,837	287,800		1,389,087	2,854,724
Changes in net worth for 2015/16					
Gain/(loss) on property revaluation	0	0	0	0	0
Gain/(loss) on revaluation of investments	0	0	0	0	0
Exchange differences on translating foreign operations	0	0	0	0	0
Equity Investment from Cabinet	0	0	0	0	0
Capital withdrawals by Cabinet	0	0	0	0	0
Repayment of surplus/Dividends to Cabinet	0	0	0	0	0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2014/15				0	0
Total recognised revenues and expenses for the period	0	0	0	0	0
Balance at 30 June 2015	1,177,837	287,800		1,389,087	2,854,724

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST BALANCE SHEET
FOR THE YEAR ENDING 30TH JUNE 2015

STATEMENT OF FINANCIAL POSITION	Notes	Budget 2015/16
Current Assets		
Cash and cash equivalents	1	1,021,209
Marketable securities and deposits		0
Trade receivables	2	20,000
Other receivables	2	0
Inventories	3	50,000
Investments	4	0
Prepayments	5	18,000
Loans	6	0
Total Current Assets		1,109,209
Non-Current Assets		
Trade receivables	2	0
Other receivables	2	0
Inventories	3	0
Investments	4	0
Prepayments	5	0
Loans	6	0
Pension Plan Surplus	12	0
Property, plant and equipment	7	1,969,167
Total Non-Current Assets		1,969,167
Total Assets		3,078,376
Current Liabilities		
Trade payables	9	100,000
Other payables and accruals	9	18,652
Bank Overdraft	1	0
Unearned revenue	10	90,000
Employee entitlements	11	15,000
Dividends/Surplus Payable		0
Current Portion of Borrowings	12	0
Total Current Liabilities		223,652
Non-Current Liabilities		
Trade payables	9	0
Other payables and accruals	9	0
Unearned revenue	9	0
Employee entitlements	10	0
Unfunded pension liability	13	0
Unfunded post-retirement health care	14	0
Currency Issued		0
Long Term portion of Borrowings	12	0
Total Non-Current Liabilities		0

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST BALANCE SHEET (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Total Liabilities		223,652
Net Assets		2,854,724
NET WORTH		
Contributed capital		1,177,837
Other Reserves		287,800
Revaluation reserve		0
Accumulated surpluses/(deficits)		1,389,087
Total Net Worth		2,854,724

CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

	Note	Forecast 2015/16
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet		820,800
Sale of goods and services to other government agencies		0
Sale of goods and services - third party		162,903
Interest received		115
Donations / Grants		61,000
Other receipts		
Payments		
Personnel costs		(435,500)
Supplies and consumables		(447,730)
Interest paid		0
Other payments		0
Net cash flows from operating activities	23	161,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		0
Proceeds from sale of property, plant and equipment		0
Purchase of investments		0
Proceeds from sale of investments		0
Net cash flows from investing activities		0
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		0
Repayment of Surplus/Dividends or Capital withdrawal		0
Borrowings		0
Repayment of Borrowings		0
Currency Issues		0
Capital withdrawal		0
Net cash flows from financing activities		0
Net increase/(decrease) in cash and cash equivalents		161,588
Cash and cash equivalents at beginning of period		859,621
Cash and cash equivalents at end of period		1,021,209

CAYMAN ISLANDS NATIONAL MUSEUM
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

Note 1: Cash and Cash Equivalent

Description change as applicable- <u>Enter overdraft as negative</u>	Currency Amount	Exchange Rate to \$CI	Budget 2015/16
Cash on hand		1.0000	0
Cash in transit	0	1.0000	0
CI\$ Account	811,209	1.0000	811,209
US\$ Account	213,253	0.8300	177,000
Payroll Current Account	0	1.0000	0
Bank Accounts held at other financial institutions	0	1.0000	0
Short-Term Fixed Deposits	33,000	1.0000	33,000
TOTAL			1,021,209

Note 2: Trade and Other Receivables

Trade Receivables		Budget 2015/16
Sale of goods and services to Cabinet		10,000
Sale of goods and services to other government agencies		10,000
Sale of goods and services - third party		0
Other		
Less: provision for doubtful debts		
Total trade receivables		20,000

Other Receivables	Budget 2015/16
Advances (Salary, Official Travel, etc.)	0
Dishonored cheques	0
Interest receivable	0
Other	0
Less: provision for doubtful debts	0
Total other receivables	0

CAYMAN ISLANDS NATIONAL MUSEUM

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Current	Trade Receivables	Other Receivables	Budget 2015/16
Past due 1-30 days	0	0	0
Past due 31-60 days	20,000	0	20,000
Past due 61-90 days	0	0	0
Past due 90 and above	0	0	0
Non-Current			
Past due 1 year and above	0	0	0
Total	20,000	0	20,000

Change in the Provision of doubtful debts

Description	Budget 2015/16
Balance at 1 July	0
Additional provisions made during the year	0
Receivables written off during the period	0
Balance at 30 June	0

Note 3: Inventories

Description	Current	Non-Current	Budget 2015/16
Inventory held for use in the provision of goods and services	0		0
Inventory held for sale	50,000		50,000
Impairment of Inventory b/f			0
Impairment of Inventory 2013/14	0		0
TOTAL INVENTORIES	50,000	0	50,000

CAYMAN ISLANDS NATIONAL MUSEUM

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Note 4: Investments

Investments	Current	Non-Current	Budget 2015/16
			0
			0
			0
			0
Total Investments at the lower of cost or market value	0	0	0

Note 5: Prepayments

Description	Current	Non-Current	Budget 2015/16
Prepaid Property Insurance	18,000		18,000
Refundable Deposits			
			0
			0
Total	18,000	0	18,000

CAYMAN ISLANDS NATIONAL MUSEUM
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Note 7: Property, Plant & Equipment

	Land	Plant and equipment	Buildings	Furniture and Fittings	Computers	Office Equip.	Motor Vehicles	Marine Vessels	Leasehold Improve.	Other assets	Total
Balance as at 1 July 2014				386,842	131,941	64,635	24,900		2,200,885	442,804	3,187,372
Additions	0			1,767					7,000		8,767
Disposals	0										0
Transfers	0										0
Balance as at 30 June 2015	0			388,609	131,941	64,635	24,900	0	2,207,885	442,804	3,196,139

	Land	Plant and equipment	Buildings	Furniture and Fittings	Computers	Office Equip.	Motor Vehicles	Marine Vessels	Leasehold Improve.	Other assets	Total
Balance as at 1 July 2015				388,609	131,941	64,635	24,900		2,207,885	442,804	3,196,139
Additions	0										0
Disposals	0										0
Transfers	0										0
Balance as at 30 June 2015	0	0	0	388,609	131,941	64,635	24,900	0	2,207,885	442,804	3,196,139

CAYMAN ISLANDS NATIONAL MUSEUM
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Accumulated Depreciation and Impairment Loss

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings</i>	<i>Furniture and Fittings</i>	<i>Computers</i>	<i>Office Equip.</i>	<i>Motor Vehicles</i>	<i>Marine Vessels</i>	<i>Leasehold Improve.</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2014				272,545	111,822	112,032	24,900		415,205	59,205	883,677
Impairment Loss 2015/16	0										0
Depreciation Expense 2015/16	0			51,260	20,119				95,527	14,801	181,707
Eliminate on Disposal 2015/16	0										0
Balance as at 30 June 2015	0			323,805	131,941	112,032	24,900	0	510,732	74,006	1,065,384

CAYMAN ISLANDS NATIONAL MUSEUM
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings</i>	<i>Furniture and Fittings</i>	<i>Computers</i>	<i>Office Equip.</i>	<i>Motor Vehicles</i>	<i>Marine Vessels</i>	<i>Leasehold Improve.</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2015				323,805	131,941	112,032	24,900	0	510,732	74,006	1,065,384
Impairment Loss 2015/16	0										0
Depreciation Expense 2015/16	0			51,260		34,087			95,527	14,801	161,588
Eliminate on Disposal 2015/16	0										0
Balance as at 30 June 2015	0			375,065	131,951	146,119	24,900	0	606,259	88,807	1,226,972

Net Book Value 30 June 2015	0	0	0	64,804	0	0	0	0	1,697,153	368,798	2,130,755

Net Book Value 30 June 2016	0	0	0	13,544	0	0	0	0	1,601,626	353,997	1,969,167

CAYMAN ISLANDS NATIONAL MUSEUM

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Note 8: Intangible Assets

Note 9: Trade Payables, Other Payables & Accruals

	Current	Budget 2014/15
Creditors Third party	100,000	100,000
Creditors Ministries/Portfolios	0	0
Creditors other government agencies	0	0
Payroll Deductions	3,652	3,652
Operating Lease	0	0
Accrued Expenses	15,000	15,000
Other payables	0	0
Total trade payables other payables and accruals	118,652	118,652

Note 15a: Sales of Goods & Services

Revenue Type	Budget 2015/16
Fees and Charges	49,000
General Sales	95,903
Rentals	18,000
Other Goods & Services Revenue	0
Sale of goods and services to Cabinet	820,800
Sale of goods and services to Other Ministries and Portfolios	0
Total sales of goods and services	983,703

CAYMAN ISLANDS NATIONAL MUSEUM

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Fees and Charges	Budget 2015/16
Admissions	40,000
Membership Dues	9,000
Total Fees and Charges	49,000

General Sales	Budget 2015/16
Merchandise Sales	95,903
Total General Sales	95,903

Rentals	Budget 2015/16
Café Rental	18,000
Total Rentals	18,000

	Budget 2015/16
Sales of Outputs to Cabinet	820,800
Sales of Outputs to Cabinet	820,800
Total Sales of Outputs to Cabinet	
<i>Other Interdepartmental Revenue</i>	
Revenue from Ministries/Portfolios & Public Authorities	0
Total Other Interdepartmental Revenue	0
Total Goods and Services	983,703

CAYMAN ISLANDS NATIONAL MUSEUM

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Note 15b: Revenue Concessions

Note 16: Investment Revenue

	Budget 2015/16
Interest on deposits	115
Interest on cash balances	0
Royalties	0
Other	0
Total Investment Revenue	115

Note 17: Donations

	Budget 2015/16
Donations, Sponsorship	1,000
Fundraising	60,000
Total Donations	61,100

Note 18: Personnel Cost

Description	Budget 2015/16
Salaries, wages and allowances	350,000
Health care	65,000
Pension	15,000
Leave	0
Other personnel related costs	5,500
Total Personnel Costs	435,500

CAYMAN ISLANDS NATIONAL MUSEUM
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Note 19: Supplies and Consumables

Description	Budget 2015/16
Supplies and Materials	56,400
Purchase of services	30,630
Lease of Property and Equipment	115,900
Utilities	81,500
General Insurance	36,000
Interdepartmental expenses	0
Travel and Subsistence	0
Recruitment and Training	0
Other	127,300
,Total Supplies & consumables	447,730

Note 20: Financial Costs

Description	Budget 2015/16
Interest on Borrowings	0
Other Borrowing Costs	0
Interest on Overdraft	0
Total Finance Cost	0

CAYMAN ISLANDS NATIONAL MUSEUM

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Note 21: Litigation Costs

Note 22: Gains/(losses)

Note 23: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	Budget 2015/16
Surplus/(deficit) from ordinary activities	0
Non-cash movements	
Depreciation expense	161,588
Impairment	0
(Gain)/losses on sale of property plant and equipment	0
Changes in current assets and liabilities:	
(Increase)/decrease in other current assets	0
(Increase)/decrease in receivables - Cabinet	
Increase/(decrease) in current liabilities	0
Net cash flows from operating activities	161,588

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS STOCK EXCHANGE

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Stock Exchange* have agreed the *Cayman Islands Stock Exchange* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Islands Stock Exchange* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Cayman Islands Stock Exchange Ltd activities involve establishing and operating a securities market for the listing and trading of securities in the Cayman Islands.

SCOPE OF ACTIVITIES

The scope of *The Cayman Islands Stock Exchange Ltd.* activities is as follows:

To operate the Exchange for the trading of securities, including the operation of an electronic trading platform and related trading and clearance tracking processes and the operation of a crossing market.

- To admit persons (brokers) as Exchange members.
- To list securities on the Exchange and to appoint Listing Agents.
- To regulate listed issuers and broker members through the establishment and monitoring of Listing Rules and Membership Rules.
- To promote listing, membership and use of the Exchange.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Cayman Islands Stock Exchange Ltd.* are provided only in the Cayman Islands.

STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Stock Exchange* for the 2015/16 financial year are as follows:

- Continue the development and implementation of a strategy for maintaining a sustainable growth in CSX listings, including a strategy for marketing existing products.
- Examine further diversification of services provided and introduce such services in accordance with pre-agreed criteria and procedures.
- Continue the diversification of the range of products that can be listed and traded on the CSX.
- Examine eligibility and suitability of applications for admission to listing within the targeted turnaround times and approve those applications that comply with the requirements of the listing rules.
- Establish required international relationships to promote listing and trading of listed securities.
- Examine eligibility and suitability of applications made to the CSX for authorisation of listing agents and broker members and grant such authorisation to listing agents and broker members who meet the eligibility criteria set out in the listing and membership rules.
- Monitor compliance of listed issuers with continuing obligations of the CSX and regulate conduct of broker members and listing agents.
- Continue the review of the listing rules to ensure they remain responsive to market developments and continue meeting international standards and recommend introduction of new or revised listing rules as considered necessary.
- Monitor all price movements in CSX listed securities in accordance with its membership rules.
- Examine feasibility of establishing a Central Securities Depository in the Cayman Islands to provide local clearing for products admitted to trading on the CSX.
- Progress as far as possible in the field of achieving recognitions by international regulatory bodies.
- Expand the CUSIP numbering agency services for issuing CUSIP/ISIN numbers in cooperation with Standards & Poor's and administer the local LEI assignment and registration process.
- Continue encouraging Caymanian employees' progression through sponsorship and training programmes.

3. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Islands Stock Exchange* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	1,846,480	1,584,170
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	1,459,650	1,378,640
NET SURPLUS DEFICIT	386,830	205,530
TOTAL ASSETS	2,342,237	2,091,189
TOTAL LIABILITIES	336,274	158,012
NET WORTH	2,005,963	1,933,260
CASH FLOWS FROM OPERATING ACTIVIITES	611,140	261,179
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	(291,000)	(155,000)
CHANGE IN CASH BALANCES	320,140	106,179

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	6.58:1	12.02:1
TOTAL ASSETS : TOTAL LIABILITIES	6.96:1	12.23:1

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	6	4
STAFF TURNOVER (%)		
SENIOR MANAGER	0	33.33% (equal to 1 person)
PROFESSIONAL AND TECHNICAL STAFF	0	33.33% (equal to 1 person)
ADMINISTRATIVE STAFF	0	0

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	131,072	192,480
ASSET REPLACEMENTS : TOTAL ASSETS	0	0
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.14:1	0.10:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0 (no asset purchases expected)	0 (no asset purchases expected)
CHANGES TO ASSET MANAGEMENT POLICES	none	none

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	
None Planned	0

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Loss of key personnel	Risk unchanged	Creating incentives to retain such personnel	Unquantifiable
Loss of international reputation	Risk unchanged	Active programme to maintain reputation including management of suitability of applications for listing and broker membership, monitoring of ongoing compliance with listing and membership rules and gaining and maintaining international recognitions	Potentially equal to the total assets of the Exchange
Loss of listed issuers	Risk unchanged	Establishment and maintenance of relationships with issuers and listing agents and a programme of diversification into different types of products	Loss of turnover
Inability to obtain international recognitions	Risk unchanged	Active programme to persuade international regulatory bodies to grant recognitions and diversification into different geographical markets	Unquantifiable
Loss of CUSIP agency	Risk unchanged	Programme of diversification into different business activities and growth of the core listing business	Loss of turnover
Loss of listed issuers	Risk unchanged	Establishment and maintenance of relationships with issuers and listing agents and a programme of diversification into different types of products	Loss of turnover
Loss of key personnel	Risk unchanged	Creating incentives to retain such personnel	Unquantifiable

4. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Islands Stock Exchange* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	1,846,480	1,584,170
OPERATING EXPENSES	1,459,650	1,378,640
NET SURPLUS/DEFICIT	386,830	205,530

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	2,342,237	2,091,189
LIABILITIES	336,274	158,012
NET WORTH	2,005,963	1,933,177

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVIITES	611,140	261,179
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	(291,000)	(155,000)

5. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman Islands Stock Exchange	Nil
Capital Withdrawals from Cayman Islands Stock Exchange	Nil
Dividend or Profit Distributions to be made by Cayman Islands Stock Exchange .	(291,000)
Government Loans to be made to Cayman Islands Stock Exchange	Nil
Government Guarantees to be issued in relation to Cayman Islands Stock Exchange	Nil
Related Party Payments (Non Remuneration) made to Key Management Personnel ¹⁵	Nil
Remuneration ¹⁶ Payments made to Key Management Personnel	487,000
Remuneration Payments made to Senior Management	487,000

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	3
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3

¹⁵ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹⁶ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Islands Stock Exchange undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Stock Exchange will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Wayne Panton, JP

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

Chairman of the Board

Cayman Islands Stock Exchange Ltd.

30th June 2016

APPENDIX

FORECAST FINANCIAL STATEMENTS



CAYMAN ISLANDS STOCK EXCHANGE

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman Islands Stock Exchange for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Cayman Islands Stock Exchange

30th June 2015

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies adopted by the Company are as follows:

Cash and Cash Equivalents

The Company considers cash and short-term deposits with an original maturity of three months or less to be cash and cash equivalents.

Revenue Recognition

Revenue is recognised as earned. Membership and listing fees are non-refundable.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Provisions are established when the Company determines amounts are doubtful of collection.

Translation of Foreign Currencies

Assets and liabilities denominated or accounted for in currencies other than Cayman Islands dollars are translated into Cayman Islands dollars at the applicable exchange rate ruling at the statement of financial position date. Foreign currency income and expense transactions are translated at the appropriate exchange rate ruling at the transaction date. Realised and unrealised gains and losses arising from such transactions are included in the statements of comprehensive income and retained earnings.

Depreciation

Fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

Type of fixed asset	Estimated useful life
Leasehold improvements	remainder of current lease term
Computer hardware and software	2 to 3 years
Office furniture and equipment	5 to 10 years
Intangible assets	5 years

Fair value of financial instruments

The fair value of financial instruments approximates their carrying value principally due to the short-term nature of such instruments.

Critical Accounting Judgement and Key Source of Estimation Uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors including expectation of future events that are believed to be reasonable under circumstances. The key areas of judgment or estimation are with regard to recoverability of accounts receivable. Accounts receivable are considered to be recoverable in full by the Company after taking into consideration the age of the receivable, the financial stability of the debtors and the post year end receipts to the date of the report.

CAYMAN ISLANDS STOCK EXCHANGE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30TH JUNE 2015

	Notes	Budget 2015/16
Revenue		
Sale of goods and services	15	1,845,760
Investment revenue	16	720
Donations	17	0
Other revenue		
Total Revenue		1,846,480
Expenses		
Personnel costs	18	679,000
Supplies and consumables	19	701,920
Depreciation and Amortisation	7	78,730
Impairment of property, plant and equipment		
Impairment of inventory		0
Finance costs & overdraft interest	20	0
Litigation costs	21	0
Other (Gains)/losses	22	0
Other Operating expenses		
Total Expenses		1,459,650
Surplus or (Deficit) for the period		386,830

CAYMAN ISLANDS STOCK EXCHANGE
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014	171,926	1		1,574,949	1,746,876
Changes in net worth for 2013/14					
Changes in accounting policy					0
Prior Year Adjustments				135,855	135,855
Restated balance	171,926	1	0	1,710,804	1,882,731
Changes in net worth for 2014/15					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet				-155,000	-155,000
Net revenue / expenses recognised directly in net worth	0	0	0	-155,000	-155,000
Surplus/(deficit)for the period 2014/15				205,530	205,530
Total recognised revenues and expenses for the period	0	0	0	50,530	50,530
Balance at 30 June 2015 carried forward	171,926	1	0	1,761,334	1,933,261

CAYMAN ISLANDS STOCK EXCHANGE
**FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015**

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2015 brought forward	171,926	1	0	1,761,334	1,933,261
Changes in net worth for 2014/15					
Changes in accounting policy					0
Prior Year Adjustments		-1		-23,127	-23,128
Restated balance	171,926	0	0	1,738,207	1,910,133
Changes in net worth for 2015/16					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet				-291,000	-291,000
Net revenue / expenses recognised directly in net worth	0	0	0	-291,000	-291,000
Surplus/(deficit)for the period 2015/16				386,830	386,830
Total recognised revenues and expenses for the period	0	0	0	95,830	95,830
Balance at 30 June 2016	171,926	0	0	1,834,037	2,005,963

CAYMAN ISLANDS STOCK EXCHANGE
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

	Notes	Budget 2015/16
Current Assets		
Cash and cash equivalents	1	1,914,035
Marketable securities and deposits		
Trade receivables	2	270,850
Other receivables	2	0
Inventories	3	0
Investments	4	0
Prepayments	5	26,280
Loans	6	0
Total Current Assets		2,211,165
Non-Current Assets		
Trade receivables	2	0
Other receivables	2	0
Inventories	3	0
Investments	4	0
Prepayments	5	0
Loans	6	0
Pension Plan Surplus	12	0
Property, plant and equipment	7	3,954
Intangible Assets	8	127,118
Total Non-Current Assets		131,072
Total Assets		2,342,237
Current Liabilities		
Trade payables	9	167,419
Other payables and accruals	9	136,980
Bank Overdraft	1	0
Unearned revenue	10	0
Employee entitlements	11	31,875
Dividends/Surplus Payable	9	0
Current Portion of Borrowings	12	0
Total Current Liabilities		336,274

CAYMAN ISLANDS STOCK EXCHANGE
FORECAST BALANCE SHEET (CONTINUED)
AS AT 30TH JUNE 2015

Non-Current Liabilities		
Trade payables	9	0
Other payables and accruals	9	0
Unearned revenue	9	0
Employee entitlements	10	0
Unfunded pension liability	13	0
Unfunded post-retirement health care	14	0
Currency Issued		
Long Term portion of Borrowings	12	0
Total Non-Current Liabilities		0
Total Liabilities		336,274
Net Assets		2,005,963
NET WORTH		
Contributed capital		171,926
Other Reserves		0
Revaluation reserve		0
Accumulated surpluses/(deficits)		1,834,037
Total Net Worth		2,005,963

CAYMAN ISLANDS STOCK EXCHANGE
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

		Budget
		2015/16
Receipts		
Sale of goods and services to Cabinet		
Sale of goods and services to Ministries/Portfolios		
Sale of goods and services to Statutory Agencies and Government Companies		
Sale of goods and services - third party		1,813,078
Interest received		720
Donations / Grants		
Other receipts		
Payments		
Personnel costs		-679,000
Supplies and consumables - Ministries/Portfolios		
Supplies and consumables - Statutory Agencies and Government Companies		
Supplies and consumables - third party		-523,658
Interest paid		
Other payments		
Net cash flows from operating activities	23	611,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		
Proceeds from sale of property, plant and equipment		
Purchase of investments		
Proceeds from sale of investments		
Net cash flows from investing activities		0
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Repayment of Surplus/Dividends or Capital withdrawal		-291,000
Borrowings		
Repayment of Borrowings		
Currency Issues		
Net cash flows from financing activities		-291,000
Net increase/(decrease) in cash and cash equivalents		320,140
Cash and cash equivalents at beginning of period		1,593,895
Cash and cash equivalents at end of period		1,914,035

CAYMAN ISLANDS STOCK EXCHANGE
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

Note 1: Cash and cash equivalents				
	Description change as applicable- <u>Enter overdraft as negative</u>	Currency Amount	Exchange Rate to \$CI	Budget 2015/16
	Cash on hand	200	1.0000	200
	Cash in transit		1.0000	0
	CI\$ Account	583,528	1.0000	583,528
	US\$ Account	816,113	0.8300	677,374
	Bank Overdraft		1.0000	0
	Payroll Current Account	4,001	1.0000	4,001
	Bank Accounts held at other financial institutions		1.0000	0
	Short-Term Fixed Deposits	781,846	0.8300	648,932
	TOTAL			1,914,035
Note 2: Trade and other receivables				
	Trade Receivables	Budget 2015/16		
	Sale of goods and services to Cabinet			
	Sale of goods and services to Ministries/Portfolios			
	Sale of goods and services to Statutory Agencies and Government Companies			
	Sale of goods and services - third party	280,035		
	Other			
	Less: provision for doubtful debts (Enter -ve number)	-9,185		
	Total trade receivables	270,850		
		Trade Receivables	Other Receivables	Budget 2015/16
	Current			
	Past due 1-30 days	74,826	0	74,826
	Past due 31-60 days	56,007		56,007
	Past due 61-90 days	28,004		28,004
	Past due 90 and above	112,014		112,014
	Non-Current			
	Past due 1 year and above			0
	Total	270,850	0	270,850

CAYMAN ISLANDS STOCK EXCHANGE

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 2: Trade and other receivables (cont'd)				
	Changes in the provision of doubtful debts:			
	Description	Budget 2015/16		
	Balance at 1 July 2014 (Enter -ve number)	-9,185		
	Additional provisions made during the year	-15,000		
	Receivables written off during the period	15,000		
	Balance at 30 June 2015	-9,185		
Note 5 Prepayments				
	Description	Current	Non- Current	Budget 2015/16
	Prepayments	26,280		26,280
				0
				0
				0
				0
	Total	26,280	0	26,280

CAYMAN ISLANDS STOCK EXCHANGE
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 7: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Total</i>
Balance as at 1 July 2014				143,138	161,198	1,202,035		1,506,371
Additions								0
Disposals and Derecognition								0
Revaluation								0
Transfers								0
Balance as at 30 June 2015	0	0	0	143,138	161,198	1,202,035	0	1,506,371

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Total</i>
Balance as at 1 July 2015	0	0	0	143,138	161,198	1,202,035	0	1,506,371
Additions				2,356		2,345		4,701
Disposals and Derecognition						-928,933		-928,933
Revaluation								0
Transfers								0
Balance as at 30 June 2015	0	0	0	145,494	161,198	275,447	0	582,139

CAYMAN ISLANDS STOCK EXCHANGE
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 7: Property, plant & equipment (cont'd)

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Total</i>
Balance as at 1 July 2014				143,138	152,635	1,197,656		1,493,429
Transfers								0
Impairment Reserve 2014/15 (closing balance)								0
Depreciation Expense 2014/15					4,193	4,220		8,413
Eliminate on Disposal or Derecognition 2014/15								0
Balance as at 30 June 2015	0	0	0	143,138	156,828	1,201,876	0	1,501,842

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Total</i>
Balance as at 1 July 2015	0	0	0	143,138	156,828	1,201,876	0	1,501,842
Transfers								0
Impairment change 2015/16								0
Depreciation Expense 2015/16				1,047	1,332	1,588		3,967
Eliminate on Disposal or Derecognition 2015/16				1,309		-928,933		-927,624
Balance as at 30 June 2015	0	0	0	145,494	158,160	274,531	0	578,185

Net Book value 30 June 2015	0	0	0	0	4,370	159	0	4,529

Net Book value 30 June 2016	0	0	0	0	3,038	916	0	3,954

CAYMAN ISLANDS STOCK EXCHANGE
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 8: Intangible Assets

Cost of Intangible Assets

	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2014	367,254	6,560		373,814
Additions				0
Disposals and Derecognition				0
Revaluation				0
Transfers				0
Balance as at 30 June 2015	367,254	6,560	0	373,814

	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 30 June 2015	367,254	6,560	0	373,814
Additions				0
Disposals and Derecognition				0
Revaluation				0
Transfers				0
Balance as at 30 June 2015	367,254	6,560	0	373,814

Accumulated Depreciation and impairment losses

	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2014	110,176			110,176
Transfers				0
Impairment Reserve 2014/15 (closing balance)				0
Depreciation Expense 2014/15	73,500	2,187		75,687
Eliminate on Disposal or Derecognition 2014/15				0
Balance as at 30 June 2015	183,676	2,187	0	185,863

CAYMAN ISLANDS STOCK EXCHANGE
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 8: Intangible Assets (cont'd)

	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 30 June 2015	183,676	2,187	0	185,863
Transfers	-12,290	-1,640		-13,930
Impairment change 2015/16				0
Depreciation Expense 2015/16	73,451	1,312		74,763
Eliminate on Disposal or Derecognition 2015/16				0
Balance as at 30 June 2015	244,837	1,859	0	246,696
Net Book value 30 June 2015	183,578	4,373	0	187,951
Net Book value 30 June 2016	122,417	4,701	0	127,118

Note 9: Trade payables, other payables & Accruals

	Current	Non-Current	Budget 2015/16
Creditors Third party	167,419		167,419
Creditors Ministries/Portfolios			0
Creditors other Statutory Agencies and Government Companies			0
Payroll Deductions			0
Operating Lease			0
Accrued Expenses	136,980		136,980
Other payables			0
Dividends/Surplus Payable			0
Total trade payables other payables and accruals	304,399	0	304,399

CAYMAN ISLANDS STOCK EXCHANGE
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 11: Employee entitlements

	Budget 2015/16
Annual Leave/Comp-time	31,875
Retirement and long service leave	
Accrued salaries	
Travel	
Total current portion	31,875
<i>Non-current employee entitlements are represented by:</i>	
Retirement and long service leave	
Total employee entitlements	31,875

Note 15a: Sales of Goods & Services

Revenue type	Budget 2015/16
Fees and Charges	1,821,160
General Sales	0
Rentals	0
Other Goods & Services Revenue	24,600
Sale of goods and services to Cabinet	0
Sale of goods and services to Other Ministries and Portfolios	0
Total sales of goods and services	1,845,760

<i>Fees and Charges</i>	Budget 2015/16
Operations	1,457,230
Cusips	363,930
Total Fees & Charges	1,821,160

CAYMAN ISLANDS STOCK EXCHANGE
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 15a: Sales of Goods & Services (cont'd)

Other Goods & Services Revenue	Budget 2015/16
Consultancy and miscellaneous	24,600
Total Other Goods & Services Revenue	24,600

Note 18: Personnel costs

Description	Budget 2015/16
Salaries, wages and allowances	583,500
Health care CINICO	
Health care other	78,422
Pension	16,800
Leave	
Other personnel related costs	278
Total Personnel Costs	679,000

Note 19: Supplies and consumables

Description	Budget 2015/16
Supplies and Materials	126,180
Purchase of services	363,650
Lease of Property and Equipment	85,660
Utilities	43,050
General Insurance	2,760
Interdepartmental expenses	
Travel and Subsistence	46,000
Recruitment and Training	
Other	34,620
Total Supplies & consumables	701,920

CAYMAN ISLANDS STOCK EXCHANGE
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 23: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	Budget 2015/16
Surplus/(deficit) from ordinary activities	386,830
Non-cash movements	
Depreciation & Amortisation	78,730
Impairment	0
(Gain)/losses on sale of property plant and equipment	0
(Gain) / loss on derecognition and revaluation of assets	0
Changes in current assets and liabilities:	
(Increase)/decrease in other current assets - Cabinet	
(Increase)/decrease in other current assets - Statutory Agencies and Government Companies	
(Increase)/decrease in other current assets - Ministries Portfolios	
(Increase)/decrease in other current assets - Other	-32,682
(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies	
(Increase)/(decrease) in current liabilities - Ministries Portfolios	
(Increase)/(decrease) in current liabilities - Other	178,262
Net cash flows from operating activities	611,140

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN NATIONAL CULTURAL
FOUNDATION

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman National Cultural Foundation* have agreed the *Cayman National Cultural Foundation* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman National Cultural Foundation* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Cayman National Cultural Foundation mission is to stimulate, facilitate and preserve cultural and artistic expression generally, particularly the preservation and exploration of Caymanian performing, visual and literary arts.

SCOPE OF ACTIVITIES

The scope of Cayman National Cultural Foundation activities is as follows:

- The stimulation and facilitation of culture generally;
- The development, maintenance and management of theatres and other cultural facilities, in particular the F.J. Harquail Cultural Centre;
- Organising cultural festivals;
- Stimulation of the development of local talent by means of training, workshops, competitions, exhibitions, pageants, parades, displays and other such activities;
- Assisting persons in developing cultural and artistic expression, including the preservation and exploration of Caymanian cultural heritage.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by Cayman National Cultural Foundation are provided to the community of the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman National Cultural Foundation* for the 2015/16 financial year are as follows:

- Raise the profile and standards of CNCF's contributions to cultural development and the arts, and increase opportunities for participation in its work and programmes by the general populace and visitors.
- Actively participate in and support regional and international initiatives that promote and respect cultural diversity so as to significantly raise the regional and international profile of the arts and culture of the Cayman Islands.
- Maintain a disaster response and recovery plan to ensure adequate protection is provided for CNCF relevant documents, products, collections and physical plant.
- Advocate for and facilitate the development of effective partnerships with other cultural groups and Government, to pool information and resources and identify national priorities for culture and the arts.
- Promote and defend the artist's right to create and express freely, within the boundaries of the laws of the country.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman National Cultural Foundation* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	778,900	628,900
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	212,428	367,903
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	1,077,431	996,803
NET SURPLUS DEFICIT	-86,103	
TOTAL ASSETS	4,802,699	4,887,539
TOTAL LIABILITIES	18,497	444,921
NET WORTH	4,784,202	4,782,390
CASH FLOWS FROM OPERATING ACTIVIITES		(101,420)
CASH FLOWS FROM INVESTING ACTIVIITES		40,000
CASH FLOWS FROM FINANCING ACTIVIITES		100,000
CHANGE IN CASH BALANCES		38,580

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	3:1	2:1
TOTAL ASSETS : TOTAL LIABILITIES	46:1	9:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	7	7
STAFF TURNOVER (%)	15%	15%
SENIOR MANAGER	25	24
PROFESSIONAL AND TECHNICAL STAFF	6	6
ADMINISTRATIVE STAFF	5	5

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	4,802,699	4,853,502
ASSET REPLACEMENTS : TOTAL ASSETS		
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS		
DEPRECIATION : CASH FLOW ON ASSET PURCHASES		
CHANGES TO ASSET MANAGEMENT POLICES		

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Loss or damage to the FJ Harquail Theatre Buildings, Contents, Computers and Technical Equipment and/or to Mind's Eye (Gladwyn Bush Cultural Heritage Site, South Sound) Buildings and Contents		Emergency Management Plan in place	7,112,676
a) Fire		Annual fire safety inspections Sufficient fire extinguishers that are regularly serviced	a) Fire
b) Hurricane or Severe Storm		Annual hurricane preparedness exercises Removal and safe storage of portable equipment/contents when a hurricane is imminent On-going internal and external building maintenance Regulate pest control management	b) Hurricane or Severe Storm

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman National Cultural Foundation* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	991,328	996,803
OPERATING EXPENSES	1,077,431	996,803
NET SURPLUS/DEFICIT	(86,103)	0

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	4,802,699	4,887,539
LIABILITIES	18,497	444,921
NET WORTH	4,784,202	4,442,618

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVIITES	0	(101,420)
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman National Cultural Foundation	
Capital Withdrawals from Cayman National Cultural Foundation	
Dividend or Profit Distributions to be made by Cayman National Cultural Foundation .	
Government Loans to be made to Cayman National Cultural Foundation	
Government Guarantees to be issued in relation to Cayman National Cultural Foundation	
Related Party Payments (Non Remuneration) made to Key Management Personnel ¹⁷	
Remuneration¹⁸ Payments made to Key Management Personnel	163,346
Remuneration Payments made to Senior Management	163,346

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	9
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

¹⁷ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹⁸ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman National Cultural Foundation undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman National Cultural Foundation will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Alden McLaughlin, MBE, JP

Premier

Minister of Home Affairs, Health and Culture – Health

On behalf of Cabinet

Chairman of the Board

Cayman National Cultural Foundation

30th June 2015



CAYMAN NATIONAL CULTURAL FOUNDATION

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman National Cultural Foundation for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Cayman National Cultural Foundation

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2015

The Cayman National Cultural Foundation financial statements are prepared in accordance with International Financial Reporting Standards. The following is a summary of the significant accounting policies adopted by the Foundation:

(a) Basis of preparation

The measurement and presentation currency of the financial statements is the Cayman Islands dollar.

Financial assets and liabilities and non-financial assets and liabilities are stated at historical cost which is considered to approximate fair value due to the short term nature of these assets and liabilities.

The accounting policies have been consistently applied and are consistent with those in prior period.

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting

Standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year.

Actual results could differ from those estimates.

(c) Recognition of revenue

Revenue is generally recognised when earned by the Foundation, which coincides with the date it is received.

(d) Government grants

Government grants are received for financial support on a quarterly basis and are recorded when they become receivable. Grants are also received for special projects and these are matched with project expenditure over the term of the project and recorded in the statements of operations when the expenditure is incurred.

(e) Property, plant and equipment

CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method and is based on the estimated useful lives of the assets which are as follows:

Building	50 years
Land improvements	10 years
Furniture and other equipment	10 years

(f) Works of art

Works of art, if purchased, are recorded at cost, and if donated, are capitalised at their appraised or fair value on the date of acquisition. No depreciation is provided on works of art as they are not expected to decrease in value. Gains and losses on the disposal of works of art are included in the statements of operations.

(g) Foreign exchange

Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated at the exchange rates ruling at the time of those transactions. Assets and liabilities included in these financial statements are translated at the rates of exchange prevailing at the balance sheet dates. Gains and losses on exchange are taken to the statements of operations.

(h) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include bank balances and amounts invested in short term fixed deposits.

(i) Financial instruments

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value for consideration received.

(j) De-recognition

A financial asset is derecognised when the Foundation loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expired or are surrendered. A financial liability is derecognised when it is extinguished.

CAYMAN NATIONAL CULTURAL FOUNDATION
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

	2015/16 BUDGET	2014/15 FORECAST
NON-COERCIVE REVENUE		
SALE OF OUTPUTS TO CABINET	628,900	628,900
SALE OF OUTPUTS TO OTHERS	150,000	161,800
DONATIONS	212,428	206,103
TOTAL OPERATING REVENUE	991,328	996,803
OPERATING EXPENSES		
PERSONNEL COSTS	468,548	468,548
SUPPLIES AND CONSUMABLES	522,780	432,655
DEPRECIATION	86,103	95,600
TOTAL OPERATING EXPENSES	1,077,431	996,803
SURPLUS FROM OPERATING ACTIVITIES	0	0
NET SURPLUS/(DEFICIT)	(86,103)	0

CAYMAN NATIONAL CULTURAL FOUNDATION
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

Opening balance net worth	1,491,411
Net Surplus	3,292,791
Property revaluations	0
Net revaluations during the period	0
Total recognised revenues and expenses	0
Equity Contributions	0
Capital Withdrawal/Repayment of Surplus	0
Closing balance net worth	4,784,202

CAYMAN NATIONAL CULTURAL FOUNDATION
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

Current Assets	
Cash and cash equivalents	103,508
Marketable securities and deposits	
Accounts receivable	207,989
Inventories	0
Other current assets	3,431
Total Current Assets	314,928
Non-Current Assets	
Loans	0
Other investments	0
Property, plant and equipment	4,487,771
Other non-current assets	0
Total Non-Current Assets	4,487,771
Total Assets	4,802,699
Current Liabilities	
Accounts payable	9,497
Unearned revenue	0
Employee entitlements	9,000
Other current liabilities	0
Borrowings	0
Total Current Liabilities	18,497
Non-Current Liabilities	
Employee entitlements	0
Unfunded Pension liability	0
Borrowings	0
Currency issued	0
Other non-current liabilities	0
Total Non-Current Liabilities	0
Total Liabilities	18,497
TOTAL ASSETS LESS TOTAL LIABILITIES	4,784,202
NET WORTH	
Contributed Capital	3,292,791
Asset revaluation reserve	0
Accumulated surpluses	1,491,411
Total Net Worth	4,784,202

CAYMAN NATIONAL CULTURAL FOUNDATION
FORECAST OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Sale of Outputs to Cabinet	
Sale of Outputs (Goods & Services) to Ministries/Portfolios, Public Authorities	0
Sale of Outputs (goods and services) to Others	(11,800)
Interest received	0
Other receipts	6,325
Payments	
Personnel costs	
Suppliers	5,475
Interest paid	0
Other payments	0
Net cash flows from operating activities	0
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of non-current assets	0
Purchase of investments	0
Proceeds from sale of non-current assets	0
CASH FLOWS FROM FINANCING ACTIVITIES	0
Equity Contributions	
Repayment of Surplus	0
Proceeds from borrowings	0
Repayment of borrowings	0
Currency Issues	0
Net cash flows from financing activities	
Net increase/(decrease) in cash and cash equivalents	0
Cash and cash equivalents at beginning of period	103,508
Cash and cash equivalents at end of period	103,508

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN TURTLE FARM (1983) LIMITED

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Turtle Farm (1983) Limited* have agreed the *Cayman Turtle Farm (1983) Limited* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Turtle Farm (1983) Limited* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Cayman Turtle Farm (1983) Ltd activities involve the rearing of marine turtles both for conservation reasons, as well as the supply of turtle meat to the resident population. From its early days, the farm also doubled as a tourist attraction, including a gift shop. Commencing in fiscal year 2004, the “Boatswains Beach” project increased the scope of operations to that of a theme park, boasting artificial saltwater and freshwater lagoons, a free-flight Caribbean aviary, a nature trail, and a bar & restaurant. The major portion of the company’s revenues is derived from the tourist attraction components of the business. In August 2010 the company changed its trading name back to “Cayman Turtle Farm” with the tagline “Island Wildlife Encounter” to portray the primary activity of the company. It now trades as “Cayman Turtle Farm: Island Wildlife Encounter”.

SCOPE OF ACTIVITIES

The scope of Cayman Turtle Farm (1983) Ltd activities is as follows:

- Operation of a theme-park-styled tourist attraction, providing island wildlife encounters with marine and terrestrial animal species endemic to Cayman, and bird species endemic to the Caribbean;
- Operation of a gift-shop;
- Operation of a bar and restaurant;
- Hosting of events;
- Research and conservation of sea turtles, and education on those and other related animals;
- Sale of farmed green sea turtle meat to the local population, which in turn both helps to sustain popular local culinary traditions and contributes significantly to sea turtle conservation by eliminating the need to take turtles from the wild to sustain those popular traditions;
- Leasing of space to retail businesses and another marine park facility offering dolphin encounters.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by Cayman Turtle Farm (1983) Ltd. are provided mainly to tourists, as well as residents. All services are provided in Grand Cayman, the main site being at 786 North West Point Road, West Bay, Grand Cayman. Turtle meat sales take place at the company’s site across the street, 825 North West Point Road, West Bay, Grand Cayman.

The largest portion of revenues of Cayman Turtle Farm (1983) Ltd. are derived from sale of admission to the park, the majority of this being as the main feature of an “island tour” shore excursion, the primary customers of which are day-visitors arriving on cruise ships. Other important customer segments for park admissions are stay-over visitors, and residents.

Some of the tourist attraction service packages are sold wholesale to cruise lines, which in turn sell to their passengers online and on-board, at a mark-up. Those packages include bus transportation from and to the cruise ship terminal, and some packages also include a boat trip to Stingray Sandbar. The bus and boat transportation is provided to Cayman Turtle Farm (1983) Ltd. by industry partners under wholesale pricing arrangements.

Cayman Turtle Farm (1983) Ltd. also sells admissions wholesale to independent tour operators who typically offer tours of the western part of the island, on buses that pick up and drop off passengers at the cruise terminals. In most cases those independent tour operators have also sold the tour packages wholesale to the cruise lines, which in turn sell to their passengers online and on-board, at a mark-up.

Customer segments for the bar & restaurant and the gift-shop are the same segments as for admissions.

Whole polished turtle shells are sold through the gift-shop to local residents.

Customer segments for turtle meat products are restaurants and individual residents.

In keeping with the CITES conventions and related regulations, the turtle meat products and turtle shells cannot be exported.

Tenants for the retail spaces that are in the courtyard at the main entrance to the park, are typically small businesses offering products and services aimed primarily at the visitor market. The tenant for the dolphinarium which is on the company's property adjacent to the car park across the street from the main site, is Dolphin Discovery Cayman Ltd.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Turtle Farm (1983) Limited* for the 2015/16 financial year are as follows:

Tourist Attraction

Provide a high-quality attraction for visitors to Grand Cayman offering display and interaction with sea turtles and other island wildlife.

Sustain CTF admission market shares of stay-over and cruise visitors above 10% of visitors per annum in each category.

Collaborate with other entities and entrepreneurs in the tourism industry to offer visitors “packages” incorporating a visit to Cayman Turtle Farm together with other products and services (e.g. transportation, visits to other attractions) thereby producing additional positive impact on the islands’ economy and employment.

Maintain and develop relations with tour bus companies, water sports companies, other attractions and other tourism service providers to offer “combination” packages for cruise shore excursions.

Maintain and develop relations with independent car rental companies, hotels and tourist condos to promote CTF visitation by stay-over visitors, through admission discount offers.

Pursue relations with taxis and restaurants that have a high percentage of tourist clientele, to promote visitation to CTF by offering CTF admission discount vouchers to their patrons.

Further develop relations for cross-promotion with Cayman Airways:

Conduct cross-promotion on social media and CTF admission discount to visitors on presentation of Cayman Airways boarding pass stubs

Offer CTF admission passes as prizes for in-flight “competitions”/raffles on inbound Cayman Airways flights from international gateways

Develop commercial arrangements with TAB aimed at cross-promotion with Pedro St. James and Botanic Park

Offer CTF admission discount to visitors to those sites.

Offer CTF customers admission discount vouchers for those sites.

Government Strategic Policy Statement [SPS] alignment: By providing a high-quality attraction for visitors and collaborative efforts with other local entrepreneurs, businesses, Statutory Authorities and Government Companies in the ways outlined above, CTF contributes to achievement of 2015/16 SPS Outcome 1 (d): Encourage collaboration between the Cayman Turtle Farm and other local attractions, with entities and entrepreneurs in the tourism industry (such as tour bus companies, water sports companies, hotels) to offer visitors “packages” thereby producing additional positive impact on the island’s economy and employment

Revenue goals:**Tours:**

Increase admissions sold to “stay-over” guests by at least 50% of the percentage increase in air arrivals per annum (Year-on-Year for the fiscal period).

Gift Shop:

Increase Retail Contribution per annum by at least 50% of the same percentage as annual increase in cruise tourist arrivals (Year-on-Year for the fiscal period).

Food & Beverage:

Increase F&B Contribution per annum by at least 50% of the same percentage as annual increase in cruise tourist arrivals (Year-on-Year for the fiscal period).

SPS alignment: By growing its various lines of business and collaborating with other entities as well as several local vendors and suppliers, CTF contributes to achievement of the overarching theme of 2015/16 SPS Broad Outcome 1: A strong, thriving and increasingly diverse economy

Turtle Conservation & Culture

Contribute to the conservation of sea turtles in the wild around the Cayman Islands, and to sustaining local culinary traditions, by making available from self-sustaining closed-cycle farming a stock of green sea turtle meat for local consumption thus avoiding turtles being taken from the wild legally or illegally.

Production Rate: Maintain turtle meat products production capacity of at least 40,000 pounds per annum (equivalent to at least approx. 900 turtles per annum).

Resume annual releases of turtles into the wild as soon as the following have been done:

Pre-release quarantine tests completed to confirm no significant risk of released turtles introducing diseases to the wild, and

Data and sample collections completed on the Darwin Plus study on contribution of CTF-released turtles to the wild population around Grand Cayman.

SPS alignment: These initiatives contribute to achievement of 2015/16 SPS Broad Outcome 10: Conservation of our biological diversity and ecologically sustainable development; and more specifically Outcome 10(b): Contribute to the conservation of sea turtles in the wild around the Cayman Islands, by resuming annual releases of turtles as soon as the appropriate tests and sample collections are completed

Research & Education

Continue participation in research on sea turtles in-house and in collaboration with overseas researchers.

Host students from local and overseas schools, educating them on sea turtles and other island wildlife.

Host at least 2,000 students and chaperones per year.

Host interns where possible.

Host Masters and PhD level university students conducting research where possible.

Continue collaboration with St. Matthew's University School of Veterinary Medicine in hosting international veterinary students on the annual MARVET (Marine Veterinary Medicine) workshops <http://www.marvet.org/workshops/focus/30>

SPS alignment: These initiatives help overall to contribute to achievement of 2015/16 SPS Broad Outcome 7: A centre of excellence in education

Events Hosting

Offer the park as a venue for various corporate, social and community events, including catering of food and beverages.

Target hosting the "West Bay Heritage Day" of Pirate's Week each year – subject to agreement with the Pirate's Week office and the West Bay Heritage Committee.

Debt reduction

Continue reducing and extinguishing debt in accordance with the debt repayment schedule:

<i>As at 30 June 2013</i>									
Loan	Currency	Guaranteed	Date of Origin	Original Amount	Amortized or Bullet	Current Balance KYD	Annual Principal KYD	Interest Rate	Maturity Date
FCIB - Bank Loan	USD	Yes	21-May-09	2,352,000	Amortized	1,908,118	126,000	Libor +3.75%	30-Nov-24
CNB Bank Loan Tranche 2	USD	Yes	26-Mar-06	2,856,000	Amortized	1,169,562	312,480	4.25%	30-Nov-16
CNB Bank Loan Tranche 3	USD	Yes	21-May-09	8,736,000	Amortized	2,331,782	1,185,408	3.75%	31-May-15
William & Blair (Placement Agent)	USD	Yes	12-Mar-04	37,464,000	Amortized + Bullet	21,755,160	2,620,800	4.85%	1-Mar-19

As at 30 June 2014									
Loan	Currency	Guaranteed	Date of Origin	Original Amount	Amortized or Bullet	Current Balance KYD	Annual Principal KYD	Interest Rate	Maturity Date
FCIB - Bank Loan	USD	Yes	21-May-09	2,352,000	Amortized	1,772,667.82	135,450.20	Libor +3.75%	30-Nov-24
CNB Bank Loan Tranche 2	USD	Yes	26-Mar-06	2,856,000	Amortized	805,931.16	332,385.83	4.25%	30-Nov-16
CNB Bank Loan Tranche 3	USD	Yes	21-May-09	8,736,000	Amortized	1,080,838.73	1,250,943.20	3.75%	31-May-15
William & Blair (Placement Agent)	USD	Yes	12-Mar-04	37,464,000	Amortized + Bullet	18,990,720.00	2,764,440.01	4.85%	1-Mar-19

As at 30 June 2015									
Loan	Currency	Guaranteed?	Date of Origin	Original Amount	Amortized or Bullet	Current Balance KYD	Annual Principal KYD	Interest Rate	Maturity Date
FCIB - Bank Loan	USD	Yes	21-May-09	2,352,000	Amortized	1,631,306.05	141,361.77	Libor +3.75%	30-Nov-24
CNB Bank Loan Tranche 2	USD	Yes	26-Mar-06	2,856,000	Amortized	458,532.35	347,398.81	4.25%	30-Nov-16
CNB Bank Loan Tranche 3	USD	Yes	21-May-09	8,736,000	Amortized	0.00	1,080,824.00	3.75%	31-May-15
William & Blair (Placement Agent)	USD	Yes	12-Mar-04	37,464,000	Amortized + Bullet	16,073,400.00	2,917,320.01	4.85%	1-Mar-19

As at 30 June 2016									
Loan	Currency	Guaranteed?	Date of Origin	Original Amount	Amortized or Bullet	Current Balance KYD	Annual Principal KYD	Interest Rate	Maturity Date
FCIB - Bank Loan	USD	Yes	21-May-09	2,352,000	Amortized	1,484,151.55	147,154.50	Libor +3.75%	30-Nov-24
CNB Bank Loan Tranche 2	USD	Yes	26-Mar-06	2,856,000	Amortized	96,078.07	362,454.28	4.25%	30-Nov-16
William & Blair (Placement Agent)	USD	Yes	12-Mar-04	37,464,000	Amortized + Bullet	12,994,800.00	3,078,600.02	4.85%	1-Mar-19

As at 30 June 2017									
Loan	Currency	Guaranteed?	Date of Origin	Original Amount	Amortized or Bullet	Current Balance KYD	Annual Principal KYD	Interest Rate	Maturity Date
FCIB - Bank Loan	USD	Yes	21-May-09	2,352,000	Amortized	1,330,966.94	153,184.61	Libor +3.75%	30-Nov-24
CNB Bank Loan Tranche 2	USD	Yes	26-Mar-06	2,856,000	Amortized	0.00	96,067.32	4.25%	30-Nov-16
William & Blair (Placement Agent)	USD	Yes	12-Mar-04	37,464,000	Amortized + Bullet	9,747,360.00	3,247,440.01	4.85%	1-Mar-19

As at 30 June 2018									
Loan	Currency	Guaranteed?	Date of Origin	Original Amount	Amortized or Bullet	Current Balance KYD	Annual Principal KYD	Interest Rate	Maturity Date
FCIB - Bank Loan	USD	Yes	21-May-09	2,352,000	Amortized	1,171,505.13	159,461.82	Libor +3.75%	30-Nov-24
William & Blair (Placement Agent)	USD	Yes	12-Mar-04	37,464,000	Amortized + Bullet	6,320,160.00	3,427,200.01	4.85%	1-Mar-19

SPS alignment: Compliant with the “Public Sector Debt Profile and Debt Management Strategy” of the 2015/16 SPS and with the FFR, CTF plans no new borrowings over the forecast period.

Collaborate with Finance Ministry in initiatives to reduce interest rate costs by accelerating payoff of remaining bank debt using funds in inter-entity loan arrangements from other Government entities with surplus cash, at interest rates that are better than commercial rates for both CTF as borrower and the other Government entity as lender.

SPS alignment: These initiatives contribute to achievement of 2015/16 SPS Broad Outcome 4: A more efficient and affordable Public Service

Cost Efficiencies

Reduce electricity costs by continuing capital project to replace biofuel sea water intake pipes, and investigate potential cost-benefit of installing Variable Frequency Drives [VFD's] for those pumps. These projects will improve efficiency of sea water supply pumps which is a significant portion of electricity cost.

Reduce electricity costs by replacing corroded central air conditioning systems in main reception and retail store areas with more efficient split-systems.

Pursue public-private partnerships to reduce total electricity costs by implementing solar and/or wind turbine alternative energy sources.

SPS alignment: These initiatives contribute to achievement of 2015/16 SPS Broad Outcome 4: A more efficient and affordable Public Service, and Broad Outcome 5: Modern, smart infrastructure

Employment

Recruitment practices to continue to prefer Caymanians or those with Permanent Residency with the Right to Work, minimizing the number of Work Permits required for the CTF workforce.

Target is to maintain less than 10% of employees on Work Permits.

SPS alignment: This contributes to developing local talent toward achievement of 2015/16 SPS Broad Outcome 2: A work-ready and globally competitive workforce

Wheelchair Accessibility

Continue expansion of concrete wheelchair paths along Cayman Street to the Turtle Lagoon beach and restrooms, making these areas more accessible to guests with physical disabilities.

Real Estate Rental Potential

Liaise with the real estate rental market to explore and develop potential for rental of property for commercial tenants in buildings to be designed and constructed on the existing “White House” and “Blue Building” sites.

If commercially feasible, replace existing dilapidated buildings on those sites with commercial rental

accommodations, and incorporate accommodation for the remaining functions those buildings are presently used for.

Land would need to continue to be owned by CTF because:

“White House” site contains north access to container storage yard and nature trail area.

“Blue Building” site contains the seaside pumping station for sea water supplies to turtle tanks and exhibits.

“Project Future”

CTF Board and Management will collaborate with the Committee pursuing “Project Future” initiatives as directed by Cabinet.

SPS alignment: This contributes to achievement of 2015/16 SPS Broad Outcome 4: A more efficient ... and affordable Public Service

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Turtle Farm (1983) Limited* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	7,510,937	7,147,620
SURPLUS/DEFICIT FROM OUTPUTS	(6,217,877)	(6,246,551)
OTHER EXPENSES	(1,050,000)	(1,176,000)
NET SURPLUS DEFICIT	(7,267,877)	(7,422,551)
TOTAL ASSETS	30,491,579	32,495,882
TOTAL LIABILITIES	19,204,219	22,940,645
NET WORTH	11,287,360	9,555,237
CASH FLOWS FROM OPERATING ACTIVITIES	(4,203,593)	(5,101,713)
CASH FLOWS FROM INVESTING ACTIVITIES	(1,175,000)	(754,270)
CASH FLOWS FROM FINANCING ACTIVITIES	5,477,472	5,086,860
CHANGE IN CASH BALANCES	98,879	(769,123)

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	0.46:1	0.48:1
TOTAL ASSETS : TOTAL LIABILITIES	1.59:1	1.42:1

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	90	89
STAFF TURNOVER (%)	6%	5%
SENIOR MANAGER	7.5	7.3
PROFESSIONAL AND TECHNICAL STAFF	8.1	8.2
ADMINISTRATIVE STAFF	8.8	8.6

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	27,357,262	29,080,262
ASSET REPLACEMENTS : TOTAL ASSETS	4.3%	2.6%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	48%	52%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	2.47:1	3.65:1
CHANGES TO ASSET MANAGEMENT POLICES	No Changes	No Changes

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	
Buildings	195,000
Plant and Equipment	980,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Insufficient cash flows to service debt.	Not changed	Obtained equity injection from Cabinet to ensure bond payments made; Aggressive sales & marketing strategies to increase cash flows.	Undefined. Places going concern risk on operations
Insufficient operational cash flows.	Not changed	Continue to evaluate viability of different business segments and cash generating options and will make recommendations to shareholder on such suitable options.	Undefined. Places going concern risk on operations
Unable to meet licence conditions for discharge of effluents into the marine environment.	Secured new regulatory permit for discharge of effluents into the marine environment. There are new requirements for monitoring of impact and implementation of effluent reduction.	Implemented monitoring required by the license. Evaluating prototype unit to reduce waste material content of marine discharge. Substantial capital and operational spending would be required to implement this project to further reduce the nutrient levels.	Undefined.

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Turtle Farm (1983) Limited* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	7,510,937	7,147,620
OPERATING EXPENSES	(14,778,814)	(14,570,171)
NET SURPLUS/DEFICIT	(7,267,877)	(7,422,551)

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	30,491,580	32,495,882
LIABILITIES	19,204,221	22,940,645
NET WORTH	11,287,359	9,555,237

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES	(4,203,593)	(5,101,713)
CASH FLOWS FROM INVESTING ACTIVITIES	(1,175,000)	(754,270)
CASH FLOWS FROM FINANCING ACTIVITIES	5,477,472	5,086,860

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Cayman Turtle Farm (1983) Limited	9,000,000
Capital Withdrawals from Cayman Turtle Farm (1983) Limited	0
Dividend or Profit Distributions to be made by Cayman Turtle Farm (1983) Limited .	0
Government Loans to be made to Cayman Turtle Farm (1983) Limited	0
Government Guarantees to be issued in relation to Cayman Turtle Farm (1983) Limited	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ¹⁹	0
Remuneration²⁰ Payments made to Key Management Personnel	530,212
Remuneration Payments made to Senior Management	514,372

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	15
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6

¹⁹ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

²⁰ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Turtle Farm (1983) limited undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Turtle Farm (1983) Limited will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transport

On behalf of Cabinet

Brian Wight

Chairman of the Board

Cayman Turtle Farm (1983) Limited

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



CAYMAN TURTLE FARM (1983) LIMITED
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Cayman Turtle Farm (1983) Limited for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Brian Wight

Chairman of the Board
Cayman Turtle Farm (1983) Limited

30th June 2015

CAYMAN TURTLE FARM (1983) LIMITED
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

Basis of preparation

These financial statements are prepared under the historical cost convention, modified by the valuation of biological assets at fair value, and in accordance with International Financial Reporting Standards ("IFRS"). The continued existence of the Company is contingent on the ongoing support from the Company's shareholder and the maintenance of the credit facilities provided by the Company's bankers. As management consider that this support will be ongoing and there are no indications which suggest otherwise, management consider the preparation of the forecast financial statements under the going concern assumption to be appropriate.

The preparation of forecast financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these forecast financial statements, relate to management's assessment of whether an impairment provision is required in respect of property, plant, equipment and exhibits, the valuation of biological assets and the provisions for pensions payable and severance payable. Unless otherwise disclosed, these forecasts financial statements are presented in Cayman Islands dollars ("CI\$").

The significant accounting policies adopted in the preparation of these financial statements are:

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, balances with banks (including overdrafts) on demand and at short notice, and short-term highly liquid investments with original maturity dates of less than 90 days.

Accounts receivable

Accounts receivable comprise receivables from customers and are reduced by any allowance for doubtful accounts where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Biological assets - Secondary herd

The secondary herd, which is reared for slaughter, is valued at fair value, calculated using market prices and expected yields of each type of product based on historical data. Changes in the carrying amount attributable to physical change in such biological assets and changes attributable to price change are recognised as income or expense in the statement of comprehensive loss.

CAYMAN TURTLE FARM (1983) LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
AS AT 30TH JUNE 2015

Biological assets - Breeder herd

It is management's policy to differentiate between turtles which were acquired from the wild and will be released at the end of their breeding lives, and farm bred turtles which may be slaughtered at the end of their breeding lives. Mature turtles (i.e. those that have reached breeding age) acquired from the wild have been fully depreciated over their useful lives of 20 years and have a zero carrying value. Mature farm-bred turtles have an estimated net realisable value that exceeds cost and are not depreciated.

The direct costs of maintaining the farm-bred turtles are allocated between the mature turtles and those that have not yet reached maturity.

Property, plant, equipment and exhibits

Property, plant, equipment and exhibits are recorded at cost and, with the exception of land which is not depreciated, are depreciated using the straight line method over their estimated useful lives as follows:

Buildings and lagoons	10 - 20 years
Plant and equipment	4 - 10 years
Motor vehicles	3 - 4 years
Furniture and office equipment	4 - 5 years
Exhibits	6 years
Computer hardware and software	3 years

The estimated useful lives, residual values and depreciation method are reviewed at year-end and the effect of any changes in the estimate is accounted for on a prospective basis.

Cost comprises the purchase price of an asset plus any directly attributable costs of bringing the asset to working condition for its intended use such as import duties (if/when applicable), site preparation, initial delivery and handling cost, installation cost and professional fees (e.g. architects and engineers). Certain borrowing costs are also included in the cost basis of the related asset; see "borrowing costs" below. Costs of improvements are included in the cost of the applicable asset.

CAYMAN TURTLE FARM (1983) LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

AS AT 30TH JUNE 2015

New and redeveloped assets are not depreciated until the assets are placed into service. Capitalized cost includes direct labour and benefits for employees specifically identified with the project. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Repairs and maintenance are charged to production or overhead expenses in the statement of comprehensive loss as incurred.

Donated assets are recorded at their estimated fair value at the date of receipt.

Exhibits represent the cost of various marine life, including acquisition costs, contained within the salt water lagoons at the park. Management estimate that the total life of these marine life to be approximately 10-12 years. As the Company has acquired these marine life at a mature status in their life cycle, management have assumed that the remaining useful life for the exhibits from the date of acquisition to be approximately 4 years.

Financial assets and liabilities

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Recognition

The Company recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in financial liabilities measured at amortised cost are recognised in the statement of comprehensive loss.

Financial assets comprise cash and cash equivalents, accounts receivable and prepayments and accrued interest. Financial liabilities comprise as bank overdraft, accounts payable, guaranteed senior notes, long term bank debt and the provisions for pensions payable and severance payable. Management determines the classification of its financial assets and liabilities at initial recognition.

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value of consideration received. Financial assets classified as loans and receivables and

CAYMAN TURTLE FARM (1983) LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

AS AT 30TH JUNE 2015

Financial liabilities measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any, for financial assets.

(iv) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis.

(vi) Impairment

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of comprehensive loss.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or development of an asset which takes a substantial period of time to ready it for its intended use are capitalised and included as part of the cost of the asset. Such costs include interest, the amortisation of discounts or premiums on issue, and amortisation of transaction costs associated with the arrangement of the borrowings. To the extent funds borrowed for the acquisition or development of a specific asset are invested on a temporary basis, the interest income is netted with the related borrowing costs to determine the amount of borrowing costs eligible for capitalisation. Capitalisation ceases when the related asset, or completed part thereof, is effectively ready for use. All other borrowing costs are expensed in the statement of comprehensive loss during the period in which they are incurred.

Employee benefits

(a) Defined contribution pension plan

The Company's contributions are charged to the statement of comprehensive loss in the period to which the contributions relate.

CAYMAN TURTLE FARM (1983) LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
AS AT 30TH JUNE 2015

(b) Defined benefit plan

Pension costs are recognised based upon the results of periodic actuarial assessments conducted in respect of the Cayman Islands Public Service Pension Plan. The cost of providing pensions is charged to the statement of comprehensive loss so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees. Changes in the estimate of the amount required to fund past service pension benefits are recognised immediately when advised to the Company.

(c) Severance benefits for long-serving retired employees

Employees with over 25 years of service at retirement are entitled to an additional benefits package comprising a cash payment and payment of medical insurance premiums for a specified period. The costs of the benefits are accrued over the period of employment based on estimated valuations of these obligations determined by the Board of Directors.

Foreign currencies

The Company's transactions occur in United States dollars ("US\$") and Cayman Islands dollars ("CI\$"). The Company translates US\$ transactions into CI\$ using a rate of US\$1.00 to CI\$0.84.

Notes issued

The Guaranteed Senior Notes (the "Notes") were initially recognised at "cost", being the issue proceeds net of transaction costs incurred. The liability is subsequently stated at amortised cost and the difference between the net proceeds of the issue of the Notes and the principal amount of the Notes is amortised over the term to the maturity of the Notes using the effective yield method and accounted for in accordance with the accounting policy described under "borrowing costs".

Notes issued (continued)

Transaction costs include those incremental fees, commissions and payments to agents and advisors that are directly attributable to the Notes issuance.

Inventories of marketable products

Farm produced marketable products are valued at net realisable value. Products purchased for resale and food & beverage are valued at the lower of cost on the first in, first out basis, and estimated net realisable value.

CAYMAN TURTLE FARM (1983) LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
AS AT 30TH JUNE 2015

Inventories of feeds and other supplies

Feed and other supplies are valued using the weighted average cost basis.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts. The Company sells merchandise and turtle meat and charges admission fees to customers for entry to the farm. Sales of goods or services are recognised when the Company sells a product to the customer or the customer is admitted to the farm. Retail sales are usually in cash or by credit card.

Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

Fair value of financial instruments

Fair value amounts represent estimates of the consideration that would be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market price if one exists. The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, prepayments and accrued interest, bank overdraft and accounts payable are assumed to approximate to their fair values due to their short-term nature. Long-term liabilities are carried at their contracted settlement value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

CAYMAN TURTLE FARM (1983) LTD
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2016

	Note	<u>2015/16</u>		<u>2014/15</u>
<i>Non-Coercive Revenue</i>				
Sale of Outputs (goods and services) to Others	2	7,510,937		7,147,620
Total Non-Coercive Revenue		7,510,937		7,147,620
Total Operating Revenue		7,510,937		7,147,620
<i>Operating Expenses</i>				
Personnel costs	4	(3,947,077)		(3,793,853)
Supplies and consumables	5	(6,883,737)		(6,719,118)
Depreciation	6	(2,898,000)		(2,755,200)
Total Operating Expenses		(13,728,814)		(13,268,171)
<i>Surplus from Operating Activities</i>		(6,217,877)		(6,120,551)
Financing expense	7	(1,050,000)		(1,176,000)
Net Change in defined benefit liability		(42,000)		(42,000)
Change in fair value of biological assets		42,000		(84,000)
Total Non-Operating Revenue and Expenses		(1,050,000)		(1,302,000)
Net Surplus/(Deficit)		<u>(7,267,877)</u>		<u>(7,422,551)</u>

CAYMAN TURTLE FARM (1983) LTD
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016

		<u>2015/16</u>	<u>2014/15</u>
Opening balance net worth		9,555,237	7,477,788
Net Surplus		(7,267,877)	(7,422,551)
Total recognised revenues and expenses		2,287,360	55,237
Equity Contributions		9,000,000	9,500,000
Capital Withdrawal/Repayment of Surplus		0	0
Closing balance net worth		11,287,360	9,555,237

CAYMAN TURTLE FARM (1983) LTD
FORECAST BALANCE SHEET
AS AT 30 JUNE 2016

		<u>2015/16</u>	<u>2014/15</u>
Current Assets			
Cash and cash equivalents	9	835,360	1,125,500
Accounts receivable	10	762,761	802,907
Inventories	11	1,536,196	1,487,213
Total Current Assets		3,134,317	3,415,620
Non-Current Assets			
Property, plant and equipment	12	27,357,262	29,080,262
Total Non-Current Assets		27,357,262	29,080,262
Total Assets		30,491,579	32,495,882
Current Liabilities			
Bank overdraft	9	2,381,563	2,770,581
Accounts payable	13	925,898	792,778
Borrowings	15	3,499,674	3,587,317
Total Current Liabilities		6,807,135	7,150,676
Non-Current Liabilities			
Other non-current liabilities	14	1,413,771	1,371,771
Borrowings	15	10,983,313	14,418,198
Total Non-Current Liabilities		12,397,084	15,789,969
Total Liabilities		19,204,219	22,940,645
TOTAL ASSETS LESS TOTAL LIABILITIES		11,287,360	9,555,237

NET WORTH				
Contributed Capital		18,555,237		16,977,788
Accumulated surpluses	16	(7,267,877)		(7,422,551)
Total Net Worth		11,287,360		9,555,237

CAYMAN TURTLE FARM (1983) LTD
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2016

		<u>2015/16</u>	<u>2014/15</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Sale of Outputs (goods and services) to Others		7,510,936	7,147,620
Change in fair value of biological assets		42,000	(84,000)
Change in fair value of defined benefit liability		(42,000)	(42,000)
Payments			
Personnel costs		(3,947,077)	(3,793,853)
Suppliers		(6,883,737)	(6,719,118)
Interest paid		(1,050,000)	(1,176,000)
(Increase)/Decrease in biological assets		(42,000)	84,000
(Increase)/Decrease in accounts receivable		35,539	(404,696)
(Increase)/Decrease in inventories		(6,983)	(12,696)
(Increase)/Decrease in prepayments		4,607	30,712
Decrease in interest payable		(12,442)	(11,797)
Increase/(Decrease) in accounts payable and accruals		145,564	(161,885)
Increase/(Decrease) in defined benefit liability		42,000	42,000
Net cash flows from operating activities	17	(4,203,593)	(5,101,713)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		(1,175,000)	(754,270)
Net cash flows from investing activities		(1,175,000)	(754,270)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Contributions		9,000,000	9,500,000
Repayment of borrowings		(3,522,528)	(4,413,140)

Net cash flows from financing activities		5,477,472		5,086,,860
Net increase/(decrease) in cash and cash equivalents		98,879		(769,123)
Cash and cash equivalents at beginning of period		(1,645,081)		(875,958)
Cash and cash equivalents at end of period	9	(1,546,203)		(1,645,081)

CAYMAN TURTLE FARM (1983) LTD
STATEMENT OF ACTUAL COMMITMENTS
FOR THE YEAR ENDING 30 JUNE 2016

	<u>2015/16</u>	<u>2014/15</u>
AS AT 30 June 2016		
<i>Type</i>		
One year or less	-	-
One to five Years	-	-
Over five Years	-	-
Total	<u>-</u>	<u>-</u>
 Capital Commitments		
Land and buildings	-	-
Other fixed assets	-	-
Other commitments (list separately if material)	-	-
Total Capital Commitments	<u>-</u>	<u>-</u>
 Operating Commitments		
Non-cancellable accommodation leases	-	-
Other non-cancellable leases	-	-
Non-cancellable contracts for the supply of goods and services	-	-
Other operating commitments	-	-
Total Operating Commitments	<u>-</u>	<u>-</u>
		-
Total Commitments	<u>-</u>	<u>-</u>

CAYMAN TURTLE FARM (1983) LTD
STATEMENT OF ACTUAL CONTINGENT LIABILITIES
AS AT 30 JUNE 2016

Guarantees

Item 1 heading	-	-
Item 1 description	-	-
Item 2 heading	-	-
Item 2 description	-	-
Total Quantifiable Guarantees	<u>-</u>	<u>-</u>

Legal Proceedings and Disputes

Construction contract dispute with Bushcatt	<u>308,956</u>	<u>308,956</u>
Total Legal Proceedings and Disputes	<u>308,956</u>	<u>308,956</u>

Other Contingent Liabilities

Item 1 heading		
Item 1 description		
Item 2 heading	-	-
Item 2 description	-	-
Total Other Contingent Liabilities	<u>-</u>	<u>-</u>

CAYMAN TURTLE FARM (1983) LTD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

NOTE 2. GOODS AND SERVICES (INCLUDING FEES AND CHARGES)	<u>2015/16</u>	<u>2014/15</u>
<i>General Sales</i>		
Other Sales	7,269,016	6,905,700
Total Sales of Goods	7,269,016	6,905,700
<i>Rentals</i>		
Rentals - Other Properties	241,920	241,920
Total Rentals	241,920	241,920
Total Goods and Services	7,510,936	7,147,620

NOTE 3. OPERATING EXPENSES BY FUNCTION

<i>Operating Expenses</i>		
General government services	-	-
Public order and safety	-	-
Education	-	-
Environmental protection	-	-
Health	-	-
Fuel and energy	-	-
Social security and welfare	-	-
Housing and community amenities	-	-
Recreational, cultural and religious	-	-
Transportation and communication	-	-
Other economic affairs	13,728,814	13,268,171
Total Operating Expenses	13,728,814	13,268,171

CAYMAN TURTLE FARM (1983) LTD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

NOTE 4. PERSONNEL COSTS

	<u>2015/16</u>	<u>2014/15</u>
<i>Personnel Costs</i>		
Salaries, wages, allowances & employee pension contribution	3,578,663	3,441,022
Employer pension expense	213,996	205,766
Other personnel related expenses	154,418	147,065
Total Personnel Costs	<u>3,947,077</u>	<u>3,793,853</u>

NOTE 5. SUPPLIES AND CONSUMABLES

Supplies and Consumables	2,697,680	2,617,163
Purchase of services	4,066,815	3,796,454
Other Supplies and Consumables	119,242	119,242
Total Supplies and Consumables	<u>6,883,737</u>	<u>6,532,859</u>

NOTE 6. DEPRECIATION

Buildings	2,481,228	2,447,488
Furniture and fittings	9,650	8,880
Plant and equipment	305,541	199,915
Computers	85,420	82,606
Motor vehicles	13,189	13,189
Other assets	2,972	3,122
Total	<u>2,898,000</u>	<u>2,755,200</u>

CAYMAN TURTLE FARM (1983) LTD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Assets are depreciated on a straight line basis as follows:

Furniture and fittings	4-5 years
Plant and equipment	4-10 years
Computers	3 years
Motor vehicles	3-4 years
Other assets	6 years

NOTE 7. FINANCING EXPENSE	<u>2015/16</u>	<u>2014/15</u>
Interest on Borrowing	868,560	974,400
Interest on Bank Overdraft and other interest	181,440	201,600
Total Financing Expense	<u>1,050,000</u>	<u>1,176,000</u>

NOTE 8. GAINS/LOSSES ON FOREIGN EXCHANGE TRANSACTIONS

<i>Gains/Losses on Foreign Exchange Transactions</i>	-	-
List separately if material		
Total Gains/Losses on Foreign Exchange Transactions	<u>-</u>	<u>-</u>

NOTE 9. CASH AND CASH EQUIVALENTS

Cash on hand (including petty cash)	835,360	1,125,500
Bank overdrafts	(2,381,563)	(2,770,581)
Total Cash and Cash Equivalents	<u>(1,546,203)</u>	<u>(1,645,081)</u>

NOTE 10. ACCOUNTS RECEIVABLE

Sale of Outputs (goods and services) to Others	745,857	771,396
Prepayments & Other receivables	87,528	92,135
Total Gross	833,385	863,531
Less provision for doubtful debts	70,624	60,624
Total Net Accounts Receivable	<u>762,761</u>	<u>802,907</u>

Accounts receivable maturity schedule

Not later than one year	762,761	802,907
Later than one year and not later than 2 Years	-	-
Later than 2 Years and not later than 5 Years	-	-
Later than 5 Years	-	-
Total	<u>762,761</u>	<u>802,907</u>

CAYMAN TURTLE FARM (1983) LTD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

NOTE 11. INVENTORIES

Consumable Stores	146,641	139,658
Inventory – Live Stock	1,389,555	1,347,555
Total Inventories	1,536,196	1,487,213

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	<u>2015/16</u>	<u>2014/15</u>
<i>Cost or Opening Valuation</i>		
Land	1,251,349	1,251,349
Buildings	49,186,819	48,991,819
Vehicles	319,722	319,722
Furniture & Fittings	1,138,374	1,138,374
Plant and equipment	3,628,930	2,648,930
Computers	549,888	549,888
Other assets	672,787	672,787
Total Cost or Valuation	56,747,869	55,572,869
<i>Accumulated Depreciation</i>		
Buildings	24,930,814	22,449,586
Vehicles	293,575	280,386
Furniture and fittings	1,127,637	1,117,987
Plant and equipment	1,869,413	1,563,872
Computers	496,381	410,961
Other assets	672,787	669,815
Total Depreciation	29,390,607	26,492,607
<i>Net Book Value</i>		

CAYMAN TURTLE FARM (1983) LTD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Land	1,251,349	1,251,349
Buildings	24,256,005	26,542,233
Vehicles	26,147	39,336
Furniture and fittings	10,737	20,387
Plant and equipment	1,759,517	1,085,058
Computers	53,507	138,927
Other assets	0	2,972

Total Net Book Value	27,357,262	29,080,262

NOTE 13 ACCOUNTS PAYABLE	2015/16	2014/15
Creditors	635,171	591,278
Operating lease rental	-	-
Accrued Expenses (short term portion)	-	-
Other Accounts Payable	290,727	201,500
Total Accounts Payable	925,898	792,778

NOTE 14. OTHER CURRENT LIABILITIES

Provisions	-	-
Unfunded Pension liability	1,413,771	1,371,771
Other	-	-
Total Other Current Liabilities	1,413,771	1,371,771

NOTE 15. BORROWINGS

Maturity profile as at 30 JUNE Year at Book Values

Outstanding Debt

Local Currency Debt

Not later than one year	-	-
Between one and two years	-	-
Between two and five years	-	-
Later than five Years	-	-
Total Local Currency Debt	-	-

Foreign Currency Debt (state in \$CI)

Not later than one year	3,499,674	3,587,317
Between one and two years	3,599,981	3,685,322

CAYMAN TURTLE FARM (1983) LTD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Between two and five years	6,733,110	9,892,276
Later than five years	650,222	840,600
Total Foreign Currency Debt	14,482,987	18,005,515
Total Outstanding Debt	14,482,987	18,005,515

NOTE 16. ACCUMULATED SURPLUS

	<u>2015/16</u>	<u>2014/15</u>
General Reserve	<u>(7,267,877)</u>	(7,422,551)
Total Accumulated Surplus	<u>(7,267,877)</u>	<u>(7,422,551)</u>

NOTE 17. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

Operating surplus/(deficit)	(7,267,877)	(7,422,551)
Non-cash movements		
Depreciation	2,898,000	2,755,200
(Increase)/Decrease in biological assets	(42,000)	84,000
(Increase)/Decrease in accounts receivable	35,539	(404,696)
(Increase)/Decrease in inventories	(6,983)	(12,696)
(Increase)/Decrease in prepayments	4,607	30,712
Decrease in interest payable	(12,442)	(11,797)
Increase/(Decrease) in accounts payable and accruals	145,563	(161,885)
Increase/(Decrease) in defined benefit liability	42,000	42,000
Net cash flows from operating activities	<u>(4,203,593)</u>	<u>(5,101,713)</u>

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CHILDREN AND YOUTH SERVICE (CAYS)
FOUNDATION

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Children and Youth Service (CAYS) Foundation* have agreed the *Children and Youth Service (CAYS) Foundation* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Children and Youth Service (CAYS) Foundation* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Children and Youth Services (CAYS) Foundation activities involve providing 24 hour residential care to youth who have been committed by the Courts in to residential treatment due to care and protection needs and/or offending behaviours. The programme adopts a strength-based approach to decision making and self-awareness.

SCOPE OF ACTIVITIES

- Operate Bonaventure Boys Home and Frances Bodden Girls Home; twenty-four hour residential facilities for youth who require residential care due to being deemed in need of care and protection, as well as youth exhibiting offending behaviours that have been Court ordered.
- Provide administration and supervision of the programmes offered.
- Provide policy advice to the Minister of Community Affairs, Gender and Housing on the direction of youth rehabilitation and effective interventions to assist in their integration back into society. The therapeutic process will utilise a strength based approach and positive youth development to foster change in the lives of its participants. The programme will also seek to engage families and community in the rehabilitative process.
- Develop and deliver specific programmes to address the behaviour problems (including drug and alcohol misuse, promiscuity and other risky behaviours) and the educational needs of the youth. This will include individual and group counselling.
- Prepare residents for independent living including pre-employment preparation, and life skills training.
- Maintain the government owned residential facilities, namely the Frances Bodden Girls Home (FBGH) and Bonaventure Boys Home (BBH), to facilitate programmes and treatment principles of the highest standards.

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers of the Foundation are youth who have been committed by the Courts into the residential facility.

The services of the Children and Youth Services (CAYS) Foundation are primarily provided on behalf of the Ministry of Home and Community Affairs. The services cater to the youth, their parents/families and other Government Departments and agencies, i.e., Department of Children and Family Services (DCFS), the Court, the Family Support Unit (FSU) Department of Counselling Services (DCS), and the Department of Education Services to facilitate care and reintegration into society

The location of the activities is in the Cayman Islands, with the physical location of the residential Homes being in Grand Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Children and Youth Service (CAYS) Foundation* for the 2015/16 financial year are as follows:

- CAYS implements programmes that address the care needs and the anti-social attitudes, beliefs and behaviours of its residents in a safe nurturing therapeutic environment. They will focus on changing resident's attitudes and behaviours by working to build trusting relationships between them and their peers and a trusting relationship with their parents. This will assist residents to develop appropriate behaviours and coping skills that will assist with their reintegration into their family, school and community.
- CAYS implements programmes that promote the principles of individual growth, personal development and peer accountability. The programmes will assist residents in setting and meeting educational and vocational goals.
- CAYS assists residents with reintegration into the mainstream education system. This is accomplished by a treatment team meeting to develop a comprehensive plan. This team will consist of key stakeholders.
- CAYS addresses the vocational issues for residents and partners with the public and private sector to afford the residents every opportunity to participate in some form of vocational training.
- CAYS develops comprehensive treatment plans to address core issues, issues relating to drug and alcohol use, also education and vocational issues, family issues and aftercare plans.
- CAYS provides on-going training to staff to facilitate the delivery of strength-based, individualized treatment in order to ensure that the best practices are maintained.
- CAYS provide training to staff on treatment planning, to include emphasis on family treatment and aftercare planning.
- CAYS will enhance services to families by providing family education groups to help improve family dynamics and create more supportive and productive relationships.
- CAYS will continue to enhance relationships with private sector entities for fundraising and programme support.

Government Obligations

- Nominate one of its officers to be the primary contact for the Government with the Foundation for the purpose of the programmes.
- Provide the Foundation with any policies, operational guidelines and documents held by the Government, which may be reasonably required by the Foundation to perform the services.
- Pay to the Foundation throughout the term of the agreement (so long as the Foundation shall continue to perform the services) the operational budget specified in the Budget.
- Evaluate and monitor the programmes provided by the Foundation.

CAYS Obligations

- Shall perform the services agreed with the Government.
- Nominate a member of the Board who will be the primary contact with the Government for the Foundation.
- Provide the Government with any policies, operational guidelines and documents held by the Foundation which may be reasonably required by the Government to evaluate the services.
- Provide such appropriate trained staff to meet the demands of the programmes.
- Inspect the facilities to ensure that it upholds therapeutic principles, structure, cleanliness and order.
- Staff with the necessary skills and expertise as may be required to perform the services in accordance with recognised professional standards.
- Cooperate fully in the performance of the services with the Government and with any other party, Foundation, consultant or agency identified by Government.
- Ensure that all supplies and materials required for the performance of the services are obtained at the lowest practical cost.
- Perform the services within the financial limits specified in the Budget.
- Not assign or sub-contract any part of the services without prior written approval of the Government.
- Not recruit or hire staff without the prior written approval of the Board and Government.
- Keep all books and records and other documents as may be necessary to evaluate the performance indicators set out in the Purchase Agreement.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Children and Youth Service (CAYS) Foundation* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	2,178,000	2,178,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	50,000	50,000
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	2,058,096	2,040,000
NET SURPLUS DEFICIT	169,904	188,000
TOTAL ASSETS	1,331,621	1,161,717
TOTAL LIABILITIES	9,767	9,767
NET WORTH	1,321,854	1,151,950
CASH FLOWS FROM OPERATING ACTIVITIES	170,956	(166,141)
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CHANGE IN CASH BALANCES	170,956	(166,141)

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	125:1	107:1
TOTAL ASSETS : TOTAL LIABILITIES	136:1	119:1

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	32	30
STAFF TURNOVER (%)	0	0
SENIOR MANAGER	6	6
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF		

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	111,122	112,174
ASSET REPLACEMENTS : TOTAL ASSETS	N/A	N/A
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.44:1	0.45:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	N/A	N/A
CHANGES TO ASSET MANAGEMENT POLICES	N/A	N/A

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	
No major capital expenditure projects expected in the 2015/16 financial year, however plans and savings are under way to save money to be able to make an extension to the Boys home, hence the build up of cash	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
N/A			

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Children and Youth Service (CAYS) Foundation* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	2,228,000	2,228,000
OPERATING EXPENSES	2,058,096	2,040,000
NET SURPLUS/DEFICIT	169,904	188,000

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	1,331,621	1,161,717
LIABILITIES	9,767	9,767
NET WORTH	1,321,854	1,151,950

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	170,956	(166,141)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Children and Youth Service (CAYS) Foundation	N/A
Capital Withdrawals from Children and Youth Service (CAYS) Foundation	N/A
Dividend or Profit Distributions to be made by Children and Youth Service (CAYS) Foundation.	N/A
Government Loans to be made to Children and Youth Service (CAYS) Foundation	N/A
Government Guarantees to be issued in relation to Children and Youth Service (CAYS) Foundation	N/A
Related Party Payments (Non Remuneration) made to Key Management Personnel ²¹	N/A
Remuneration²² Payments made to Key Management Personnel	N/A
Remuneration Payments made to Senior Management	N/A

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	0
NUMBER OF KEY SENIOR MANAGEMENT (MD)	0

²¹ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

²² Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Children and Youth Service (CAYS) Foundation undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Children and Youth Service (CAYS) Foundation will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Osbourne Bodden, JP

Premier, Minister of Community Affairs, Youth and Sports

On behalf of Cabinet

Chairman of the Board

Children and Youth Service (CAYS) Foundation

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Children and Youth Service (CAYS) Foundation for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Children and Youth Service (CAYS) Foundation

30th June 2015

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

Cash and cash equivalents – For the purpose of the cash flow statement, cash and cash equivalents comprise deposits held at call with banks, net of overdrafts.

Income recognition – Income and expenses are recorded on the accrual basis.

Government grants – Grants relating to income are presented as a credit in the income statements. Grants relating to assets are presented as a credit in the income statement and an increase in assets.

Fixed assets – Fixed assets are recorded at cost. Depreciation, which is based on the cost of the asset, is computed using the straight-line method at the following annual rates:

Office equipment	25%
Computer equipment	33.3%
Motor vehicles	25%
Leasehold improvements	25%

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2016

	2015/16	2014/15
Grant income	2,178,000	2,178,000
Other income	50,000	50,000
Total income	<u>2,228,000</u>	<u>2,228,000</u>
Operating expenses	<u>2,058,096</u>	<u>2,040,000</u>
Surplus/(deficit) for year	<u><u>169,904</u></u>	<u><u>188,000</u></u>

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016

	2015/16	2014/15
Net worth, beginning of year	1,151,950	963,950
Surplus/(deficit) for year	169,904	188,000
Net worth, end of year	<u>11,321,854</u>	<u>1,151,950</u>

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
FORECAST BALANCE SHEET
AS AT 30 JUNE 2016

	30 June 2016	30 June 2015
Cash	675,999	505,043
Grant receivable	544,500	544,500
Other assets	0	0
Fixed assets, net	111,122	112,174
Total Assets	<u>1,331,621</u>	<u>1,161,717</u>
Liabilities	9,767	9,767
Net worth	<u>1,321,854</u>	<u>1,151,950</u>

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2016

	2015/16	2014/15
Cash, beginning of year	505,043	671,184
Cash used operating activities	170,956	(166,141)
Cash used in investing activities		
Cash, end of year	<u>675,999</u>	<u>505,043</u>

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Budget Items	Anticipated Operating Expenses 2015/16	Budgeted Amount 2014/15
Basic Salary	1,331,416	1,292,637
Group Health Insurance Premiums	148,176	148,176
Pension Contribution	133,142	146,017
Food & Kitchen	37,000	37,000
Programmes	20,000	20,000
Electricity	50,000	50,000
Water	9,800	9,800
Telephone	21,900	21,900
Other Operating Expenses	306,662	314,470
Total	\$2,058,096	\$2,040,000

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CIVIL AVIATION AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Civil Aviation Authority* have agreed the *Civil Aviation Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Civil Aviation Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Civil Aviation Authority activities involve regulatory oversight of all civil aviation services (technical and economic) provided throughout the Cayman Islands, and of aircraft registered in the Cayman Islands.

SCOPE OF ACTIVITIES

- Certification, licensing and regulation of airports, air navigation facilities and air traffic control services
- Certification, licensing and regulation of Air Operator Certificate holders and aircraft maintenance facilities
- Personnel licensing for pilot, air traffic control and aircraft maintenance engineer
- Registration and airworthiness certification of aircraft
- Economic regulation of services provided by airports and airlines

CUSTOMERS AND LOCATION OF ACTIVITIES

- The Cayman Islands Airports Authority with respect to Owen Roberts International and Charles Kirkconnell International Airports
- The Cayman Islands Government in respect of Edward Sodden Airfield, Little Cayman
- The Cayman Islands Government in respect of the RCIPS Police Air Support Unit and Mosquito Research Control Unit aerial spraying operations
- The Cayman Islands Government in respect of economic regulatory services for airports and airlines
- Cayman Airways Ltd., Cayman Express Ltd. , and Cayman Islands Helicopters
- Foreign commercial air transport operators providing services to/from the Cayman Islands.
- Operators of Cayman Islands registered aircraft worldwide.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Civil Aviation Authority* for the 2015/16 financial year are as follows:

- a. To recruit and retain qualified personnel required to meet the Authority's oversight obligations.
- b. To actively pursue staff succession planning and staff training as appropriate to ensure the Authority's business continuity.
- c. To maintain financial independence and continue making dividend contributions to CIG.
- d. To retain full designation by the Governor for safety oversight of all functional areas.
- e. To enhance aviation safety through collaborative efforts with industry and key stakeholders, including calls for development of a certifiable airport on Little Cayman.
- f. To continue promoting local and global awareness of the Cayman Islands Aircraft Registry.
- g. To develop permanent administrative office headquarters for the CAACI.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Civil Aviation Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,272,000	1,272,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	6,003,782	5,215,983
SURPLUS/DEFICIT FROM OUTPUTS	2,897,243	2,378,660
OTHER EXPENSES	38,000	35,000
NET SURPLUS DEFICIT	2,935,243	2,413,660
TOTAL ASSETS	8,026,124	6,731,175
TOTAL LIABILITIES	1,461,837	1,214,497
NET WORTH	6,564,288	5,516,679
CASH FLOWS FROM OPERATING ACTIVITIES	3,004,970	2,482,188
CASH FLOWS FROM INVESTING ACTIVITIES	(1,080,600)	(530,700)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,872,461)	(1,810,245)
CHANGE IN CASH BALANCES	51,909	141,243

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	7.02	8.8
TOTAL ASSETS : TOTAL LIABILITIES	5.49	5.5

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	21	21
STAFF TURNOVER (%)	1%	2%
SENIOR MANAGER	7	7
PROFESSIONAL AND TECHNICAL STAFF	5	5
ADMINISTRATIVE STAFF	9	9

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	1,632,781	605,253
ASSET REPLACEMENTS : TOTAL ASSETS	.64	.02
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	.78	.48
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	.04	.67
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Development of former Cayman Airways building on Airport Road building for permanent	
office accommodation for the CAA	1,000,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Refer to CAA Risk Management Assessment	None	Various and Professional Indemnity Insurance Coverage to US\$12,125,000	Varied

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Civil Aviation Authority* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	7,313,782	6,649,542
OPERATING EXPENSES	4,378,539	4,235,882
NET SURPLUS/DEFICIT	2,435,243	2,413,660

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	8,026,124	6,731,175
LIABILITIES	1,461,837	1,214,497
NET WORTH	6,564,288	5,516,679

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	3,004,970	2,482,188
CASH FLOWS FROM INVESTING ACTIVITIES	(1,080,600)	(530,700)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,872,461)	(1,810,245)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Civil Aviation Authority	0
Capital Withdrawals from Civil Aviation Authority	0
Dividend or Profit Distributions to be made by Civil Aviation Authority.	2,201,432
Government Loans to be made to Civil Aviation Authority	0
Government Guarantees to be issued in relation to Civil Aviation Authority	None
Related Party Payments (Non Remuneration) made to Key Management Personnel ²³	None
Remuneration ²⁴ Payments made to Key Management Personnel	868,533
Remuneration Payments made to Senior Management	235,302

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	5
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

²³ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

²⁴ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Civil Aviation Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Civil Aviation Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Franz Manderson, Cert Hon., JP

Deputy Governor

On behalf of Cabinet

Chairman of the Board

Civil Aviation Authority

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



CIVIL AVIATION AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Civil Aviation Authority for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Civil Aviation Authority

30th June 2015

CIVIL AVIATION AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

The significant accounting policies adopted by the Authority in these financial statements are as follows:

Basis of accounting: The financial statements of the Authority are prepared on the accrual basis under the historic cost convention in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretation Committee of the IASC.

Depreciation: Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method at the following rates estimated to write off the cost of the assets over their expected useful lives:

Computer Equipment and licensed software	3 years
Office Equipment, Vehicles	5 years
Leasehold Improvements	Life of lease
Furniture and Fixtures	10 years
Amortisation of developed software (VP-C Online and Performance Path)	6 years

Foreign currency translation: Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses on exchange are credited or charged in the statement of income. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the income statement.

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the balance sheet dates.

Cash and cash equivalents: Cash and cash equivalents include cash held on demand and at short notice and all deposits with an original maturity of three months or less.

Revenue Recognition: The Authority recognizes revenues in the period in which they are earned. All income from short term deposits is credited to the Income and Expense Statement in the period in which it is earned.

Lease of premises: The Authority leases office space from Cayman Grand Harbour, Grand Cayman. Any fit-out costs are classified as a Leasehold Improvement and are depreciated over the life of the leases. The lease of the Grand Cayman office is for three years beginning May 2013.

The future obligations of lease payments, based on prior lease agreements, for the office leases are as follows:

May 1 2013 to April 30, 2016 (36 months)	
Cayman Grand Harbour, Cayman Islands	CI\$407,700

CIVIL AVIATION AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2016

		2015/16 Budget
	Note	\$000
Revenue		
Outputs to others		7,275,782
Investment revenue		38,000
Total Operating Revenue		7,313,782
Operating Expenses		
Personnel costs	1	2,518,199
Supplies and consumables	2	1,770,613
Depreciation and amortisation	3	69,727
Other Expenses		20,000
Total Operating Expenses		4,378,539
Surplus from Operating Activities and before Financing and Extraordinary items		2,935,243
Extraordinary items		0
Net Surplus/(Deficit) after extraordinary items		2,935,243

CIVIL AVIATION AUTHORITY**FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2016**

	Total
Balance at 30 June 2015 brought forward	5,830,477
Changes in net worth for 2015/16	
Restated balance	5,830,477
Changes in net worth for 2015/16	
Repayment of Surplus / Dividends to Cabinet	(2,201,432)
(Net revenue) / expenses recognised directly in net worth	(2,201,432)
Surplus/(deficit)for the period 2015/16	2,935,243
Total recognised revenues and expenses for the period	733,811
Balance at 30 June 2016	6,564,288

CIVIL AVIATION AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2016

Current Assets		
Cash and cash equivalents	2	4,566,669
Trade receivables	5	1,658,245
Other receivables	5	9,245
Prepayments	5	86,131
Total Current Assets		6,320,180
Non-Current Assets		
Property, plant and equipment	6	1,632,781
Intangible Assets		73,163
Total Non-Current Assets		1,705,944
Total Assets		8,026,124
Current Liabilities		
Trade payables	7	38,397
Other payables and accruals	7	326,793
Unearned revenue		389,424
Employee entitlements	8	145,265
Dividend/Surplus Payable		-
Total Current Liabilities		899,879
Non-Current Liabilities		
Unfunded pension liability	12	561,958
Total Non-Current Liabilities		561,958
Total Liabilities		1,461,837
Net Assets		6,564,288
NET WORTH		
Accumulated surpluses/(deficits)		6,564,288
Total Net Worth		6,564,288

CIVIL AVIATION AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2016

		2015/16 Budget
	Note	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Output to others		7,275,782
Interest received		38,000
Payments		
Personnel costs		(2,518,199)
Suppliers		(1,770,613)
Other payments		(20,000)
Net cash flows from operating activities		3,004,970
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(1,080,600)
Proceeds from sale of non-current assets and investments		-
Net cash flows from investing activities		(1,080,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity investment		0
Capital Withdrawal		0
Repayment of surplus		(1,872,461)
Proceeds from borrowings		0
Repayment of borrowings		0
Net cash flows from financing activities		(1,872,461)
Net increase/(decrease) in cash and cash equivalents		51,909
Cash and cash equivalents at beginning of period		4,514,650
Cash and cash equivalents at end of period		4,566,559

CIVIL AVIATION AUTHORITY

**NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016**

NOTE 1 - PERSONNEL COSTS		2015/16
		Forecast
		\$000
Salaries, wages, contracted officers (including employee pension contributions)		1,910,658
Health care		309,602
Employer pension expense		126,797
Other personnel related costs		171,142
Total Personnel Costs		2,518,199
NOTE 2 - SUPPLIES AND CONSUMABLES		2015/16
		Forecast
		\$000
Purchase of services		918,904
Travel and Subsistence		129,490
Supplies and materials		138,875
Operating lease rentals		183,274
Recruitment and training		52,000
Utilities		74,000
General Insurance		85,920
Interdepartmental expenses		92,750
Other		95,400
Total Supplies and Consumables		1,770,613
NOTE 3 – DEPRECIATION and AMORTISATION		2015/16
		Forecast
		\$000
Computer hardware		6,828
Furniture and fittings		8,922
Office equipment		6,397
Motor Vehicles		14,350
Leasehold		7,572
Amortisation of Software		25,658
Total Depreciation		69,727
NOTE 4 - CASH AND CASH EQUIVALENTS		2015/16
		Forecast
		\$000
Cash on hand		795
Current accounts		2,050,307
Short Term Deposits		2,515,457
Total Cash and Cash Equivalents		4,566,559

**NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016**

NOTE 5 - ACCOUNTS RECEIVABLE		
		2015/16
		Forecast
		\$000
Outputs to other government agencies		286,243
Outputs to others		1,382,125
Other Receivables		9,245
Gross		1,677,613
Less provision for doubtful debts		(10,123)
NET		1,667,490

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

ELECTRICITY REGULATORY AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

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1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Electricity Regulatory Authority* have agreed the *Electricity Regulatory Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Electricity Regulatory Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Electricity Regulatory Authority (ERA) became operational in May 2005 under the Electricity Regulatory Authority Law 2005. The ERA Law was amended in 2008 and again in 2010. The ERA activities to date have been mainly involved in the negotiating and subsequent issue in April 2008 of Licences granted to Caribbean Utilities Company Ltd (CUC). It also continues to monitor the Cayman Brac Power & Light (CBPL) licence granted in 2003. Primary goals will be to continue to monitor these licences during the financial year, promote renewable electrical energy sources, negotiate new licences with any new entrants to the electricity industry within the Cayman Islands and in general to ensure the continued supply of dependable electricity in the Cayman Islands in the most economic manner.

SCOPE OF ACTIVITIES

- Monitor licenses granted to CUC and CBPL, and the reporting requirements under those licences.
- Encourage the introduction of competition within the electricity generation industry within the Cayman Islands, with new licence(s) to be issued to new entrants to the market, especially in the use of renewable resources.
- Ensure that all license fees and regulatory fees (where applicable) are collected in a timely fashion.
- Ensure that all reports due under the ERA Law 2010 from licensees or as detailed under existing licenses are received in a timely manner.
- Ensure that the ERA works closely with licensees and the Department of the Environment to ensure that all licensees comply with environmental laws.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Electricity Regulatory Authority* are within the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Electricity Regulatory Authority* for the 2015/16 financial year are as follows:

- The expansion of electrical energy generated from renewable resources within the Cayman Islands.
- Implement, monitor and enforce performance standards on Licensees in each of the islands. Continue to ensure that performance standards are designed to incentivise improved operating efficiency by licensees and that such standards are at a minimum generally met in order to ensure that consumers receive dependable power at the most reasonable cost.
- Agree with the Licensee on any relevant modifications to licences/the regulatory framework as appropriate to better protect the interests of electricity consumers of the Cayman Islands and ensure the continued economic sustainability of the licensees.
- Continue to offer strategic advice to the Ministry of PLAHI in the continued development of a National Energy Policy.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision)) for the *Electricity Regulatory Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	10,000	10,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	NIL	NIL
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	864,000	914,488
SURPLUS/DEFICIT FROM OUTPUTS	NIL	NIL
OTHER EXPENSES	647,262	661,141
NET SURPLUS DEFICIT	227,226	263,347
TOTAL ASSETS	1,706,558	1,619,332
TOTAL LIABILITIES	208,266	198,266
NET WORTH	1,498,292	1,421,066
CASH FLOWS FROM OPERATING ACTIVITIES	249,054	183,720
CASH FLOWS FROM INVESTING ACTIVITIES	(4,000)	(1,000)
CASH FLOWS FROM FINANCING ACTIVITIES	(150,000)	(150,000)
CHANGE IN CASH BALANCES	95,094	32,720

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	7.83:1	8.11:1
TOTAL ASSETS : TOTAL LIABILITIES	7.87:1	8.17:1

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	3.0	2.5
STAFF TURNOVER (%)	NIL	NIL
SENIOR MANAGER	5.0	4.0
PROFESSIONAL AND TECHNICAL STAFF	5.0	4.0
ADMINISTRATIVE STAFF	0.5	NIL

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	8,256	11,084
ASSET REPLACEMENTS : TOTAL ASSETS	4,000	1,000
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	47,616	43,616
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	6,826	7,818
CHANGES TO ASSET MANAGEMENT POLICES	N/A	N/A

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	
	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Nothing to Report			

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Electricity Regulatory Authority* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	874,488	924,488
OPERATING EXPENSES	647,262	661,141
NET SURPLUS/DEFICIT	227,226	263,347

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	1,706,558	1,619,332
LIABILITIES	208,266	198,266
NET WORTH	1,498,292	1,421,066

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	249,054	183,720
CASH FLOWS FROM INVESTING ACTIVITIES	(4,000)	(1,000)
CASH FLOWS FROM FINANCING ACTIVITIES	(150,000)	(150,000)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Electricity Regulatory Authority	NIL
Capital Withdrawals from Electricity Regulatory Authority	NIL
Dividend or Profit Distributions to be made by Electricity Regulatory Authority.	150,000
Government Loans to be made to Electricity Regulatory Authority	NIL
Government Guarantees to be issued in relation to Electricity Regulatory Authority	NIL
Related Party Payments (Non Remuneration) made to Key Management Personnel ²⁵	NIL
Remuneration ²⁶ Payments made to Key Management Personnel	256,108
Remuneration Payments made to Senior Management	208,108

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	10
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

²⁵ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

²⁶ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Electricity Regulatory Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Electricity Regulatory Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable D. Kurt Tibbetts, OBE, JP

Minister of Planning, Lands, Agriculture Housing and Infrastructure

On behalf of Cabinet

Sherri Bodden-Cowan

Chairman of the Board

Electricity Regulatory Authority

30th June 2016

APPENDIX

FORECAST FINANCIAL STATEMENTS



ELECTRICITY REGULATORY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Electricity Regulatory Authority for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Sherri Bodden-Cowan
Chairman of the Board
Electricity Regulatory Authority

30th June 2015

ELECTRICITY REGULATORY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2016

The forecast financial statements are prepared in accordance with International Accounting Standards. The significant accounting policies adopted by the Authority are as follows.

- a. Revenues from billings to Cabinet are recognised when billed. Revenue from regulatory fees (received quarterly) is taken into account on a monthly accrual basis.
- b. Translation of foreign currencies. There are no assets or assets anticipated to be in any currency other than Cayman Islands Dollars. Any income or expense in a foreign currency is converted at the prevailing rate as of the date of the transaction.
- c. Depreciation. Fixed assets are depreciated using the straight line method over their estimated useful lives as follows:

Computer Hardware and Software	3 years
Other Equipment	5 years
Office Furniture and Equipment	5 years

- d. Leased assets. There are no leased assets.

ELECTRICITY REGULATORY AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YAER ENDING 30 JUNE 2016

	FINANCIAL YEAR 20015/16	FINANCIAL YEAR 2014/15
REVENUE		
Outputs billed to Cabinet	10,000	10,000
Regulatory Fees	860,00	910,000
Interest Income	4,488	4,488
Total Revenue	874,488	924,488
OPERATING EXPENSES		
Personnel Costs	390,216	286,570
Supplies and Consumables	250,220	366,753
Other Operating Expenses	NIL	NIL
Depreciation	6,826	7,818
Total Operating Expenses	647,262	661,141
SURPLUS	158,926	263,347

ELECTRICITY REGULATORY AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016

	FINANCIAL YEAR 20015/16	FINANCIAL YEAR 2014/15
Balance of Net Worth B'fwd	1,421,066	1,307,719
Operating Surplus	227,226	263,347
Dividend paid to CIG	(150,000)	(150,000)
Closing Balance of Net Worth	1,498,292	1,421,066

ELECTRICITY REGULATORY AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2016

	FINANCIAL YEAR 20015/16	FINANCIAL YEAR 2014/15
CURRENT ASSETS		
Cash & Marketable Securities	1,412,993	1,386,239
Accounts Receivable	199,060	204,060
Fixed Assets	8,256	11,084
Other Current Assets – Deposits & Prepaid	17,949	17,949
Total Assets	1,706,558	1,619,332
Total Liabilities	(208,266)	(198,266)
Total Assets Less Liabilities	1,429,992	1,421,066
TOTAL NET WORTH	1,498,292	1,421,066

ELECTRICITY REGULATORY AUTHORITY
CASH FLOW FROM OPERATING ACTIVITIES
FOR THE YEAR ENDING 30TH JUNE 2016

	FINANCIAL YEAR 20015/16	FINANCIAL YEAR 2014/15
Receipts		
Sale of goods and services to Cabinet	10,000	10,000
Sale of goods and services to other government agencies		
Sale of goods and services - Third Party	863,000	920,000
Interest received	4,488	4,488
Donations / Grants		
Other receipts		
Payments		
Personnel costs	(383,734)	(285,000)
Supplies and consumables	(250,000)	(465,758)
Interest paid		
Other payments		
Net cash flows from operating activities	249,054	183,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,000)	(1,000)
Proceeds from sale of property, plant and equipment		
Purchase of investments		
Proceeds from sale of investments		
Net cash flows from investing activities	(4,000)	(1,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Repayment of Surplus/Dividends or Capital withdrawal	(150,000)	(150,000)
Borrowings		
Repayment of Borrowings		
Currency Issues		
Capital withdrawal		
Net cash flows from financing activities	(150,000)	(150,000)
Net increase/(decrease) in cash and cash equivalents	95,054	32,720
Cash and cash equivalents at beginning of period	1,386,239	1,353,519
Cash and cash equivalents at end of period	1,481,293	1,386,239

ELECTRICITY REGULATORY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

The Electricity Regulatory Authority commenced operations in mid May 2005.

When new licences were issued to CUC in April 2008 regulatory fees of ½% of gross revenues became payable to the Electricity Regulatory Authority, quarterly in arrears on CUC's gross revenues. At year end an accrual is made of fees receivable, amounting to three months fees.

The budget for services purchased by Cabinet is based on the ERA's best projection of services to be purchased by Cabinet during the relevant periods.

No Regulatory Fees are received from Cayman Brac Power & Light.

Payments to consultants can be a significant expense of the Electricity Regulatory Authority from time to time and the budget includes an estimated amount based on historical values and not based on specific services identified to be purchased.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

HEALTH SERVICES AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

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1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Health Services Authority* have agreed the *Health Services Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Health Services Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Health Services Authority is responsible for the provision and administration of health care services in the Cayman Islands.

SCOPE OF ACTIVITIES

The scope of *Health Services Authority* (HSA) provides primary and secondary levels of healthcare services, and public health functions for the residents of the Cayman Islands in accordance with the National Strategic Plan for Health as agreed with the Ministry of Health.

The Health Services Authority provides patient care through the 124-beds at the Cayman Islands Hospital, and the 18-beds at the Faith Hospital on Cayman Brac. Primary Health care is offered at district health centres in Grand Cayman and a health centre in Little Cayman. This care being supplemented with dental and eye care services on site at the Health Service Complex in Grand Cayman.

As the nation's principal health care facility, the Cayman Islands Hospital in George Town provides a full range of inpatient and outpatient medical and specialist services.

Specialist services are available in the fields of: surgery, gynaecology & obstetrics, paediatrics, internal medicine, dermatology, anaesthesiology, public health, orthopaedics, psychiatry, cardiology, gastroenterology, radiology, neurology, ophthalmology, ear, nose and throat, periodontology, reconstructive surgery, faciomaxillary surgery, and urology.

In the Sister Islands, residents and visitors can turn for their health care needs to the Faith Hospital in Cayman Brac and the Little Cayman Clinic. The 18-beds hospital serves both islands and provides primary, secondary and emergency care. It features a modern inpatient unit, as well as an operating theatre, maternity, accident and emergency department, outpatient clinics and a public health department. This service is rendered through a purchase agreement with the Ministry of Health Services.

The Health Services Authority also provides a full range of dental and ophthalmologic services.

The Little Cayman Clinic is a new purpose-built facility, complete with waiting and triage areas, a treatment room, doctors' office and a dental office. A resident registered nurse is on call around-the-clock.

The Health Services Authority through the Public Health Department is responsible for public health programmes through a purchase agreement with the Ministry of Health Services. A team of public health nurses, a public health surveillance officer, a health promotion officer, a genetics counsellor, a nutritionist and administrative staff provide this service under the direction of the Medical Officer of Health.

Public Health services include:

- Health advice and vaccines for international travellers;
- Health assessment, including vision and hearing tests for children;
- Nutrition and dietary counselling;
- Child growth and development monitoring;
- Health Promotion;
- Communicable disease screening; and

Disease prevention and control programmes, including immunization

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Health Services Authority* are provided to all members of the community and visitors. It serves as the primary source of healthcare services to groups of people entitled to healthcare by the Cayman Islands' Government. This includes civil servants and their dependants, public office pensioners and their dependents, school age children, seamen and veterans, indigents and prisoners and mental ill patients.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Health Services Authority* for the 2015/16 financial year are as follows:

Overall Goal: To partner with patients and employees to improve the quality of care, patient safety, customer satisfaction and healthcare economics.

Quality	
PSR	Install fire suppression system in Materials Management Building
Strategy 2	Obtain access to clinical evidence and funding
Strategy 1	Enhance accessibility to Primary Health Care and Specialist Services
Strategy 8	Identify adequate sources for procurement of drugs
Strategy 8	Develop a phase implementation plan for accreditation
People	
Strategy 6	Revise management responsibilities at the unit level to ensure departmental accountability.
Strategy 6	Develop and fund rewards and recognition program
Community	
Strategy 13	Strengthen communicable diseases surveillance programs
Strategy 2	Develop an affordable equivalent formulary (based on WHO essential list)
Information	
Strategy 7	Implement the process for clinical document scanning which includes funding
Strategy 7	Develop support for patient portal
Finance	
Strategy 3	Enhance revenue capture policy and procedures
Strategy 8	Develop and implement Marketing plan for services

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision)) for the *Health Services Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	27,909,600	27,909,600
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	48,675,618	48,607,107
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	30,325,488	26,971,444
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	106,409,407	101,285,719
NET SURPLUS DEFICIT	501,299	2,202,432
TOTAL ASSETS	108,478,211	106,629,712
TOTAL LIABILITIES	25,730,447	25,383,246
NET WORTH	82,747,764	81,246,466
CASH FLOWS FROM OPERATING ACTIVIITES	1,034,983	(8,284,359)
CASH FLOWS FROM INVESTING ACTIVIITES	(3,602,993)	(2,514,670)
CASH FLOWS FROM FINANCING ACTIVIITES	747,907	606,705
CHANGE IN CASH BALANCES	(1,820,103)	(10,192,323)

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	3:40	2.79
TOTAL ASSETS : TOTAL LIABILITIES	4.22	4.20

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	840	840
STAFF TURNOVER (%)	10%	10%
SENIOR MANAGER	15.45	15.45
PROFESSIONAL AND TECHNICAL STAFF	8.78	8.78
ADMINISTRATIVE STAFF	9.11	9.11

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	93,473,589	89,870,597
ASSET REPLACEMENTS : TOTAL ASSETS	3.8%	2.8%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	65.79%	67.57%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	78.62%	110%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Vehicles – Ambulance Chevy 4500	150,000
Vehicles – Ambulance Retrofitour 2009 Chevy Ambulance	70,000
Computer Hardware – Content Management System	150,000
Computer Software – PACS Upgrade	110,000
Buildings – Upgrade Morgue Faith Hospital	50,000
Medical Equipment – Portable Ultra Sound Machine Faith Hosp.	30,000
Medical Equipment – Upgrade Dental Surgery	90,000
Buildings – Sluice Room for OR Faith Hospital	25,000
Medical Equipment – Life pack 15 monitor (2)	24,000
Medical Equipment – Stryker Stretcher x 2	21,666
Buildings – Laundry Renovation Faith Hospital	20,000
Buildings – Upgrade Eye Clinic Equipment Faith Hospital	20,000
Buildings – Warehouse Rental Documents Storage	50,000
Vehicles – Disaster Trailer	15,000
Medical Equipment – Diaclon Gel Workstation	13,573
Medical equipment – Diathermy	10,000
Other Assets – Radios Faith Hospital	10,000
Buildings – OPD Door Replacement	10,000
Miscellaneous Items	130,760.33
Total Funded by Ministry	1,000,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Strategic			
Potential loss of revenue (loss of market share)from increased competition from private healthcare providers in the community	N/A	Identify opportunities and implement measures to improve quality of services and patient experience 2. Focus on measures that will reduce waiting list and waiting time	1.3M
Difficulty/inability to provide current level of services due lack of office and clinical space	N/A	Approval of Master Facility Plan Secure methods of funding	9M
Operational			
Potential loss of key staff in single incumbent positions due to retirement , resignation, lack of trained personnel on island and difficulty in recruiting and retaining professionals	N/A	Development and ongoing review of recruitment and retention strategies. Development of succession plan funding of succession plan	900K
Potential Security breach of IT system	N/A	Intrusion detection assessment Audit of active directory	45K
Security of Staff and Facilities	CCTV installed in selected areas	Installation of additional CCTV cameras. Access control and maintenance of alarms on exits	50K
Potential for business interruption due to natural, internal or external disaster	Disaster and Emergency operations plans in place	Continuous review and testing of emergency plans Identified downtime procedures	Insurance Deductible
Clinical			
Poor patient experience or clinical outcome due to quality issues or system failure	N/A	Increased focus on improving the patient experience Increased focus on staff training and development plan. Provision of continuing education to reduce risk of adverse outcome	50K
Inadequate funding for the replacement of aging clinical equipment	Continued depreciation of clinical equipment	Review replacement schedule. Replace equipment as funding becomes available Develop an item catalog to seek donations	2.2M
Potential short term delays in Pharmacy services due to the introduction of Suvarna	Switch over from ENCOM to Suvarna	Develop testing and training plan. Develop implementation guideline. Develop and practice downtime procedures services operating remotely	20K

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Health Services Authority* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	106,910,706	103,488,151
OPERATING EXPENSES	106,409,407	101,285,719
NET SURPLUS/DEFICIT	501,299	2,202,432

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	108,478,211	106,629,712
LIABILITIES	25,730,447	25,383,246
NET WORTH	82,747,764	81,246,466

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	1,034,983	(8,284,359)
CASH FLOWS FROM INVESTING ACTIVITIES	(3,602,993)	(2,514,670)
CASH FLOWS FROM FINANCING ACTIVITIES	747,907	606,705

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Health Services Authority	1,000,000
Capital Withdrawals from Health Services Authority	
Dividend or Profit Distributions to be made by Health Services Authority.	
Government Loans to be made to Health Services Authority	
Government Guarantees to be issued in relation to Health Services Authority	
Related Party Payments (Non Remuneration) made to Key Management Personnel ²⁷	
Remuneration²⁸ Payments made to Key Management Personnel	1,786,178
Remuneration Payments made to Senior Management	1,746,800

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	8 Inc. Board Members
NUMBER OF KEY SENIOR MANAGEMENT (MD)	11

²⁷ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

²⁸ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Health Services Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Health Services Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Alden McLaughlin, MBE, JP

Premier

Minister of Home Affairs, Health & Culture – Health

On behalf of Cabinet

Chairman of the Board

Health Services Authority

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



HEALTH SERVICES AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Health Services Authority for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Health Services Authority

30th June 2015

HEALTH SERVICES AUTHORITY
ASSUMPTIONS
FOR THE YEAR ENDING 30TH JUNE 2016

The Health Services Authority accounts are prepared in accordance with International Accounting Standards.

Assumptions:

The Health Services Authority accounts are prepared in accordance with International Accounting Standards.

Assumptions:

- (1) H.S.A. deductions are for employees and dependents services, which are deducted from gross revenue because no billing occurs for these services approximately 5% of Patient Revenue.
- (2) Government Outputs are based on target amounts provided by Cabinet amounting to \$27,909,600 which is basically the same as previous year budget with SIF funding of \$3.5 million
- (3) Personnel Cost is based on Staffing Plan which requires 840 (FTE) with 6 months recruitment deferral on vacancies. Cost of living adjustment (COLA) is also provided based on 1% of basic salaries and wages.
- (4) Bad Debt provision is computed based on a Bad Debts Policy where the reserve is an amount that management believes will be adequate to cover any bad debts based on an evaluation of collectability and prior bad debt experience.
- (5) HSA Pension contribution is based on 7% (6% standard contribution plus 1% past service fee required by PSPB) for 12 months with \$1.5 million provision on defined benefit plan.
- (6) Straight line is used in computing Depreciation on Fixed Assets.
- (7) Provisions were provided for contingent liability and unfunded defined pension liability.
- (8) Major capital expenditure projects to be funded by H.S.A amounts to \$2.6 million.
- (9) Major capital expenditure projects to be funded by Cabinet thru EI amounts to \$1 million.
- (10) New charge master to be implemented with an increase impact of \$2.1M on the revenue plus additional revenue of 2.1M to be generated by the new FTE.
- (11) Additional funding from Segregated Insurance Fund (SIF) in the amount of \$3.5 million.
- (12) No pension contribution in arrears as this is kept current.
- (13) Health Care cost of retirees amounting to \$600 thousand is also provided

HEALTH SERVICES AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2016

a) Basis of accounting

The financial statements of the Health Authority are prepared on an accruals basis under the historical cost convention.

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from these estimates.

(c) Financial instruments

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise cash, accounts receivable and other receivables and assets.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise accounts payable and accrued expenses.

(ii) Recognition

The Health Authority recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

(iii) Measurement

Financial instruments are measured initially at cost, which is the fair value of the consideration given or received. Financial assets are carried at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are carried at amortised cost, being the amount at which the liability was initially recognised less any principal repayments plus any amortisation (accrued interest) of the difference between that initial amount and the maturity amount.

(iv) Specific instruments

Cash and cash equivalents

For the purposes of the statement of cash flows, The Health Authority considers cash and current accounts to be cash and cash equivalents.

HEALTH SERVICES AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

(v) De-recognition

A financial asset is derecognised when the Health Authority realises the rights to the benefits specified in the contract or the Health Authority loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(d) *Fixed assets/depreciation*

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of income on a straight-line basis at the following rates estimated to write off the cost of the assets over their expected useful lives:

Land	Nil
Buildings	50 years
Medical equipment	8-15 years
Ambulance	5 years
Other fixed assets	3-15 years

(e) *Impairment*

The carrying amount of the Health Authority's assets other than inventories (see note 2(h)) are reviewed at each balance sheet dates to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

(f) *Foreign currency translation*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Cayman Islands dollars at the foreign currency exchange rate ruling at the balance sheet dates. Foreign exchange differences arising on translation are recognised in the statement of income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign currency exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the Cayman Islands dollars at the foreign exchange rates ruling at the dates that the values were determined.

(g) *Allowance for bad debts*

The allowance for bad debts is established through a provision for bad debts charged to expenses. Accounts receivable are written off against the allowance when management believes that the collectability of the account is unlikely. The allowance is an amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

HEALTH SERVICES AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

(h) Inventory

Inventory is valued at the lower of net realisable value or cost, on a weighted average basis. Inventory is recorded net of an allowance for obsolete and slow moving items. Any change in the allowance for obsolescence is reflected in the statement of income in the year of change.

(i) Revenue recognition

Patient revenue is recognized on the day services are provided.

(j) Employee benefits

The Health Authority employees and their dependants receive free medical benefits of which a portion is provided by the said institution (see statement of revenue & expenses). The portion provided by the institution is considered a contractual adjustment against gross revenue.

Contributions to defined contribution part of the Public Service Pensions Plan (the "Plan") are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit part of the plan, the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Health Authority's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The unfunded defined benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan

HEALTH SERVICES AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2016

	Notes	Budget 2015/16	Forecast 2014/15
Revenue			
Sale of goods and services	15	106,538,414	103,113,859
Investment revenue	16	2,380	2,380
Donations	17	100,000	100,000
Other revenue		269,911	271,912
Total Revenue		106,910,705	103,488,151
Expenses			
Personnel costs	18	62,146,183	57,756,077
Supplies and consumables	19	22,698,963	20,793,621
Depreciation and Amortisation	7	2,832,126	2,782,126
Impairment of property, plant and equipment		0	0
Impairment of inventory		0	0
Finance costs & overdraft interest	20	103,223	103,223
Litigation costs	21	839,985	839,985
Other (Gain)/losses	22	(37,708)	(37,708)
Other Operating expenses		17,826,636	19,048,395
Total Expenses		106,409,407	101,285,719
Surplus or (Deficit) for the period		501,299	2,202,432

HEALTH SERVICES AUTHORITY
**FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2016**

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2015 brought forward	130,727,722	0	16,091,758	(65,573,015)	81,246,466
Changes in net worth for 2014/15					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	130,727,722	0	16,091,758	(65,573,015)	81,246,466
Changes in net worth for 2015/16					
Equity Investment from Cabinet	1,000,000				1,000,000
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	1,000,000	0	0	0	1,000,000
Surplus/(deficit)for the period 2015/16				501,299	501,299
Total recognised revenues and expenses for the period	1,000,000	0	0	501,299	1,501,299
Balance at 30 June 2016	131,727,722	0	16,091,758	(65,071,716)	82,747,765

HEALTH SERVICES AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2016

	Notes	Budget 2015/16	Forecast 2014/15
Current Assets			
Cash and cash equivalents	1	5,664,701	7,484,804
Trade receivables	2	12,374,720	11,598,672
Other receivables	2	332,622	311,622
Inventories	3	9,477,045	8,977,045
Prepayments	5	1,583,373	1,083,373
Total Current Assets		29,432,461	29,455,515
Non-Current Assets			
Trade receivables	2	17,088,900	16,017,213
Other receivables	2	459,335	430,335
Property, plant and equipment	7	61,497,515	60,726,648
Total Non-Current Assets		79,045,750	77,174,196
Total Assets		108,478,211	106,629,712
Current Liabilities			
Trade payables	9	4,132,522	5,132,523
Other payables and accruals	9	4,259,515	5,169,018
Current Portion of Borrowings	12	252,093	243,295
Total Current Liabilities		8,644,130	10,544,836
Non-Current Liabilities			
Other payables and accruals	9	400,726	400,726
Unfunded pension liability	13	15,549,667	13,049,667
Long Term portion of Borrowings	12	1,135,924	1,388,017
Total Non-Current Liabilities		17,086,317	14,838,410
Total Liabilities		25,730,447	25,383,246
Net Assets		82,747,764	81,246,466
NET WORTH			
Contributed capital		131,727,722	130,727,722
Revaluation reserve		16,091,758	16,091,758
Accumulated surpluses/(deficits)		(65,071,716)	(65,573,015)
Total Net Worth		82,747,764	81,246,466

HEALTH SERVICES AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2016

CASH FLOW STATEMENT		Budget 2015/16	Forecast 2014/15
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
Sale of goods and services to Cabinet		28,943,021	27,909,600
Sale of goods and services to Ministries/Portfolios		4,763,924	4,702,264
Sale of goods and services to Statutory Agencies and Government Companies		39,044,132	39,044,132
Sale of goods and services - third party		17,651,124	14,400,000
Interest received		2,380	2,380
Donations / Grants		100,000	100,000
Other receipts		269,911	271,912
<i>Payments</i>			
Personnel costs		(60,646,183)	(55,589,410)
Supplies and consumables – third party		(22,698,963)	(20,793,621)
Interest paid		(103,223)	(103,223)
Other payments		(6,291,140)	(18,228,393)
Net cash flows from operating activities	23	1,034,983	(8,284,359)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,602,993)	(2,514,670)
Net cash flows from investing activities		(3,602,993)	(2,514,670)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Investment from Cabinet		1,000,000	850,000
Repayment of Borrowings		(252,093)	(243,295)
Net cash flows from financing activities		747,907	606,705
Net increase/(decrease) in cash and cash equivalents		(1,820,103)	(10,192,323)
Cash and cash equivalents at beginning of period		7,484,804	17,677,127
Cash and cash equivalents at end of period		5,664,701	7,484,804

HEALTH SERVICES AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

Note 1: Cash and cash equivalents

	Budget 2015/16	Forecast 2014/15
Cash on hand	8,700	8,700
CI\$ Account	1,228,513	1,228,513
US\$ Account (@.83) US\$693,638	575,720	575,720
Bank Overdraft	0	0
Payroll Current Account	1,518,990	1,518,990
Short-Term Fixed Deposits	2,332,778	4,152,881
TOTAL	5,664,701	7,484,804

Note 2: Trade and other receivables

Trade Receivables	Budget 2015/16	Forecast 2014/15
Sale of goods and services to Cabinet	5,964,619	5,369,131
Sale of goods and services to Ministries/Portfolios	9,870,234	8,884,822
Sale of goods and services to Statutory Agencies and Government Companies	24,796,577	22,320,968
Sale of goods and services - third party	69,352,135	63,461,666
Less: provision for doubtful debts	80,519,945	72,420,703
Total trade receivables	29,463,620	27,615,885
Other Receivables	Budget 2015/16	Forecast 2014/15
Advances (salary, Official Travel, etc)	43,141	43,141
Other	748,816	698,816
Less: provision for doubtful debts		
Total other receivables	791,957	741,957

HEALTH SERVICES AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

	Budget 2015/16	Forecast 2014/15
Current		
Past due 1-30 days	3,328,114	3,119,363
Past due 31-60 days	2,420,446	2,268,627
Past due 61-90 days	1,512,779	1,417,892
Past due 90 and above	5,446,004	5,104,412
Non-Current	0	0
Past due 1 year and above	17,548,235	16,447,548
Total	30,255,578	28,357,842

Changes in the provision of doubtful debts:

Description	Budget 2015/16	Forecast 2014/15
Balance at 1 July 2015	(72,420,702)	(57,089,591)
Additional provisions made during the year	(11,967,721)	(14,031,744)
Receivables written off during the period	3,868,479	(1,299,368)
Balance at 30 June 2015	(80,519,945)	(72,420,703)

Note 3: Inventories

Description	Budget 2015/16	Forecast 2014/15
Inventory held for use in the provision of goods and services	4,186,779	3,786,779
Inventory held for sale	5,290,266	5,190,266
TOTAL INVENTORIES	9,477,045	8,977,045

HEALTH SERVICES AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 7: Property, Plant & Equipment

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Other Assets</i>	<i>Assets Under Construction or Dev.</i>	<i>Total</i>
Balance as at 1 July 2014	8,253,125	14,484,902	52,813,008	1,060,663	3,091,748	246,513	1,423,246	6,375,901	609,828	88,358,932
Additions	-	473,571	1,091,103	44,760	115,453	7,127	37,511	365,261	379,884	2,514,670
Disposals and Derecognition	-	(1,003,005)								(1,003,005)
Revaluation										0
Transfers	-									0
Balance as at 30 June 2015	8,253,125	13,955,467	53,904,111	1,105,423	3,207,200	253,639	1,460,757	6,741,162	989,712	89,870,597
	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Other Assets</i>	<i>Assets Under Construction or Dev.</i>	<i>Total</i>
Balance as at 30 June 2015	8,253,125	13,955,467	53,904,111	1,105,423	3,207,200	253,639	1,460,757	6,741,162	989,712	89,870,597
Additions		1,973,523	472,100	19,650	608,700		275,000	254,020		3,602,993
Revaluations										0
Disposals and Derecognition										0
Revaluation										0
Transfers										0
Balance as at 30 June 2015	8,253,125	15,928,990	54,376,211	1,125,073	3,815,900	253,639	1,735,757	6,995,182	989,712	93,473,589

HEALTH SERVICES AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Assets Under Construction or Dev</i>	<i>Total</i>
Balance as at 1 July 2014	10,786,560	5,381,775	977,998	2,903,532	227,088	1,266,520	4,818,351		26,361,823
Eliminate on Disposal/Derecognition 2014/15									
Depreciation Expense 2014/15	968,097	605,423	115,991	375,592	27,338	152,709	536,974		2,782,126
Balance as at 30 June 2015	11,754,657	5,987,198	1,093,989	3,279,124	254,426	1,419,229	5,355,325	0	29,143,949
	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Other assets</i>		<i>Total</i>
Balance as at 30 July 2015	11,754,657	5,987,198	1,093,989	3,279,124	254,426	1,419,229	5,355,325	0	29,143,949
Eliminate on Disposal/Derecognition 2015/16									0
Depreciation Expense 2015/16	1,142,140	609,433	102,774	308,054	23,902	133,328	512,495		2,832,126
Balance as at 30 June 2015	12,896,797	6,596,632	1,196,763	3,587,178	278,328	1,552,557	5,867,820	0	31,976,074
Net Book value 30 June 2015	2,200,810	47,916,913	11,434	(71,924)	(787)	41,529	1,385,837	989,712	60,726,648
Net Book value 30 June 2016	3,032,193	47,779,579	(71,690)	228,722	(24,689)	183,201	2,027,362	989,712	62,397,515

HEALTH SERVICES AUTHORITY

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016**

Note 9: Trade payables, other Payables & Accruals

	Budget 2015/16	Forecast 2014/15
Creditors Third party	1,800,558	2,400,559
Creditors Ministries/Portfolios	0	0
Creditors other government agencies	2,331,964	2,731,964
Payroll Deductions	433,620	433,620
Operating Lease	0	0
Accrued Expenses	2,598,263	3,607,766
Other payables	1,628,358	1,528,358
Total trade payables other payables and accruals	8,792,763	10,702,267

Note 8: Borrowings

<i>Local Currency Debt</i>	Budget 2015/16	Forecast 2014/15
Not later than one year	252,093	243,295
Between one and two years	252,093	243,295
Between two and five years	252,093	243,295
Later than five Years	631,738	901,427
Total Local Currency Debt	1,388,017	1,631,312

HEALTH SERVICES AUTHORITY
**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016**
Note 15a: Sales of Goods & Services

Revenue type	Budget 2015/16	Forecast 2014/15
Fees and Charges	0	0
General Sales	0	0
Rentals	54,900	54,900
Other Goods & Services Revenue	29,898,296	26,542,252
Sale of goods and services to Cabinet	27,909,600	27,909,600
Sale of goods & services to Other Ministries and Portfolios	48,675,618	48,607,107
Total sales of goods and services	106,538,414	103,113,859

Note 18: Personnel Costs

Description	Budget 2015/16	Forecast 2014/15
Salaries, wages and allowances	54,100,576	49,514,858
Health Care other	3,131,827	2,729,039
Pension	4,339,202	5,142,233
Leave		0
Other personnel related costs	574,578	369,948
Total Personnel Costs	62,146,183	57,756,077

Note 19: Supplies and Consumables

Description	Budget 2015/16	Forecast 2014/15
Supplies and Materials	12,123,814	11,548,185
Purchase of services	3,227,742	1,999,929
Lease of Property and Equipment	352,373	297,373
Utilities	3,596,731	3,733,731
General Insurance	2,522,279	2,522,279
Interdepartmental expenses	0	0
Travel and Subsistence	399,042	349,042
Recruitment and Training	413,700	304,700
Other	63,281	38,381
Total Supplies & consumables	22,698,963	20,793,621

HEALTH SERVICES AUTHORITY

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016**

Note 20: Finance costs

Descriptions	Budget 2015/16	Forecast 2014/15
Interest on borrowings	103,223	103,223
Other borrowing costs		
Interest on overdraft		
Total Finance cost	103,223	103,223

Note 21: Litigation cost

Descriptions	Budget 2015/16	Forecast 2014/15
Legal Provision and Legal Fee	839,985	839,985
Description		
Total Litigation cost	839,985	839,985

Note 23: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	Budget 2015/16	Forecast 2014/15
Surplus/(deficit) from ordinary activities	501,299	2,202,432
Non-cash movements		
Depreciation & Amortization	2,832,126	2,782,126
Impairment		
(Gain)/losses on sale of property plant and equipment		
(Gain) / loss on derecognition and revaluation of assets		
Changes in current assets and liabilities:		
(Increase)/decrease in other current assets - Cabinet	1,033,421	600,437
(Increase)/decrease in other current assets - Other	(3,931,152)	(14,590,985)
(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
(Increase)/(decrease) in current liabilities - Ministries Portfolios		
(Increase)/(decrease) in current liabilities - Other	599,290	721,632
Net cash flows from operating activities	1,034,983	(8,284,359)

HEALTH SERVICES AUTHORITY

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016**

Note 25: Commitments

Type	One year or less	One to five Years	Over five Years	Budget 2015/16
Capital Commitments				
Property, plant and equipment	2,614,063			2,614,063
Other fixed assets		0	0	
Other commitments (list separately if material)				0
Total Capital Commitments	2,614,063	0	0	2,614,063
Operating Commitments				
Non-cancellable accommodation leases				0
Other non-cancellable leases				0
Non-cancellable contracts for the supply of goods and services	329,359	2,103,968	0	2,433,327
Other operating commitments				0
Total Operating Commitments	329,359	2,103,968	0	2,433,327
Total Commitments	2,943,422	2,103,968	0	5,047,390

(Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and other fixed assets that have not been paid for or not recognised as a liability at the Statement of Financial Position date.)

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

INFORMATION AND COMMUNICATIONS
TECHNOLOGY AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

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Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Information and Communications Technology Authority* have agreed the *Information and Communications Technology Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Information and Communications Technology Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Information and Communications Technology (ICT) Authority was established in May 2002 by the Information and Communications Technology Authority Law 2002 (now the Information and Communications Technology Authority Law (2011 Revision)). Its powers and functions are specified in Sections 9 and 10 of that Law, and may be summarised as doing all things necessary or convenient to properly regulate and license the ICT sector in the Cayman Islands. The ICT sector includes, but is not limited to, telecommunications, broadcasting, radio, e-business and the .ky Internet domain. The Authority is also to act on any matter referred to it by the Minister responsible for ICT, or the managing director.

It also collects and verifies on behalf of Government the coercive element of all licence fees, and immediately deposits such fees in a Government bank account.

SCOPE OF ACTIVITIES

The scope of *Information and Communications Technology Authority* activities is as follows:

- (a) allocate the electromagnetic spectrum for facilities and specified services within the Cayman Islands, or between the Cayman Islands and elsewhere;
- (b) determine methods for assigning the electromagnetic spectrum;
- (c) issue licences authorising the use of specified portions of the electromagnetic spectrum, including those used on any ship, aircraft, vessel, or other floating or airborne contrivance or spacecraft registered in the Islands;
- (d) institute procedures for ensuring the compliance by licensees with any obligations regarding the use of the electromagnetic spectrum, imposed by or under the licence, any provisions of the ICTA Law or any regulations made hereunder.
- (e) to promote competition in the provision of ICT services and ICT networks where it is reasonable or necessary to do so;
- (f) to advise the Minister on ICT matters, including compliance with Government's international obligations, market liberalisation and competitive pricing;
- (g) to investigate and resolve complaints from consumers and service providers concerning the provision of ICT services and ICT networks;
- (h) to determine the categories of licences to be issued under the ICTA Law and the Electronic Transactions Law 2000;
- (i) to license and regulate ICT services and ICT networks as specified in the ICTA Law and the Electronic Transactions Law 2000;
- (j) to collect all fees, including licence fees, and any other charges levied under the ICTA Law or the Electronic Transactions Law 2000 or regulations made thereunder;
- (k) to resolve disputes concerning the interconnection or sharing of infrastructure between or among ICT service providers or ICT network providers;

- (l) to promote and maintain an efficient, economic and harmonised ICT infrastructure;
- (m) to be the sole person appointed under the ICTA Law to be the Administrative Point of Contact and the only person responsible for the management and control of the top level of the global Internet Domain Name System held in trust for the Internet and the Islands;
- (n) to act on any matter referred to it by the Minister or the managing director; and
- (o) to carry out such other functions as are conferred on the Authority by or under the ICTA Law or any other Law.

In addition, the Authority may regulate the rate, prices, terms and conditions of any ICT service or ICT network that is required to be licensed where the Authority is of the opinion that it is in the interests of the public to do so.

CUSTOMERS AND LOCATION OF ACTIVITIES

The Authority's customers are the Government, all residents of and visitors to the Cayman Islands, potential and actual licensees of ICT networks or ICT services originating or terminating in the Cayman Islands, the owners of any ship, aircraft, vessel or other floating or airborne contrivance or spacecraft registered in the Cayman Islands, and all potential or actual registrants in the .ky Internet domain.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Information and Communications Technology Authority* for the 2015/16 financial year are as follows:

- Increase access to a variety of innovative, high-quality ICT services, at reasonable prices, that meet the consumers' needs and reflect their values.
- Encourage the development of a sustainable competitive ICT industry.
- Enhance existing legislation or assisting with the development of new legislation.
- Maintain and enhance a regulatory environment that is fair, equitable, and transparent by:
 - Undertaking public consultation on relevant regulatory issues on a timely basis.
 - Resolving as quickly as possible any disputes between ICT suppliers concerning interconnection, infrastructure sharing, resale tariffs and other technical and economic issues that could adversely impact the development of sustainable competition.
 - Introducing any necessary retail price controls (e.g. price cap and floors), based upon Long-run Incremental Costing, on the incumbent operator to protect the interests of consumers and prevent anti-competitive practices.
 - Continuing the process of updating and validating the licensing information taken over by the Authority

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Information and Communications Technology Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	325,489	345,551
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	Nil	Nil
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	1,645,299	1,383,267
SURPLUS/DEFICIT FROM OUTPUTS	-	-
OTHER EXPENSES	-	-
NET SURPLUS DEFICIT	60,000	-
TOTAL ASSETS	1,924,285	1,876,671
TOTAL LIABILITIES	52,785	65,171
NET WORTH	1,871,500	1,811,500
CASH FLOWS FROM OPERATING ACTIVITIES	9,847	13,509
CASH FLOWS FROM INVESTING ACTIVITIES	(15,000)	(2,000)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CHANGE IN CASH BALANCES	(13,205)	11,509

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	34.73:1	27.60:1
TOTAL ASSETS : TOTAL LIABILITIES	36.46:1	28.80:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	13	9
STAFF TURNOVER (%)	22.22%	0%
SENIOR MANAGER	3	4
PROFESSIONAL AND TECHNICAL STAFF		0
ADMINISTRATIVE STAFF	10	5
SIGNIFICANT CHANGES TO PERSONNEL MANAGEMENT SYSTEM	None	None

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	1,924,285	1,876,671
ASSET REPLACEMENTS : TOTAL ASSETS	N/A	N/A
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.16:1	0.16:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1.96:1	2.54:1
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Implement Microsoft SharePoint, redevelop the Company's website and implement a fully integrated IT system	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Unanticipated failure or amalgamation of major licensees	None	Establishment of a fair, transparent and independent regulatory environment	Cannot be estimated

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Information and Communications Technology Authority* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	1,970,788	1,728,818
OPERATING EXPENSES	1,910,788	1,728,818
NET SURPLUS/DEFICIT	60,000	-

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	1,924,285	1,876,761
LIABILITIES	52,785	65,171
NET WORTH	1,871,500	1,811,500

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	9,847	13,509
CASH FLOWS FROM INVESTING ACTIVITIES	(15,000)	(126,722)
CASH FLOWS FROM FINANCING ACTIVITIES		

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Information and Communications Technology Authority	NIL
Capital Withdrawals from Information and Communications Technology Authority	NIL
Dividend or Profit Distributions to be made by Information and Communications Technology Authority.	NIL
Government Loans to be made to Information and Communications Technology Authority	NIL
Government Guarantees to be issued in relation to Information and Communications Technology Authority	NIL
Related Party Payments (Non Remuneration) made to Key Management Personnel ²⁹	NIL
Remuneration³⁰ Payments made to Key Management Personnel	NIL
Remuneration Payments made to Senior Management	413,544

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	NIL
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3

²⁹ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³⁰ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Information and Communications Technology Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Information and Communications Technology Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable D. Kurt Tibbetts, OBE, JP

Minister of Planning, Lands, Agriculture, Housing and Infrastructure

On behalf of Cabinet

Chairman of the Board

Information and Communications Technology Authority

30th June 2016

APPENDIX

FORECAST FINANCIAL STATEMENTS



INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Information and Communications Technology Authority for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Information and Communications Technology Authority

30th June 2015

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The significant accounting policies adopted by the ICTA in these financial statements are as follows:

(a) Basis of preparation

The financial statements of the ICTA are presented in Cayman Island dollars and are prepared on the accruals basis under the historical cost convention.

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

(c) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statements date. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Gains and losses arising on translation are included in the statement of comprehensive income.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered as cash held on demand and fixed deposits with an original maturity of three months or less.

(e) Accounts receivable

Accounts receivable are recognized initially at fair value and are subsequently reviewed for impairment. Where there is objective evidence that a debt will not be collectible by the Authority according to the agreed terms a provision for bad debt is established.

(f) Property, plant and equipment/depreciation and amortization

Property, Plant and Equipment are stated at cost less accumulated depreciation and amortization, and any impairment losses.

Significant accounting policies (continued)

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the property, plant and equipment and leasehold improvements are amortized over the life of the lease.

The estimated useful lives of the other fixed assets are as follows:

Office equipment and furniture	4 - 12 Years
IT equipment	3 Years
Leasehold improvements	5 Years

Management reviews the depreciation and amortization method and useful life periodically to ensure that they are consistent with the expected economic benefits from property, plant and equipment.

(g) Revenue recognition

Services provided to Cabinet are recognized when the services agreed in the purchase agreement are performed and the Government is invoiced. Services are billed at cost to the Authority (see also Related Party Note 5).

Regulatory and licensing fees are recognised as revenue when they are due to the Authority. Radio licence fees are recorded when received by the Authority. Application and licence fees are non-refundable.

(h) Operating lease

Lease payments are recognized as an expense on a straight-line basis over the lease term.

(i) Financial Instruments

(v) Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets are comprised of cash and cash equivalents and prepayments.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities are comprised of accounts payables and accrued expenses.

(vi) Recognition

The Authority recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognised in the statement of comprehensive income.

(vii) Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition, all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Significant accounting policies (continued)

(viii) Derecognition

A financial asset is derecognised when the Authority realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expired.

(j) Provisions and Contingencies

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

(k) Subsequent Events

Post-year-end events that provide additional information about the Authority's position at balance sheet date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes to the financial statements when material

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDING 30TH JUNE 2016

	Notes	Budget 2015/16	Budget 2014/15
Current Assets			
Cash and cash equivalents	1	1,456,323	1,366,685
Marketable securities and deposits			
Trade receivables	2	341,373	372,757
Other receivables	2	77	188
Inventories		-	-
Investments		-	-
Prepayments	3	35,507	59,648
Loans		-	-
Total Current Assets		1,833,280	1,799,278
Non-Current Assets			
Property, plant and equipment	4	91,005	77,393
Total Non-Current Assets		91,005	77,393
Total Assets		1,924,285	1,876,671
Current Liabilities			
Trade payables	5	25,302	25,302
Other payables and accruals	5	1,408	1,603
Employee entitlements	6	26,075	38,266
Total Current Liabilities		52,785	65,171
Total Liabilities		52,785	65,171
Net Assets		1,871,500	1,811,500
NET WORTH			
Contributed capital		887,500	887,500
Other Reserves		984,000	924,000
Revaluation reserve		-	-
Accumulated surpluses/(deficits)		-	-
Total Net Worth		1,871,500	1,811,500

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30TH JUNE 2016

		Budget 2015/16	Budget 2014/15
Revenue			
Sale of goods and services	7	1,970,788	1,728,818
Other revenue			
Total Revenue		1,970,788	1,728,818
Expenses			
Personnel costs	8	1,263,117	1,164,564
Supplies and consumables	9	618,210	551,168
Depreciation	4	29,461	13,086
Total Expenses		1,910,788	1,728,818
Surplus or (Deficit) for the period before transfer		60,000	-

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2016

		Budget 2015/16	Budget 2014/15
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Net Income for the year</i>		60,000	-
Adjustments for non-cash transactions:			
Depreciation and amortization		29,461	13,086
		29,461	13,086
Net changes in non-cash operating balances:			
(Increase)/decrease in:			
Accounts receivable		(108,266)	3,866
Prepaid expenses		18,696	(13,443)
Accounts payable and accrued liabilities		9,956	10,000
Net cash flows from operating activities		9,847	13,509
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(15,000)	(2,000)
Net cash flows from investing activities		(15,000)	(2,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to Government		(8,052)	
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(13,205)	11,509
Cash and cash equivalents at beginning of year		1,469,528	1,355,175
Cash and cash equivalents at end of year		1,456,323	1,366,884

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2016

	Contributed Capital	Reserves	Revaluation Reserve	Accumulate d Surplus/ (deficits)	Total
Balance at 30 June 2014	887,500	924,000		121,069	1,932,569
Changes in accounting policy					
Prior Year Adjustments					
Restated balance	887,500	924,000	-	121,069	1,932,569
Changes in net worth for 2014/15					
Transfer to reserve					
Net revenue / expenses recognised directly in Net Worth					
Surplus/(deficit)for the period 2014/15				8,052	
Total recognised revenues and expenses for the period				8,052	8,052
Payment to Government				(121,069)	(121,069)
Balance at 30 June 2015 carried forward	887,500	924,000	-	8,052	1,819,552

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF CHANGES IN NET WORTH (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulate d Surplus/ (deficits)	Total
Balance at 30 June 2015 brought forward	887,500	924,000		8,052	1,819,552
Changes in net worth for 2014/15					
Changes in accounting policy					
Prior Year Adjustments					
Restated balance	887,500	924,000	-	8,052	1,819,552
Changes in net worth for 2015/16					
Transfer of reserve		60,000		(60,000)	-
Gain/(loss) on property revaluation					
Net revenue / expenses recognised directly in net worth		60,000		(60,000)	-
Surplus/(deficit)for the period 2015/16				60,000	
Total recognised revenues and expenses for the period				60,000	60,000
Payment to Government				(8,052)	(8,052)
Balance at 30 June 2016	887,500	984,000	-	-	1,871,500

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

Note 1: Cash and cash equivalents				
Description	Currency Amount	Exchange Rate to \$CI	Budget 2015/16	Budget 2014/15
Cash on hand	53	1.0000	53	53
Cash in transit				
CI\$ Account	956,898	1.0000	956,898	869,985
US\$ Account	27,877	0.8300	23,138	23,138
Payroll Current Account				
Bank Accounts held at other financial institutions				
Short-Term Fixed Deposits	476,234	1.0000	476,234	473,509
TOTAL			1,456,323	1,366,685

Note 2: Trade and other receivables		
Trade Receivables	Budget 2015/16	Budget 2014/15
Sale of goods and services to Cabinet		
Sale of goods and services to other government agencies		
Sale of goods and services - third party	341,373	286,369
Other		
Less: provision for doubtful debts		
Total trade receivables	341,373	372,757
Other Receivables	Budget 2014/15	Budget 2014/15
Advances (salary, Official Travel, etc)		
Dishonoured cheques		
Interest receivable	77	188
Other		
Less: provision for doubtful debts		
Total other receivables	77	188

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

	Trade Receivables	Other Receivables
Current		
Past due 1-30 days	341,373	77
Past due 31-60 days		
Past due 61-90 days		
Past due 90 and above		
Non-Current		
Past due 1 year and above		
Total	341,373	77

Note 3 Prepayments				
Description	Current	Non-Current	Budget 2015/16	Budget 2014/15
Insurance	9,624		9,624	11,971
Work permit	17,838		17,838	31,539
Other	8,045		8,045	16,138
Total	35,507	-	35,507	59,648

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 4: Property, plant & equipment					
Cost of Property, plant & equipment					
	<i>Plant and equipment</i>	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 July 2014	7,586	231,908	101,427	185,874	526,795
Additions	3,561		14,919	12,181	30,661
Disposals					
Transfers					
Balance as at 30 June 2015	11,147	231,908	116,346	198,055	557,456
	<i>Plant and equipment</i>	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 30 June 2015	11,147	231,908	116,346	198,055	557,456
Additions	5,000			10,000	15,000
Disposals					
Transfers					
Balance as at 30 June 2016	16,147	231,908	116,346	208,055	572,456
Accumulated depreciation and impairment losses					
	<i>Plant and equipment</i>	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 July 2014	4,353	231,908	83,259	107,338	426,857
Impairment loss 2014/15					
Depreciation Expense 2014/15	1,556	-	10,264	13,313	25,133
Eliminate on Disposal 2014/15					
Balance as at 30 June 2015	5,909	231,908	93,524	120,651	451,991
	<i>Plant and equipment</i>	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 30 June 2015	5,909	231,908	93,524	120,651	451,991
Impairment loss 2015/16					
Depreciation Expense 2015/16	3,222	-	10,191	16,047	29,461
Eliminate on Disposal 2015/16					
Balance as at 30 June 2016	9,131	231,908	103,715	136,698	481,451
Net Book value 30 June 2015	5,239	-	22,823	77,405	105,466
Net Book value 30 June 2016	7,016	-	12,631	71,357	91,005

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 5: Trade payables, other payables & Accruals				
	Current	Non-Current	Budget 2015/16	Budget 2014/15
Creditors Third party	25,302		25,302	25,302
Creditors Ministries/Portfolios				
Creditors other government agencies				
Payroll Deductions				
Operating Lease				
Accrued Expenses	26,075		26,075	38,266
Other payables	1,409		1,409	1,603
Total trade payables other payables and accruals	52,785	-	52,785	65,171

Note 6: Employee entitlements			
		Budget 2015/16	Budget 2014/15
Annual Leave/Comp-time		26,075	38,266
Retirement and long service leave			
Accrued salaries			
Travel			
Total current portion		26,075	38,266
Non-current employee entitlements are represented by:			
Retirement and long service leave			
Total employee entitlements		26,075	38,266

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 7: Sales of Goods & Services		
Revenue type	Budget 2015/16	Budget 2014/15
Fees and Charges	-	-
General Sales	-	-
Rentals	-	-
Other Goods & Services Revenue	1,645,299	1,383,267
Sale of goods and services to Cabinet	325,489	345,551
Sale of goods and services to Other Ministries and Portfolios	-	-
Total sales of goods and services	1,970,788	1,728,818
Other Goods & Services Revenue		
Regulatory fees	1,365,494	1,145,479
Radio Licences	135,000	120,000
Licensing fees	120,280	113,030
other income	23,500	4,758
Total Other Goods & Services Revenue	1,644,274	1,383,267
Sales of Outputs to Cabinet		
Sales of Outputs to Cabinet	325,489	345,551
Total Sales of Outputs to Cabinet	325,489	345,551

Note 8: Personnel costs		
Description	Budget 2015/16	Budget 2014/15
Salaries, wages and allowances	978,389	928,564
Health care	184,258	132,152
Pension	60,083	56,673
Leave		10,000
Other personnel related costs	40,387	37,175
Total Personnel Costs	1,263,118	1,164,564

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 9: Supplies and consumables		
Description	Budget 2015/16	Forecast 2014/15
Supplies and Materials	5,200	3,400
Purchase of services	305,330	381,347
Lease of Property and Equipment	73,663	73,663
Utilities	35,800	34,700
General Insurance	14,217	14,217
Interdepartmental expenses	20,000	20,000
Travel and Subsistence	39,000	23,840
Recruitment and Training	-	-
Total Supplies & consumables	493,210	551,167

Note 10: Reconciliation of net cash flows from operating activities to surplus/(deficit)		
Description	Budget 2015/16	Budget 2014/15
Surplus/(deficit) from ordinary activities	60,000	-
Non-cash movements		
Depreciation expense	29,461	13,086
Impairment	-	-
(Gain)/losses on sale of property plant and equipment	-	-
Changes in current assets and liabilities:		
(Increase)/decrease in other current assets	(79,614)	(9,577)
(Increase)/decrease in receivables – Cabinet	-	-
(Increase)/(decrease) in current liabilities		10,000
Net cash flows from operating activities	9,847	13,509

Note 11: Key Management Personnel		
Description	Budget 2015/16	Budget 2014/15
Salaries & other short-term employee benefits	413,544	622,124
Past employee benefits		
Other long-term benefits		
Termination benefits		
Loans		
Total	413,544	622,124

OWNERSHIP AGREEMENT

BETWEEN THE
CAYMAN ISLANDS GOVERNMENT
AND

MARITIME AUTHORITY OF THE CAYMAN
ISLANDS

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Maritime Authority of the Cayman Islands* have agreed the *Maritime Authority of the Cayman Islands* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Maritime Authority of the Cayman Islands* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The *Maritime Authority of the Cayman Islands (MACI)* activities involve the national maritime administration for the Cayman Islands, MACI will facilitate the development of Cayman as an international maritime centre and help foster a dynamic environment that supports its clients' efforts to maximise their respective stakeholders' growth opportunities and returns in global shipping; whilst promoting compliance with international standards, regional agreements, and Cayman's legislation in the areas of maritime safety and security, marine environmental pollution prevention, and social responsibility.

SCOPE OF ACTIVITIES

1. The original CISR's vessel and mortgage Registration, Advisory, and marine Survey and Audit services.
2. The overall responsibility for implementing Cayman's marine pollution prevention, maritime safety and security, and seafarers' welfare obligations³¹ under international Conventions and Codes and under Cayman legislation for Cayman-flagged vessels.
3. The responsibility for the implementation of Cayman's obligations under the Caribbean Memorandum of Understanding on *Port State Control* and for marine *Casualty Investigation* activities in relation to Cayman-flagged vessels.
4. The responsibility for *national maritime policy* formulation, the provision of advice on maritime-related matters, and the development of Cayman's maritime-related legislation.
5. The responsibility to *represent* Cayman at international fora and to protect its maritime interests.
6. The responsibility to help *facilitate the development* of the Cayman Islands as an international maritime centre.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Maritime Authority of the Cayman Islands* are provided to the following Customers both locally and internationally:

- Vessel Owners/Operators and their Representatives
- Vessel Builders
- Yacht Designers and related Consultants
- Seafarers on Cayman flagged Vessels
- Cayman Islands Government

The Maritime Authority of the Cayman Islands is able to offer its services to its Customers from thirteen locations, the head office in George Town, the European Regional Office - United Kingdom, representative in Greece, United States of America, France, Japan, Singapore, Netherlands, Australia, Brazil, Philippines, Hong Kong and the Cayman Islands Government Office in the United Kingdom.

³¹ The statutory responsibility for this falls to the Office of the Cayman Islands Shipping Master.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Maritime Authority of the Cayman Islands* for the 2015/16 financial year are as follows:

- a. Review and update job descriptions and facilitate the re-implementation of performance based pay, starting July 2015;
- b. Review of Employee and Office Policies Handbook for GT and ERO;
- c. Revise the Merchant Shipping Law (MSL) and Marine Pollution Law (MPL) submit to CIG Cabinet by July 2015;
- d. Completed a review and update of the CI MSL and MARPOL primary and secondary legislation by July 2015;
- e. Create a Marine Accident Investigation Authority (MAIA) with anticipated appointment by July 2015; and
- f. Review and streamline existing business processes throughout 2015/16 and organisational structure to facilitate working seamlessly across MACI with a view to completion by December 2016.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Maritime Authority of the Cayman Islands* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	419,146	419,146
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	9,010,524	8,978,661
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	9,136,089	9,116,923
NET SURPLUS DEFICIT	293,581	280,884
TOTAL ASSETS	4,835,691	4,604,110
TOTAL LIABILITIES	(1,249,000)	(1,311,000)
NET WORTH	3,586,691	3,293,110
CASH FLOWS FROM OPERATING ACTIVITIES	251,674	225,484
CASH FLOWS FROM INVESTING ACTIVITIES	(175,000)	(263,089)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CHANGE IN CASH BALANCES	(76,674)	37,605

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	9.08	7.70
TOTAL ASSETS : TOTAL LIABILITIES	3.87	3.51

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	51	51
STAFF TURNOVER (%)	0%	0%
SENIOR MANAGER		
PROFESSIONAL AND TECHNICAL STAFF	8.16	8.16
ADMINISTRATIVE STAFF	8.96	8.96

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	4,835,691	4,604,110
ASSET REPLACEMENTS : TOTAL ASSETS	28%	25%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	19%	23%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	90%	77%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Implement Microsoft SharePoint, redevelop the Company's website and implement a fully integrated IT system	175,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
War and Terrorism	None	Insurance policy to manage risk	Unquantifiable
Loss/absence of critical staff	None	Succession planning and develop an organisational structure and environment which provides challenges, promotes advancement and recognize achievements	Unquantifiable
Loss of important data	None	Back up vital and important documentation on disks and hard copy and place in a secure environment	Unquantifiable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Maritime Authority of the Cayman Islands* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	9,429,670	9,397,807
OPERATING EXPENSES	9,136,089	9,116,923
NET SURPLUS/DEFICIT	293,581	280,884

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	4,835,691	4,604,110
LIABILITIES	(1,249,000)	(1,311,000)
NET WORTH	3,586,691	3,293,110

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	251,674	225,484
CASH FLOWS FROM INVESTING ACTIVITIES	(175,000)	(263,089)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Maritime Authority of the Cayman Islands	0
Capital Withdrawals from Maritime Authority of the Cayman Islands	0
Dividend or Profit Distributions to be made by Maritime Authority of the Cayman Islands.	0
Government Loans to be made to Maritime Authority of the Cayman Islands	0
Government Guarantees to be issued in relation to Maritime Authority of the Cayman Islands	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ³²	0
Remuneration³³ Payments made to Key Management Personnel	1,128,563
Remuneration Payments made to Senior Management	1,109,128

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	16
NUMBER OF KEY SENIOR MANAGEMENT (MD)	9

³² Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³³ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Maritime Authority of the Cayman Islands undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Maritime Authority of the Cayman Islands will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Wayne Panton, JP

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

Chairman of the Board

Maritime Authority of the Cayman Islands

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Maritime Authority of the Cayman Islands for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Maritime Authority of the Cayman Islands

30th June 2015

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30TH JUNE 2016

		<i>YTD - Budget</i>	<i>YTD - Forecast</i>
		<i>June 30, 2016</i>	<i>June 30, 2015</i>
Revenue			
Sales of Goods and Services		7,086,523	7,063,059
Tonnage Revenue		1,248,000	1,248,000
Other Income		676,001	667,602
Sales of Goods and Services - CIG		419,146	419,146
Total Revenue		9,429,670	9,397,807
Expenses			
Personnel Cost	15	4,584,869	4,493,621
Professional Services		1,722,129	1,528,129
Other Expenses	16	955,756	1,083,247
Operating Lease and Utilities		564,000	658,182
Travel and Business Development		640,000	640,000
Survey Related Expense		511,854	511,854
Depreciation	17	157,481	201,890
Total Expenses		9,136,089	9,116,923
Loss from Operating Activities		293,581	280,884
Non-Operating Revenue & Expenses			
Gain on Revaluation/Disposal of Fixed Assets			
(Loss)/Gains on Foreign Exchange Transaction			
Total Non-Operating Revenue & Expenses			
Net Profit		293,581	280,884

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

		<i>YTD - BUDGET</i>	<i>YTD - FORECAST</i>
		<i>JUNE 30, 2016</i>	<i>JUNE 30, 2015</i>
ASSETS			
CURRENT ASSETS			
CASH & CASH EQUIVALENTS	9	2,211,425	2,134,751
ACCOUNTS RECEIVABLE (NET)	10	2,247,495	2,114,520
ACCOUNTS RECEIVABLE (CABINET)		108,041	103,627
TOTAL CURRENT ASSETS		4,566,961	4,352,898
PROPERTY, PLANT & EQUIPMENT	11	268,730	251,212
TOTAL ASSETS		4,835,691	4,604,110
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	12	260,000	327,000
UNEARNED REVENUE	13	195,000	200,000
EMPLOYEE ENTITLEMENTS	14	40,000	30,000
OTHER CURRENT LIABILITIES		8,000	8,000
TOTAL CURRENT LIABILITIES		503,000	565,000
RETIREMENT LIABILITY/OTHER		746,000	746,000
TOTAL LIABILITIES		1,249,000	1,311,000
EQUITY			
CONTRIBUTED CAPITAL		1,500,000	1,500,000
RETAINED EARNINGS		2,086,691	1,793,110
TOTAL EQUITY		3,586,691	3,293,110
TOTAL EQUITY AND LIABILITIES		4,835,691	4,604,110

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF CHANGES IN EQUITY
AS AT 30TH JUNE 2016

	RETAINED EARNINGS	CONTRIBUTED CAPITAL	TOTAL
BALANCE AT 30 JUNE 2014	1,512,226	1,500,000	3,012,226
BUDGET NET LOSS FOR 14/15	280,884	-	280,884
BALANCE AT 30 JUNE 2015	1,793,110	1,500,000	3,293,110
BUDGET NET PROFIT FOR 15/16	293,581	-	293,581
BALANCE AT 30 JUNE 2016	2,086,691	1,500,000	3,586,691

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2016

		YTD - BUDGET	YTD - FORECAST
		JUNE 30, 2016	JUNE 30, 2015
	NOTES		
CASH FLOWS FROM OPERATING ACTIVITIES			
NET PROFIT		293,581	280,884
ADJUSTMENTS FOR:			
DEPRECIATION		157,481	201,890
(GAIN) ON ASSETS		-	-
(INCREASE) IN RECEIVABLE		(137,388)	(240,333)
(DECREASE) IN PAYABLES		(67,000)	(2,946)
(DECREASE) IN UNEARNED REVENUE		(5,000)	(16,361)
INCREASE/(DECREASE) IN EMPLOYEE ENTITLEMENTS		10,000	(7,617)
INCREASE IN OTHER LIABILITIES		0	9,967
NET CASH FLOWS FROM OPERATING ACTIVITIES		251,674	225,484
CASH FLOWS FROM INVESTING ACTIVITIES			
ACQUISITION OF FIXED ASSETS		(175,000)	(263,089)
SALE PROCEEDS FIXED ASSETS		-	-
NET CASH USED IN INVESTING ACTIVITIES		(175,000)	(263,089)
CASH FLOWS FROM FINANCING ACTIVITIES			
CAPITAL CONTRIBUTION CABINET		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		76,674	(37,605)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,134,751	2,172,356
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9	2,211,425	2,134,751

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

1. Organisation and Objectives

The Maritime Authority of the Cayman Islands (MACI) is a statutory corporation formed as a separate legal entity under the Maritime Authority of the Cayman Islands Law (2005) which came into effect on July 1, 2005. The Authority is wholly-owned by the Government of the Cayman Islands but governed by a Board of Directors appointed by the Governor of the Cayman Islands. MACI reports to the Cabinet of the Cayman Islands through the Portfolio of Finance and Economics but is also responsible to the UK Secretary of State via the UK's Maritime and Coastguard Agency (UK MCA) for the effective implementation of the relevant international maritime and related Conventions that have been ratified by the UK Government and extended to Cayman.

The original Cayman Islands Shipping Registry (CISR) maritime administration structure, which is the main forerunner to MACI, was first set-up in 1903 when George Town was established as a British Port of Registry. The CISR obtained British Registry Category 1 Status on July 25, 1991. The Category 1 Group of British Registries includes the UK, Bermuda, Cayman, Gibraltar and the Isle of Man. All of these can register vessels of any size and type provided that they meet international standards. The CISR is now a division of MACI. However, there are a number of other critical responsibilities that have been added to the new Authority. The Authority therefore combines into one body:

1. The CISR's vessel and mortgage registration, advisory, and marine survey and audit services;
2. The overall responsibility for implementing Cayman's maritime safety and security, marine pollution prevention and social responsibility obligations under international Conventions and Codes, and under Cayman legislation for Cayman-flagged vessels;
3. The Cayman Islands Government (CIG) delegated responsibility for the implementation of Cayman's obligations under the Caribbean Memorandum of Understanding on Port State Control (CMOU PSC) for foreign-flagged vessels entering Cayman ports;
4. The CIG delegated responsibility for marine Casualty Investigation activities in relation to Cayman-flagged vessels;
5. The CIG delegated responsibility for national maritime policy formulation, the provision of advice on maritime-related matters, and the development of Cayman's maritime-related legislation;
6. The CIG delegated responsibility to represent Cayman at international fora and to protect its maritime interests;
7. The CIG delegated responsibility to help facilitate the development of the Cayman Islands as an international maritime centre.

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

2. Basis of Preparation

The Financial statements of MACI are prepared in accordance with International Public Sector Accounting Standards (IPSAS) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets. The reporting Currency is Cayman Islands Dollars basis.

3. Reporting Period

The Budget reporting period is the year ended 30 June, 2016.

4. Significant Accounting Policies

- a. **Investments.** Short-term investments are valued, on a monthly basis at amortized cost and long term investments are valued at quoted market value. Unrealized gains or losses are recoded in the income statement.
- b. **Foreign Currency.** Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Assets and liabilities are translated at the exchange rate in effect at the Balance Sheet date.
- c. **Sale of Goods and Services (including user charges and fees).** Revenue from the sale of goods and services, including revenue resulting from user charges or fees, is recognised when it is earned. This is generally at time of sale or on delivery of service. Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or in accordance with agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.
- d. **Government Grants.** MACI is semi dependent upon annual operating grants from the Cayman Islands Government to meet its Obligations. The full amount of the grant is treated as income in the year of receipt.
- e. **Expenses.** Expenses are recognised when incurred.
- f. **Receivables and advances.** Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.
- g. **Inventory.** Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.
- h. **Fixed Assets.** Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line method of 20% per annum for Furniture and Fixtures, Leasehold Improvements and Office Equipment; and 33 1/3% for Computer Hardware and Software, which is

sufficient to write-off the cost of the assets over their estimated useful lives.

- i. **Cash and cash equivalents.** For the purpose of the cash flow statement, cash and cash equivalents consist of current and call deposit and fixed deposit maturing within 90 days from the date of acquisition.
- j. **Accounts Payable.** Account Payables are recorded at the amount owing after allowing for credit notes and other adjustments.
- k. **Employee entitlements.** Amount incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.
- l. **Commitments.** Commitments are recorded in the Statement of Commitments at the value of the obligation.
- m. **Contingencies.** The nature and an estimate of the financial effect of contingent liabilities are disclosed in the Statement of Contingent Liabilities. Contingent liabilities are recognised as liabilities when they are probable.
- n. **Employee benefits.** Obligation for contribution to defined contribution and defined benefits pension plans are recognized as an expense in the income statement as incurred. (See also Note 19)
- o. **Comparative Information.** The Financials for MACI provide comparable forecasted information for year on year performance for June 30 2015.

5. Capital

The authorised capital of MACI is \$1,500,000. The Cayman Islands Government is the sole subscriber and has contributed Paid-Up Capital of \$500,000 as at 30 June 2006. The Cabinet of the Cayman Islands Government committed to increasing the Paid-Up Capital of MACI to a minimum of \$1,500,000 by the year 2008, by yearly equity injections. In June 2008, the Cayman Islands Government had fully contributed its Paid-Up Capital of \$1,500,000.

6. Lease Obligation

MACI leases the premises used for its operations in George Town and in the United Kingdom for the European Regional Office (ERO). The George Town office is located in the Government Administration Building for the total office space 5,405 square feet at a cost of \$56.57 per square feet. Lease payments under the operating leases are charged to the income statement.

The Lease agreement for the ERO lease agreement dated 6 September 2002 for the total office space 2,578 square feet at £17.49 per square feet. The lease is for 15 years with option to renew. Lease payments under the operating leases are charged to the income statement in equal instalments over the period of the lease.

7. Pensions

Pension contributions for eligible employees of MACI are paid to either the Public Service Pensions Fund (the "Fund") or the Chamber of Commerce Silver Thatch Pension Fund (Silver Thatch).

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

The Fund is administered by the Public Service Pensions Board ("the Pensions Board") and is operated as a multi-employer non-contributory fund, whereby the employer pays both employer and employees contributions. With effect from 1 January 2000 the Fund had both a defined benefit and a defined contribution element. Participants joining after that date became members of the defined contribution element. MACI therefore funds 6% employee and 6% employers' contributions for all employees joining MACI prior to 1 January 2006.

MACI has not recognized any of the unfunded Past Service Liability (PSL) due to the fact that there is not an up to date Actuarial review. Pensions Board management also confirmed that the contribution rate would be 13% effective January 1999. This rate includes a 1% non-retirement benefit contribution. MACI began recognizing this contribution rate of 13% from 1 July 2005 for employees under the define contribution element.

For employees joining 1 January 2006 the contribution rate in effect is 5% employer's contribution and the employees is required to contribute 5% if enrolled with the Silver Thatch or 6% to participate in the Public Service Pension Fund.

8. Related Party Transactions

The Board of Directors of MACI is appointed by the Governor and consists of the Chief Executive Officer, Secretary to the Board as ex-officio members and seven directors as at 30 June 2015.

The following Government department/entities provided services to MACI during 2015:

- i. Treasury Department
- ii. Legal Department
- iii. Public Service Pension Board (see Note 9)
- iv. Computer Services Department
- v. Immigration Department
- vi. Customs Department
- vii. Audit Office

MACI is responsible for the registration of vessel and the collection of the related fees which are paid over to the Cayman Islands Government.

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

	<i>Budget</i>	<i>Forecast</i>
	<i>June 30, 2016</i>	<i>June 30, 2015</i>
Note 9. Cash & Cash Equivalents		
Bank Accounts	1,958,425	1,882,751
Fixed Deposits	253,000	252,000
Total Cash & Cash Equivalents	2,211,425	2,134,751
Note 10. Accounts Receivable (net)		
Sales of Goods & Services	2,387,495	2,264,520
Prepayments	60,000	50,000
Other Receivables	-	-
<i>Total Gross Receivables</i>	<i>2,447,495</i>	<i>2,314,520</i>
Less Provision for Doubtful Debts	200,000	200,000
Total Net Receivable (net)	2,247,495	2,114,520
Note 11. Property, Plant & Equipment		
Net Book Value (NBV)		
Furniture & Fittings	-	-
Computer Hardware and Software	268,730	251,211
Other Assets	-	-
Total Property, Plant & Equipment (NBV)	268,730	251,211

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 11. Property, Plant & Equipment				
	Opening Balance	Addition	Depreciation Expense	Closing Balance 2014/15 Budget
Furniture & Fittings	-		-	-
Computer Hardware and Software	251,211	175,000	(157,481)	268,730
Other Assets	-		-	-
Total	251,211	175,000	(157,481)	268,730

	Budget	Forecast
	June 30, 2016	June 30, 2015
Note 12. Accounts Payable		
Trade Creditors (Less Than 30 Days)	185,000	237,000
Trade Creditors (Over 31 Days)	75,000	90,000
Total Accounts Payable	260,000	327,000
Note 13. Unearned Revenue		
Revenue Deposits (USD)	100,000	105,000
Revenue Deposits (Euro)	95,000	95,000
Total Unearned Revenue	195,000	200,000
Note 14. Employee Entitlements		
Leave Entitlement (Management Committee)	9,000	9,000
Leave Entitlement (Managers)	21,000	11,000
Leave Entitlement (Administration)	10,000	10,000
Total Employee Entitlements	40,000	30,001
Note 15. Personnel Cost		
Salaries and Wages	3,503,806	3,380,170
Other Personnel Cost	614,441	716,542
Pension Expense	436,622	366,909
Movement in Annual Leave Provision	30,000	30,000
Total Personnel Cost	4,584,869	4,493,621

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

	<i>Budget</i>	<i>Forecast</i>
	<i>June 30, 2016</i>	<i>June 30, 2015</i>
Note 12. Accounts Payable		
Trade Creditors (Less Than 30 Days)	185,000	237,000
Trade Creditors (Over 31 Days)	75,000	90,000
Total Accounts Payable	260,000	327,000
Note 13. Unearned Revenue		
Revenue Deposits (USD)	100,000	105,000
Revenue Deposits (Euro)	95,000	95,000
Total Unearned Revenue	195,000	200,000
Note 14. Employee Entitlements		
Leave Entitlement (Management Committee)	9,000	9,000
Leave Entitlement (Managers)	21,000	11,000
Leave Entitlement (Administration)	10,000	10,000
Total Employee Entitlements	40,000	30,001
Note 15. Personnel Cost		
Salaries and Wages	3,503,806	3,380,170
Other Personnel Cost	614,441	716,542
Pension Expense	436,622	366,909
Movement in Annual Leave Provision	30,000	30,000
Total Personnel Cost	4,584,869	4,493,621

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

	<i>Budget</i>	<i>Forecast</i>
	<i>June 30, 2016</i>	<i>June 30, 2015</i>
Note 16. Other Expense		
Debt Write Off	280,000	300,000
General and Administration Services	271,184	358,695
Maintenance	282,231	302,211
Bank Fees	110,000	110,000
Insurance	12,341	12,341
Total Other Expense	955,756	1,083,247
Note 17. Depreciation		
Depreciation Furniture & Fittings	-	-
Depreciation Computer Hardware	157,481	201,890
Depreciation Other Assets	-	-
Total Depreciation	157,481	201,890

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

THE NATIONAL DRUG COUNCIL

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *The National Drug Council* have agreed *The National Drug Council* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which *The National Drug Council* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The National Drug Council activities involve:

- **Policy formulation and advice** (advocacy, feedback and support to the development of policy and legislation aimed at reducing substance misuse and abuse).
- **Prevention** (initiatives such as workshops, programmes, public information/media campaigns and other services to our communities on issues of alcohol and other drugs aimed at preventing substance misuse and abuse).
- **Research** (instrument design, data collection (surveillance), data analysis and reporting)
- **Monitoring** - revision and submission of The National Anti-Drug Strategy (NADS)
 - Monitoring the implementation of the NADS
- **Evaluation** (coordinate/conduct program evaluations in a systematic approach of collecting and analysing programme data to answer questions about projects, policies and programmes especially about their effectiveness).

SCOPE OF ACTIVITIES

The scope of The National Drug Council activities is as follows:

- **Policy and Prevention** - To formulate policies intended to prevent or reduce drug abuse and to promote and encourage the implementation of such policies and programmes and to advise the Minister on matters of law reform relating to the misuse of drugs.
- **Research and Information Dissemination** - : To conduct/support studies and publish reports and other documentation on drug abuse and develop and maintain a database of information on, drug abuse in the Islands;
- **Monitoring and Evaluation**- : To co-ordinate the efforts of drug abuse prevention, treatment and rehabilitation. Through monitoring implementation of the National Anti-Drug Strategy and evaluation of the programmes within the Cayman Islands.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by The National Drug Council are provided primarily in the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for *The National Drug Council* for the 2015/16 financial year are as follows:

The key strategic goals and objectives (from an ownership perspective) for *The National Drug Council* for the 2015/16 financial year are as follows:

- Provide **policy advice**, advocate for policy and legislative change, and review matters as it relates to alcohol and other substance misuse and abuse in the Cayman Islands.
- Educate the public (youth, adults, special interest groups, communities as a whole) on issues of alcohol and other drug misuse and abuse with the goal **prevention** and of reducing the negative impacts to our society.
- Conduct **research** and provide information that is culturally relevant and based on scientific research and local data.
- **Monitor** the National Anti-Drug Strategy for 2009-2013 through a thorough review for submission of a revised plan for 2015-2020.
- **Evaluate** relevant programmes to ensure effective programming.
- Ensure best practice and adherence to relevant regional and international policies related to alcohol and other drug issues.
- Encourage and foster affiliations and exchange of information on a local, regional and international level.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for *The National Drug Council* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	552,958	552,958
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES		
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	6,500	4,150
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	559,108	557,108
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	358,367	338,205
TOTAL LIABILITIES	35,097	36,408
NET WORTH	323,270	301,797
CASH FLOWS FROM OPERATING ACTIVIITES	191,852	191,852
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	0	33,013

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	10:1	9:1
TOTAL ASSETS : TOTAL LIABILITIES	9.2:1	8.7:1

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	5	4
STAFF TURNOVER (%)	20%	20%
SENIOR MANAGER	4.7	4.5
PROFESSIONAL AND TECHNICAL STAFF	12	4.625
ADMINISTRATIVE STAFF	2	2

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	358,367	338,205
ASSET REPLACEMENTS : TOTAL ASSETS	0	0
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	99.9%	95.2%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0%	.02%
CHANGES TO ASSET MANAGEMENT POLICES	N/A	N/A

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	
NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Staff Turnover	20%	Contract/JD Review	Unknown
Budget Cuts	0%	Increase opportunities for non-governmental funds	Unknown

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *The National Drug Council* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	559,458	557,108
OPERATING EXPENSES	559,458	557,108
NET SURPLUS/DEFICIT	0	0

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	358,367	338,205
LIABILITIES	35,097	36,408
NET WORTH	323,270	301,797

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	191,852	191,852
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	0	0

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into The National Drug Council	0
Capital Withdrawals from The National Drug Council	0
Dividend or Profit Distributions to be made by The National Drug Council.	0
Government Loans to be made to The National Drug Council	0
Government Guarantees to be issued in relation to The National Drug Council	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ³⁴	0
Remuneration³⁵ Payments made to Key Management Personnel	109,349
Remuneration Payments made to Senior Management	67,66

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	1
NUMBER OF KEY SENIOR MANAGEMENT (MD)	1

³⁴ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³⁵ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document The National Drug Council undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance The National Drug Council will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Alden McLaughlin, MBE, JP

Premier

Minister of Home Affairs, Health and Culture

On behalf of Cabinet

Chairman of the Board

The National Drug Council

30th June 2016

APPENDIX

FORECAST FINANCIAL STATEMENTS

THE NATIONAL DRUG COUNCIL

**STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for The National Drug Council for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
The National Drug Council

30th June 2015

THE NATIONAL DRUG COUNCIL
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2015

The National Drug Council's ('the NDC') financial statements have been prepared in accordance with International Accounting Standards and are stated in Cayman Islands dollars. The following is a summary of the most significant accounting and reporting policies used in preparing the financial statements:

a) **Use of Estimates**

The preparation of the financial statements requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

b) **Fixed Assets**

Depreciation is being calculated on a straight-line basis on the opening cost over the estimated useful lives of the assets as follows:

	Contributed Assets Years remaining at acquisition	Purchased assets Useful lives
Office equipment	0	3
Office furniture	0	6
Computer equipment	0	3
Leasehold Improvement	0	3

Capital expenditures greater than \$1,000.00 is capitalized as fixed assets.

- c) **Deferred grant funds and income:** Donation and grant income received for specific projects are credited to income in periods in which expenses on such projects are incurred.
- d) **Disclosure about Fair Value of Financial Instruments:** The NDC recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains or losses arising from changes in the fair value of the assets or liabilities are recognised in the statement of operations. Financial instruments are initially measured at cost, which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are measured at their estimated fair market value. The carrying amounts of all financial instruments on the balance sheet are reasonable estimates of the fair values and no gains or losses have been recognised in the statement of operations for the changes in the fair value of the assets or liabilities.
- e) **Foreign Exchange:** Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated to Cayman Islands dollars at the exchange rates ruling at the time of those transactions. Assets and liabilities included in these financial statements are translated to Cayman Islands dollars at the rates of exchange prevailing at the balance sheet dates. Gains and losses on exchange are taken to the statement of operations.

THE NATIONAL DRUG COUNCIL
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

	Notes	Budget 2015/16	Forecast 2014/15
General surplus:			
Revenues			
Outputs to Government		552,958	552,958
Non-government grant income:		6,500	4,150
Total revenues	1	559,458	557,108
Expenses			
Personnel emoluments	6	393,974	360,100
Prevention, Research and Monitoring/Evaluation	4	31,668	53,210
Operating maintenance		9,375	11,123
Rent	5	66,000	66,000
Travelling and subsistence	4	12,950	11,643
Depreciation – assets purchased	3	2,574	4,601
Audit and accounting fees		16,500	20,000
Utilities		20,917	20,567
Supplies & materials	4	5,500	9,864
Total expenses		559,458	557,108
Net surplus for period		0	0
Retained Earnings at beginning of period		215,694.14	215,694.14
Retained Earnings at end of period		215,694.14	215,694.14

THE NATIONAL DRUG COUNCIL

**FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015**

	Notes	2015/16	2014/15
Balance, beginning of year		323,270	342,709
Prior Year Adjustments			
As Restated			
Net Income/Loss for the Year			-19,439
Balance at end of year		323,270	323,270

THE NATIONAL DRUG COUNCIL
FORECAST BALANCE SHEET
AS AT 30 JUNE 2016

	Notes	Budget 2015/16	Forecast 2014/15
ASSETS			
Current Assets			
Cash and cash equivalents	2	191,852	191,852
Fund Due From Cabinet	7	150,599	127,678
Prepaid expenses and other receivables		9,573	9,757
Total current assets		352,024	329,287
Fixed assets	3	6,343	8,918
Total assets		358,367	338,205
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		5,428	5,428
Accrued consultancy		1,741	2,500
Accrued other liabilities		11,169	18,480
Accrued Audit Fees		10,000	10,000
Total current liabilities		35,097	36,408
EQUITY			
Retained earnings		215,694	215,694
Net Income			
Total current liabilities and equity		<u>180,597</u>	<u>179,286</u>

THE NATIONAL DRUG COUNCIL
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2016

	Notes	Budget 2015/16	Forecast 2014/15
Operating activities			
Net cash provided by operations		0	0
Investing activity			
Purchase of fixed assets		0	0
Net cash (used) in investing activities		0	0
Net change in cash and cash equivalents			
Cash, beginning of year		191,852	158,839
Net Change in Cash		0	33,013
Cash, end of year		191,852	191,852

THE NATIONAL DRUG COUNCIL
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

NOTE 1: OPERATING REVENUES

Operating revenue from Government grant income is determined on a calendar year basis by the Government of the Cayman Islands from its annual budgets. Donations are recorded as income when received. Special grant income relating to other projects is allocated to income during the period over which the project is expected to be commenced and completed.

Note 2: Cash and Cash Equivalents

Cash and Cash equivalents include amounts due from bank on demand. All cash and cash equivalents are held with a bank in the Cayman Islands.

	Budget	Forecast
	2015/16	2014/15
Current and call accounts	191,852	191,852
Short-term fixed deposits maturing within one month	0	0
TOTAL	191,852	191,852

NOTE 3: DEPRECIATION AND FIXED ASSETS

Leasehold Improvement		
Opening Book Value/Cost	0	0
Additions	0	0
Depreciation	0	0
Closing Book Value	0	0
Office Furniture and Equipment		
Opening Book Value/Cost	8,268	11,266
Additions		
Depreciation	2,118	2,998
Closing Book Value	6,150	8,268
Computer Hardware and Software		
Opening Book Value/Cost	650	2,250
Additions	0	0
Depreciation	456	1600
Closing Book Value	194	650

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

NOTE 4: Prevention, Research, Monitoring and Evaluation

Portions of the Government grant income and public contributions have been made to support prevention and education initiatives, surveys and research, monitoring and evaluation as well as and materials. Not all items are always broken out in the Expenses and may be summarised in other items:

Surveys and other public information projects	Budget 2015/16	Forecast 2014/15
PIC – Alcohol, Tobacco & Other Drugs	15,998	21,728
Censuses & Surveys	6,422	15,752
Monitoring & Evaluation	7,500	10,250
Travel and Subsistence includes Youth to Youth travel	12,950	11,643
Office supplies used in support of the above outputs	5,500	9,864
Survey software license	1,748	1,748
Total	50,118	70,985

NOTE 5: Rental Expense

In November 2007 the NDC entered into a three year lease agreement with Summer Dream Ltd. for the premises at Caymanian Village #17 & 18 at a cost of \$5,500.00 per month. This lease was renewed for five years in March 2010 due to the final sale of the premises in April 2010.

NOTE 6: Pension

The NDC participates in a defined contribution plan. Contributions of 5% are made by the employee and matched by the employer as required under the National Pensions Law. The total amount expensed and paid for the year ended 30 June 2014 was \$14,220 (2013: \$10,612.00). This amount is included in personnel emoluments in the Statement of Net Surplus and Retained Earnings. The increase in Personnel emoluments is related to budgeted 4% COLA and increased health insurance premiums.

NOTE 7: Related Parties

The NDC is a statutory body of the Government of the Cayman Islands. The Council is economically dependent upon the Ministry for the purchase of its services in accordance with the purchase agreement with Government. For the year ended 30 June 2014, the Council billed \$541,138 (2013: \$552,958) to the Government for services sold.

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

Summary of Quantifiable Contingent Liabilities

Legal Proceedings and Disputes	48,559
Item 1 description	
Item 2 description	
Total Legal Proceedings and Disputes	\$48,559

Other Contingent Liabilities
Item 1 description
Item 2 description
Total Other Contingent Liabilities

Summary of Non-Quantifiable Contingent Liabilities

Item 1 description
Item 2 description

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

NATIONAL GALLERY OF THE CAYMAN
ISLANDS

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
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6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *National Gallery of the Cayman Islands* have agreed the *National Gallery of the Cayman Islands* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *National Gallery of the Cayman Islands* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The mission of the *National Gallery of the Cayman Islands* is to promote the appreciation and practice of the visual arts, of and in the Cayman Islands and to encourage dialogue relating to cultural heritage, national identity, Caymanian history and the history of art.

The National Gallery Law (1999) provides that the purposes of the National Gallery shall be:

- a. to serve as an art gallery for the Islands and to establish in the Islands a national collection of works of art;
- b. to promote and encourage the practice of the visual arts of and in the Islands and to increase knowledge and appreciation of the visual arts; and
- c. to enable the interaction between the visual arts and other forms of art.

In an enriching, inclusive, environment that places Caymanian culture at the forefront while embracing the diverse cultures and traditions co-existing within the community, the Gallery seeks to serve a broad and far-reaching audience.

The functions of the National Gallery of the Cayman Islands (as per National Gallery Law 1999) are:

- To organise and maintain permanent and temporary public works of art;
- To collect and preserve significant works of art for a public collection;
- To facilitate the public exhibition of works of art or collections of works of art loaned by persons or bodies for that purpose;
- To present, or facilitate the presentation by others, of programmes of instruction in the visual arts;
- To lend works of art in the national collection to other art galleries for the purpose of promoting the culture of the Islands abroad;
- To encourage the evolution and enjoyment of the arts in the Islands;
- To promote the appreciation and interpretation of the visual arts as an integral component of education;
- To foster and encourage research in the visual arts;
- To provide facilities for the curation and restoration of works of art; and
- To perform such other functions as may be necessary to direct, manage and control the National Gallery and to fulfil its purpose specified in the National Gallery Law section 4.

SCOPE OF ACTIVITIES

The scope of National Gallery of the Cayman Islands is committed to providing innovative, creative programming and a multidisciplinary approach to the presentation, interpretation, and collection of the artistic expressions of our times.

This mandate is achieved through a variety of activities that aim to reach all members of the Cayman Islands community and the visiting public: outreach programmes, educational programmes, exhibitions, youth programmes, events, workshops, teacher training, school collaborations, art collections, lending library and educational lectures.

The scope of *National Gallery of the Cayman Islands* activities is as follows:

- National Art & Festival Exhibitions [GAL 1]: Provision of exhibitions, art festivals and related educational programming for students, residents and visitors.

The NGCI is committed to presenting a vibrant, challenging and culturally relevant exhibition programme that balances traditional displays with cutting edge contemporary exhibitions, both at the central NGCI exhibition gallery, our community Gallery and in the sister islands. Approximately 35% of the NGCI's resources are channeled into the exhibitions department annually to facilitate the eight on-site exhibitions and one off-site per annum, in addition to four student/community exhibitions. Each on-site exhibition runs for a duration of up to three months, with approximately 4,000 gallery users per exhibition. The exhibition schedule features 75% Caymanian artists work, with at least one international exhibition per annum that highlights work not currently practiced in the islands. Our grant allows us to provide free admission to all visitors.

The education department also works closely with the curatorial team to develop an extensive education programme for each exhibition. This is aimed at all ages of the community and features in-depth lectures, screenings and workshops relating to art history, cultural heritage, national identity, Caymanian history and the history of art.

NGCI also hosts an annual Fine Art Festival (frozen for 2014-2016 due to budget cuts) and manages the island-wide public art project *The Blue Dragon Trail*.

- National Art Collection [GAL 2] - NGCI is charged with managing, conserving, exhibiting and promoting the National Art Collection, in addition to actively acquiring works of art of national significance. The collection is centered on a core of quality Caymanian artworks and supplemented with additional works from the region and abroad. Collections became a strategic priority after the move to the new facility in and for 2015-16. Increased resources will continue to be directed into this area in order to increase access to the collection and to develop related educational resources and scholarship including cross-curricular lesson plans aimed at visual arts and cultural heritage learning.
- Arts Education, Outreach and Training [GAL 3] - The NGCI is the leading education centre for visual arts education in the Cayman Islands. 55% of our annual staffing and financial resources are allotted to the outreach, educational and training department. Our programme schedule is designed to be fully inclusive with programmes ranging from primary level through to senior citizens; and across all three islands; such as Meet Me for the elderly in Grand Cayman and Cayman Brac, and Walkers Art Club for primary/secondary students and

teens, Creative Careers Programme; Art Camps and weekly art club in the Sister Islands, and Family Fun sessions, to name a few. Our outreach programmes are specific to various groups of people: Inside Art (Northward and Fairbanks) for prisoners, Art Haven for those struggling with substance abuse; Lighthouse and Sunrise Art Clubs; and continuing education programmes for adults, to name a just few.

NGCI also offers an unparalleled arts scholarship, internship and work experience opportunities throughout the year, in addition to offering careers advice to arts students and participating in annual career expos to raise awareness about the breadth and depth of creative careers.

- Art Information (Promotion, Scholarship, Publication & Facilities) [GAL 4] – NGCI is tasked with researching, developing, and disseminating information about Cayman Islands art and culture to local and international audiences via publications, lectures, scholarship, academic papers, traditional media outlets, social media, community events, marketing and promotions. In addition we support Government in matters relating to visual arts and cultural policy. Output 4 also includes the management of our retail areas (gift shop, café and facility rental department); annual reports and audit; and the ongoing execution, monitoring and evaluation of the NGCI Strategic Plan 2014-2019.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *National Gallery of the Cayman Islands* are intended to be accessible to all members of the Cayman Islands community including all ages of students; amateur and professional artists; targeted outreach participants - the incarcerated, the recovering institutionalised substance abuser, at-risk youth; specialised groups such as seniors, researchers, teachers; and both residents and visitors to the islands in general.

After a series of temporary sites the NGCI moved into its permanent home on the Easterly Tibbetts Highway in January 2012. This new centre has effectively enabled NGCI to consolidate its programmes under one roof for the first time. Together the exhibition areas, an art studio, library, auditorium and multi-purpose area houses all of the Gallery's hands-on art activities including existing programmes, selected outreach programmes and a variety of new educational initiatives based on the permanent collections. In addition there is a permanent gallery for the National Art Collection for the first time ever.

The NGCI Education Department also works at various locations across the Cayman Islands including Northward and Fairbanks Prisons, Caribbean Haven, and various public and private schools in Grand Cayman and Cayman Brac, as well as at other locations on demand.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *National Gallery of the Cayman Islands* for the 2015/16 financial year are as follows:

The key strategic goals and objectives (from an ownership perspective) for The *National Gallery of the Cayman Islands* for the 2015/16 financial year; taken from the National Gallery Strategic Plan 2014-2019 are as follow:

Strategic Goal 1 – Collections

To develop and strengthen the National Collection by creating opportunities for acquisition and commission of artwork while ensuring its care and conservation.

Key Objectives

1. Strengthen and develop the National Collection.
2. Maintain and protect the Collection through the highest standard of care, including conservation, security, display, storage and documentation.
3. Enhance access to, and the public understanding and enjoyment of the collection through exhibitions and educational programming.
4. Increase the profile of the Collection locally and internationally.
5. Strengthen research and scholarship capacity.

Strategic Goal 2 – Exhibitions

To enhance the public understanding and enjoyment of the visual arts by providing a stimulating, informative, and enjoyable on-site temporary exhibitions programme, travelling exhibitions and displays.

Key Objectives

1. Maintain position as the premier art exhibition venue in the Cayman Islands by delivering a vibrant, high quality, rotating schedule of on-site exhibitions.
2. Develop all exhibitions in close consultation with the NGCI Education Department and Communications Department to ensure a high quality related educational component and the broadest audience possible.
3. Provide opportunities for emerging artists, young curators and student exhibitions.
4. Increase the profile of NGCI exhibitions locally and internationally.

Strategic Goal 3 – Education

To increase the understanding of and engagement with the visual arts as a vital component of the cultural heritage of the Cayman Islands through vibrant, stimulating and accessible programmes of learning

Key Objectives

1. Maintain NGCI as a leading education facility and resource in the Cayman Islands.
2. Enhance Intellectual Access to NGCI Education, Exhibitions and Collections.
3. Continue to offer high quality outreach programming to different sectors of the community which is inclusive, accommodates marginalised members of the community and includes the concepts of art therapy (where

appropriate).

4. Help to facilitate the establishment of secondary- and tertiary-level arts education in the Cayman Islands in order to encourage the development of local artists, art appreciation and careers in or related to the creative arts.
5. Continue to ensure that NGCI's education department programmes are executed to a high standard and all efforts are made to keep them sustainable.
6. Recruit, train and retain qualified educational instructors.

Strategic Goal 4 – Marketing & Communication

Promote the National Gallery collections, exhibitions, programmes and activities, through strategic marketing, promotions, technology and products.

Key Objectives

1. Apply the unique NGCI brand consistently across all aspects of the organisation.
2. Develop and execute a marketing plan and market research programme to determine audience profiles and preferences.
3. Strengthen the approach to and use of technology as a marketing tool.
4. Ensure appropriate resources are made available to carry out marketing strategy.
5. Establish new and maintain good community partnership and communication with media, NGCI patrons, and stakeholders.
6. Research and establish opportunities to market NGCI internationally.

Strategic Goal 5 – Board Member Participation

The National Gallery should take full advantage of the ability of its Board members to contribute over and above their statutory obligations of supervision. To that end we will seek ways in which individual Board members can take effective roles to enhance the effective functioning and management of the Gallery and its programmes.

Key Objectives

1. Identify specific events and projects to which Board members can contribute practically and/or financially.
2. Reduce burdens on employed Gallery staff.
3. Maximise use of the connections, experience and resources of Board members to promote and fund Gallery activities.
4. Develop a code of practice/ethics for the Board.

Strategic Goal 6 – Finance & Business

To maximise the financial resources available through public (government funding) and private sector support (fundraising), trading (retail/events/membership), and through the sound management of NGCI's assets and resources.

Key Objectives

1. Maintain a high standard of financial management across the organisation.
2. Continue to maximise revenue via public/Government contributions.
3. Grow and strengthen private sector support to fill our annual funding gap.
4. Optimise opportunities for generating revenue via trading activities – retail, events and catering – and as

appropriate through new revenue streams.

5. Continue to identify all opportunities to control costs.

Strategic Goal 7 – Human Resources

Sustain and encourage an inclusive environment for all staff. Provide an encouraging, supportive and equitable environment in which all staff will have the opportunity to grow professionally, whilst fulfilling their roles and responsibilities, and contributing to achieving the goals of NGCI.

Key Objectives

1. Develop and improve the organisational culture of NGCI to maintain staff loyalty, commitment and morale and improve employee retention.
2. Nurture current and future talent. Encourage the best candidates to consider the visual arts as a viable career and apply for NGCI vacancies, offering career development and long-term career opportunities for those who join the team.
3. Maintain an HR structure that supports current NGCI needs, provides opportunities for growth and development, and creates a clear guide for recruitment.
4. Ensure NGCI's HR records and administration practices are fit for purpose and meet all government and legislative requirements.

Strategic Goal 8 - Operations & Facilities

Establish the Gallery as an inclusive gathering place by creating an environment for all staff and visitors that has the highest standards of safety, fitness for purpose, legal compliance and protection of the physical and intellectual assets of NGCI.

Key Objectives

1. Ensure that all operations are well managed, legally compliant and socially and culturally sensitive.
2. Maintain, and further improve, the physical facility (buildings, services, resources and management) in order to support programmes and to ensure maximum visitor satisfaction.
3. Ensure appropriate resources (staff/time/funds) are allocated to operation and maintenance of NGCI building and facilities.
4. Work towards reducing negative impact on the environment.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *National Gallery of the Cayman Islands* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	401,850	401,850
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	425,513	410,273
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	1,008,146	961,797
NET SURPLUS DEFICIT	(180,783)	(149,674)
TOTAL ASSETS	3,009,852	2,988,969
TOTAL LIABILITIES	231,666	30,000
NET WORTH	2,778,186	2,958,969
CASH FLOWS FROM OPERATING ACTIVITIES	(50,479)	(8,579)
CASH FLOWS FROM INVESTING ACTIVITIES	(167,833)	(78,833)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CHANGE IN CASH BALANCES	(218,312)	(87,412)

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	-3:1	4.5:1
TOTAL ASSETS : TOTAL LIABILITIES	94:1	100:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	8	8
STAFF TURNOVER (%)		
SENIOR MANAGER	11	11
PROFESSIONAL AND TECHNICAL STAFF	3	3
ADMINISTRATIVE STAFF	3	2

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	2,898,889	2,855,385
ASSET REPLACEMENTS : TOTAL ASSETS	Nil	Nil
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.84:1	0.87:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0.74:1	1.5:1
CHANGES TO ASSET MANAGEMENT POLICES	Nil	Nil

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Development of Road between NGCI and CNCF	160,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Ability to raise donations	Yes, increased need to match increased operational expenses generated by new facility	Management Board & Director's responsibility to generate revenue (donations & sales) for annual NG operations	\$425,513

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *National Gallery of the Cayman Islands* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	827,363	812,123
OPERATING EXPENSES	1,008,146	961,797
NET SURPLUS/DEFICIT	(180,783)	(149,674)

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	2,808,186	2,988,969
LIABILITIES	30,000	30,000
NET WORTH	2,778,186	2,958,969

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	(50,479)	(8,579)
CASH FLOWS FROM INVESTING ACTIVITIES	(167,833)	(78,833)
CASH FLOWS FROM FINANCING ACTIVITIES		

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into National Gallery of the Cayman Islands	
Capital Withdrawals from National Gallery of the Cayman Islands	
Dividend or Profit Distributions to be made by National Gallery of the Cayman Islands.	
Government Loans to be made to National Gallery of the Cayman Islands	
Government Guarantees to be issued in relation to National Gallery of the Cayman Islands	
Related Party Payments (Non Remuneration) made to Key Management Personnel ³⁶	
Remuneration³⁷ Payments made to Key Management Personnel	
Remuneration Payments made to Senior Management	137,000

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	11
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

³⁶ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³⁷ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the National Gallery of the Cayman Islands undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the National Gallery of the Cayman Islands will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Alden McLaughlin, MB, JP

Premier

Minister of Home Affairs, Health & Culture

On behalf of Cabinet

Chairman of the Board

National Gallery of the Cayman Islands

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the National Gallery of the Cayman Islands for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Honourable Alden McLaughlin, MBE, JP
Premier
Minister of Home Affairs, Health & Culture

30th June 2015

NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

(a) Use of estimates

The preparation of financial statements in accordance with International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

(b) Recognition of revenue

Revenue is generally recognized when earned by the Gallery, which usually coincides with date received.

(c) Government grants

Government grants are received for operating financial support on a quarterly basis, and then are recorded when received. Grants may also be received for special projects and these are matched with project expenditure over the term of the project and recorded in the statement of operations when the expenditure is incurred.

(d) Donations

Donations are recorded when the donation is received.

(e) Interest Income

Interest income is recorded on an accrual basis.

(f) Fixed assets

Fixed assets are recorded at cost and depreciated on a straight-line basis. The term being dependent on the category of the fixed asset

(g) Stock in Gallery gift shop

Stock in Gallery gift shop recorded at cost.

(h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and short term deposits with original maturities at three months or less.

(i) Foreign exchange

Revenue and expense transactions involving currencies other than Cayman Islands are translated at the exchange rates ruling at the time of those transactions. Assets and liabilities included in the financial statements are translated at the rates of exchange prevailing on the balance sheet dates. Gains and losses on exchange are taken to the statements of operations.

NATIONAL GALLERY OF THE CAYMAN ISLANDS
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2016

	Budget 2015/16	Forecast 2014/15
Revenue and support from operations		
Donations	292,492	283,973
Revenue	97,317	90,950
Membership	<u>35,704</u>	<u>35,350</u>
	425,513	410,273
Expenditure		
Administrative expenses	395,352	387,600
Exhibition & collections expense	61,472	82,595
Facility expenses	183,228	158,140
Information and training	9,000	6,000
Programmes and events expense	40,072	37,450
Marketing and advertising	26,999	11,250
Depreciation	124,329	119,562
Other operating expenses	167,694	159,200
	1,008,146	961,797
Net expenditure from operations	(582,633)	(551,524)
Grants-Cayman Islands Government	401,850	401,850
Increase in unrestricted general fund balances	<u>(180,783)</u>	<u>(149,674)</u>

NATIONAL GALLERY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2016

	Budget 2015/16	Forecast 2014/15
Operating Net worth	2,958,969	3,108,643
(Deficit)/Surplus for the period	(180,783)	(149,674)
Closing Net worth	2,778,186	2,958,969

NATIONAL GALLERY OF THE CAYMAN ISLANDS
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2016

	Budget 2015/16	Forecast 2014/15
Assets		
Current Assets		
Cash and Cash equivalents	(201,666)	16,646
Fixed deposit	-	-
Other assets	110,963	116,938
	(90,973)	133,584
Fixed assets	2,898,889	2,855,385
Total assets	2,808,186	2,988,969
Liabilities and fund balances		
Current Liabilities		
Accounts payable and accrued expenses (Note 1)	30,000	30,000
Total Assets Less Total Liabilities	2,778,186	2,958,969
Fund balances		
Unrestricted general fund	2,808,186	2,988,969
Restricted building fund	-	-
Total Liabilities and fund balances	2,808,186	2,988,969

NATIONAL GALLERY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2016

	Budget 2015/16	Forecast 2014/15
Cash flow from operations:		
Cash from government funding	401,850	404,358
Capital Donations		
Cash from other sources	421,488	409,298
Payment to suppliers	(478,465)	(434,635)
Payments to employees	(395,352)	(387,600)
Cash flow from operation	(50,479)	(8,579)
Cash flow from financing	-	-
Cash flow from investing (Note 1)	(167,833)	(78,833)
Net change in cash balances	(218,312)	(87,412)
Cash at beginning of year	16,646	104,058
Cash at the end of the year	(201,666)	16,646

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

NATIONAL HOUSING DEVELOPMENT
TRUST

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *National Housing Development Trust* have agreed the *National Housing Development Trust* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *National Housing Development Trust* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The National Housing Development Trust activities involve being an important factor in the economic development of the Cayman Islands by providing to Caymanians, homes at an affordable price and mortgage financing through its Government Guarantee Home Assisted Mortgage Program.

SCOPE OF ACTIVITIES

The scope of the National Housing Development Trust activities is as follows:

- Construction of low-income affordable homes to be sold to the Caymanian public at an affordable price
- Provide financing to low-income Caymanian who qualifies under the criteria set by the Board of Directors for the purchase of an affordable home constructed under the supervision of the Trust.
- Perform the duties as an administrator and loan processing agent on behalf of the Cayman Islands Government for the Government Guaranteed Assisted Home Mortgage Programme.

Provide bridge financing to Caymanian in the construction of a home on the clients own property, whereby the mortgage loan is then refinance by a participating banks under the Government Guarantee Home Assisted Mortgage Program.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the National Housing Development Trust are provided only within the Cayman Islands

STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *National Housing Development Trust* for the 2015/16 financial year are as follows:

STRATEGIC GOALS

1. To become a well-structured, efficiently managed organization that is fair and prudent in its selection processing of eligible applicants for affordable homes offered by the Trust.
2. To identify the housing needs of low-income Caymanians and to proceed with the processing of future development of affordable homes that will contribute to the economic development of the Cayman Islands.
3. To administer the Government Guaranteed Home Assisted Mortgage Program in collaboration with the commercial banks to provide financing to Caymanian whose income level is classified as low-to-middle income.

OBJECTIVES

1. Continue to manage the lease portfolio of the Trust and to offer counselling to clients as it becomes necessary.
2. To seek out additional funding for future development of low-income housing that has been identified as an imperative need in the economic development of these islands.
3. To continue a close working relationship with local contractors in the development of new homes for low-income person in our community.
4. To ensure that the Government Guaranteed Home Assisted Mortgage Programme is managed in an efficient and prudent manner.
5. To ensure that clients receive expert and relevant information pertaining to the accessibility of mortgage loan.

3. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *National Housing Development Trust* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	580,595	580,595
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	428,400	378,400
SURPLUS/DEFICIT FROM OUTPUTS	1,008,995	958,995
OTHER EXPENSES	(1,813,889)	(1,860,518)
NET SURPLUS DEFICIT	(804,894)	901,523)
TOTAL ASSETS	21,733,920	21,337,103
TOTAL LIABILITIES	16,044,103	17,281,236
NET WORTH	5,689,816	4,055,867
CASH FLOWS FROM OPERATING ACTIVIITES	(619,235)	(166,837)
CASH FLOWS FROM INVESTING ACTIVIITES	(3,500,000)	(2,926,867)
CASH FLOWS FROM FINANCING ACTIVIITES	(1,207,711)	1,201,712
CHANGE IN CASH BALANCES	2,917,523	3,961,742

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1.32:1	3.41:1
TOTAL ASSETS : TOTAL LIABILITIES	1.35:1	1.23:1

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	12	11
STAFF TURNOVER (%)	0%	0%
SENIOR MANAGER	2	2
PROFESSIONAL AND TECHNICAL STAFF	5	4
ADMINISTRATIVE STAFF	3	3
MAINTENANCE STAFF	2	2
SIGNIFICANT CHNGES TO PERSONNEL MANAGEMENT SYSTEM	None	None

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	19,824,224	16,509,884
ASSET REPLACEMENTS : TOTAL ASSETS	0%	0%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1.05	0.97
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0%	0%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	
Construction of affordable homes	3,500,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Default on lease payment	unchanged	Follow up on delinquent account and make arrangement for payments in arrears	Accrued income reduced

4. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *National Housing Development Trust* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	1,008,995	958,995
OPERATING EXPENSES	(1,813,889)	(1,860,518)
NET SURPLUS/DEFICIT	(804,894)	(901,523)

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	21,733,920	21,337,103
LIABILITIES	16,044,103	17,281,236
NET WORTH	5,689,816	4,055,867

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	(619,235)	(166,837)
CASH FLOWS FROM INVESTING ACTIVITIES	(3,500,000)	(2,926,867)
CASH FLOWS FROM FINANCING ACTIVITIES	1,201,711	1,201,712

5. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into National Housing Development Trust	2,438,444
Capital Withdrawals from National Housing Development Trust	0
Dividend or Profit Distributions to be made by National Housing Development Trust.	0
Government Loans to be made to National Housing Development Trust	0
Government Guarantees to be issued in relation to National Housing Development Trust	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ³⁸	0
Remuneration ³⁹ Payments made to Key Management Personnel	18,900
Remuneration Payments made to Senior Management	151,708

³⁸ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³⁹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	8
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

AGREEMENT

Scope of this Agreement

In signing this document the National Housing Development Trust undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the National Housing Development Trust will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable D. Kurt Tibbetts, OBE, JP

Minister of Planning, Lands, Agriculture, Housing and Infrastructure

On behalf of Cabinet

Mr. George Anthony Powell

Chairman of the Board

National Housing Development Trust

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the National Housing Development Trust for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Mr. George Anthony Powell
Chairman of the Board
National Housing Development Trust

30th June 2015

NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

1. Organization and Objectives

The National Housing and Community Development Trust (the “Trust”) was incorporated on 29th September, 2003 as a not-for-profit company limited by guarantee and not having a share capital. In 2006 the name of the Trust was amended to National Housing Development Trust. The Trust’s Mission Statement is to construct and provide affordable homes in planned communities, offer easier financing opportunities and provide a management system that adds security, value and ownership that imparts a sense of pride in hard working Caymanians that are placed in the category of being low income.

2. Significant Accounting Policies

Sector Accounting Standards (“IPSAS”) under the historical cost convention, and are expressed in Cayman Islands Dollars.

Foreign Instruments: Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Assets and Liabilities are translated at the exchange rate in effect at the Balance Sheet date.

Financial instruments: Financial instruments are measured initially at cost, including transaction costs. The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using management’s best estimates, taking into account current market conditions and the credit quality of the counterparties.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Cash and cash equivalents: For the purpose of the Statement of Cash Flows, cash equivalents consist of deposits held at call with banks, net of overdraft maturing within 90 days.

Use of estimates: The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

Income recognition: Income and expenses are recorded on the accrual basis of accounting.

Deposit Accounts: Deposit accounts reflect term deposits, which are placed with approved financial institutions. Such deposits have maturity between three (3) months and twelve (12) months from the date of acquisition.

Government grants: The trust is dependant upon annual operating grants from the Cayman Islands Government to meet its obligations

NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

Fixed Assets: Fixed assets are recorded at cost. Depreciation, which is based on the cost Fixed assets and low-income housing properties are stated at cost less accumulated depreciation and any recognized impairment loss. Depreciation is charged as to write off the cost or valuation of asset over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Computer equipment	3
Furniture and fixtures	12
Office and telephone equipment	5
Vehicle	5
Affordable housing properties	50
Leasehold Improvements	5

The gain or loss arising on the disposal or retirement of an asset is determined as difference between the sales proceeds and the carrying amount of the asset and is recognized as income.

Employees Benefits: Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred. Pension contributions for eligible employees of the Trust are paid to the Silver Thatch Pension Fund. The fund is administered by the Silver Thatch Pension Fund Board.

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2016

		2015/16 Forecast	2014/15 Forecast	2013/14 Estimated Actual	2012/13 Actual
Revenue	Note	\$000	\$000	\$000	\$000
Outputs to Cabinet		581	581	645	642
Outputs to other government agencies		0	0	0	0
Outputs to others		428	378	466	698
Interest & Other Revenue		0	1	1	6
Total Operating Revenue		1,009	1,333	1,112	1,346
Operating Expenses					
Personnel costs		-642	-642	-681	-688
Supplies and consumables		-278	-278	-453	-783
Depreciation		-186	-179	-178	-224
Other operating expenses		-709	-762	-1,028	-1,209
Total Operating Expenses		-1,814	-1,861	-2,339	-2,904
Surplus from operating activities and before extraordinary items		-805	-902	-1,228	-1,558
Extraordinary items		0	0	0	0
Net Surplus		-805	-902	-1,228	-1,558

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016

		2015/16 Forecast	2014/15 Forecast	2013/14 Estimated Forecast	2012/13 Actual
	Note	\$000	\$000	\$000	\$000
Opening balance net worth		4,056	-2,519	-1,105	-885
Prior Year Adjustment					
Net deficit during the year		-805	-902	-1,228	-1,558
Property revaluations					1,403
Investment revaluations					
Net revaluations during the period					
Total recognized revenues and expenses		-3,251	1,617	-123	-1,040
Equity investment		2,439	2,439	2,641	2,145
Repayment of surplus					
Capital withdrawal					
Closing balance net worth		5,690	4,056	2,519	1,105

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2016

		2015/16 Forecast	2014/15 Estimated Actual	2013/14 Actual	2012/13 Actual
	Note	\$000	\$000	\$000	\$000
Current Assets					
Cash and cash equivalents		1,833	4,705	788	737
Accounts receivable		57	57	1,278	748
Prepaid Expenses		20	20	20	24
Inventories		0	0	2,231	0
Total Current Assets		1,910	4,827	4,318	1,509
Non-Current Assets					
Property, plant and equipment		16,269	16,455	16,614	15,514
Other non-current assets		3,555	55	6	3,739
Total Non-Current Assets		19,824	16,510	16,620	19,253
Total Assets		21,734	21,337	20,938	20,762
Current Liabilities					
Accounts payable & Accrued Liab.		104	104	53	141
Current Portion of Bond Payment		1,270	1,237	1,206	1,177
Employee entitlements		33	33	30	36
Other current liabilities		38	38	39	38
Total Current Liabilities		1,445	1,412	1,328	1,392
Non-Current Liabilities					
Bond Payable		14,472	15,742	16,979	18,185
Other non-current liabilities		127	127	112	80
Total Non-Current Liabilities		14,599	15,869	17,091	18,266
Total Liabilities		16,044	17,281	18,419	19,657
TOTAL ASSETS LESS TOTAL LIABILITIES		5,690	4,056	2,519	1,105
Net worth					
Contributed capital		22,823	20,384	17,945	14,953
Asset revaluation reserve					
Accumulated surpluses		-17,133	-16,328	-15,427	-13,848
Total Net Worth		5,690	4,056	2,519	1,105

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2016

		2015/16 Forecast	2014/15 Estimated Actual	2013/14 Actual	2012/13 Actual
	Note	\$000	\$000	\$000	\$000
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Accumulated surpluses		-17,133	-16,328	-15,427	-13,848
Total Net Worth		5,690	4,056	2,519	1,105

		2015/16 Forecast	2014/15 Estimated Actual	2013/14 Actual	2012/13 Actual
	Note	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Outputs to Cabinet		581	581	645	391
Outputs to other government agencies					
Outputs to others		428	378	468	770
Interest received		0	0	0	0
Payments					
Personnel costs & operating costs		-642	-642	-687	-692
Suppliers		-278	-278	-524	-1,104
Other payments		-709	-762	-829	-870
<i>Net cash flows from operating activities</i>		-619	-167	-927	-1,505
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current assets		-3,500	-49	275	-2,617
Proceeds from sale of non-current assets		0	2,976	0	0
<i>Net cash flows from investing activities</i>		-3,500	-2,927	275	-2,617
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity investment		2,439	2,439	1,910	2,144
Proceeds from borrowings					
Repayment of Bonds		-1,237	-1,237	-1,206	-1,148
Other Payments					
<i>Net cash flows from financing activities</i>		1,202	1,202	704	996
<i>Net increase/(decrease) in cash and cash equivalents</i>		2,918	-3,962	52	3,126
Cash and cash equivalents at beginning of period		4,750	788	736	3,862
Cash and cash equivalents at end of period		1,833	4,750	788	736

NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

		2015/16 Forecast
Note 1: OPERATING REVENUES		\$000
Revenue from Cabinet		581
Lease Income		328
GGHAM Income		100
Interest income		0
		1,008
Note 2: CASH & CASH EQUIVALENTS		
Current and Call Accounts		1,833
Accounts Receivable & Pre-paid exp		23
Short-term Fixed Deposits within 6 months		0
		1,856
Note 4: PERSONNEL COSTS		
Salaries and wages		469
Pension (Employee/Government)		46
Medical		104
Other (Duty/overtime)		23
		642

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

NATIONAL ROADS AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *National Roads Authority* have agreed the *National Roads Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *National Roads Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The general nature of activities of the National Roads Authority involves the management and development of public roads and related infrastructure in accordance with the National Roads Authority Law.

SCOPE OF ACTIVITIES

The scope of activities of the National Roads Authority include providing policy advice, publication of a National Roads Plan, provision of project and construction management services for the delivery of new road-works and the maintenance management of the existing road infrastructure for fund-holding Client Agencies.

Additionally, the National Roads Authority provides support services to:

- Public Works Department to enable that Department to provide an appropriate response to Hurricanes and other national emergencies, and
- Planning Department for the review of planning applications involving road related matters and the site inspection of road related constructed applications.

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers of the National Roads Authority are fund-holding Government Agencies, approved private sector clients and any other entity. These services are provided only in the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *National Roads Authority* for the 2015/16 financial year are as follows:

- Continue establishment of the Authority, develop and implement effective administrative, financial and information management systems
- Identify and seek approval for strategies for financing future road development
- To continue the Traffic Improvement and Road Development Programmes

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *National Roads Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	-	-
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	10,039,160	9,829,250
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	232,000	300,000
SURPLUS/DEFICIT FROM OUTPUTS	6,291,943	6,291,943
OTHER EXPENSES	6,291,943	6,266,943
NET SURPLUS DEFICIT	0	25,000
TOTAL ASSETS	6,180,818	6,014,818
TOTAL LIABILITIES	2,039,762	1,873,762
NET WORTH	4,141,056	4,141,056
CASH FLOWS FROM OPERATING ACTIVITIES	568,143	340,703
CASH FLOWS FROM INVESTING ACTIVITIES	0	(1,063,750)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CHANGE IN CASH BALANCES	568,143	(723,047)

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	2.26	2.16
TOTAL ASSETS : TOTAL LIABILITIES	3.03	3.21

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	84	81
STAFF TURNOVER (%)	-	-
SENIOR MANAGER	12.55 (8)	14.33 (9)
PROFESSIONAL AND TECHNICAL STAFF	15.71 (21)	14.71 (28)
ADMINISTRATIVE STAFF	13.74 (55)	13.22 (50)

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	4,141,056	4,141,056
ASSET REPLACEMENTS : TOTAL ASSETS	Nil	Nil
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1,564,852	1,966,995
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	402,143	289,603
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Implement Microsoft SharePoint, redevelop the Company's website and implement a fully integrated IT system	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Work related injuries to persons	No change	Introduction, training and implementation of safety standards for explosive management, heavy equipment machinery and workforce personnel.	Undefined: depends on extent of injury
Accidents related to the operation of vehicles and heavy equipment	No change	Implement driver-training courses. HOD to exercise appropriate disciplinary action for each offence or repeating offender, such as loss of authority to drive or financial contribution by driver. Appropriate training in operation of vehicle to reduce operational misuse of the vehicle.	Undefined: depends on extent of damage

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *National Roads Authority* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	10,271,160	10,129,250
OPERATING EXPENSES	10,271,160	10,104,250
NET SURPLUS/DEFICIT	Nil	25,000

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	6,180,818	6,014,818
LIABILITIES	2,039,762	1,873,762
NET WORTH	4,154,056	4,141,056

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	568,143	340,703
CASH FLOWS FROM INVESTING ACTIVITIES	-	(1,063,750)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into National Roads Authority	NIL
Capital Withdrawals from National Roads Authority	NIL
Dividend or Profit Distributions to be made by National Roads Authority.	NIL
Government Loans to be made to National Roads Authority	NIL
Government Guarantees to be issued in relation to National Roads Authority	NIL
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁴⁰	NIL
Remuneration ⁴¹ Payments made to Key Management Personnel	462,756
Remuneration Payments made to Senior Management	414,456

⁴⁰ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴¹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	13
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3

AGREEMENT

Scope of this Agreement

In signing this document the National Roads Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the National Roads Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable D. Kurt Tibbetts, OBE, JP

Minister of Planning, Lands, Agriculture, Housing and Infrastructure

On behalf of Cabinet

Mr. Donovan Ebanks, MBE, JP

Chairman of the Board

National Roads Authority

30th June 2016

APPENDIX

FORECAST FINANCIAL STATEMENTS



NATIONAL ROADS AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Port Authority of the Cayman Islands for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Mr. Donovan Ebanks, MBE, JP

**Chairman of the Board
National Roads Authority**

30th June 2015

NATIONAL ROADS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee (IASC), and interpretations issued by the Standing Interpretations Committee of the IASC. The significant accounting policies adopted by the NRA in these financial statements are as follows:

The financial statements of the NRA are presented in Cayman Island dollars and are prepared on the accrual basis under the historical cost convention.

(b) Cash & cash equivalents

This comprises cash at bank and short term investments with maturity at inception of three months or less.

(c) Foreign currency translation

All assets and liabilities denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates in effect at the balance sheet date. Revenue and expense transactions denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates ruling at the date of those transactions. Gains and losses arising on translation are included in the Operating Statement.

(d) Fixed Assets/depreciation

Fixed assets include motor vehicles, heavy equipment, dump trucks, furniture and fixtures and computer hardware and software are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying value of each asset over the period of its expected useful life.

Annual rates are as follows:

Vehicles and Heavy Equipment	4 - 12 Years
Furniture and Fixtures	3 - 15 Years
Computer Hardware and Software	3 - 6 Years
Other Plant and Equipment	3 - 25 Years

(e) Receivables

Receivables are stated at original invoice amounts less provision for doubtful debts.

(f) Allowance for bad debts

The allowance for bad debts is established through a provision for bad debts charged to expenses. Accounts receivable are written off against the allowance when management believes that the collectability of the amount is unlikely. The allowance is an amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

NATIONAL ROADS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTNUED)
FOR THE YEAR ENDING 30 JUNE 2015

(g) Inventory

Inventory is valued at the lower of net realizable value or cost, on an average basis.

(h) Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

(i) Employee entitlements

Pension Plans The Authority makes pension contributions for its eligible employees to the Public Service Pensions Fund, which is administered by the Public Service Pensions Board. The Fund has both a defined benefit and a defined contribution element.

Under defined contribution plans, the Authority pays fixed contributions and has no obligation to pay further contributions if the fund does not have sufficient assets to pay employee benefits relating to employee service in the current and prior periods. The Authority recognises contributions to a defined contribution plan when an employee has rendered services in exchange for those contributions.

A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method the cost of providing pensions is charged in the Income Statement so as to spread the regular cost over the service lives of employees in accordance with advise of the actuary, (who is due to carry out a full valuation of the plans every year). The pension obligation is measured at the present value of the estimated future cash

outflows using discount estimated rates based on market yields on high quality corporate bonds at the time of the accounting date which have terms to maturity approximating the terms of the related liability. Obligations for contributions to defined contribution and defined benefits pension plans are recognized as an expense in the income statement as incurred. (See also Note 11). Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognized as a liability.

(j) Revenue recognition

Revenue from sale of services to Cabinet and other government agencies is recognised when it is earned (see also Related Party Note 12). Investment revenue is recognised in the period in which it is earned. Donations are recognised at fair value at the time of receipt.

NATIONAL ROADS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTNUED)
FOR THE YEAR ENDING 30 JUNE 2015

(k) Expense recognition

Expenses are recognised when incurred.

(l) Financial Instruments

(ix) Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise of cash and cash equivalents and accounts receivable.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise of accounts payables and employee entitlements.

(x) Recognition

The Authority recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognised in the Operating Statement.

(xi) Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

(xii) Derecognition

A financial asset is derecognised when the Authority realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(xiii) Credit Risk

Cash and short term investments are held with substantial financial institutions. Receivables are short term and settled after the year-end.

(xiv) Interest Rate Risk

The Authority's income and operating cash flows are substantially independent of changes in market interest rates.

(m) Classification

Certain prior year figures have been reclassified to conform to current year presentation.

NATIONAL ROADS AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2016

	BUDGET 2015/16 \$	FORECAST 2014/15 \$
Income		
Sales of Services Interdepartmental	220,000	280,000
Road Development Services	599,668	535,600
Road Construction	185,657	180,250
Trench Reinstatement Services	12,000	20,000
Roads Maintenance Services	9,094,700	8,902,900
Storm Water Management	106,090	103,000
Explosives Management	53,045	107,500
Interest Revenue & Other	-	-
Total Revenue	10,271,160	10,129,250
Cost of Sales		
Labour (inc HR Pension)	2,095,565	2,014,966
Hired Equipment	20,862	20,482
Materials	1,230,885	1,209,697
Subcontractors	381,390	517,662
	3,728,702	3,762,807
Gross Profit	6,542,458	6,366,443
General & Admin. Exp.		
Staff Costs	3,468,007	3,247,581
Expenses and Supplies	43,863	23,426
Motor Vehicles Expenses	507,281	613,981
Travel & Subsistence	20,000	25,000
Street Lighting	1,697,440	1,648,000
Utilities	68,205	66,957
Telephone	36,456	35,789
Advertising	5,000	8,500
Professional Fees	83,532	126,049
Office Rental	25,461	29,708
Computer maintenance & fees	82,909	110,843
Repairs & Maintenance	77,142	75,731
Depreciation - Vehicles	246,012	151,598
Depreciation - Furniture & Fittings	2,528	2,136
Depreciation - Computer Hardware	5,627	4,830
Depreciation - Computer Software	-	-

NATIONAL ROADS AUTHORITY

FORECAST OPERATING STATEMENT (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2016

Depreciation - Office Equipment	2,721	2,771
Depreciation - Other Equipment	145,256	128,267
Depreciation - Leasehold Improvements	-	-
Bad debt expense	-	19,550
Insurance - Property & Liability	19,184	15,261
Bank Charges and Interest	5,832	5,465
Total Expenses	6,542,458	6,341,443
Net (Loss)/Profit	0	25,000

NATIONAL ROADS AUTHORITY

**FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016**

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014	4,541,535			(729,534)	3,812,001
Surplus/(deficit)for the period 2013/14				304,055	304,055
Balance at 30 June 2014 carried forward	4,541,535	0	0	(425,479)	4,116,056
Surplus/(deficit)for the period 2014/15				25,000	25,000
Balance at 30 June 2015	4,544,535	0	0	-	4,141,056

NATIONAL ROADS AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2016

	2015/16 Budget	2014/15 Forecast
CURRENT ASSETS		
Cash and cash equivalents	3,033,443	2,465,300
Inventory	182,240	188,520
Accounts receivable	1,400,283	1,394,003
Total Current Assets	4,615,966	4,047,823
CURRENT LIABILITIES		
Accounts payable	343,299	343,299
Revenue deposits	-	-
Pension liability	1,588,000	1,422,000
Employee entitlements	108,463	108,463
Total Current Liabilities	2,039,762	1,873,762
NET CURRENT ASSETS	2,576,204	2,174,061
FIXED ASSETS		
Property, plant and equipment	1,564,852	1,966,995
Total Fixed Assets	1,564,853	1,966,995
TOTAL NET ASSETS	4,141,056	4,141,056
EQUITY		
Contributed capital	4,541,535	4,541,535
Retained earnings	-400,479	-400,479
TOTAL EQUITY	4,141,056	4,141,056

NATIONAL ROADS AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2016

		FUTURE FY 2016 BUDGET \$	CURRENT FY \$
CASH FLOWS FROM OPERATING ACTIVITIES			
	Net profit/(loss) for the period	-	25,000
	Adjustment for non-cash transactions:		
	Gain/loss on sale of fixed assets	-	-
	Bad debt expense	-	-
	Depreciation	402,143	289,603
		402,143	314,603
	Net change in working capital		
	Increase/(decrease) in receivable	(6,280)	221,045
	Decrease/(increase) in inventory	6,280	(29,991)
	Decrease in accounts payable	166,000	(164,954)
	Net cash used by operating activities	568,143	340,703
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of fixed assets	-	(1,063,750)
	Proceeds from disposal of property, plant & equipment	-	-
	Net cash used by investing activities	-	(1,063,750)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Equity investment	-	-
	Net cash provided by financing activities	-	-
	Net increase/(decrease) in cash and cash equivalents	568,143	(723,047)
	Cash and cash equivalents at beginning of period	2,465,300	3,188,347
	Cash and cash equivalents at end of period	3,033,443	2,465,300

NATIONAL ROADS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

Cash & Cash Equivalents

	2015/16 Budget	2014/15 Forecast
Bank accounts	\$3,033,443	\$2,465,300
Term deposits	-	-
Total Cash & Cash Equivalents	\$3,033,443	\$2,465,300

Accounts Receivable & Prepaid Expenses

	2015/16 Budget	2014/15 Forecast
Outputs to Cabinet	-	-
Outputs to other government agencies	846,140	839,860
Accounts Receivable Others & Prepayment	549,143	549,143
Staff loans	5,000	5,000
Total Accounts Receivable & Prepaid Expenses	\$1,400,283	\$1,394,003

Fixed Assets

Cost	Vehicles and Heavy Equipment	Furniture and Fixtures and Office Equipment	IT Equipment	Other Plant and Equipment	Leasehold Improvement	Total
	\$	\$	\$	\$	\$	\$
Opening Balance	3,018,907	145,438	101,450	1,643,622	219,273	5,128,688
Additions	835,105	8,750	13,605	206,290	0	1,063,750
	3,854,012	154,188	115,055	1,849,912	219,273	6,192,438
Disposals	0	0	0	0	0	0
Balance at 30 June 2015	3,854,012	154,188	115,055	1,849,912	219,273	6,192,438
Accumulated Depreciation						
Opening Balance	2,777,419	137,163	91,637	999,950	219,273	4,225,443
Charge for the year	246,012	5,249	5,627	145,256	-	402,144
	3,023,431	142,412	97,264	1,145,206	219,273	4,627,587
Disposals	0	0	0	0	0	0
Balance at 30 June 2016	3,023,431	142,412	97,264	1,145,206	219,273	4,627,587
Net Book Value At 30 June 2016	\$830,582	\$11,774	\$17,791	\$704,705	\$0	\$1,564,852
Net Book Value At 30 June 2015	\$1,076,593	\$14,123	\$23,418	\$849,961	\$0	\$1,966,996

Accounts Payable and Accrued Liabilities

	2015/16 Budget	2014/15 Forecast
Trade Creditors	\$343,299	\$343,299
Accruals- Pension Liability	1,588,000	1,422,000
Total Accounts Payable and Accrued Liabilities	\$1,931,299	\$1,765,299

Revenue Deposits

	2015/16 Budget	2014/15 Forecast
Revenue Deposits	\$0	\$0

Employee Entitlements

	2015/16 Budget	2014/15 Forecast
Accrued Vacation Leave	\$108,463	\$108,463

Contributed Capital

During the year the Authority received no equity injection. (2014/15: nil).

Salaries and Benefits

	2015/16 Budget	2014/15 Forecast
Salaries and wages	\$3,875,109	\$3,599,984
Employer & Employee pension expenses	482,518	456,618
Health Insurance	1,039,945	1,039,945
Vacation due	0	0
Other personnel costs	166,000	166,000
Total Salaries and Benefits	\$5,563,572	\$5,262,547

Pensions

Reconciliation showing movement of past service liability during the period:

	\$000
Balance as at 30 June 2015	1,422
Plus: Reconciliation of PSL 2015	166
Balance as at 30 June 2016	1,588

11. Related Party Transactions

The Authority provided services to the Government relating to the development and maintenance of the public roads within the Cayman Islands which amounts to \$10.04 million under the Ownership Agreement (2015: \$9.82m). During this year the Authority also delivered Capital Expenditure Projects of \$-m (2014: \$.6m) to the Government for the construction of roads under the Ownership Agreement. The Authority also engages the services of other government departments of the Cayman Islands Government. Such services are provided at current prevailing market prices on an arm's length basis. Sales to third parties include services for drain wells and curbs, installation of signs, paving and trench reinstatement services.

	2015/16 Budget	2014/15 Forecast
Sales of Services to Cabinet	\$10,039,160	\$9,829,250
Sales of Services to other government agencies	197,020	256,593
Sales of Services to third parties	34,980	43,407
	\$10,271,160	\$10,129,250

Upon creation of the Authority on 1 July 2004, no movable properties were vested to the Authority. Henceforth, the Public Works Department (PWD) allowed the Authority to use its vehicles and heavy equipment for road construction and maintenance free of charge. As at 30 June 2016, the Authority owes PWD the amount of \$14,490 (2015: \$23,309) for support services extended to the latter such as office and workshop accommodation, tenant's requirements, utilities, service parking and compound security.

The remuneration of directors and other members of key management personnel during the year was \$462,756 (2015: \$448,072). There were 13 personnel categorized in 2016 broken down as 3 key management personnel and 10 Directors (2015: 3 key management personnel and 10 Directors).

Contingencies

Under section 28(1) of the NRA Law an annual payment to the core government may be due. At the date of these financial statements there has been no request made.

Financial Risk Management

The Authority is exposed to a variety of financial risks including interest rate risk, credit risk and liquidity risk. The Authority's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations.

Interest Rate Risk

The Authority is subject to interest rate risk on the cash placed with a local bank which attracts interest. No interest payments are charged to customers on late payments on accounts receivable. The Authority is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. The total interest earned during the year ended 30 June 2016 was less than \$1k (2015: <\$1k)

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority. Financial assets which potentially expose the Authority to credit risk comprise cash and cash equivalents and accounts receivable.

The Authority is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well managed.

The Authority is also exposed to a significant concentration of credit risk in relation to accounts receivables, majority of which are due from other Government entities. No credit limits have been established. As at 30 June 2016, no provision for doubtful debts has been made as none of these assets are impaired and management consider these debts to be recoverable in full (2015: Nil).

The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk. No collateral is required from the Authority's debtors.

Liquidity Risk

Liquidity risk is the risk that the Authority is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The ability of the Authority to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the Authority in a timely basis. As at 30 June 2016 and 2015, all of the financial liabilities were due within one month of the balance sheet dates.

As at 30 June 2016 and 2015, the carrying amount of cash deposits, accounts receivable, accounts payables and employee entitlements approximate their fair value due to their short-term maturities.

Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

Operating Lease

The Authority entered into a five year lease with Heritage Holdings on September 1, 2014 for storage accommodation. The annual lease payments for the period amount to \$25,464(2015: \$25,464). The lease payments are subject to an annual increase of 3%. The total payments for the five year lease including the annual 3% increase is \$135,192. The tenant has the option to renew the lease for a further term of one (1) year or more at the expiration of the term and shall give notice in writing to that effect not less than three months before expiration of the term.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

PORT AUTHORITY OF THE CAYMAN
ISLANDS

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Port Authority of the Cayman Islands* have agreed the *Port Authority of the Cayman Islands* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Port Authority of the Cayman Islands* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Port Authority of the Cayman Islands activities involves the management of the maritime affairs of the Cayman Islands.

SCOPE OF ACTIVITIES

The scope of the Port Authority of the Cayman Islands activities is as follows:

Providing and maintaining facilities for the offloading of cargo imports into all three Islands.

To contribute to the growth of cruise tourism (and thereby the economy), by providing and maintaining facilities to accommodate the cruise ship passengers.

Providing and maintaining navigational markers in Cayman Islands waters.

Providing a patrolling presence, using two fully equipped motor vessels, in the immediate harbour area of the Cayman Islands during cruise ship visits.

Providing a safe and enjoyable environment for the Port Authority's staff and customers.

Carrying out the Port Authority Laws

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the Port Authority of the Cayman Islands are provided only in the Cayman Islands

STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Port Authority of the Cayman Islands* for the 2015/16 financial year are as follows:

- Improve the image of the Cayman Islands and the experience of the cruise tourist, by maintaining and upgrading the existing cruise ship arrival facilities in George town and at Spotts
- To fine tune the existing computer system, to meet management's need for more useful management reports and to serve the customer needs more efficiently.
- To improve operations through the continued upkeep to existing equipment.
- Improve the efficiency of both the cruise and cargo operations by planning to separate and erect new facilities.

3. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Port Authority of the Cayman Islands* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	None	None
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	21,359,946	20,566,570
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS		
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	(18,442,446)	(17,815,450)
NET SURPLUS DEFICIT	2,917,500	2,751,120
TOTAL ASSETS	52,863,708	52,416,130
TOTAL LIABILITIES	4,854,799	(7,324,721)
NET WORTH	48,008,909	45,091,409
CASH FLOWS FROM OPERATING ACTIVITIES	3,713,409	5,016,539
CASH FLOWS FROM INVESTING ACTIVITIES	(2,750,000)	(2,401,068)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,477,564)	(1,425,000)
CHANGE IN CASH BALANCES	(514,155)	1,190,471

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1.08:1	0.97:1
TOTAL ASSETS : TOTAL LIABILITIES	10.88:1	7.15:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	153	153
STAFF TURNOVER (%)	3 max	3 max
SENIOR MANAGER	11	10
PROFESSIONAL AND TECHNICAL STAFF	11	10
ADMINISTRATIVE STAFF	26	25

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	Unknown	Unknown
ASSET REPLACEMENTS : TOTAL ASSETS	Less than 1%	Less than 1%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	61%	63%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	Not separately identified	Not separately identified
CHANGES TO ASSET MANAGEMENT POLICES		

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Replace Cathodic Protection on Dock and Asphalt repaving at CDC and Dock	\$860,000
Upgrades to Elevator, Cranes, replace 2 Trucks and 2 Forklifts	\$390,000
Upgrades to Spotts and South terminals	\$100,000
Cruise Berthing Facility Consultancy fees	1,400,000
Total	\$2,750,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Hurricanes and Storms	None	Hurricane Plan practised on a continuous basis	CI\$2 Million
Personal Injury or fatality during operations	None	Employee safety procedures	Unknown

4. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Port Authority of the Cayman Islands* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	21,359,946	20,566,570
OPERATING EXPENSES	(18,442,446)	(17,815,450)
NET SURPLUS/DEFICIT	2,917,500	2,751,120

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	52,863,708	52,416,130
LIABILITIES	(4,854,799)	(7,324,721)
NET WORTH	48,008,909	45,091,409

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES	3,713,409	5,016,539
CASH FLOWS FROM INVESTING ACTIVITIES	(2,750,000)	(2,401,068)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,477,564)	(1,425,000)

5. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Port Authority of the Cayman Islands	0
Capital Withdrawals from Port Authority of the Cayman Islands	0
Dividend or Profit Distributions to be made by Port Authority of the Cayman Islands.	0
Government Loans to be made to Port Authority of the Cayman Islands	0
Government Guarantees to be issued in relation to Port Authority of the Cayman Islands	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁴²	0
Remuneration ⁴³ Payments made to Key Management Personnel	
Remuneration Payments made to Senior Management	

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	3
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6

⁴² Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴³ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Port Authority of the Cayman Islands undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Port Authority of the Cayman Islands will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transport

On behalf of Cabinet

Mr. Errol L. Bush MBE

Chairman of the Board

Port Authority of the Cayman Islands

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Port Authority of the Cayman Islands for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Mr. Errol L. Bush MBE

Chairman of the Board

Port Authority of the Cayman Islands

30th June 2015

PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

Background information

The Port Authority of the Cayman Islands ("the Port Authority") is a statutory body established on September 15, 1976 under the Port Authority Law.

The Port Authority is principally engaged in the management of the maritime affairs of the Cayman Islands.

2. Significant accounting policies

These financial statements are prepared in accordance with International Public Accounting Standards. The principal accounting policies adopted by the Port Authority are as follows:

(a) Basis of accounting

The financial statements of the Port Authority are prepared on an accruals basis under the historical cost convention.

(b) Use of estimates

The preparation of the financial statements in accordance with International Public Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from these estimates.

(c) Financial instruments

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise unrestricted and restricted bank balances and accounts receivable.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise long term and short term debt.

(ii) Recognition

The Port Authority recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognised in the statements of income.

(iii) Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are measured at their estimated fair market value.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any principal repayments plus any amortisation (accrued interest) of the difference between that initial amount and the maturity amount.

(iv) Specific instruments

Cash and cash equivalents

PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
AS AT 30TH JUNE 2015

For the purposes of the statements of cash flows, cash and cash equivalents includes current and money market accounts and term deposits with an original maturity of three months or less, and include unrestricted and restricted bank balances.

Interest income and expense

Interest income and expense are recognised in the statements of income on an accruals basis. Interest income represents the interest earned on term deposits. Interest expense includes interest paid on long term debt.

(v) Derecognition

A financial asset is derecognised when the Port Authority realises the rights to the benefits specified in the contract or the Port Authority loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(d) Depreciation

Depreciation is charged to the statements of income on a straight-line basis at the following rates estimated to write off the cost of the assets over their expected useful lives:

Land	Nil
Buildings	4% per annum
Marine Dock	2% per annum
Other fixed assets	4% - 20% per annum

(e) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheets dates are translated to Cayman Islands dollars at the foreign exchange rate ruling at those dates. Foreign exchange differences arising on translation are recognised in the statements of income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values were determined.

(f) Allowance for bad debts

The allowance for bad debts is established through a provision for bad debts charged to expenses. Accounts receivable are written off against the allowance when management believes that the collectability of the account is unlikely. The allowance is an amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

(g) Inventory

Inventory is valued at the lower of net realisable value or cost, on a first in, first out basis.

(h) Revenue recognition

Fee income on services provided is recognised in the statements of income when the rendering of a service is completed or substantially completed, and the customer is invoiced.

(i) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
AS AT 30TH JUNE 2015

(j) Pensions and other post-retirement benefits

The Port Authority participates in the Silver Thatch Pension Plan, a defined contribution pension fund, in accordance with the Cayman Islands National Pension Law. The Port Authority makes monthly contributions at a rate of 10% of an employee's salary depending on the employee's position. Contributions are charged to expenses as they are incurred based on set contribution rates.

3. Restricted bank balances

Management has placed restrictions on the use of certain bank balances in order to fund the future emergency expenditures. The Emergency Reserve is established to cover the costs of repairs to the premises or equipment from storm damage and to cover the insurance deductible on the dock.

4. Related party transactions

The Port Authority also engages the services of other government departments of the Cayman Islands Government. Such services are provided on an arm's length basis.

**PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2016**

		2016	2015
		Budget	Projected Actual
	NOTE	\$	\$
Revenue			
Outputs to Ministries, Portfolios SA's and GC's			
Outputs to Others		21,358,966	20,565,134
Investment Revenue		980	1,436
Total Operating Revenue		21,359,946	20,566,570
Operating Expenses			
Personnel		12,128,188	11,703,236
Supplies and consumables		4,426,008	4,267,450
Depreciation		1,828,267	1,769,786
Financing		59,983	74,978
Total Operating Expenses		18,442,446	17,815,450
Surplus/Deficit from Operating Activities		2,917,500	2,751,120
Extraordinary Items			
Loss on disposal of Fixed Asset		0	0
Net Surplus/Deficit after Extraordinary items		2,917,500	2,751,120

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016

		2016	2015
		Budget	Projected Actual
	NOTE	\$	\$
Opening Balance Net Worth		45,091,409	42,340,289
Net Surplus		2,917,500	2,751,120
Prior year adjustment			
Total Recognized Revenues and Expenses		48,008,909	45,091,409
Dividends		0	0
Closing Balance Net Worth		48,008,909	45,091,409

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST BALANCE SHEET
AS AT 30 JUNE 2016

		2016	2015
		Budget	Projected Actual
	NOTE	\$	\$
Current Asset			
Cash and Cash Equivalents		2,060,512	2,574,667
Accounts receivable, Prepaids and Other Assets		1,920,000	1,960,000
Inventories		780,000	700,000
Total Current Assets		4,760,512	5,234,667
Non - Current Assets			
Property Plant and Equipment		48,103,196	47,181,463
Total Assets		52,863,708	52,416,130
Current Liabilities			
Accounts Payable		2,924,951	3,917,309
Other current liabilities		1,465,738	1,425,180
Total Current Liabilities		4,390,689	5,342,489
Non-Current Liabilities			
Non-current liabilities		464,110	1,982,232
Total Liabilities		4,854,799	7,324,721
TOTAL ASSETS LESS TOTAL LIABILITIES		48,008,909	45,091,409
Net Worth			
Dividend			
Accumulated Surpluses			
TOTAL NET WORTH		48,008,909	45,091,409

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2016

		2016	2015
		Budget	Projected Actual
	NOTE	\$	\$
Cash Flows from Operating Activities			
<i>Receipts</i>			
Outputs to Ministries, Portfolios, SAs & GCs			
Outputs to Others		21,278,966	20,363,419
Interest Received		0	0
Payments			
Personnel Costs		(11,628,188)	(11,203,236)
Other Payments		(2,929,053)	(1,998,606)
Suppliers		(3,008,316)	(2,145,036)
Net Cash Flows from Operating Activities		<u>3,713,409</u>	<u>5,016,541</u>
Cash Flows from Investing Activities			
Purchase of non-current assets		(2,750,000)	(2,401,068)
Net Cash Flows from Investing Activities		<u>(2,750,000)</u>	<u>(2,401,068)</u>
Cash Flows from Financing Activities			
Capital Withdrawal		0	0
Repayment of Borrowings		(1,477,564)	(1,425,000)
Net Cash used by Financing Activities		<u>(1,477,564)</u>	<u>(1,425,000)</u>
Opening Balance Cash & Cash Equivalents		2,574,667	1,384,195
Net Change in Cash & Cash Equivalents		(514,155)	1,190,472
Closing Balance Cash & Cash Equivalents		<u>2,060,512</u>	<u>2,574,667</u>

PORT AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

NOTE 1. OPERATING REVENUES			
		2016	2015
		Budget	Projected Actual
		\$	\$
Cargo Income		13,695,058	14,710,660
Cruise Income		4,430,042	4,117,395
Other income		3,233,866	1,737,079
Total Operating Revenue		21,358,966	20,565,134

NOTE 2. CASH AND CASH EQUIVALENTS			
		2016	2015
		Budget	Projected Actual
		\$	\$
Current Accounts		2,060,512	2,574,667
Short Term Fixed Deposits		0	0
Total Cash and Cash Equivalents		2,060,512	2,574,667

NOTE 3. INVENTORIES			
		2016	2015
		Budget	Projected Actual
		\$	\$
Mechanical Parts and Diesel		780,000	700,000
Total Inventories		780,000	700,000

NOTE 4. DEPRECIATION AND FIXED ASSETS			
		2016	2015
		Budget	Projected Actual
		\$	\$
Land			
Opening Book Value / Cost		14,436,077	14,436,077
Closing Book Value		14,436,077	14,436,077
Buildings			
Opening Book Value / Cost		43,451,921	43,302,073

PORT AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Additions		985,000	149,848
Accumulated Depreciation		17,799,492	16,648,538
Closing Book Value		26,637,429	26,803,383
Plant Equipment and Vehicles			
Opening Book Value / Cost		12,083,212	11,666,992
Additions		365,000	416,220
Disposal		0	0
Accumulated Depreciation		8,866,742	8,272,214
Closing Book Value		3,581,470	3,810,998
Other Fixed Assets			
Opening Book Value / Cost		753,944	753,944
Additions		0	0
Accumulated Depreciation		737,232	731,872
Closing Book Value		16,712	22,072
Furniture			
Opening Book Value / Cost		908,125	908,125
Additions		0	0
Accumulated Depreciation		907,184	873,018
Closing Book Value		941	35,107
Computers			
Opening Book Value / Cost		1,267,338	1,267,338
Additions		0	0
Accumulated Depreciation		1,192,415	1,149,156
Closing Book Value		74,923	118,182
Work in Progress (Cruise Project & Bldg.)		1,955,644	1,955,644
Additions		1,400,000	
Closing Book Value		3,355,644	
Total Fixed Assets		48,103,196	47,181,463

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

PUBLIC SERVICE PENSION BOARD

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Public Service Pension Board* have agreed the *Public Service Pension Board* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Public Service Pension Board* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The function of Public Service Pensions Board activities is equitable and fair provision, as well as promotion and administration of public service pension plans.

SCOPE OF ACTIVITIES

The scope of Public Service Pensions Board activities is as follows:

- a) Administration of:
 - The Public Service Pensions Plan
 - The Parliamentary Pensions Plan
 - The Judicial Pension Plan
 - The Ex-Gratia Pensions
- b) Administration and management of the Public Service Pensions fund
- c) Policy advice on pension requirements for public service pension plans, pension reform and directing the drafting of related legislation.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by Public Service Pensions Board are provided to the eligible employees of the Cayman Islands Government and the participating statutory authorities (Cayman Islands Development Board, National Housing Trust, Cayman Islands Monetary Authority, Water Authority, Turtle Farm, National Roads Authority, Civil Aviation Authority, Airports Authority, Maritime Authority of the Cayman Islands, Health Service Authority, Cays Foundation, Information Communication Technology Authority and Public Service Pensions Board). The customers of the Public Service Pensions Board include pensioners, current participants and deferred vested participants of the above-mentioned pension plans.

The Public Service Pensions Board offices are located in Grand Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Public Service Pension Board* for the 2015/16 financial year are as follows:

- Preparation and submission of Financial Statements as at 30 June 2015 and resulting Annual Report in accordance with Public Management and Finance Law (PMFL) by 31 August 2015.
- Augmentation to the requisite pensioner's monthly benefits in payment as of 31-Dec- 2014 in accordance with section 22 of the PSPL by September 2015.
- Prepare and issue Pension Continuation Confirmation Certificates in accordance with clause 12 of the Public Service Pensions Regulations (PSPR), including child full-time education confirmation by October 2015.
- Calculation and application of the Credited Rate of Return to participant accounts in accordance with section 6 of the PSPL by 31 March 2016.
- Provide IAS19R valuation data by 15 July 2015 to the actuary for preparation of the IAS19R reports due no later than 31 July 2015.
- Prepare and issue Benefit Statements for Central Government and Statutory Authorities for the year ending 31st December 2015 in accordance with Section 10 (b) of the Public Service Pensions Law (PSPL), Section 8 of the Parliamentary Pensions Law (PPL) and Section 8 of the Judges' Emoluments and Allowances Order, 2005 by 31 May 2016.
- Review and update 5-Year Strategic document by 31 October 2015.
- Lynchval System Release Upgrade by 31 December 2015.
- Ongoing Trustee Training (Legislation, Governance, Best Practice, Investments & Actuarial Topics), by the end of the 2015/16 fiscal year.

Non-Recurring Strategic Goals and Objectives:

- Provide to the Trustee Board an interim report for Phase III of the comprehensive review of legislative framework governing the Government sponsored Pensions Plans under administration in consultation with the Deputy Governor and POCs by 30 June 2016.
- Full implementation of recommendations from the IT consultants including review of the existing IT providers 30 June 2016.
- Prepare a project scoping document to identify suitable workflow tracking and electronic data management system, which is necessary to address current inefficiencies and improve the controls environment for all processes as identified by the IT Consultant.
- As a separate project, complete the correction of data issues that have been identified arising out of the IAR project and other investigations, as a precursor to an ongoing data validation program by 31 December 2015 (as an indicator).
- Implement the recommendations resulting Organizational Review by 30 June 2016.
- Complete implementation of Normal Retirement Age changes within the timeframe established by Cabinet.
- Develop the framework for the segregation of the DB/DC Plans with the assistance of the Actuary and the Investment Advisor.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision)) for the *Public Service Pension Board* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	\$3,772,174	\$3,456,758
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	\$3,772,174	\$3,456,758
NET SURPLUS DEFICIT	0	\$0
TOTAL ASSETS		
TOTAL LIABILITIES (1 January 2008 – as per latest actuarial valuation report)		
NET WORTH (fund deficit subject to next actuarial valuation)		
CASH FLOWS FROM OPERATING ACTIVITIES	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CHANGE IN CASH BALANCES	0	0

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	0	0
TOTAL ASSETS : TOTAL LIABILITIES	0	0

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	26	23
STAFF TURNOVER (%)	0	3%
SENIOR MANAGER	10.60	10.16
PROFESSIONAL AND TECHNICAL STAFF	9.1	9.3
ADMINISTRATIVE STAFF	6.5	6.4

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	NIL	NIL
ASSET REPLACEMENTS : TOTAL ASSETS	NIL	NIL
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	NIL	NIL
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	NIL	NIL
CHANGES TO ASSET MANAGEMENT POLICES	NIL	NIL

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Hurricane	Risk unchanged	Hurricane Preparedness Plan in place	Unquantifiable
Public Liability	Risk unchanged	Seeking public liability coverage (tendered process)	Unquantifiable
Loss of key personnel	Risk unchanged	Training and development in place as retention incentive.	Unquantifiable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Public Service Pension Board* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE		
OPERATING EXPENSES		
NET SURPLUS/DEFICIT		

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS		
LIABILITIES		
NET WORTH		

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVIITES		
CASH FLOWS FROM INVESTING ACTIVIITES		
CASH FLOWS FROM FINANCING ACTIVIITES		

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Public Service Pension Board	0
Capital Withdrawals from Public Service Pension Board	0
Dividend or Profit Distributions to be made by Public Service Pension Board.	0
Government Loans to be made to Public Service Pension Board	0
Government Guarantees to be issued in relation to Public Service Pension Board	0
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁴⁴	0
Remuneration ⁴⁵ Payments made to Key Management Personnel	787,268
Remuneration Payments made to Senior Management	787,268

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	7
NUMBER OF KEY SENIOR MANAGEMENT (MD)	NIL

⁴⁴ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴⁵ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Public Service Pension Board undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Public Service Pension Board will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Franz Manderson, Cert Hon, JP

Deputy Governor

On behalf of Cabinet

Chairman of the Board

Public Service Pension Board

30th June 2016

APPENDIX

FORECAST FINANCIAL STATEMENTS



PUBLIC SERVICE PENSION BOARD

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Public Service Pension Board for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Public Service Pension Board

30th June 2015

PUBLIC SERVICE PENSION BOARD
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

The financial statements are prepared in accordance with International Financial Reporting Standards.

Fixed assets are initially recorded at cost. Subsequently amortization is computed per annum on a straight line basis as follows:

Furniture and Fixtures	10%
Computer Equipment and Software	20%
Office Equipment	20%
Vehicle	25%
Leasehold Improvements	N/A

Foreign Currency Transactions: Transactions in foreign currencies, other than US Dollars, are translated at the rate of exchange prevailing at the date of the transaction. Transactions in US Dollars are translated at the rate of US\$1.20 = CI\$1.00.

PUBLIC SERVICE PENSION BOARD
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

Revenue				
	Revenue from the "Fund"		3,772,506	
	Total Revenue			3,772,506
Disbursements				
BOARD OF DIRECTORS				
	Directors' Training		20,000	
	Directors' Allowances		10,000	
	Board Secretary (Salary)		60,900	
	Board Secretary (Health Benefits)		10,536	
	Board Secretary (Pension Benefits)		7,917	
	Board Secretary (Telephone Allowance)		1,200	
	Board Meetings and Consumables		1,000	
			112,103	
SALARIES AND BENEFITS				
	Acting Allowance		12,000	
	Car Allowances		1,800	
	Managing Director's Awards		2,500	
	Additional DB costs		20,280	
	Pension Contributions		247,665	
	Salaries		2,128,805	
	Health Insurance		298,704	
	Recruitment - Ads, etc		3,600	
	Work Permits		22,125	
	Training & Professional Membership Fees		39,134	
			2,776,613	
OFFICE ACCOMMODATION & EQUIPMENT				
	Computer (hardware & software)		8,000	
	Software Licensing -Blue Bison and QuickBooks		4,000	
	IT Support (CSD, Lynchval and Blue Bison)		99,948	
	Insurance (W/C-CIG)		2,042	
	Equipment Repairs & Maintenance contract		1,650	
	Contingency for adj. to Office Rental Running Costs		3,798	
	Office Rental and Running Costs		244,402	
	Telecommunications (C&W: Corporate cell phones)		20,400	
			384,240	

PUBLIC SERVICE PENSION BOARD
FORECAST OPERATING STATEMENT (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

		PENSION ADMINISTRATION SYSTEM			
		Ongoing Program support Costs	45,000		
			45,000		
		ADMINISTRATIVE EXPENSES			
		Printing & Stationary	15,000		
		Dietary Supplies	1,500		
		Office Supplies & Consumables	15,000		
		Miscellaneous (Benefits & Passages)	1,500		
		Organizational & HR Events	18,750		
		Official Travel - Management Due Diligence Visits	45,000		
		Official Travel - Other	18,000		
		Company Car Operations	2,000		
		Postage & Courier Service (incl.CSD)	10,000		
		Public Relations & Promotional Materials	2,500		
		Publications & Periodicals	1,500		
		Bank Charges & Interest CNB, BNS	7,500		
		Official Entertainment	1,500		
			139,750		
		PROFESSIONAL AND CONSULTING FEES			
		Actuarial Consulting	200,000		
		Board's Governance Program	15,000		
		Audit Fees	67,000		
		Data Validation Program (ongoing)	30,000		
		IAS 19 Report Expenses	2,800		
			314,800		
		TOTAL DISBURSEMENTS - BOARD OPERATIONS			3,772,506
		Net Operating			-

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

SISTER ISLANDS AFFORDABLE HOUSING
CORPORATION

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Sister Islands Affordable Housing Corporation* have agreed the *Sister Islands Affordable Housing Corporation* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Sister Islands Affordable Housing Corporation* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The *Sister Islands Affordable Housing Development Corporation* activities involve being an important factor in the economic development of the Cayman Islands by providing affordable homes to Caymanians in the Sister Islands.

SCOPE OF ACTIVITIES

The scope of the Sister Islands Affordable Housing Development Corporation activities is as follows:

Construction of affordable homes to be sold to the Caymanian public in the Sister Islands at an affordable price.

Assisting with financing Caymanian households in the Sister Islands that qualify under criteria set by the Corporation for the purchase of an affordable home that have been constructed under the supervision of the Corporation.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the Sister Islands Affordable Housing Development Corporation are provided only within the Sister Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the Sister Islands Affordable Housing Corporation for the 2015/16 financial year are as follows:

STRATEGIC GOALS

- To become a well-structured, efficiently managed organization that is fair and prudent in its processing and selection of eligible applicants for the affordable homes offered by the Corporation.
- To identify the housing needs of Caymanians in the Sister Islands and to continue developing affordable homes to meet these needs and which will contribute to the economic development of the Sister Islands.

OBJECTIVES

- Where necessary, to seek out additional funding for future development of affordable housing that have been identified as an imperative need in the economic development of the Sister Islands.
- To continue a close working relationship with the local construction industry in the Sister Islands
- To develop new homes for the households in the Sister Islands community.
- To ensure that the Sister Islands Affordable Housing Development Corporation is managed in an efficient and prudent manner.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Sister Islands Affordable Housing Corporation* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	71,506	71,506
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES		
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	331,506	520,000
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	372,523	
NET SURPLUS DEFICIT	(41,017)	(51,017)
TOTAL ASSETS	1,583,983	1,675,000
TOTAL LIABILITIES	30,928	30,928
NET WORTH	1,553,055	1,644,072
CASH FLOWS FROM OPERATING ACTIVITIES	(41,017)	(51,017)
CASH FLOWS FROM INVESTING ACTIVITIES	0	
CASH FLOWS FROM FINANCING ACTIVITIES	0	
CHANGE IN CASH BALANCES	(41,017)	(51,017)

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	2,845	2,978
TOTAL ASSETS : TOTAL LIABILITIES	5,122	5,416

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	1	1
STAFF TURNOVER (%)	0	0
SENIOR MANAGER		
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF	4	3

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	1,583,983	1,675,000
ASSET REPLACEMENTS : TOTAL ASSETS		
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS		
DEPRECIATION : CASH FLOW ON ASSET PURCHASES		
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Construction of two houses for sale	260,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Loss and/or absence of critical staff	Ongoing	Provide on the job training Support staff in times of sickness	Undetermined
Destruction, damage or loss of assets	Ongoing	Safeguard assets Contracts All Risk Insurance	Undetermined
Dwindling number of eligible applicants due to small community in Sister Islands	Ongoing	Closely monitor the need for this service Begin construction on a house only if a pre-qualifying applicant is available	Going concern of the Corporation
Applicants not qualifying for bank loans or opting out after the house has been completed	Ongoing	Board of Directors perform financial due diligence on clients prior to breaking ground Support staff in times of sickness	Not being able to sell a house for a long period of time therefore incurring maintenance costs
Potential budget reductions from Government to cover administrative costs of the Corporation	Ongoing	Two Ministry representatives attend all board meetings to keep abreast of the operations of the Corporation	Going concern of the Corporation

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Sister Islands Affordable Housing Corporation* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	331,506	591,506
OPERATING EXPENSES	372,523	642,523
NET SURPLUS/DEFICIT	(41,017)	(51,017)

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	1,583,983	1,675,000
LIABILITIES	30,928	30,928
NET WORTH	1,553,055	1,644,072

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	(41,017)	(51,017)
CASH FLOWS FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Sister Islands Affordable Housing Corporation	NONE
Capital Withdrawals from Sister Islands Affordable Housing Corporation	NONE
Dividend or Profit Distributions to be made by Sister Islands Affordable Housing Corporation.	NONE
Government Loans to be made to Sister Islands Affordable Housing Corporation	NONE
Government Guarantees to be issued in relation to Sister Islands Affordable Housing Corporation	NONE
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁴⁶	NONE
Remuneration⁴⁷ Payments made to Key Management Personnel	NONE
Remuneration Payments made to Senior Management	NONE

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	NONE
NUMBER OF KEY SENIOR MANAGEMENT (MD)	NONE

⁴⁶ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴⁷ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Sister Islands Affordable Housing Corporation undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Sister Islands Affordable Housing Corporation will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transport

On behalf of Cabinet

Chairman of the Board

Sister Islands Affordable Housing Corporation

30th June 2016

APPENDIX

FORECAST FINANCIAL STATEMENTS



SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Sister Islands Affordable Housing Corporation for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Sister Islands Affordable Housing Corporation

30th June 2015

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2016

1. Establishment and principal activities

The Sister Islands Affordable Housing Development Corporation (SIAHDC) was incorporated as a non-profit company on 1st June 2006 and is a wholly-owned Government entity.

The main purpose of the Organization is to promote affordable home ownership on Cayman Brac and Little Cayman. Two properties are currently owned on Cayman Brac: Watering Place and West End with spaces for 15 homes and 20-30 homes respectively.

The Sister Islands Affordable Housing Development Corporation aims to provide quality concrete construction freehold homes which are owned outright by the successful applicants. The Organization works closely with the Public Works Department and the Ministry of District Administration, Tourism & Transport.

The main office is located at the Avistar Building III, Unit# 48, West End, Cayman Brac and correspondences may be sent to P.O. Box 141, Cayman Brac KY2-2101.

2. Significant accounting policies

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision). The significant accounting policies adopted by the SIAHDC in these financial statements are as follows:

(a) Basis of preparation

The Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision). The measurement base applied is historical cost adjusted for revaluations of assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

(b) Use of estimates

The preparation Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the forecast financial statements as well as the reported amounts of income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the reporting period and in any future periods that are affected by those revisions.

(c) Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(e) Reporting Period

The reporting period is the year ended 30th June 2014.

(f) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statement date. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Gains and losses arising on translation are included in the statement of Financial Performance.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered as cash held on demand and fixed deposits with an original maturity of three months or less.

(h) Accounts receivable

Accounts receivable are recognized initially at fair value and are subsequently reviewed for impairment. Where there is objective evidence that a debt will not be collected by the SIAHDC according to the agreed terms, a provision for bad debt is established.

(i) Property, plant and equipment/depreciation

In keeping the accounting policies of the Government of the Cayman Islands, who is the sole shareholder, all fixed asset purchases under CI \$1,000 are immediately expensed. Property, Plant and Equipment are stated at cost less accumulated depreciation and amortization and any impairment losses.

Depreciation is charged to the statement of Financial Performance on a straight-line basis based on the estimated useful life of the Asset.

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

(j) Revenue recognition

Revenue is recognized at the point the Organization meets the obligations to the purchaser. Revenue from housing sales is recognized at the point of sale.

(k) Expense

Expenses are recognized when incurred on the accrual basis of accounting. In addition, an expense is recognized for the consumption of the estimated fair value of contributed goods and services received.

(l) Operating lease

Lease payments are recognized as an expense on a straight-line basis over the lease term.

Significant accounting policies cont'd

(n) Land

Land was acquired from the Government at no cost and is recorded at fair market value at the date of acquisition.

(o) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognized in the Operating Statement when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of SIAHDC are paid to the Silver Thatch Pension Fund and administered by the Silver Thatch Pension Board.

Silver Thatch Pensions is governed by a board of trustees who appoint agents to handle administration. Saxon Pensions are the Client Services Agent and Coutts Cayman are the Investment Managers.

(p) Financial Instruments

i. Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favorable or an equity instrument of another enterprise. Financial assets are comprised of cash and cash equivalents and prepayments.

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable. Financial liabilities are comprised of accounts payables and accrued expenses.

ii. Recognition

The Sister Islands Affordable Housing Development Corporation recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the statement of Financial Performance.

iii. Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition, all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Significant accounting policies cont'd

iv. De-recognition

A financial asset is derecognized when the Sister Islands Affordable Housing Development Corporation realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(q) Provisions and Contingencies

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation or present obligation that may, but probably will not, require an outflow of resources. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

(r) Subsequent Events

Post year-end events that provide additional information about the Sister Islands Affordable Housing Development Corporation's position at the balance sheet date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes to the financial statements when material,

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2016

		Budget 2015/16	Budget 2014/15
<i>Revenue</i>			
Sale of goods and services	1	331,506	591,506
Investment revenue		0	0
Donations		0	0
Other revenue			
Total Revenue		331,506	591,506
<i>Expenses</i>			
Personnel costs	2	54,888	54,888
Supplies and consumables	3	317,635	587,635
Depreciation and Amortisation		0	0
Impairment of property, plant and equipment			
Impairment of inventory		0	0
Finance costs & overdraft interest		0	0
Litigation costs		0	0
Other (Gains)/losses		0	0
Other Operating expenses			
Total Expenses		372,523	642,523
Surplus or (Deficit) for the period		(41,017)	(51,017)

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014	1,545,000			150,089	1,695,089
Changes in net worth for 2013/14					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	1,545,000	0	0	150,089	1,695,089
Changes in net worth for 2014/15					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2014/15				(51,017)	(51,017)
Total recognised revenues and expenses for the period	0	0	0	(51,017)	(51,017)
Balance at 30 June 2015 carried forward	1,545,000	0	0	99,072	1,644,072
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2015 brought forward	1,545,000	0	0	99,072	1,644,072
Changes in net worth for 2014/15					
Changes in accounting policy					0
Prior Year Adjustments				(50,000)	(50,000)
Restated balance	1,545,000	0	0	49,072	1,594,072
Changes in net worth for 2015/16					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2015/16				(41,017)	(41,017)
Total recognised revenues and expenses for the period	0	0	0	(41,017)	(41,017)
Balance at 30 June 2016	1,545,000	0	0	8,055	1,553,055

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
FORECAST BALANCE SHEET
AS AT 30 JUNE 2016

		Budget 2015/16	Budget 2014/15
Current Assets			
Cash and cash equivalents	4	878,983	920,000
Other receivables	5	1,000	1,000
Total Current Assets		879,983	921,000
Non-Current Assets			
Property, plant and equipment	6	704,000	754,000
Total Non-Current Assets		704,000	754,000
Total Assets		1,583,983	1,675,000
Current Liabilities			
Trade payables	7	29,232	29,232
Other payables and accruals	7	1,696	1,696
Total Current Liabilities		30,928	30,928
Non-Current Liabilities		0	0
Total Non-Current Liabilities		0	0
Total Liabilities		30,928	30,928
Net Assets		1,553,055	1,644,072
NET WORTH			
Contributed capital		1,545,000	1,545,000
Other Reserves		0	0
Revaluation reserve		0	0
Accumulated surpluses/(deficits)		8,055	99,072
Total Net Worth		1,553,055	1,644,072

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2016

		Budget 2015/16	Budget 2014/15
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
Sale of goods and services to Cabinet		71,506	71,506
Sale of goods and services to Ministries/Portfolios			
Sale of goods and services to Statutory Agencies and Government Companies			
Sale of goods and services - third party		260,000	520,000
Interest received			
Donations / Grants			
Other receipts			
<i>Payments</i>			
Personnel costs		(54,888)	(54,888)
Supplies and consumables - Ministries/Portfolios			
Supplies and consumables - Statutory Agencies and Government Companies			
Supplies and consumables - third party		(317,635)	(587,635)
Interest paid			
Other payments			
Net cash flows from operating activities	8	(41,017)	(51,017)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment			
Proceeds from sale of property, plant and equipment			
Purchase of investments			
Proceeds from sale of investments			
Net cash flows from investing activities		0	0
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Investment from Cabinet			
Repayment of Surplus/Dividends or Capital withdrawal			
Borrowings			
Repayment of Borrowings			
Currency Issues			
Net cash flows from financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(41,017)	(51,017)
Cash and cash equivalents at beginning of period		920,000	971,017
Cash and cash equivalents at end of period		878,983	920,000

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 1: Sales of Goods & Services

Revenue type	Budget 2015/16	Budget 2014/15
Fees and Charges	0	0
General Sales	0	0
Rentals	0	0
Other Goods & Services Revenue	260,000	520,000
Sale of goods and services to Cabinet	71,506	71,506
Sale of goods and services to Other Ministries and Portfolios	0	0
Total sales of goods and services	331,506	591,506

Other Goods & Services Revenue	Budget 2015/16	Budget 2014/15
Housing Sales	260,000	520,000
Total Other Goods & Services Revenue	260,000	520,000

Sales of Outputs to Cabinet

Sales of Outputs to Cabinet	71,506	71,506
Total Sales of Outputs to Cabinet	71,506	71,506

Other Interdepartmental Revenue

Revenue from Ministries/Portfolios		
Revenue from Statutory Authorities and Government Companies		
Total Other Interdepartmental Revenue	0	0

Total Goods and Services	331,506	591,506

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 2: Personnel costs

Description	Budget 2015/16	Budget 2014/15
Salaries, wages and allowances	36,444	36,444
Health care CINICO	16,524	16,524
Health care other		
Pension	1,920	1,920
Leave		
Other personnel related costs		
Total Personnel Costs	54,888	54,888

Note 3: Supplies and consumables

Description	Budget 2015/16	Budget 2014/15
Supplies and Materials	716	716
Purchase of services	48,197	58,197
Lease of Property and Equipment	6,000	6,000
Utilities	2,722	2,722
General Insurance	0	0
Interdepartmental expenses		
Travel and Subsistence		
Recruitment and Training		
Other	260,000	520,000
Total Supplies & consumables	317,635	587,635

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 4: Cash and cash equivalents

Description change as applicable- <u>Enter overdraft as negative</u>	Currency Amount	Exchange Rate to \$CI	Budget 2015/16	Budget 2014/15
Cash on hand		1.0000	0	0
Cash in transit		1.0000	0	0
CI\$ Account	428,983	1.0000	428,983	470,000
US\$ Account		0.8300	0	0
Bank Overdraft		1.0000	0	0
Payroll Current Account		1.0000	0	0
Bank Accounts held at other financial institutions		1.0000	0	0
Short-Term Fixed Deposits	450,000	1.0000	450,000	450,000
TOTAL			878,983	920,000

Note 5: Trade and other receivables

Other Receivables	Budget 2015/16	Budget 2014/15
Advances (salary, Official Travel, etc)		
Dishonoured cheques		
Interest receivable		
Other	1,000	1,000
Less: provision for doubtful debts (Enter -ve number)		
Total other receivables	1,000	1,000

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 6: Property, plant & equipment

Cost of Property, plant & equipment

	Land	Plant and equipment	Buildings and Leasehold	Leasehold Improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Roads and Sidewalks	Water Retriculation	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Other assets	Assets under construction or development	Total
Balance as at 1 July 2014	854,000															854,000
Additions																-
Disposals and Derecognition	(100,000)															(100,000)
Revaluation																-
Transfers																-
Balance as at 30 June 2015	754,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	754,000

	Land	Plant and equipment	Buildings and Leasehold	Leasehold Improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Roads and Sidewalks	Water Retriculation	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Other assets	Assets under construction or development	Total
Balance as at 1 July 2015	754,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	754,000
Additions																-
Disposals and Derecognition	(50,000)															(50,000)
Revaluation																-
Transfers																-
Balance as at 30 June 2015	704,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	704,000

Accumulated Depreciation and impairment losses

	Land	Plant and equipment	Buildings and Leasehold	Leasehold Improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Roads and Sidewalks	Water Retriculation	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Other assets	Assets under construction or development	Total
Balance as at 1 July 2014																0
Transfers																0
Impairment Reserve 2014/15 (closing balance)																0
Depreciation Expense 2014/15																0
Eliminate on Disposal or Derecognition 2014/15																0
Balance as at 30 June 2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Land	Plant and equipment	Buildings and Leasehold	Leasehold Improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Roads and Sidewalks	Water Retriculation	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Other assets	Assets under construction or development	Total
Balance as at 1 July 2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers																0
Impairment change 2015/16																0
Depreciation Expense 2015/16																0
Eliminate on Disposal or Derecognition 2015/16																0
Balance as at 30 June 2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Book value 30 June 2015	754,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	754,000
Net Book value 30 June 2016	704,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	704,000

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 7: Trade payables, other payables & Accruals

	Current	Non-Current	Budget 2015/16	Budget 2014/15
Creditors Third party	29,232		29,232	29,232
Creditors Ministries/Portfolios			0	0
Creditors other Statutory Agencies and Government Companies			0	0
Payroll Deductions	1,696		1,696	1,696
Operating Lease			0	0
Accrued Expenses			0	0
Other payables			0	0
Dividends/Surplus Payable			0	0
Total trade payables other payables and accruals	30,928	0	30,928	30,928

Note 8: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	Budget 2015/16	Budget 2015/16
Surplus/(deficit) from ordinary activities	(41,017)	(51,017)
Non-cash movements		
Depreciation & Amortisation		
Impairment		
(Gain)/losses on sale of property plant and equipment		
(Gain) / loss on derecognition and revaluation of assets		
Changes in current assets and liabilities:		
(Increase)/decrease in other current assets - Cabinet		
(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
(Increase)/decrease in other current assets - Ministries		
(Increase)/decrease in other current assets - Other		
(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
(Increase)/(decrease) in current liabilities - Ministries Portfolios		
(Increase)/(decrease) in current liabilities - Other		
Net cash flows from operating activities	(41,017)	(51,017)

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

TOURISM ATTRACTIONS BOARD

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Tourism Attractions Board* have agreed the *Tourism Attractions Board* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Tourism Attractions Board* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The activities of the Tourism Attraction Board involve the oversight management and maintenance of tourist attraction sites which fall under its control, as well as the provision of policy directives to the national festival office. The Tourism Attraction Board discharges its statutory obligations through its administrative office, which oversees the implementation of policies, and provides management assistance, including strategic marketing guidance and accounting expertise, to the staff of the attraction sites and the national festival office.

SCOPE OF ACTIVITIES

The scope of the Tourism Attraction Board activities is as follows:

ADMINISTRATIVE OFFICE – Development and implementation of marketing strategies, personnel management, general accounting & insurance management; preparation of budgets and financial statements; and the provision of secretarial services for the Board.

BOTANIC PARK – Operational management for the display and maintenance of Colour Gardens, Heritage Garden, Orchid Garden and Palm Walk; maintenance of nature trail; plant sales and maintenance; educational seminars; operation of gift shop; promote rental of the site for special events.

PEDRO ST. JAMES –Operational management and custody of a historic site; operation of gift shop and the theatre audio-visual show; bar operation; promote rental of the site for special events; generate revenue from onsite activities.

PIRATES' WEEK OFFICE – Organise and schedule units of the festival; generate revenue from events, sponsorship, and donations; assist District Heritage Days presentations.

CAYMAN CRAFT MARKET – Organize and manage the activities of artists and vendors; maintenance of building and site; promote Caymanian arts and craft.

HELL ATTRACTION – Preservation of natural resources; maintenance of buildings and site; collection of monthly rental fees.

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers come from three markets – residents, stay-over tourists, and cruise ship passengers.

The services provided by the Tourism Attraction Board are supplied through its attractions sites located at; Pedro St. James, Savannah; the Queen Elizabeth II Botanic Park, Frank Sound Rd, North Side; Cayman Craft Market, George Town; Hell Attraction, West Bay; Pirates' Week Office in George Town. The Tourism Attraction Board Administrative office is located at Suite # 203, Crighton Building, Crewe Road, Grand Cayman.

STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Tourism Attractions Board* for the 2015/16 financial year are as follows:

- To increase the attendance and subsequently the profitability of the attractions and the national festival.
- To ensure the sustainability of the attractions and the national festival as tourism products in the Cayman Islands.
- To continue to preserve and further enhance the environment and history of the attractions through physical renovations and social awareness.
- To assess visitor expectations, human capital requirements, and commercial opportunities and partnerships.
- To enrich the visitor experience through education, improved signage, and technological enhancements.

3. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Tourism Attractions Board* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	1,910,763	1,952,213
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	6,450	14,500
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	664,516	652,241
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	0	0
NET SURPLUS DEFICIT	0	(2,092)
TOTAL ASSETS	11,581,737	11,903,996
TOTAL LIABILITIES	(98,864)	(54,188)
NET WORTH	11,482,873	11,849,808
CASH FLOWS FROM OPERATING ACTIVITIES	211,380	42,829
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CHANGE IN CASH BALANCES	211,380	42,829

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1,683	1,996
TOTAL ASSETS : TOTAL LIABILITIES	11,714	21,967

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	33	33
STAFF TURNOVER (%)	2%	2%
AVERAGE LENGTH OF SERVICE	9	7
SENIOR MANAGER	10	6
PROFESSIONAL AND TECHNICAL STAFF	7	2
ADMINISTRATIVE STAFF	5	7

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	11,581,737	11,903,996
ASSET REPLACEMENTS : TOTAL ASSETS	0%	0%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	58%	56%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0%	0%
CHANGES TO ASSET MANAGEMENT POLICES	None Planned	None Planned

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
<i>Queen Elizabeth II Botanic Park:</i> Public Liability Natural Disasters	None None	Insurance Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	Unknown Cost of debris removal plus insurance deductible.
<i>Pedro St. James Castle:</i> Property Loss Due to Hurricanes or other Natural Disasters	None	Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	Cost of debris removal plus insurance deductible.
<i>Pirates' Week:</i> Rain Accidents	None None	None* Insurance	<= \$50,000 Unknown
<i>Craft Market:</i> Public Liability Natural Disasters	None None	Insurance Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	Unknown Cost of debris removal plus insurance deductible.
<i>Tourism Attraction Board:</i> Property Loss Due to Hurricanes or other Natural Disasters	None	Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	Cost of debris removal plus insurance deductible.

4. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Tourism Attractions Board* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	2,581,729	2,618,954
OPERATING EXPENSES	2,581,729	2,621,046
NET SURPLUS/DEFICIT	0	(2,092)

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	11,581,737	11,903,996
LIABILITIES	(98,864)	(54,188)
NET WORTH	11,482,873	11,849,808

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES	211,380	42,829
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	0	0

5. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Tourism Attractions Board	-
Capital Withdrawals from Tourism Attractions Board	-
Dividend or Profit Distributions to be made by Tourism Attractions Board.	-
Government Loans to be made to Tourism Attractions Board	-
Government Guarantees to be issued in relation to Tourism Attractions Board	-
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁴⁸	-
Remuneration ⁴⁹ Payments made to Key Management Personnel	436,992
Remuneration Payments made to Senior Management	436,992

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	7
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6

⁴⁸ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴⁹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Tourism Attractions Board undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Tourism Attractions Board will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transportation

On behalf of Cabinet

Chairman of the Board

Tourism Attractions Board

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



TOURISM ATTRACTIONS BOARD

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Tourism Attractions Board for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Tourism Attractions Board

30th June 2015

TOURISM ATTRACTIONS BOARD
STATEMENT ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2016

The financial statements of the *Tourism Attraction Board* are stated in Cayman Islands Dollars. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). A summary of the significant accounting and reporting policies used in preparing these statements are as follows:

(a) Basis of Accounting

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention. No account is taken of the effects of inflation.

(b) Use of estimates

The preparation of the financial statements in accordance with International Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from these estimates.

(c) Depreciation

Fixed assets are recorded at cost, and depreciated by the straight-line method at the following rates for each entity estimated to write off the cost of the assets over their expected useful lives;

Queen Elizabeth II Botanic Park

Visitor's Centre	2.0%
Paving and Pathways	10.0%
Equipment, Furniture and Fixtures	12.5%
Start-up Costs and Computer Equipment	33.3%
Motor Vehicles and Shade Houses	20.0%

Pedro St. James Castle

Visitor's Centre	2.0%
Multimedia, Furniture and Fixtures and Bar and Café Equipment	12.5%
Start-up Costs and Computer Equipment	33.3%
Motor Vehicles	20.0%

Pirates' Week

Computer Equipment and Office Equipment	33.3%
Furniture, Fixtures, Fittings and Signage	20.0%

Tourism Attraction Board Administration

Furniture and Fixtures	12.5%
Start-up Costs and Computer Equipment	33.3%

The capital costs of the Great House, Period Furnishings and the Botanical Gardens have not been depreciated since these will be maintained in perpetuity. All future expenditures on these assets will be expensed in the year that these costs are incurred.

TOURISM ATTRACTIONS BOARD
STATEMENT ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2016

(d) Foreign Currency Translation

Assets and liabilities denominated in currencies other than the Cayman Islands Dollar are translated at exchange rates in effect at the balance sheet date. Revenue and expense transactions denominated in currencies other than Cayman Islands Dollars are translated at exchange rates in effect at the time of those transactions. Gains and losses on exchange are taken to the Statement of Income and Expenditure.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value on a first in, first out basis.

(f) Pensions and Other Post-retirement Benefits

During 1998 the Tourism Attraction Board joined a defined contribution Pension Plan, in accordance with the Cayman Islands National Pensions Law the employer and employees began monthly contributions at a rate of 5%. Defined pension scheme contributions are charged to the Statement of Income and Expenditure based on a set contribution rate.

(g) Borrowing Cost

A portion of the interest charges on the loan received for the restoration of the Pedro Castle heritage site has been capitalised. The amount used for capitalisation was determined based on the terms of the loan agreement which requires that the actual interest be calculated and a portion as determined by the Caribbean Development Bank is capitalised and added to the total loan outstanding.

(h) Revenue Recognition

Income is recognised upon delivery of goods. Income from contracts and for services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the Statement of Income and Expenditure in the period in which it is earned.

(i) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents represents cash deposits with original maturities of three months or less. All cash and cash equivalents are held at banks in the Cayman Islands.

TOURISM ATTRACTIONS BOARD
**FORECAST STATEMENT OF FINANCIAL POSITION
AS AT ENDING 30TH JUNE 2016**

STATEMENT OF FINANCIAL POSITION	Notes	Budget 2015/16
AS AT 30 JUNE 2015		
Current Assets		
Cash and cash equivalents	1	1,487,002
Marketable securities and deposits		
Trade receivables	2	105,766
Other receivables	2	0
Inventories	3	65,000
Investments	4	0
Prepayments	5	6,500
Loans	6	0
Total Current Assets		1,664,268
Non-Current Assets		
Trade receivables	2	0
Other receivables	2	0
Inventories	3	0
Investments	4	0
Prepayments	5	0
Loans	6	0
Pension Plan Surplus	12	0
Property, plant and equipment	7	9,917,469
Intangible Assets	8	0
Total Non-Current Assets		9,917,469
Total Assets		11,581,737
Current Liabilities		
Trade payables	9	60,217
Other payables and accruals	9	29,891
Bank Overdraft	1	0
Unearned revenue	10	2,500
Employee entitlements	11	6,256
Dividends/Surplus Payable	9	0
Current Portion of Borrowings	12	0
Total Current Liabilities		98,864

TOURISM ATTRACTIONS BOARD

FORECAST STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT ENDING 30TH JUNE 2016

Non-Current Liabilities		
Trade payables	9	0
Other payables and accruals	9	0
Unearned revenue	9	0
Employee entitlements	10	0
Unfunded pension liability	13	0
Unfunded post-retirement health care	14	0
Currency Issued		
Long Term portion of Borrowings	12	0
Total Non-Current Liabilities		0
Total Liabilities		98,864
Net Assets		11,482,873

TOURISM ATTRACTION BOARD

**FORECAST STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2016**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016	Notes	Budget 2015/16
Revenue Sale of goods and services Investment revenue Donations Other revenue Total Revenue	15 16 17	2,581,729 0 0 2,581,729
Expenses Personnel costs Supplies and consumables Depreciation and Amortisation Impairment of property, plant and equipment Impairment of inventory Finance costs & overdraft interest Litigation costs Other (Gains)/losses Other Operating expenses Total Expenses	18 19 7 20 21 22	1,382,000 999,832 198,897 1,000 0 0 0 2,581,729
Surplus or (Deficit) for the period		0

TOURISM ATTRACTION BOARD
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2016

		Budget 2015/16
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Receipts</i>		
Sale of goods and services to Cabinet		1,910,763
Sale of goods and services to Ministries/Portfolios		-
Sale of goods and services to Statutory Agencies and Government Companies		6,450
Sale of goods and services - third party		507,500
Interest received		
Donations / Grants		
Other receipts		
<i>Payments</i>		
Personnel costs		-1,432,000
Supplies and consumables - Ministries/Portfolios		
Supplies and consumables - Statutory Agencies and Government Companies		
Supplies and consumables - third party		-592,380
Interest paid		
Other payments		-188,952
Net cash flows from operating activities	23	211,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		
Proceeds from sale of property, plant and equipment		
Purchase of investments		
Proceeds from sale of investments		
Net cash flows from investing activities		0
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Repayment of Surplus/Dividends or Capital withdrawal		
Borrowings		
Repayment of Borrowings		
Currency Issues		
Net cash flows from financing activities		0
Net increase/(decrease) in cash and cash equivalents		211,380
Cash and cash equivalents at beginning of period		1,275,622
Cash and cash equivalents at end of period		1,487,002

TOURISM ATTRACTION BOARD**FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2016**

NET WORTH		
Contributed capital		11,637,590
Other Reserves		0
Revaluation reserve		1,665,280
Accumulated surpluses/(deficits)		-1,819,998
Total Net Worth		11,482,873

TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

BACKGROUND INFORMATION

The Tourism Attraction Board (TAB) Law was established under the Tourism Attraction Board Law, 1996 (Law 17 of 1996) on 25 November 1996. The primary function of the TAB is the general and financial management of Pedro St. James as a building of historic interest and a heritage site for visitors, and of such other land and buildings as may be vested in it or placed under its management, in accordance with the general policies of the Government. The Queen Elizabeth II Botanic Park is a conservation effort of both the Cayman Islands Government and the National Trust for the Cayman Islands and was the second site placed under the management of the TAB in 1997.

The TAB was given the responsibility for the Pirates' Week office and Hell in 2000. The TAB has been directly involved in the day-to-day management of Hell beginning July 2004. The Pirates' Week Festival is an annual event organized by the Pirates' Week Committee. Since 1995, part of the activities of the Committee in connection with the Festival had been conducted through the Pirates' Week Festival Limited (the "Company"), a Cayman Islands limited liability company. However, during 1998 a decision was taken not to use the Company for this purpose in future. The Company was struck off the Register of Companies in 2001. The assets and liabilities of the Company were transferred to the Festival and the Company was duly terminated. During the year, "Pirates' Week" was registered as a trademark with the Trade Mark Association. The TAB has also been delegated with the responsibility to manage the Cayman Craft Market, which opened for business in September 2005.

The Tourism Attraction Board Administrative Office is located at Suite 203, Crichton Building, Crewe Road, Grand Cayman. Its mailing address is P. O. Box 31783 SMB, Grand Cayman.

TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

Note 1: Cash and cash equivalents

Description change as applicable	Currency Amount	Exchange Rate to \$CI	Budget 2015/16
Cash on hand	4,200	1.0000	4,200
Cash in transit		1.0000	
CI\$ Account	470,749	1.0000	470,749
US\$ Account	896,576	0.8300	744,158
Bank Overdraft		1.0000	
Payroll Current Account	253,226	1.0000	253,226
Bank Accounts held at other financial institutions		1.0000	
Short-Term Fixed Deposits	14,669	1.0000	14,669
TOTAL			1,487,002

Note 2: Trade and other receivables

Trade Receivables	Budget 2015/16
Sale of goods and services to Cabinet	
Sale of goods and services to Ministries/Portfolios	0
Sale of goods and services to Statutory Agencies and Government Companies	5,000
Sale of goods and services - third party	105,766
Other	
Less: provision for doubtful debts	-5,000
Total trade receivables	105,766

Other Receivables	Budget 2015/16
Advances (salary, Official Travel, etc)	
Dishonoured cheques	
Interest receivable	
Other	
Less: provision for doubtful debts	
Total other receivables	0

TOURISM ATTRACTION BOARD

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016**

Note 2: Trade and other receivables cont'd

	Trade Receivables	Other Receivables	Budget 2015/16
Current			
Past due 1-30 days	83,465	0	83,465
Past due 31-60 days	12,365		12,365
Past due 61-90 days	6,536		6,536
Past due 90 and above	3,400		3,400
Non-Current			
Past due 1 year and above			
Total	105,766	0	105,766

Changes in the provision of doubtful debts:

Description	Budget 2015/16
Balance at 1 July 2014	-11,256
Additional provisions made during the year	-2,280
Receivables written off during the period	8,536
Balance at 30 June 2015	-5,000

Note 3: Inventories

Description	Current	Non-Current	Budget 2015/16
Inventory held for use in the provision of goods and services			0
Inventory held for sale	66,500		66,500
Impairment of Inventory b/f	-500		-500
Impairment of Inventory 2015/16	-1,000		-1,000
TOTAL INVENTORIES	65,000	0	65,000

TOURISM ATTRACTION BOARD

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016**

Note 4: Investments

Investments	Current	Non-Current	Budget 2015/16
			0
			0
			0
Total Investments at the lower of cost or market value	0	0	0

Note 5 Prepayments

Description	Current	Non-Current	Budget 2015/16
	6,500		6,500
			0
			0
			0
			0
Total	6,500	0	6,500

Note 6 Loans

Description	Current	Non-Current	Budget 2015/16
			0
			0
			0
			0
			0
Total	0	0	0

TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016

Note 7: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 July 2014	3,973,000	2,254,037	4,986,176	214,838	1,364,526	132,924	119,126	13,044,626
Additions								0
Disposals and Derecognition								0
Revaluation								0
Transfers								0
Balance as at 30 June 2015	3,973,000	2,254,037	4,986,176	214,838	1,364,526	132,924	119,126	13,044,626

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 July 2015	3,973,000	2,254,037	4,986,176	214,838	1,364,526	132,924	119,126	13,044,626
Additions								0
Disposals and Derecognition								0
Revaluation								0
Transfers								0
Balance as at 30 June 2015	3,973,000	2,254,037	4,986,176	214,838	1,364,526	132,924	119,126	13,044,626

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 July 2014			1,369,901	214,838	921,011	120,298	103,315	2,729,363
Transfers								0
Impairment Reserve 2014/15 (closing balance)								0
Depreciation Expense 2014/15			99,780		94,578	2,609	1,930	198,897
Eliminate on Disposal or Derecognition 2014/15								0
Balance as at 30 June 2015	0	0	1,469,680	214,838	1,015,589	122,907	105,245	2,928,260

TOURISM ATTRACTION BOARD

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2016

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 July 2015	0	0	1,469,680	214,838	1,015,589	122,907	105,245	2,928,260
Transfers								0
Impairment change 2015/16								0
Depreciation Expense 2015/16			99,780		94,578	2,609	1,930	198,897
Eliminate on Disposal or Derecognition 2015/16								0
Balance as at 30 June 2015	0	0	1,569,460	214,838	1,110,168	125,516	107,176	3,127,158

Net Book value 30 June 2015	3,973,000	2,254,037	3,516,496	0	348,937	10,016	13,880	10,116,366

Net Book value 30 June 2016	3,973,000	2,254,037	3,416,716	0	254,359	7,407	11,950	9,917,469

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016

Note 8: Intangible Assets

Cost of Intangible Assets

	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2014				0
Additions				0
Disposals and Derecognition				0
Revaluation				0
Transfers				0
Balance as at 30 June 2015	0	0	0	0

	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 30 June 2015	0	0	0	0
Additions				0
Disposals and Derecognition				0
Revaluation				0
Transfers				0
Balance as at 30 June 2015	0	0	0	0

**Accumulated Depreciation and
impairment losses**

	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2014				0
Transfers				0
Impairment Reserve 2014/15 (closing balance)				0
Depreciation Expense 2014/15				0
Eliminate on Disposal or Derecognition 2014/15				0
Balance as at 30 June 2015	0	0	0	0

TOURISM ATTRACTION BOARD

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016**

	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 30 June 2015	0	0	0	0
Transfers				0
Impairment change 2015/16				0
Depreciation Expense 2015/16				0
Eliminate on Disposal or Derecognition 2015/16				0
Balance as at 30 June 2015	0	0	0	0

Net Book value 30 June 2015	0	0	0	0

Net Book value 30 June 2016	0	0	0	0

**Note 9: Trade payables, other payables &
Accruals**

	Current	Non-Current	Budget 2015/16
Creditors Third party	15,200		15,200
Creditors Ministries/Portfolios			0
Creditors other Statutory Agencies and Government Companies	45,017		45,017
Payroll Deductions			0
Operating Lease			0
Accrued Expenses	14,625		14,625
Other payables	15,266		15,266
Dividends/Surplus Payable			0
Total trade payables other payables and accruals	90,108	0	90,108

TOURISM ATTRACTION BOARD

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2016

Note 10 : Unearned Revenue

Details	Current	Non-Current	Budget 2015/16
Deposits by Customers	2,500		2,500
			0
			0
			0
			0
			0
Total unearned revenue	2,500	0	2,500

Note 11: Employee entitlements

	Budget 2015/16
Annual Leave/Comp-time	6,256
Retirement and long service leave	
Accrued salaries	
Travel	
Total current portion	6,256
<i>Non-current employee entitlements are represented by:</i>	
Retirement and long service leave	
Total employee entitlements	6,256

TOURISM ATTRACTION BOARD**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016****Note 12: Borrowings****Statement of Borrowings Maturity
Profile
For Year Ended 30 June 2015**

<i>Local Currency Debt</i>	Budget 2015/16
Not later than one year	
Between one and two years	
Between two and five years	
Later than five Years	
Total Local Currency Debt	0
<i>Foreign Currency Debt (state in \$CI)</i>	
Not later than one year	
Between one and two years	
Between two and five years	
Later than five years	
Total Foreign Currency Debt	0
Total Outstanding Debt	0

Note 13: Unfunded Pension Liability

Actuarial Valuations with an effective date of _____ were conducted for the Plan. These Actuarial Valuation Reports were accepted by the Board of Directors

Unfunded Pension Liability _____ million) represents the Fund Deficiencies arising mainly as a result of participants having accrued considerable Defined Benefit entitlements prior to establishment of the Fund.

The actuarial valuation calculated a fund deficiency as
at _____ 20XX .

TOURISM ATTRACTION BOARD

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016**

Pensions Plan Actuarial Valuation

	Budget 2015/16
Value of pension fund allocated assets	
Past service liability (Enter -No.)	
Fund (deficiency)/Surplus	0

The principal assumptions (excluding the estimated retirement age which varied with each Plan) used in the computation of the actuarial estimate of the pension liability for each of the three named Pension Plans are as follows:

annual salary increases of __%;

long term inflation rate of ____% per annum;

valuation interest rate to discount future benefit payments of __%;

expected long-term rate of return on the Fund's invested assets of __%;

anticipated future pensions payments increases of __% per annum; and

Note 14: Unfunded post-retirement health care

An Actuarial Valuation with an effective date of _____ was conducted for the post-retirement Health Care Plan. The Actuarial Valuation Reports and assumption were accepted and approved by Board of Directors on _____

Entity's Liability _____ million) represents the anticipated cost of providing post-retirement health care based on the assumed life expectancy.

The detailed breakdown are as given
below

Description Enter liability as -ve.	Amount
Description	
Total Unfunded Health Care	0

TOURISM ATTRACTION BOARD

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016**

The principal assumptions are as follows:

(a)
(b)
(c)
(d)
(e)
(f)

Note 15a: Sales of Goods & Services

Revenue type	Budget 2015/16
Fees and Charges	555,750
General Sales	90,766
Rentals	18,000
Other Goods & Services Revenue	0
Sale of goods and services to Cabinet	1,902,213
Sale of goods and services to Other Ministries and Portfolios	15,000
Total sales of goods and services	2,581,729

<i>Fees and Charges</i>	Budget 2015/16
Admissions & Gift Shops	555,750
Total Fees & Charges	555,750

TOURISM ATTRACTION BOARD

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016

General Sales	Budget 2015/16
Events, Plants, Site Rentals, etc.	90,766
Total General Sales	90,766
Rentals	Budget 2015/16
Hell Shops	18,000
Total Rentals	18,000

Other Goods & Services Revenue	Budget 2015/16
(e.g.,xxxxxx yyyyyy)	
Total Other Goods & Services Revenue	0

Sales of Outputs to Cabinet

Sales of Outputs to Cabinet	1,902,213
Total Sales of Outputs to Cabinet	1,902,213

Other Interdepartmental Revenue

Revenue from Ministries/Portfolios	9,500
Revenue from Statutory Authorities and Government Companies	5,500
Total Other Interdepartmental Revenue	15,000
Total Goods and Services	2,581,729

TOURISM ATTRACTION BOARD

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016**

Note 18: Personnel costs

Description	Budget 2015/16
Salaries, wages and allowances	1,252,000
Health care CINICO	
Health care other	65,000
Pension	50,000
Leave	2,000
Other personnel related costs	13,000
Total Personnel Costs	1,382,000

Note 19: Supplies and consumables

Description	Budget 2015/16
Supplies and Materials	246,885
Purchase of services	306,887
Lease of Property and Equipment	72,000
Utilities	250,000
General Insurance	115,000
Interdepartmental expenses	0
Travel and Subsistence	1,500
Recruitment and Training	5,000
Other	2,560
Total Supplies & consumables	999,832

TOURISM ATTRACTION BOARD

**NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30 JUNE 2016**

**Note 23: Reconciliation of net cash flows from operating activities
to surplus/(deficit)**

Description	Budget 2015/16
Surplus/(deficit) from ordinary activities	0
Non-cash movements	
Depreciation & Amortisation	198,897
Impairment	1,000
(Gain)/losses on sale of property plant and equipment	0
(Gain) / loss on derecognition and revaluation of assets	0
Changes in current assets and liabilities:	
(Increase)/decrease in other current assets - Cabinet	
(Increase)/decrease in other current assets - Statutory Agencies and Government Companies	
(Increase)/decrease in other current assets - Ministries Portfolios	
(Increase)/decrease in other current assets - Other	-14,137
(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies	
(Increase)/(decrease) in current liabilities - Ministries Portfolios	
(Increase)/(decrease) in current liabilities - Other	25,620
Net cash flows from operating activities	261,380

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

UNIVERSITY COLLEGE OF THE CAYMAN
ISLANDS

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

CONTENTS

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *University College of the Cayman Islands* have agreed the *University College of the Cayman Islands* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *University College of the Cayman Islands* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The University College of the Cayman Islands activities involve developing and teaching Tertiary Level Educational Programmes and Continuing Education courses and complimentary Educational services that satisfy the Islands' need for qualified, trained citizens.

SCOPE OF ACTIVITIES

The scope of the University College of the Cayman Islands activities is as follows:

- To provide high quality education in career, liberal arts and transfer programmes.
- To prepare students in career programmes to meet the standards and competencies required for employment.
- To respond to varied educational needs of the local University through a range of continuing education, career training and University service programmes.
- To develop new educational programmes in response to the economic development needs of the University in collaboration with the Cayman Islands Government, the Chamber of Commerce, and other local associations.

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers of the University College of the Cayman Islands are all residents of the Cayman Islands and the services provided, are provided only in the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *University College of the Cayman Islands* for the 2015/16 financial year are as follows:

- Adhere to high standards of governance and management, while ensuring that UCCI, in its unique role as our national tertiary institution, contributes to realizing the National Vision for Tertiary Education in the Cayman Islands.
- Deliver internationally recognized educational programmes that will position citizens to successfully participate in, and contribute to, the core and developing industries in the Cayman Islands.
- Deliver programmes that meet the social and economic needs of the country and its workforce, and engage the support of the private sector.
- Make education accessible through enhanced use of technology, facilities, scheduling and special needs accommodation.
- Ensure the financial stability and long term viability of the UCCI.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *University College of the Cayman Islands* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	4,086,205	4,073,205
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	699,420	442,350
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,852,591	2,537,460
SURPLUS/DEFICIT FROM OUTPUTS	-	-
OTHER EXPENSES	7,638,216	7,052,708
NET SURPLUS DEFICIT	-	307
TOTAL ASSETS	7,060,582	7,126,002
TOTAL LIABILITIES	1,491,808	1,557,516
NET WORTH	5,568,774	5,568,486
CASH FLOWS FROM OPERATING ACTIVITIES	570,230	516,970
CASH FLOWS FROM INVESTING ACTIVITIES	(351,865)	(119,603)
CASH FLOWS FROM FINANCING ACTIVITIES	-	324
CHANGE IN CASH BALANCES	215,365	397,691

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	3.62	2.85
TOTAL ASSETS : TOTAL LIABILITIES	4.73	4.58

MAINTENANCE OF CAPABILITY

	2015/16 BUDGET	2014/15 FORECAST
HUMAN CAPITAL MEASURES		
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	87	86
STAFF TURNOVER (%)	3.1	3.2
SENIOR MANAGER	6.5	5
PROFESSIONAL AND TECHNICAL STAFF	8	8
ADMINISTRATIVE STAFF	7.5	6.5

	2015/16 BUDGET \$	2014/15 FORECAST \$
PHYSICAL CAPITAL MEASURES		
VALUE OF TOTAL ASSETS	7,060,582	7,126,002
ASSET REPLACEMENTS : TOTAL ASSETS	5%	1%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	42%	43%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	131%	256%
CHANGES TO ASSET MANAGEMENT POLICES	0	0

	2015/16 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS	
None	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Insufficient Working Capital - Inadequate revenue flows to meet fixed costs of course delivery. UCCI Program Viability Report reveals lack of profitability in a number of bachelor degree programs, thus rendering these non-cost-effective. Less than optimum student/teacher ratios leading to high cost of program delivery.	UCCI Draft Viability Report has approved by the BOG for engaging in further exploration to determine which recommendations will be prioritized for implementation.	Discontinue bachelor programs that are not cost-effective. On a value for money/cost-effectiveness basis these courses cannot continue to be offered	Unquantified
Inadequate Market Intelligence and Public Relations - Inability to properly determine marketing needs of the University, resulting in ineffective and inefficient tactical choices not based on proper strategic planning.	Unchanged	Better utilization of the skills of the Director of Marketing. Less time should be spent on events planning, and more time on marketing and alumni relations.	Unquantified
Negative perceptions regarding the lack of institutional and program accreditation at UCCI - UCCI faces considerable challenges as the tertiary institution of choice, stemming from students' (current and prospective) concerns that their credit transfers may not be accepted by Universities overseas, and that degrees may not be accepted by employers.	The UCCI is actively exploring options for Department and Entity-Wide accreditation.	Design and document a pathway to institutional accreditation with timelines for phased implementation. A more efficient system of tracking student performance, evaluating and acting upon the results of exit studies to improve the attraction and retention of students.	Unquantified
General deterioration in the building facilities, and improvements required to the University campus to accommodate special needs students. Loss of appeal to new students, and diminished sense of pride among existing students. Also, potential risk of injury to students and staff possibly resulting in costly litigation, and contravention of the Bill of Rights.	Unchanged	Restructuring of non-profitable course programs will provide cost-savings that can be applied toward necessary renovations. Further financing will be required to meet total renovation needs.	Unquantified

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Insufficient Working Capital - Inadequate revenue flows to meet fixed costs of course delivery. UCCI Program Viability Report reveals lack of profitability in a number of bachelor degree programs, thus rendering these non-cost-effective. Less than optimum student/teacher ratios leading to high cost of program delivery.	UCCI Draft Viability Report has approved by the BOG for engaging in further exploration to determine which recommendations will be prioritized for implementation.	Discontinue bachelor programs that are not cost-effective. On a value for money/cost-effectiveness basis these courses cannot continue to be offered	Unquantified

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *University College of the Cayman Islands* is provided in the Appendix to this Ownership Agreement.

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
OPERATING STATEMENT		
REVENUE	7,060,582	7,126,002
OPERATING EXPENSES	1,491,808	1,557,516
NET SURPLUS/DEFICIT	-	307

	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
BALANCE SHEET		
ASSETS	7,060,582	7,126,002
LIABILITIES	1,491,808	1,557,516
NET WORTH	5,568,774	5,568,486

dynamic

	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
STATEMENT OF CASH FLOW		
CASH FLOWS FROM OPERATING ACTIVITIES	570,230	516,970
CASH FLOWS FROM INVESTING ACTIVITIES	(354,865)	(119,603)
CASH FLOWS FROM FINANCING ACTIVITIES	-	324

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into University College of the Cayman Islands	None
Capital Withdrawals from University College of the Cayman Islands	None
Dividend or Profit Distributions to be made by University College of the Cayman Islands.	None
Government Loans to be made to University College of the Cayman Islands	None
Government Guarantees to be issued in relation to University College of the Cayman Islands	None
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁵⁰	None
Remuneration⁵¹ Payments made to Key Management Personnel	696,072
Remuneration Payments made to Senior Management	696,072

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	7
NUMBER OF KEY SENIOR MANAGEMENT (MD)	7

⁵⁰ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁵¹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the University College of the Cayman Islands undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the University College of the Cayman Islands will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable Tara Rivers, JP

Minister of Education, Employment and Gender Affairs

On behalf of Cabinet

Chairman of the Board

University College of the Cayman Islands

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the University College of the Cayman Islands for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
University College of the Cayman Islands

30th June 2015

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

General Accounting Policies

Reporting entity

These forecast financial statements are for the University College of the Cayman Islands

Basis of preparation

The forecast financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The forecast financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period

The reporting period is the period ended 30 June 2016.

The Budget forecast is the accrualised version of the original forecast for the financial year, as presented in the 2015/16 Budget.

Specific Accounting Policies

Revenue

Output revenue

Output revenue, including revenue resulting from user charges or fees, is recognised when it is earned.

Interest revenue

Interest revenue is recognised in the period in which it is earned.

Expenses

General

Expenses are recognised when incurred.

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
AS AT 30TH JUNE 2015

Depreciation

Depreciation of non-financial physical assets is generally provided on a straight-line basis at rates based on the expected useful lives of those assets.

Assets

Cash and cash equivalents

Cash and cash equivalents include cash held in the Ministry or Portfolio's bank account and on deposit with the Portfolio of Finance and Economics (Treasury).

Receivables and advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Inventory

Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)

Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2010) less accumulated depreciation.

Computer Hardware and Software

Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

Liabilities

Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions

Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
AS AT 30TH JUNE 2015

Employee entitlements

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

		2015/16	2014/15	2013/14
	Note	Budget	Est. Actual	Actual
		\$	\$	\$
Revenue				
Outputs to Cabinet		4,086,205	4,073,205	4,248,542
Outputs to other government agencies		699,420	442,350	240,392
Outputs to others		2,531,196	2,273,687	2,341,612
Other Income		321,395	263,773	365,114
Total Operating Revenue		7,638,216	7,053,015	7,195,660
Operating Expenses				
Personnel costs	1	4,645,822	4,542,273	4,622,995
Supplies and consumables	2	575,322	507,860	475,093
Depreciation	3	464,308	306,188	429,292
Finance Costs		17,191	12,235	30,304
Other operating expenses		1,913,573	1,634,717	1,636,441
Total Operating Expenses		7,616,216	7,003,273	7,194,125
Net Surplus / Deficit for the year		22,000	49,742	1,535
Other Comprehensive Loss:				
Adjustment to Past Service Liability		(22,000)	(49,435)	(119,000)
Net Surplus		-	307	(117,465)

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF CHNGES IN EQUITY
AS AT 30TH JUNE 2016

		2015/16	2014/15	2013/14
	Note	Budget	Est. Actual	Actual
		\$	\$	\$
Opening balance net worth		5,568,486	5,567,855	3,258,626
Net surplus / (Deficit)		22,000	49,742	1,535
Property revaluations		-	-	-
Investment revaluations		-	-	-
Other Comprehensive Gain / (Loss)		(22,000)	(49,435)	(119,000)
Net reserve adj. during the period		-	-	-
Total recognised revenues and expenses		5,568,486	5,568,162	3,141,161
Interest Earned on Capital Fund		288	324	376
Equity investment		-	-	2,426,318
Repayment of surplus		-	-	-
Capital withdrawal		-	-	-
Closing balance net worth		5,568,774	5,568,486	5,567,855

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

STATEMENT OF CASH FLOW

FOR THE YEAR ENDING 30TH JUNE 2016

		2015/16	2014/15	2013/14
		Budget	Est. Actual	Actual
	Note	\$	\$	\$
Current Assets				
Cash and cash equivalents	4	856,937	641,572	243,881
Accounts Receivable	5	229,737	360,836	750,460
Prepayments		31,665	41,908	93,612
Inventories	6	267,220	297,220	339,630
Total Current Assets		1,385,559	1,341,536	1,427,583
Non-Current Assets				
Property, plant and equipment	7	5,675,023	5,784,466	5,971,051
Total Non-Current Assets		5,675,023	5,784,466	5,971,051
Total Assets		7,060,582	7,126,002	7,398,634
Current Liabilities				
Accounts payable (Trade)		120,552	105,552	173,312
Employee entitlements	8	220,426	248,293	291,385
Other current liabilities	9	41,395	116,236	328,081
Total Current Liabilities		382,373	470,081	792,778
Non-Current Liabilities				
Employee entitlements	10	1,109,435	1,087,435	1,038,000
Total Non-Current Liabilities		1,109,435	1,087,435	1,038,000
Total Liabilities		1,491,808	1,557,516	1,830,778

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2016

TOTAL ASSETS LESS TOTAL LIABILITIES	5,568,774	5,568,486	5,567,856
Net worth			
Contributed capital	6,917,000	6,917,000	6,917,000
Capital Fund	302,044	301,756	301,433
Accumulated surpluses	(1,395,835)	(1,417,835)	(1,467,577)
Accumulated Other Comprehensive Loss	(254,435)	(232,435)	(183,000)
Total Net Worth	5,568,774	5,568,486	5,567,856

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 1. Personnel costs

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Salaries and wages (including employee pension contributions)	4,279,319	4,177,865	4,339,950
Employer Pension Expense	174,953	165,305	178,734
Other personnel related expenses	191,550	199,103	104,311
Total Personnel Costs	4,645,822	4,542,273	4,622,995

Note 2. Supplies and consumables

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Test Books Supply and consumables	575,322	507,860	475,093
Total Supplies and Consumables	575,322	507,860	475,093

Note 3. Depreciation

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Land	-	-	-
Buildings	250,379	154,499	244,195
Vehicles	1,452	1,451	1,450
Furniture, fittings & Office Equipment	94,010	69,629	80,086
Computer hardware	88,689	54,154	75,614
Computer Software & Intangibles	28,068	25,652	25,327
Other assets	1,710	803	2,620
	464,308	306,188	429,292

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Assets are depreciated on a straight-line basis as follows:

	<u>Years</u>
Buildings	40
Vehicles & Other Intangibles	4
Aeroplanes	N/A
Boats	N/A
Furniture and fittings	5-10
Computer hardware and software	3
Office equipment	N/A
Other plant and equipment	N/A
Other assets (Library Books)	2-8

Note 4. Cash and cash equivalents

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Cash on hand	3,675	3,675	3,675
Bank accounts	551,218	336,141	-61,227
Commercial Bank Deposits	302,044	301,756	301,433
Total Cash and Cash Equivalents	856,937	641,572	243,881

Note 5. Accounts Receivable

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Outputs to Cabinet	374,434	374,434	740,206
Outputs to other government agencies	1,068	-	-
Outputs to others	151,745	258,945	282,189
Other Receivables	-	-	608
Total Gross	527,247	633,379	1,023,003
Less provision for doubtful debts	(297,510)	(272,543)	(272,543)
Total Net	229,737	360,836	750,460

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDING 30TH JUNE 2016

Note 6. Inventories

	2015/16 Budget \$	2014/15 Est. Actual \$	2012/13 Actual \$
Work in Progress	-	-	-
Finished Goods	267,220	297,220	339,630
Total Inventories	267,220	297,220	339,630

Note 7. Property, Plant and Equipment

	Opening Balance NBV	Addition	Depr.	Closing Balance 2015/16 Forecast
Land	273,090	-	-	273,090
Buildings	5,033,328	231,675	250,379	5,014,624
Vehicles	1,449	15,000	1,452	14,997
Furniture, fittings & Office Equipment	280,135	23,900	94,010	210,025
Computer hardware	14,336	79,290	88,689	4,937
Computer Software & Intangibles	180,402	5,000	28,068	157,334
Other assets	1,726	-	1,710	16
Total	5,784,466	354,865	464,308	5,675,023

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

	HC or Revalued Amount 2015/16	Accum. Depr. 2015/16	NBV Budget 2015/16	NBV Est. Actual 2014/15
Land	273,090	-	273,090	273,090
Buildings	10,045,028	5,030,404	5,014,624	5,033,328
Vehicles	30,085	15,088	14,997	1,449
Furniture, fittings & Office Equipment	1,360,477	1,150,452	210,025	280,135
Computer hardware	1,221,258	1,216,321	4,937	14,336
Computer Software & Intangibles	313,342	156,008	157,334	180,402
Other assets (list if material)	413,292	413,276	16	1,726
Total	13,656,572	7,981,549	5,675,023	5,784,466

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 8. Employee entitlements (Current)

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Accrued Part Time Wages	-	-	38,804
Accrued Vacation Pay	220,426	248,293	252,581
Total Employee Entitlements	220,426	248,293	291,385

Note 9. Other Current Liabilities

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Due to Other Government Entities	-	74,841	74,841
AR accounts with credit balances	-	-	189,083
Accruals and Other Misc Balances	41,395	41,395	64,157
Total Other Current Liabilities	41,395	116,236	328,081

**Note 10. Employee entitlements
(Non-current)**

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Long service leave and other leave entitlements	-	-	-
Past Service Liability (DB Pensions)	1,109,435	1,087,435	1,038,000
Total	1,109,435	1,087,435	1,038,000

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2016

Note 11. Reconciliation of Operating Surplus to Cash Flows from Operating Activities

	2015/16 Budget \$	2014/15 Est. Actual \$	2013/14 Actual \$
Operating surplus/(deficit)	-	307	(117,465)
Non-cash movements			
Depreciation	464,308	306,188	429,292
Interest and foreign exchanges	-	-	-
Retained Earnings Adjustments	-	-	-
Incr/(Decr) in payables/accruals	(87,708)	(322,697)	(49,051)
Net gain/loss from sale of fixed assets	-	-	-
Incr/(Decr) in Past Service Liability	22,000	49,435	176,000
(Incr)/Decr in other current assets	40,531	94,113	(144,331)
(Incr)/Decr in receivables	131,099	389,624	(144,045)
Net cash flows from operating activities	570,230	516,970	150,400

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

WATER AUTHORITY

YEAR ENDING 30 JUNE 2016

PREPARED IN ACCORDANCE WITH SECTION 24 OF THE PUBLIC AND MANAGEMENT AND FINANCE LAW
(2013 REVISION)

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3. Strategic Goals and Objectives
4. Ownership Performance Target
5. Summarised Forecast Financial Statements
6. Other Financial Information

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Water Authority* have agreed the *Water Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure the ownership performance expectations for the year are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Water Authority* is to operate during the year.

GENERAL NATURE AND SCOPE OF ACTIVITIES

The Water Authority – Cayman’s activities are;

To ensure that the entire population of the Cayman Islands have access to a pure, wholesome and affordable supply of potable water; and to regulate other entities who are licensed by the Government to provide public water supplies.

To protect and develop groundwater resources for the benefit of present and future populations of these islands.

To provide for the collection, treatment and disposal of sewage within these islands in a manner that is safe, efficient and affordable.

To operate in such a manner as to be financially self-sufficient, while contributing to the economy of these islands and achieving a reasonable and acceptable return on capital investments.

CUSTOMERS AND LOCATION OF ACTIVITIES

Water Authority – Cayman provides sewer services on Grand Cayman and potable water to both Grand Cayman and Cayman Brac. The administrative offices are located at 13G Red Gate Road (949-2837) with a satellite office on the island of Cayman Brac (947-1403).

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Water Authority* for the 2015/16 financial year are as follows:

- GCM - Maintain Water Production Capacity, Distribution and Storage to ensure distribution reliability
 - Lower Valley – Use in house resources to rehabilitate the Feed Water Well pumps and pipework. Existing pumps are at the end of their useful life and the associated pipework needs replacing.
 -
 - Red Gate Site – Construction of a new pumping station to replace the existing one that no longer meets the high requirements of the Authority's pumping needs.
- GCM – Maintain Adequate Infrastructure to Operate Efficiently
 - Red Gate Site – Upgrade existing water services, sample taps and miscellaneous small diameter (<8 inches) extensions throughout the water supply system to ensure integrity of the system.
 -
 - Purpose Built Storage Facility – Provide a secure location for internal files storage, water production plant inventory, allowing accessibility and flexibility in retrieval, taking into consideration necessary precautions to protect contents from natural disasters and eliminate offsite storage fees.
- CYB – Water Distribution Extension and Water Works Facility
 - Cayman Brac Extension Project – Phase II - Install 8-inch pipe from West End Primary School to Faith Hospital and up to Aston Rutty Center on Ashton Reid Drive.
 -
 - Phase II will provide piped water to approximately an additional 165 (2014: 100, so a total of 265) developments (houses, apartment complexes, restaurants, businesses), or to around 290 (2014: 180, so a total of 470) residents and based on 2010 Census figures that is approximately 23% of the residential population.
 - Site Preparation – Preliminary work on the Bluff site to clear and fill the location to prepare for the development of the new water production facility, which will include pilot wells and relevant hydrogeological investigations.
- Wastewater – Improve Integrity of existing Collection System and Future Expansions
 - Replace Sewer Force Main – Replace 16-inch ductile iron force main, as it is severely corroded and replacement will eliminate the risk of catastrophic failure
 - New Lift Stations for Crystal Harbour– Install electrical and mechanical equipment in existing pump station structures to accommodate the recently completed portions of Crystal Harbour.
 - CCTV Survey – Phase II – Closed Circuit Television Survey (CCTV) of large diameter pipelines within the collections system to identify and repair compromised sewer mains

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision)) for the *Water Authority* for the 2015/16 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2015/16 BUDGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE FROM CABINET	N/A	N/A
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	N/A	N/A
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	33,858,361	31,290,259
SURPLUS/DEFICIT FROM OUTPUTS	9,533,344	8,153,325
OTHER EXPENSES	6,492,565	5,787,210
NET SURPLUS DEFICIT	3,040,779	2,366,115
TOTAL ASSETS	83,484,661	82,659,511
TOTAL LIABILITIES	13,884,912	16,000,541
NET WORTH	69,599,749	66,658,970
CASH FLOWS FROM OPERATING ACTIVITIES	7,270,248	6,172,276
CASH FLOWS FROM INVESTING ACTIVITIES	(4,036,850)	(3,044,508)
CASH FLOWS FROM FINANCING ACTIVITIES	(2,758,602)	(2,669,038)
CHANGE IN CASH BALANCES	474,796	458,730

FINANCIAL PERFORMANCE RATIO	2015/16 BUDGET %	2014/15 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1.92	2.02
TOTAL ASSETS : TOTAL LIABILITIES	6.01	5.17

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2015/16 BUDGET	2014/15 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	125	123
STAFF TURNOVER (%)	5%	5%
SENIOR MANAGER	17	16
PROFESSIONAL AND TECHNICAL STAFF	15	14
ADMINISTRATIVE STAFF	13	12

PHYSICAL CAPITAL MEASURES	2015/16 BUDGET \$	2014/15 FORECAST \$
VALUE OF TOTAL ASSETS	66,039,478	65,667,451
ASSET REPLACEMENTS : TOTAL ASSETS	6.1%	5.0%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	58.8%	60.6%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	90.9%	112.5%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2015/16 TARGET \$
Lower Valley Site Refurbishment - Feed Water Well Pumps	140,000
Red Gate Site Construct new Pumping Station	650,000
GCM Misc. projects (extensions etc.)	350,000
Red Gate Site Purpose Built Storage Facility	400,000
Cayman Brac – Extension of various size water mains – Site Preparation	1,078,000 225,000
Waste Water Collection System – Replace Force Sewer Main – New Lift Stations for Crystal Harbour – CCTV Survey – Phase II	490,000 65,000 440,000(expensed)

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2014/15	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Employee / Public Liability / Motor Vehicle /	No identified change in risk status	Adequate insurance maintained to mitigate the risk	Undeterminable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Water Authority* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
REVENUE	33,858,361	31,290,259
OPERATING EXPENSES	30,817,582	28,924,144
NET SURPLUS/DEFICIT	3,040,779	2,366,115

BALANCE SHEET	AS AT JUNE 2016 \$ 000's	AS AT JUNE 2015 \$ 000's
ASSETS	83,484,661	82,659,511
LIABILITIES	13,884,912	16,000,541
NET WORTH	69,599,749	66,658,970

STATEMENT OF CASH FLOW	2015/16 TARGET \$ 000's	2014/15 FORECAST \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES	7,270,248	6,172,276
CASH FLOWS FROM INVESTING ACTIVITIES	(4,036,850)	(3,044,508)
CASH FLOWS FROM FINANCING ACTIVITIES	(2,758,602)	2,669,038

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2013 Revision).

TRANSACTION	AMOUNT FOR 2015/16 \$
Equity Investments into Water Authority	NIL
Capital Withdrawals from Water Authority	NIL
Dividend or Profit Distributions to be made by Water Authority.	100,000
Government Loans to be made to Water Authority	NIL
Government Guarantees to be issued in relation to Water Authority	NIL
Related Party Payments (Non Remuneration) made to Key Management Personnel ⁵²	NIL
Remuneration ⁵³ Payments made to Key Management Personnel	Approx. 1,160,000
Remuneration Payments made to Senior Management	Same as above

DESCRIPTION	NUMBERS FOR 2015/16 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	7
NUMBER OF KEY SENIOR MANAGEMENT (MD)	7

⁵² Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁵³ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Water Authority undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Water Authority will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Honourable D. Kurt Tibbetts, OBE, JP

Minister of Planning, Lands, Agriculture Housing and Infrastructure

On behalf of Cabinet

Chairman of the Board

Water Authority

30th June 2015

APPENDIX

FORECAST FINANCIAL STATEMENTS



WATER AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2016

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

The Board accepts responsibility for the accuracy and integrity of the financial information in these financial statements.

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 30th June 2016 and performance for the Water Authority for the year ending 30th June 2016; and
- c. Comply with generally accepted accounting practice.

Chairman of the Board
Water Authority

30th June 2015