Sister Islands Affordable Housing Development Corporation

Annual Report

For the Year Ended 30 June 2016

Sister Islands Affordable Housing
Development Corporation

Foreword by the Chairman

The 2015/16 financial year was another successful year for SIAHDC as two (2) houses were constructed and four (4) houses built in 2014/15 were sold. The Board takes the lead on setting the values and strategic direction in delivering the highest standards of customer service while meeting the accountability and transparency requirements of the Cayman Islands Government.

Many factors beyond the control of SIAHDC influence its deliverables, with the main one being the number of eligible individuals that approach the company to purchase a house. Cayman Brac's population of about 2000 has held steady with very little change over the past 4 decades; this limits the potential for housing growth at SIAHDC, although it has maintained a steady delivery of 2 to 4 houses per year, and has delivered up to eight (8) houses in the 2012 financial year. Currently, Little Cayman's population has limited need with a population of about 200.

We as board members feel great satisfaction when a home has been completed and handed over to the new home owner. We feel we have positively influenced the standard of living for many Sister Islands residents through this programme where they are able to provide a clean and safe environment for their families to live and grow.

Strategic Statements

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 company.

- 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.

Sister Islands Affordable Housing Development Corporation

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.

Vision

SIAHDC's vision is to be recognised as one of the best social housing development businesses in the Cayman Islands, providing high quality affordable built houses as great homes for Cayman Brac and Little Cayman communities.

Values that will characterise our work and daily activities

- **Integrity** - SIAHDC as a Government Company will work to the highest ethical standards as it provides affordable housing service to the communities of Cayman Brac and Little Cayman.

- **Diversity** - SIAHDC will promote equality and fair treatment for all, treating its customers and stakeholders with decency and respect.
- **Openness** - SIAHDC will be open about its work and share information with all its stakeholders.
- **Accountability** - SIAHDC will be accountable to its stakeholders and will work with them to meaningfully influence our priorities.

- **Clarity** - SIAHDC will be consistently clear about its vision, values and strategy.

- **Excellence** - SIAHDC will aspire to be the best in providing quality customer services and standards of performance.

Sister Islands Affordable Housing Development Corporation

Establishment and Principal Activities

- The Sister Island Affordable Housing Development ("SIAHDC") was incorporated as a non-profit company on 1 June 2006 and is a wholly-owned Government entity.

- The main purpose of SIAHDC is to promote affordable home ownership on Cayman Brac and Little Cayman. Two properties are currently owned in Cayman Brac: Watering Place and West End Communities. Four (4) homes have been built in Watering Place with space for 11 more homes to be built and eighteen (18) homes have been built in West End with space for 32 more homes to be built.

- The SIAHDC aims to provide quality concrete construction freehold homes which are owned outright by the successful applicants. SIAHDC works closely with the Public Works Department and the Ministry of District Administration, Tourism & Transport to ensure the aim is met.

- SIAHDC operates under the parameters of the Public Management Finance Law and Regulations, and follows very closely the Ministry of District Administration, Tourism and Transport Procurement Policy, inclusive of ensuring value for money with the public tendering.

- The financial statements are prepared in accordance with International Public Sector Accounting Standards. See appendix 2 for the audited financial statements for the year ended 30th June 2016.

Governance

The SIAHDC operates with a set of By-Laws established in 2006. Its twelve (12) member board is responsible for governance and overseeing the effective performance of the company. The SIAHDC is led by its Chairman, who is then supported by the Chief Officer or his Representative and the Chief Financial Officer or his Representative for the time being, for the Ministry with responsibility for District Administration and also nine (9) other Directors appointed by the Chairman.

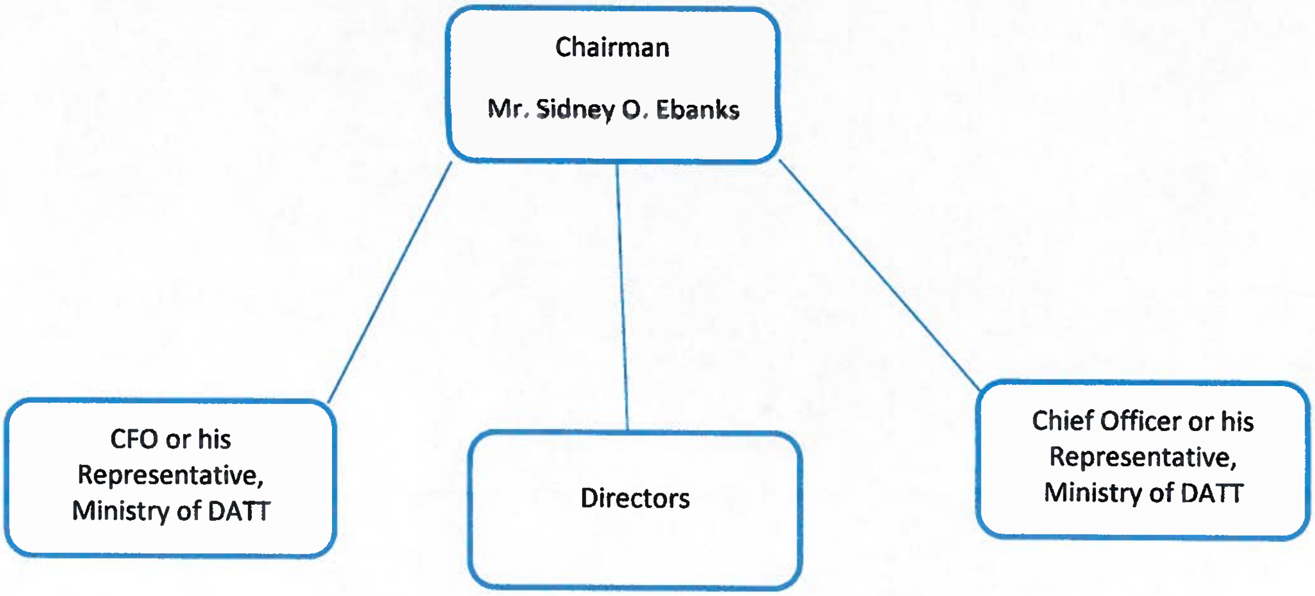
The Board meets regularly to consider key performance indicators affecting the health of the company and take corrective action as necessary. The majority of SIAHDC's board members are retired members of the Cayman Brac community. They are appointed with varying background inclusive of economics, accounting, banking, administration, architectural design, law, project management, and construction skills.

Board members are not compensated for their service in compliance with the By-Laws.

For this period the Board was comprised of the following directors:

- Mr. Sidney O. Ebanks
- Mr. Larry Bryan
- Ms. Martha Scott
- Ms. Tisa Dixon (resigned during the fiscal year)
- Mrs. Marlyn Fay Scott
- Mr. Temple Tatum (resigned during the fiscal year)
- Mr. Mark Tibbetts
- Mr. D. Steven Bodden (resigned during the fiscal year)
- Mr. Justin Bodden
- Mrs. Thelma Galbraith
- Mr. Stran Bodden, Chief Officer or his Representative
- Mrs. Neyka Webster, Chief Financial Officer or her Representative

Sister Islands Affordable Housing Development Corporation



2015/16 Highlights

Summary of the major developments of SIAHDC are outlined below:

- November to December 2015 – Site levelling and fill commenced on Houses 17 and 18.
- July 2015 to June 2016 - House 13, 14, 15 and 16 were sold and transferred to the successful applicants.
- January 2016 – Construction commenced on Houses 17 and 18
- June 2016 – House 18 was completed and House 17 was substantially completed with a projected date of July 2016. Both houses are pending sale as at the date of the financial statements.

The SIAHDC has met the performance targets set out in the annual ownership agreement for financial year 2015-16 and continues to meet the objectives for which it was expected.

Sister Islands Affordable Housing Development Corporation

Risk Management

As an affordable housing provider, SIAHDC considers all of its current activities to fall within its core business. Key challenges facing SIAHDC include those associated with limited population growth and relatively stagnant economic activity of Cayman Brac and Little Cayman. Tender Procurement Policy for Goods and Services, Cash Management Policy, Internal and External Audit compliances, and the employment of qualified professional support services contractors, all form part of the controls in place to ensure that current and emerging risks are managed.

Operational risks are reviewed regularly for all key areas of the business.

Key strategic goals for managing risk are as follows:

A. Ensure that SIAHDC's Board Members have regular training on risk management and that there is a culture of constructive and open challenge within the boardroom.

B. SIAHDC shall promote practices across the Corporation that establish an appropriate risk management within the day to day activities and culture of the Board.

C. Ensure Hazard Management Plan/Disaster Plans are adhered to.

Financial Performance and Analysis

The Corporation was audited by the Office of the Auditor General and received an Unqualified Opinion (clean opinion). A few management points were noted such as the absence of a written Strategic Business Plan. The Board has since written a plan which will be ratified at the next Board meeting on 23rd February 2017. In addition, they also mentioned the absence of a written House Sale Prices Policy. The written policy was ratified at a board member's meeting on 26th January 2017. Lastly, the auditors mentioned there was no legal representation. However, SIAHDC has pursued 'pro bono' legal representation throughout 2016 with no success. The Corporation will seek representation in the first quarter of 2017 as agreed at the board meeting held on Thursday, 26th January.

Sister Islands Affordable Housing Development Corporation

Deficit for the Year

The audited Deficit for the year ended 30 June 2016 was $171,000 which is $130,000 over the budgeted Deficit of $41,000. The increase in deficit was due to the sale of 4 houses rather than two houses in 2015/16. SIAHDC budgeted for a Deficit in 2015/16 due to the Ministry being unable to provide further funding to cover the administrative cost and other cost absorbed by the company arising from the sale of houses such as the value of the land which is reflected as an expense to the company in its Statement of Financial Performance when the house is sold.

Revenue

SIAHDC's sources of revenue are earned from selling housing units it produces; delivery of outputs to the Cayman Islands Government and interest income from fixed deposits held at Cayman National Bank. Revenue from the sale of houses was $213,000 above the budgeted amount due to selling 2 more houses than budgeted in 2015/16.

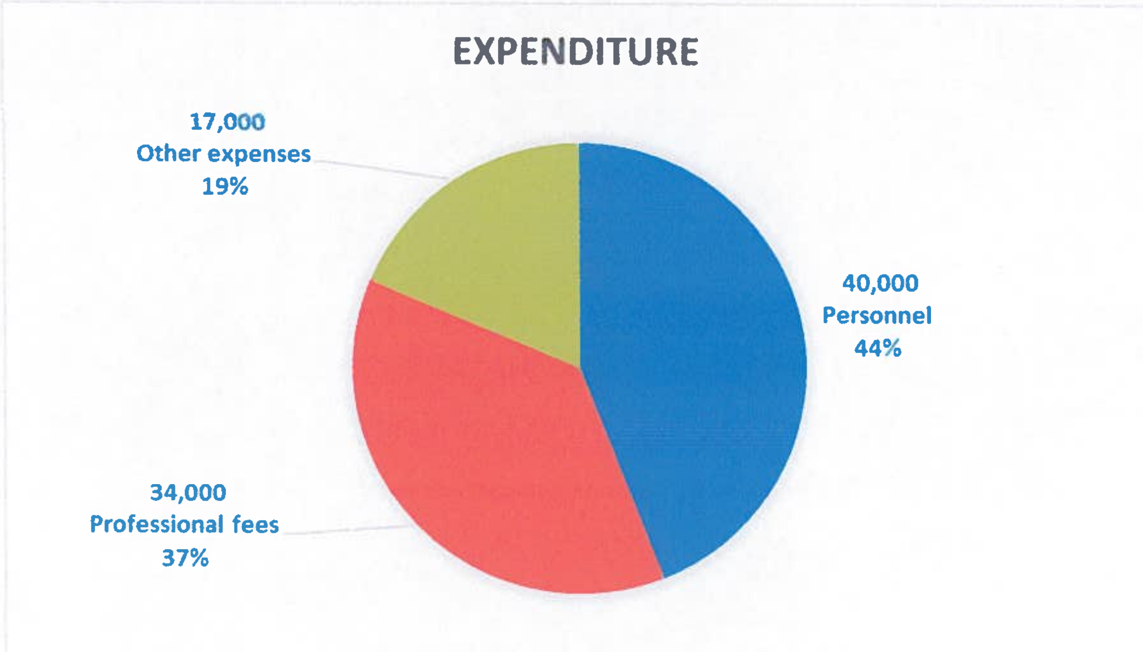
There was no variance in the revenue of $71,506 from the delivery of outputs to Government. In addition, SIAHDC earned $788 in interest income from fixed deposits held at Cayman National Bank.

Revenue is not expected to grow for the foreseeable future since there is no expectation of an increase in number of houses sold or additional funding from Government through outputs.

Expenditure

The SIAHDC largest expenditure was on personnel costs covering basic salary, pension and health. Personnel costs were less than budgeted by $15,000 since the only employee resigned 9 months into the fiscal year. District Administration Department's interns were utilised to cover this basic administrative post. The SIAHDC plans to continue utilising these interns for the foreseeable future in order to realise significant savings in this area and reduce the Deficit.

Sister Islands Affordable Housing Development Corporation



Forward Looking

SIAHDC will continue with the housing delivery of 2 to 4 units each financial year.

SIAHDC will also look to expand its housing programme by carrying out feasibility studies to review the potential of a Retiree Housing market in Cayman Brac for Senior Citizens. The feasibility studies will have to be completed in order to determine if the above mentioned housing programme is the right fit for SIAHDC's business model.

Sister Islands Affordable Housing Development Corporation

Appendix 1 – Site Pictures

Sister Islands Affordable Housing
Development Corporation

Appendix 2 – Audited Financial Statements

Sister Islands Affordable Housing Development Corporation

Annual Financial Statements

For the Year Ended 30 June 2016

TABLE OF CONTENTS

Sister Islands Affordable Housing
Development Corporation

P.O. Box 141
Cayman Brac KY2-2101
Telephone: 948-8177 Email: siahdc@candw.ky

Statement of Responsibility for the Financial Statements

These financial statements have been prepared by the Sister Islands Affordable Housing Development Corporation (SIAHDC) in accordance with the provisions of the Public Management and Finance Law, (2013 Revision). The financial statements comply, in all material respects, with generally accepted accounting practice as defined in International Public Sector Accounting Standards.

The Board of Directors accepts responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law, (2013 Revision).

As the Board of Directors, we are responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorized by law, and properly record the financial transactions of the Sister Islands Affordable Housing Development Corporation.

As the Board of Directors, we are responsible for the preparation of the Sister Islands Affordable Housing Development Corporation's financial statements and for the judgments made in them.

The financial statements fairly present the statement of Financial Position, statement of Financial Performance, statement of Cash Flows and statement of Changes in Equity for the financial year ended 30 June 2016.

To the best of our knowledge we represent that these financial statements:

(a) Completely and reliably reflect the financial transactions of the Sister Islands Affordable Housing Development Corporation for the year ended 30 June 2016;
(b) Fairly reflect the financial position as at 30 June 2016 and financial performance for the year ended 30 June 2016; and
(c) Comply with International Public Sector Accounting Standards under the responsibility of International Public Sector Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Sidney O. Ebanks

Mr. Sidney O. Ebanks
Chairman, on behalf of the Board of Directors
Date: 31 Oct 2016

Office of the Auditor General
CAYMAN ISLANDS

Phone: (345) - 244-3211
Fax: (345) - 945-7738
AuditorGeneral@oag.gov.ky
www.auditorgeneral.gov.ky

3rd Floor, Anderson Square
64 Shedden Road, George Town
P.O.Box 2583
Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Sister Islands Affordable Housing Development Corporartion

I have audited the accompanying financial statements of the Sister Islands Affordable Housig Development Corporation, which comprise the statement of financial position as at 30 June 2016 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 18 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2013 Revision).*

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sister Islands Affordable Housig Development Corporation as at 30 June 2016 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Sue Winspear, CPFA
Auditor General

31 October 2016
Cayman Islands

Sister Islands Affordable Housing Development Corporation
Statement of Financial Position
For the year ended 30 June 2016
(Expressed in CI$'000)

Prior Year Actual (As restated)	Description	Notes	Current Year Actual	Original Budget	Budget vs Actual Variance
	Assets:				
	Current Assets:				
734	Cash and Cash Equivalents	3	685	879	194
-	Accounts Receivable	4	250	1	(249)
1	Security Deposits	5	1	-	(1)
-	Construction - in - Progress		1	-	(1)
259	Housing to be Sold	6	-	-	-
994	**Total Current Assets**		**937**	**880**	**(57)**
	Non-Current Assets:				
652	Land	7	542	704	162
1,646	**Total Assets**		**1,479**	**1,584**	**105**
	Liabilities:				
	Current Liabilities:				
37	Trades payables and accruals	8	37	31	(6)
2	Payroll Liabilities		-	-	-
-	Audit Fee Payable		25	-	(25)
19	Deferred revenue		-	-	-
58	**Total Current Liabilities**		**62**	**31**	**(31)**
1,588	**Total Net Assets**		**1,417**	**1,553**	**136**
	Equity:				
	Retained Earnings				
(552)	At the beginning of the period		(665)	(521)	(144)
(113)	Deficit for the year		(171)	(41)	(130)
(665)	At the end of the period		(836)	(562)	(274)
2,253	Capital Contribution		2,253	2,115	(138)
1,588	**Total Owner's Net Worth**		**1,417**	**1,553**	**136**

Retained earnings and contributed capital for the prior year were rested to reflect the effects of adjustments as shown in note 18

The accompanying notes form an integral part of these financial statements

Sister Islands Affordable Housing Development Corporation
Statement of Financial Performance
For the year ended 30 June 2016
(Expressed in CI$'000)

Prior Year Actual (As reclassified)	Description		Notes	Current Year Actual	Original Budget	Budget vs Actual Variance
	Revenues:					
337		Housing Sales	6	473	260	(213)
72		Outputs to Cabinet	9	72	72	-
1		Interest and other income	10	1	-	(1)
410	**Total Revenues**			**546**	**332**	**(214)**
	Cost of Goods Sold:					
16		Other construction costs	11	17	-	(17)
55		Cost of land		110	-	(110)
-		Construction materials	11	21	12	(9)
337		Subcontractor expenses	11	478	260	(218)
408	**Total Cost of Goods Sold:**			**626**	**272**	**(354)**
2	**Gross Profit/(Loss)**			**(80)**	**60**	**140**
	Expenses:					
56		Staff Costs	12	40	55	15
20		Audit Fees	14	25	25	-
5		Accounting and Professional fees	15	9	10	1
4		Other misc expenses	15	7	-	(7)
6		Rent Expense	13	6	6	-
1		Janitorial services	15	2	2	-
3		Utilities	16	2	3	1
17		Write-off of WIP asset	17	-	-	-
3		Advertising		-	-	-
115	**Total Expenses**			**91**	**101**	**10**
(113)	**Deficit for the year**			**(171)**	**(41)**	**130**

Cost of goods sold, gross profit and deficit for the prior year were rested to reflect the effects of adjustments as shown in note 18

The accompanying notes form an integral part of these financial statements

Sister Islands Affordable Housing Development Corporation
Statement of Cash Flows
For the year ended 30 June 2016
(Expressed in CI$'000)

Prior Year Actual	Description	Notes	Current Year Actual	Original Budget	Budget vs Actual Variance
	Cash Flow from Operating Activities:				
(113)	Deficit for the year		(171)	(41)	130
(55)	Decrease in Land		110	-	(110)
-	Increase in Accounts Receivable		(250)	-	250
-	Decrease in Deferred Revenue		(19)	-	19
9	Increase in Current Liabilities		23	-	(23)
(49)	Net Cash used in Operating Activities		**(307)**	**(41)**	**(266)**
	Cash Flow from Investing Activities:				
(143)	Housing to be Sold		259	-	(259)
-	Construction in Progress		(1)	-	1
(143)	Net Cash provided by/(used in) Investing Activities		**258**	-	(258)
	Reconciliation of Movement in Cash to Cash at End of Period				
(192)	Net Cash Movement During the Year		(49)	(41)	8
926	Cash & Cash Equivalents at Beginning of Period		734	920	186
734	**Cash & Cash Equivalents at the end of the Period**		**685**	**879**	**194**

The accompanying notes form an integral part of these financial statements

Sister Islands Affordable Housing Development Corporation
Statement of Changes in Net Worth
For the year ended 30 June 2016
(Expressed in CI$'000)

	Accumulated Deficit	Contributed Capital	Total Net worth
Balance as at 1 July 2014	(552)	2,253	1,701
Deficit for the year	(113)	-	(113)
Balance at 30 June 2015	**(665)**	**2,253**	**1,588**

	Accumulated Deficit	Contributed Capital	Total Net worth
Balance as at 1 July 2015	(665)	2,253	1,588
Deficit for the year	(171)	-	(171)
Balance at 30 June 2016	**(836)**	**2,253**	**1,417**

The accompanying notes form an integral part of these financial statements

1. Establishment and principal activities

The Sister Island Affordable Housing Development ("SIAHDC") was incorporated as a non-profit company on 1 June 2006 and is a wholly-owned Government entity.

The main purpose of SIAHDC 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 20-40 homes respectively.

The SIAHDC aims to provide quality concrete construction freehold homes which are owned outright by the successful applicants. SIAHDC 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 the mailing address is P.O. Box 141, Cayman Brac KY2-2101.

2. Significant accounting policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board ("IPSASB"). The significant accounting policies adopted by the SIAHDC in these financial statements are as follows:

(a) Basis of preparation

The Financial Statements of the SIAHDC are presented in Cayman Islands Dollars and comply with International Public Sector Accounting Standards for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluations of assets. As at 30 June 2016, there were no assets held at revalued amounts.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period and in the prior period.

(b) 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 as well as the reported amounts of income and expense 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 recognized in the reporting period and in any future periods that are affected by those revisions.

Significant accounting policies cont'd

(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.

(d) Budget amounts

The financial statements show comparison of actual amounts with amounts in the original and final budget. Explanations of material differences between original budget and actual amounts are provided as required by IPSAS 24. There was no change to the accounting policies in 2015/2016.

The original budget amounts for the financial year are as presented in the 2015/2016 Annual Budget Statement and were approved by the Legislative Assembly on June 25, 2015. The budget was prepared based on the accrual accounting concept and the going concern basis.

(e) Reporting Period

The reporting period is the year ended 30 June 2016.

(f) Foreign currency translation

Financial 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 with the accounting policies of the Government of the Cayman Islands, which is the sole shareholder, all property plant and equipment 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.

Significant accounting policies cont'd

(j) Revenue recognition

Revenue is recognized at the point the SIAHDC meets the obligations to the purchaser. Revenue from housing sales is recognized at the point of sale.

(k) Expense

Expenses are recognized when incurred under the accrual basis of accounting. In addition, an expense is recognized for the consumption of the 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.

(m) Construction in Progress

This account consists of costs incurred or attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. It is categorized as non-current assets for the actual cost related to each project. When the SIAHDC houses are completed, the infrastructure costs will be allocated by parcel.

(n) Land

Land was acquired from the Government at no cost and is recorded at fair market value at the date of acquisition. A revaluation of the land was done as at 30 June 2014.

(o) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognized in the Statement of Financial Performance 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.

Significant accounting policies cont'd

(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 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 unfavorable. Financial liabilities are comprised of trade payables and payroll liabilities.

ii. *Recognition*
The SIAHDC 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.

iv. *De-recognition*
A financial asset is derecognized when the SIAHDC 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 obligations 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.

3. Cash and cash equivalents

The Corporation maintains bank accounts at Cayman National Bank. As at 30 June 2016, the following balances were held:

Prior Year Actual 30 June 2015		Current Year Actual 30 June 2016
CI$'000		CI$'000
281	Operating accounts	232
453	Fixed Deposit	453
734	**Cash and cash equivalent**	**685**

No restricted cash balances were held by the SIAHDC as at 30 June 2016.

4. Accounts receivable

As at 30 June 2016, the SIAHDC has accounts receivable of $250,000 (2014/15: zero). Included in the accounts receivable are 36,000 for Output from the government and 213,750 for 2 buildings sold but monies not yet received.

5. Security deposits

The SIAHDC entered into a rent agreement with the University College of the Cayman Islands (Brac Campus) for accommodations (See Note 13- Rent Expense) in 2010. A rent deposit of $500 was paid over to the Landlord, an amount which is refundable upon vacating the premises or the agreement coming to an end. Similarly, a deposit was paid over to Cayman Brac Power and Light of $500 as required in their standard contract for the supply of electricity. Security deposits remained unchanged at $1,000.

6. Housing Sales/ Housing to be sold

The SIAHDC earns income by selling the units it produces. During the 2015/16 fiscal year, there were 4 (2015: 3) units sold for $473,000 (2015: 337,000). These units were valued based on the cost to construct.

As at 30 June 2016, there were no completed units to be sold. (2015- 2 units)

7. Land

The following properties were vested with the SIAHDC by the Cayman Islands Government for nil consideration. Property revaluation was completed by the department of land and survey on October 10, 2014.

Block/ Parcel	Sq. ft.	Acre	Value 30 June 2015	Value 30 June 2016
96E 277REM1	439,956	10.1	$140,000	$140,400
96E 284	38,176	0.8764	$6,000	$6,000
96E 525	10167	0.2334	$28,000	$0
96E 526	10001	0.2296	$27,500	$0
96E 532	10014	0.2299	$27,500	$0
96E 536	10010	0.2298	$27,500	$0
96E 537	10,014	0.2299	$27,500	$27,500
96E 538	10,014	0.2299	$27,500	$27,500
96E 539	10,023	0.2301	$27,500	$27,500
96E 540	37,126	0.8523	$2,350	$2,350
106E 48	4,356	0.1	$5,000	$5,000
106E 175	10,018	0.23	$17,000	$17,000
106E 194	11,364	0.26	$25,000	$25,000
106E 196	13,636	0.3032	$30,000	$30,000
106E 197	11,818	0.2697	$26,000	$26,000
106E 198	11,818	0.2734	$26,000	$26,000
106E 201	10,682	0.244	$23,500	$23,500
106E 205	32,234	0.74	$5,000	$5,000
106E 206	10,000	0.2297	$22,000	$22,000
106E 207	10,000	0.2297	$22,000	$22,000
106E 208	10,000	0.2295	$22,000	$22,000
106E 209	9,773	0.2256	$21,500	$21,500
106E 210	9,773	0.2247	$21,500	$21,500
106E 211	9,773	0.2241	$21,500	$21,500
106E 212	10,227	0.2331	$22,500	$22,500
Total value of land			**$651,850**	**$541,750**

Block 106E Parcel 49REM1, the land register indicates that this parcel provides a 16 feet Vehicular Right of Way to block 106E Parcels 48, 177 & 178. It comprises a small gravel road of poor quality. Block 106E Parcel 199 has an asphalt road, which provides access to sub-divided plots. This implies that it has a restricted use. These parcels have a nominal value. No value is listed in the valuation report produced by the Lands & Survey Department.

8. Trade Payables

Prior Year Actual 30 June 2015 CI$'000		Current Year Actual 30 June 2016 CI$'000
37	Accounts Payable	25
-	Retention	12
37	**Total**	**37**

9. Outputs to Cabinet

The SIAHDC provides general management and administration of affordable housing for the Cayman Islands Government. These services are based on terms outlined in the Annual Purchase Agreement.

10. Interest income

The Corporation receives interest on fixed deposit accounts held at Cayman National Bank. For the year ended 30 June 2016, SIAHDC earned a total of $788 from fixed deposits.

11. Cost of Goods Sold

This represents the construction cost of units completed.

12. Staff costs

SIAHDC had one full time employee for the year ended 30June 2015. The employee was terminated on 24 March 2016. The staff costs are laid out as follows:

Prior Year Actual 30 June 2015 CI$'000		Current Year Actual 30 June 2016 CI$'000
35	Basic Salary	25
4	Pension Contribution	3
17	Employee Health Care	12
56	Total	40

13. Rent Expense

The Corporation is subject to a lease agreement with the University College of the Cayman Islands (UCCI-Brac Campus). The details of that agreement entail a monthly payment of $500. This agreement, which covers the rental of office space, is an operating lease as defined by International Public Sector Accounting Standards.

14. Audit fees

The SIAHDC incurred $25,000 with respect to audit fees for fiscal 2015-16 as agreed in the engagement letter with the Office of the Auditor General.

15. Other Operating Expenses

SIAHDC has expenses related to the Administration and day to day running of the Corporation. These expenses are detailed as below:

Prior Year Actual 30 June 2015 CI$'000		Current Year Actual 30 June 2016 CI$'000
5	Accounting & Consulting Fees	9
1	Janitorial Services	2
4	Other Misc. Expenses	7
10	**Total**	**18**

16. Utilities

The following amounts were charged to the utilities account for the fiscal year:

Prior Year Actual 30 June 2015 CI$'000		Current Year Actual 30 June 2016 CI$'000
1	Electricity	1
2	Telephone	1
3	**Total**	**2**

17. Write-off of work in progress asset

There were no amounts written down for other construction costs at 30 June 2016.

18. Prior Year Adjustment

This adjustment was made to restate the opening balances as at 30 June 2015 and relates to the value of land ($55K) in relation to unit sold which was treated as a capital withdrawal. The adjusted treatment is to include the value of land in the cost of sales to accurately record this transaction.

Description	As at 2015 audited financial statements	Adjustments arising from restatement	Restated 30 June 2015 balance
Statement of Financial Position:			
Contributed Capital	(552)	55	(497)
Deficit for the Year	(58)	(55)	(113)
Statement of Finncial Performance			
Cost of Land	-	55	55
Deficit for year	(58)	(55)	(113)

19. Related party transactions

SIAHDC is a wholly government company from which it derives a major source of revenue through the process of Output Funding. SIAHDC management personnel transact with other government departments and entities on a regular basis.

The SIAHDC also periodically engages the services of other departments of the Cayman Islands Government. Such services are provided at prevailing market prices on an arm's length basis. Services of $43,076 were provided to SIAHDC by other Cayman Islands Government departments during 2015/16, see the table below for details of payments.

CINICO	12,076
The Office of the Auditor General	25,000
University College of the Cayman Islands	6,000

Due to the uniqueness and design of the SIAHDC operations, SIAHDC relies on the Board of Directors. The Directors offer their services through the Board and Committee meetings. These services are provided free of charge.

During the year end 30 June 2016, Key Management along with the Board of Directors have made formal declarations of their interest as required by the Public Management and Finance Law (2013) as well as generally accepted accounting practices.

19. Related party transactions cont'd

Key Management personnel

No loans were made to key management personnel during the year.

20. Comparison of Budget to Actual

The 2015/16 Annual Accounts were prepared on a basis consistent with the 2015/16 Budget. The budget covers the fiscal period from 1 July 2015 to 30 June 2016.

The original budget was approved by the Legislative Assembly. There were no supplementary changes to the budget for the SIAHDC during the 2015/16 financial year.

The difference in planned expenditures vs. actual expenditures is due to only two units being produced for the fiscal 2015/2016 year instead of the four units initially budgeted for.

21. Subsequent Events

No events materially affecting these financial statements occurred after 30 June 2016.